**REGISTERED NUMBER:** 05153745

**Annual Report and**

**Consolidated Financial Statements**

**for the year ended 31 December 2020**

**for**

**Cellnex UK Limited**

## Cellnex UK Limited

## *Contents of the Financial Statements for the year ended 31 December 2020*

**Cellnex UK Limited** **REGISTERED NUMBER: 05153745**

# Company Information
# for the year ended 31 December 2020

| | |
|---|---|
| **DIRECTORS:** | D W Crawford (appointed on 26/06/2020)<br>A M Molins<br>A J Woodward<br>P C Collins<br>A A Villamarin |
| **REGISTERED OFFICE:** | R+, 4th Floor, 2 Blagrave Street<br>Reading,<br>London<br>United Kingdom, RG1 1AZ |
| **INDEPENDENT AUDITOR:** | Deloitte LLP<br>Statutory Auditor<br>Abbots House<br>Abbey St<br>Reading<br>RG1 3BD<br>United Kingdom |

# Cellnex UK Limited

## Strategic Report
## for the year ended 31 December 2020

This strategic report has been prepared for the Group (Cellnex UK, Cellnex) as a whole and therefore gives greater emphasis to those matters which are significant to Cellnex UK Limited and its subsidiary undertakings when viewed as a whole. It is considered the Group all the companies included in the Cellnex corporate structure in United Kingdom

### REVIEW OF THE BUSINESS

Cellnex UK Limited is a subsidiary company of Cellnex Telecom S.A., Europe's leading operator of wireless telecommunications and broadcasting infrastructures with a portfolio of sites located in Spain, Italy, Netherlands, France, Switzerland, the United Kingdom and Ireland As it expands its presence across the territory, Cellnex Telecom S A (Cellnex Telecom) also increases its portfolio of services In this regard, Telecom Infrastructure Services continues to be the service with the greatest relative weight in the group's 2020 Income statement, as a consequence of the acquisition and integration of new telecom sites. Telecom Infrastructure Services is also the main business of the company in the United Kingdom

Cellnex's Telecom business model focuses on providing services to mobile network operators (MNOs), broadcasters and other public and private companies acting as a neutral European telecommunications infrastructure operator

Cellnex Telecom has strategically located infrastructure to offer maximum coverage in both urban and rural settings, providing a service with a high level of quality, availability and network stability thanks to appropriate climate control, assisted power supply systems and automatic alarm detection systems

In this way Cellnex Telecom offers co-location services in its infrastructure to mobile phone operators so that they can install their wireless broadcasting and telecommunications equipment there Cellnex Telecom facilitates sharing between the major telephone operators, which allows for the maximum and efficient use of the installed network capacity, minimising redundancy and duplication. Thus, this model is characterised by its reduced impact and presence in the urban area, and therefore improves efficient use of resources such as energy which in turn reduces the carbon footprint

Moreover, Cellnex Telecom has set up a large network of nodes, extensive coverage by means of radio links and a private connection to the Amazon cloud infrastructure to offer the most advanced data transportation and hosting services

Cellnex Telecom's business model is based on innovation, efficiency, sustainability, independence, and quality management to create value for its shareholders, customers, employees and all stakeholders

Cellnex UK Limited is the Parent of a Group in which it is the majority shareholder of the Cellnex companies registered in the United Kingdom, heading the different business lines and operations developed in this country For details of the significant acquisition in the year, please refer to corporate acquisitions below

### PERFORMANCE AND KEY PERFORMANCE INDICATORS (KPI'S)

Our key performance indicators ('KPIs') reflect both a measure of the financial performance and long-term growth of the business, and the level of service provided to our customers The Company performed in line with expectations and is expected to continue to generate positive EBITDA and cash flow from operations

The key measure of the Company's performance is EBITDA. EBITDA is a non-GAAP measure and refers to earnings before interest, tax, depreciation, and amortisation

A reconciliation of the reported EBITDA to the financial statements is provided below

| | 31 Dec 2020<br>£'000 | 31 Dec 2019<br>£'000 |
|---|---|---|
| Operating (loss)/ profit | (28,741) | (1,707) |
| Depreciation of property plant and equipment | (33,898) | (972) |
| Amortisation of intangible assets | (56,635) | (7,261) |
| **EBITDA** | **61,792** | **6,527** |

EBITDA for the year ended 30 December 2020 is £61,792k (2019 £6,527k) driven by the acquisition and integration in the Cellnex UK Group of the On Tower UK companies

The Group has met all contractual milestones during the year and continues to engage with all contract stakeholders to meet future milestones.

The loss and total comprehensive income for the financial year was £52,672k in contrast to 2019 which was a loss for the year of £1,944k The Company has total assets of £3,211,596k while in 2019 had £174,287k, and net current liabilities of £60 957k against net current assets of £35,606k in 2019 The significant changes in the numbers of the company are due acquisition of On Tower, as noted in the principal activities section in the Directors' Report. During the year ended 31/12/2020 the Company has generated revenue of £118,519k compared to £13,867k in 2019

The financial accounts developed refers to the following periods

- 2020 Including the Cellnex UK perimeter for the whole year and 6 months (July-December) of the On Tower UK perimeter.
- 2019 Including the Cellnex UK perimeter for the whole year

**CORPORATE ACQUISITIONS**

**Acquisition of On Tower UK (previously known as Arqiva Services Limited) and subsidiaries**

Over the last year, the Group's corporate structure has undergone significant changes, which have clearly and unequivocally contributed to the company's growth. On 8 October 2019, Cellnex Telecom and Cellnex UK entered into an agreement with Arqiva Holdings Limited, a company of the Arqiva Group, for the sale and purchase of 100% of the issued and paid-up share capital of Arqiva Services Limited The transaction was completed on 8 July 2020, following the completion of several prerequisites

Pursuant to the Arqiva Acquisition, the Group has acquired ownership of approximately 7400 sites and the rights to market of approximately 900 sites As of July 2020, the Group paid an aggregate consideration of approximately GBP 2 billion in connection with the Arqiva Acquisition. The Group has financed the Arqiva Acquisition with available cash (from a combination of the net proceeds from the offering of shares executed on 5 November 2019 and other sources) and a GBP 600 million term loan facility entered into by Cellnex UK and guaranteed by Cellnex, with a 5-year bullet maturity

In July 2020, more than 247 employees joined the Group and the shared Services area was created, supporting both organisations After a short period, the On Tower UK team was integrated into the previous team in the UK and a single joint organisational structure was implemented

A detailed integration programme was established for implementation during the second half of 2020 and 2021 During the first phase of integration employees were drafted into the group, bringing them on board and providing them all relevant tools (Intranet, Office accounts, etc.) All other relevant communications were made on the transaction to customers suppliers, and landlords and the Cellnex UK website was launched

Moreover, the Group's financial and operational reporting model was introduced and a series of assessments (Operations, IT) performed, with an analysis gap made between the model used by Arqiva and the Cellnex Industrial model and the associated implementation plan

Additionally, at commercial level, product line training sessions were delivered to the local team to increase the portfolio of products and deploy Salesforce, giving them a better view of the UK market opportunities. In Legal & Regulatory affairs, the Cellnex model is already in place (powers of attorney, board members, insurances, etc )

The team is currently working to implement the industrial model at Finance level, the On Tower UK information has already been included in SAP; and administration and accounting services are being outsourced to the group's partner (PRIME project) to be achieved by the first half of 2021 On the Operations side, the Agora tool is being implemented with new processes to be defined by the first half of 2021. Likewise, a renegotiation plan for income has already been defined and will be implemented in the beginning of 2021 Various other IT projects are also ongoing.

Regarding HR, consultation processes took place for office moves, the job levelling project was completed and the career development assessments and approach to employee objectives (MBO Process) began The UK headquarters office in Reading was selected and employees have already been allocated.

As a result of the acquisition, six companies have been integrated into the Cellnex society structure: On Tower UK Limited, On Tower 1 UK Limited, On Tower 2 UK Limited, On Tower 3 UK Limited, On Tower 4 UK Limited, On Tower 5 UK Limited

## Cellnex UK Limited

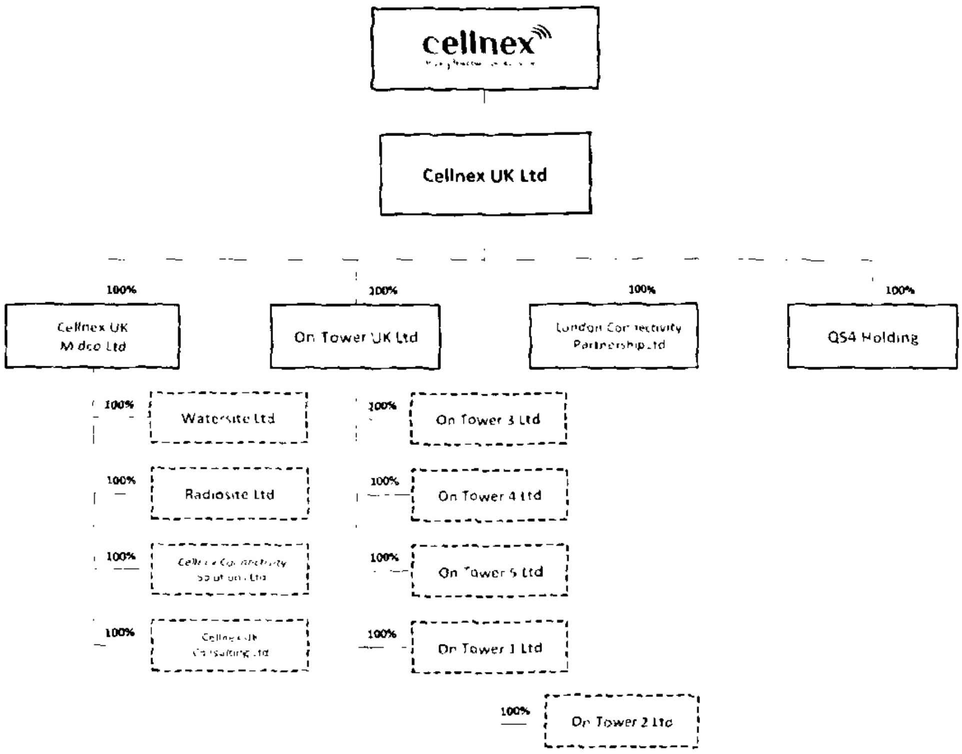
## Strategic Report
## for the year ended 31 December 2020 - continued

#### Acquisition of CK Hutchinson

Furthermore, during 2020, the company and CK Hutchison announced a series of agreements in which Cellnex will acquire c 6,000 telecommunications towers and sites that CK Hutchison currently owns. The transactions include the roll-out of up to 600 sites over the next eight years. The acquisition is expected to complete in 2022 subject to regulatory approval.

### CORPORATE STRUCTURE

After the latest acquisitions the company's organization structure is as follows.




### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties of the Company are consistent with those of the Group and are set out in full in Cellnex' annual report, a copy of which is available in the Group's website at www cellnextelecom com

### COVID-19

Coronavirus disease 2019 ("COVID-19") was first reported in late 2019 and has since developed into a global pandemic. The Directors have considered the impact on the Company of the pandemic and concluded that given there will continue to be a demand for the services provided by the Company and considering the Company has a mixed customer base and operates in an industry not impacted by COVID-19 it is not expected that the Company will have to expect material adverse changes in its activity

**Risks related to the environment in which the Group operates and risks stemming from the specific nature of its businesses.**

Through the Telecom Infrastructure Services segment, the main business activity, the Company facilitates access to the global telecommunications environment, by means of providing access to telecoms through its connectivity services, as well as the related passive and active infrastructure to external MNOs

The Telecom Infrastructure Services segment is highly dependent on demand Customer use of the Group's communications infrastructures can be affected by some factors as

- Increased use of network sharing, roaming or resale arrangements
- Increased sharing initiatives among MNOs, roaming or resale arrangements
- The ability and willingness of MNOs to maintain or increase capital expenditures on telecommunication infrastructures
- The evolution of the advertising business' revenue in the media sector
- The evolution of public internet
- A decrease in consumer demand for wireless telecom services due to economic, political and market/regulatory conditions

As a result of these factors, the Group's customers may scale back their demand for its services and there could be underutilisation of the Group's communications infrastructure. To reduce exposure to risks stemming from the environment in which it operates, the Group pursues a selective international expansion plan with policies of diversification and growth

**Risk of increasing competition**

The Group may experience at any time increased competition in certain areas of activity from established and new competitors One example is the entry of American Tower another infrastructure provider, into the European market.

Increasing competition for the acquisition of infrastructure assets could make the acquisition of high-quality assets significantly more costly. In the current environment of low rates, and taking into consideration the Group's business nature, with long term contracts and fixed fees that are normally inflation-linked, more and more infrastructure funds and private equity firms are showing appetite towards these kind of assets. Some competitors are larger than the Group and may have greater financial resources (such as KKR), while other competitors may apply investment criteria with lower return on investment requirements

If the Group, is unable to compete effectively with its competitors, or anticipate or respond to customer needs, it could lose existing and potential customers, reducing its operating margins and having a material adverse effect on the business.

**Other risks**

These are some important risks considered by the Company. some further risks are set out in full in Cellnex Telecom S.A annual report, a copy of which is available on the Group's website at www.cellnextelecom.com

**SECTION 172 STATEMENT**

For the FY20 accounting year, the Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations") requires that companies meeting certain thresholds report on directors' application of section 172 (duty to promote the success of the Company) as set out in the Companies Act 2006, along with stakeholder and employee engagement.

The Companies Act 2006 sets out general duties owed by directors to a company, including a list of matters to which the directors must have regard, which are in s 172(1)(a) to (f) During FY20, the directors have exercised their duties, such as considering proposals from the Management Board and governing the company on behalf of the shareholders, in accordance with these requirements

*The points detailed in the Section 172 Statement, and the Group compliance with them, are detailed as follows.*

***a) the likely consequences of any decision in the long term;***

Cellnex Telecom, Europe's largest independent operator of wireless infrastructure, announced it has reached an agreement to acquire Arqiva's Telecoms division for a total consideration of c GBP 2.0 bn. As a result of the acquisition of the company by the Cellnex Group, completed on 8 July 2020, Arqiva Services Limited changed its corporate name to On Tower UK Limited

The transaction involved the acquisition of ownership of c.7,400 sites and the rights to market of c. 900 additional sites, all of them spread across the UK. As a result, Cellnex has become the largest independent operator of wireless infrastructure in the UK. The deal involved concessions to use street infrastructure as locations for telecom sites in 14 London boroughs. This is a key element for further extension and network densification ahead of the 5G roll out.

Cellnex UK strategy is in accordance with the Cellnex Telecom strategy, based on a model of organic and inorganic growth. Cellnex' business model is based on innovation, efficiency, sustainability, independence, and quality management to create value for its shareholders, customers, employees and all stakeholders. On Tower UK is currently the most significant entity within the Cellnex UK group.

***b) the interests of the company's employees;***

In the acquisition, more than 247 employees joined the Cellnex Group and the UK Shared Services area was created following the year end as part of the acquisition of On Tower by Cellnex UK, supporting both organisations. After a short period, the On Tower UK team was integrated into the previous team in the UK and a single joint organisational structure was implemented.

The people of the company are essential for Cellnex's success and are therefore a fundamental pillar of the Growth strategy, together with its processes and IT Tools.

To ensure that the Company has the best talent and culture, Cellnex has built a People Strategy underpinned by 3 pillars: culture, leadership, and talent.

The first pillar is culture, understood as a constructive culture built on the Company's core values that promote collaboration and cohesion to achieve its ambitious goals.

The second pillar is leadership. The Company is convinced that a great team is not a group of people that work together but a group of people that trust each other, that values all voices and promotes equal opportunities for everyone. To achieve this, Cellnex promotes that everyone is a leader, which means that everyone must lead themselves first, learning, performing and contributing.

The third pillar is talent. Cellnex needs to ensure that the team has the right capabilities and does this by promoting two main mindsets. The first involves a learning environment where we learn every day, all the time – in short, a lifelong learning approach. The second mindset involves self-leadership- encouraging everyone to be the best version of themselves.

In line with the process of cultural transformation and integration in which the Group is currently immersed, Cellnex understands diversity as one of the key elements of its business model. Diversity and inclusion bring unique perspectives to the company and help to create a respectful and inclusive work environment that meets the expectations of different groups, in turn improving employee performance, attracting and retaining the talent of the best professionals, and ultimately improving the company performance.

***c) the need to foster the company's business relationships with suppliers, customers and others;***

Cellnex Telecom and the Group has the objectives of guaranteeing that best practices are used in the performance of its services. All products and services are continuously reviewed to improve their health and safety profiles, with regard to installation and operation by employees, and possible effects on customers.

In 2020, the relationship with customers was especially important since Cellnex's services have been essential during the COVID-19 pandemic. The primary objective was to respond to crisis situations in the Cellnex group by guaranteeing the provision of critical services, a task carried out with a totally satisfactory result.

The Net Promoter Score (NPS) system is used in Cellnex UK and for 2020, the annual Customer Satisfaction Survey showed improved engagement. Particularly highlighted were significant improvements in transparency, commercial flexibility and operational delivery.

The Global Resources Procurement area is tasked with providing strategic value to Cellnex group stakeholders by managing purchases in accordance with Cellnex's industrial model. The model promotes efficiency, innovation, transparency, sustainability, and quality purchasing as levers to provide Cellnex's customer care services with the right balance between cost and performance while respecting corporate policies.

Cellnex has a purchasing model based on decentralised purchasing with point of control across the process. The purchasing model has three axes:

- Purchase Plan: Cellnex has defined a purchasing strategy for key tenders, seeking purchasing efficiency by managing global tenders, anticipating purchasing processes, and obtaining competitive agreements.

- Purchase Management. The company has established guidelines for the entire purchasing process, from the detection of the purchasing need and the Purchase Order release from receipt of the service or product by Cellnex, to signing of the contract.
- Supplier Relationship Management: The company has designed a relational model with its different corporate areas, including procurement policy, group purchase plan, supplier management framework agreements, cross-sectional purchases and non-transversal purchases.

***d) the impact of the company's operations on the community and the environment;***

In 2019, Cellnex Telecom senior management approved the Strategic Sustainability Plan (2019-2023) The Plan raises the level of the company's responsibility in the field of sustainability towards becoming a leader in environmental management through eleven lines linked to the United Nations Sustainable Development Goals (SDG).

- The Strategic and Global Objectives of the Sustainability Plan are
- Lead the Sustainability indexes of the telecommunications sector
- Reduce carbon footprint by 30% by 2025, 50% by 2030 and 100% by 2050.
- Improve the Climate Change resilience of infrastructure

Accomplishment of these goals will be coordinated from Corporate and will be implemented in all geographical areas including of course, Cellnex UK and their recent corporate acquisitions.

***e) the desirability of the company maintaining a reputation for high standards of business conduct; and***

All activities performed by the Cellnex group are based on a solid culture of compliance, ethics and integrity to which the Management and the Board of Directors of Cellnex Telecom are firmly committed. With the aim of continuously improving its performance in the field of compliance, the Cellnex group has put in place a series of bodies, policies and control mechanisms in the area of compliance, among which we would highlight:

- The establishment of the Committee of Ethics and Compliance, which is also the Body Responsible for criminal fulfilment of the Cellnex group.
- The adoption of compliance policies, such as the Code of Ethics and the Prevention of Corruption Procedure
- The establishment of control mechanisms of the compliance model, such as the Ethical Channel and the Disciplinary System

***f) the need to act fairly between members of the company.***

Cellnex Telecom Group and its subsidiaries promotes dialogue with its employees and their legal representatives, such as workers councils and employees' representatives, informing, consulting and negotiating accordingly with them.

In the UK, there is the Cellnex UK Colleague Board (the CCB), whose aim is to represent the views and thoughts of colleagues across the business in all major people related developments and decisions The CCB follows a "2-way approach", meaning sometimes it will involve consulting with colleagues on proposals and other times it will involve presenting feedback and new ideas gathered from colleagues Some of the topics that the CCB may be involved in shaping include.

- Colleague Engagement plans
- Equity, diversity, and inclusion implementation across the organisation
- Proposing changes to HR policies
- Promote of learning and development across the organisation
- Internal communication
- Championing of Health and Safety
- Wellbeing of colleagues at work
- Formal consultation processes

## Cellnex UK Limited

## Strategic Report
## for the year ended 31 December 2020 - continued

***FUTURE DEVELOPMENTS***

It is the intention of the Company to invest in its business in accordance with the strategy as set out in the Cellnex Telecom S A annual report. continually increasing its presence in the market through organic and inorganic growth.

The Company will be totally focused on increasing its market share by acquiring high quality assets, adding new customers to its portfolio, maintaining those that have contributed to reach the leader position in the European market and trying to mitigate all the risks identified.

Approved by the Board and signed on its behalf by.

David William Crawford
Director
14 January 2022

# Cellnex UK Limited

## Directors' Report
## for the year ended 31 December 2020

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2020.

### DIRECTORS

The Directors of the Company who were in the office during the year and up to the date of signing the financial statements except for noted were

A J Woodward
A M Molins
D W Crawford (appointed on 26/06/2020)
P C Collins
A A Villamarin

### DIVIDENDS

The Company has not declared, proposed, or paid any dividend for the year to 31 December 2020 (2019 £nil)

### DIRECTOR'S INDEMNITIES

The Company has made qualifying third-party indemnity provisions for the benefit of its directors, which were made during the year and remain in force at the date of this report

### POLITICAL CONTRIBUTIONS

The Company has not made any contribution to any political organization during the year (2019: none) analysed in these consolidated accounts

### DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and the appropriate training arranged It is the policy of the Group that the training, career development and promotion of a disabled person, should as far as possible, be identical to that of a person who does not suffer from a disability.

### ENGAGEMENT WITH EMPLOYEES

The people of the company are essential for Cellnex's success and are therefore a fundamental pillar of the Growth strategy, together with its processes and IT Tools

To ensure that the Company has the best talent and culture, Cellnex has built a People Strategy underpinned by 3 pillars. culture, leadership, and talent The first pillar is culture, understood as a constructive culture built on the Company's core values, that promotes collaboration and cohesion to achieve its ambitious goals

The company is convinced that a great team is not a group of people that work together but a group of people that trust each other, that values all voices and promotes equal opportunities for everyone. To achieve this, Cellnex promotes that everyone is a leader, which means that everyone must lead themselves first, learning, performing, and contributing

*The third pillar is talent. Cellnex needs to ensure that the team has the right capabilities* and does this by promoting two main mindsets The first involves a learning environment where we learn every day, all the time – in short, a lifelong learning approach. The second mindset involves self-leadership- encouraging everyone to be the best version of themselves. The company is providing tools to all employees to design and launch an Individual Development Plan yearly and at any time
In line with the process of cultural transformation and integration in which the Group is currently immersed, Cellnex understands diversity to be one of the key elements of its business model. Diversity and inclusion bring unique perspectives

to the company and help to create a respectful and inclusive work environment that meets the expectations of different groups. in turn improving employee performance, attracting and retaining the talent of the best professionals and ultimately improving the company performance.

*In the acquisition, more than 247 employees joined the Cellnex Group and the UK Shared Services area was created* supporting both organisations After a short period, the On Tower UK team was integrated into the previous team in the UK and a single joint organisational structure was implemented

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a number of financial risks, including cash flow risk, credit risk and liquidity risk. The use of financial instruments is governed by the Group's policies approved by the board of directors which provide written principles on the use of financial derivatives to manage these risks The Group does not use derivative financial instruments for speculative purposes

#### Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Interest bearing assets and liabilities are held at fixed rates to ensure certainty of cash flows

#### Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of *allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which based on previous experience, is evidence of a reduction in the recoverability of the cash flows*

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies

The *Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers*

#### Liquidity risk

*In order to maintain liquidity to ensure that enough funds are available for ongoing operations and future developments the company uses a mixture of long-term and short-term debt finance Further details regarding liquidity risk can be found* in the Statement of accounting policies in the financial statements

### BUSINESS CONTINUITY

The company considers there to be no risks that could threaten its activity and the maintenance of its current revenue-generating assets

### GOING CONCERN

The Company adopts the Going Concern basis in preparing its financial statements, based on the letter of financial support covering twelve months from the signing of the Annual Report from its ultimate parent undertaking, Cellnex Telecom (as at the date of signing).

*The loss and total comprehensive income for the financial year was £52,672k in contrast to 2019 which was a loss for the year of £1,944k The Company has total assets of £3,211,596k while in 2019 had £174,287k, and net current liabilities of* £60 957k against net current assets of £35,606k in 2019 The significant changes in the numbers of the company are due acquisition of On Tower, as noted in the principal activities section in the Directors Report. During the year ended 31/12/2020 the Company has generated revenue of £118,519k compared to £13,867k in 2019

It leads the Director of the Group and Company to be confident that they will have adequate resources to continue in *operational existence for the foreseeable future As part of this assessment we have considered the impact of COVID-19.*

*and, based on the nature of the business, we do not believe it will have an overall material adverse effect on our financial* position or cash flows

**STREAMLINED ENERGY AND CARBON REPORTING (SECR)**

Exemptions have been taken in these Group financial statements in relation to SECR Reporting as included in ultimate parent, Cellnex Telecom S A Annual Report.

**ENGAGEMENT WITH STAKEHOLDERS**

Engagement with employees, customers, suppliers, and the wider community is discussed on page 9 in the context of how the Directors' performed the duties imposed by section 172 of the Companies Act 2006.

Future developments can be found in the Strategic Report and form part of the Directors Report by cross reference

**POST BALANCE SHEET EVENTS**

**Awarded connectivity contract in Brighton Mainline route**

Cellnex UK has been awarded the 25-year concessionary contract by Network Rail to provide uninterrupted cellular internet, mobile reception and fibre services along the length of the Brighton Mainline route Cellnex UK will act as the neutral host and provide the infrastructure to deliver continuous mobile connectivity The service will provide targeted coverage and capacity for the UK Mobile Network Operators (MNOs)

The Brighton Mainline service runs 51 miles from London to the South Coast through some of the UK's most densely populated areas Mobile internet and connectivity between London and Brighton varies from a strong signal to no connectivity at all because of the topography and the many tunnels and cuttings along the route

Cellnex UK will provide

- Towers that will allow broadcasting of mobile signal along the railway corridor,
- A small number of base station hotels (equipment rooms) within proximity to the railway to house telecoms equipment,
- High-capacity fiber running from Victoria and London Bridge via East Croydon to Brighton, and
- Bespoke radio equipment to provide uninterrupted coverage in the main London stations as well as the tunnels and cuttings along the route.

By improving customers' travel experience and encouraging more people to travel by train rather than by car, the project will help reduce traffic in and around the M25, M23 and A23, leading to cleaner air.

**AUDITOR**

Each of the persons who is a director at the date of approval of this report confirms that.

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information, and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006 Deloitte LLP have been deemed re-appointed under section 487 of the 2006 Act

# Cellnex UK Limited

## Directors' Report
## for the year ended 31 December 2020 – continued

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing these financial statements the directors are required to.

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

**APPROVED FOR ISSUE BY THE BOARD OF DIRECTORS:**

David William Crawford
Director
14 January 2022

# Cellnex UK Limited

# Independent auditor's report
# for the year ended 31 December 2020

**Independent auditor's report to the members of Cellnex UK Limited**

**Report on the audit of the financial statements**

**Opinion**
In our opinion

- the financial statements of Cellnex UK Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements which comprise:

- the consolidated income statement,
- the consolidated and parent company balance sheets,
- the consolidated and parent company statements of changes in equity,
- the consolidated cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 27 and parent company notes 1 to 8.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

**Conclusions relating to going concern**
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed we have not identified any material uncertainties relating to events or conditions that individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard

**Responsibilities of directors**
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so

**Auditor's responsibilities for the audit of the financial statements**
Our objectives are to obtain reasonable assurance about whether the 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 ISAs (UK) 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 financial statements

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www frc org uk/auditorsresponsibilities This description forms part of our auditor s report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**
Irregularities, including fraud, are instances of non-compliance with laws and regulations We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below

We considered the nature of the group's industry and its control environment and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations We also enquired of management about their own identification and assessment of the risks of irregularities

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that

- had a direct effect on the determination of material amounts and disclosures in the financial statements These included UK Companies Act, pensions legislation tax legislation, and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty These included General Data Protection Regulation (GDPR), anti-bribery and corruption legislation and employment laws.

We discussed among the audit engagement team including relevant internal specialists such as tax valuations and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address [it / them] are described below

- revenue recognition in relation to significant framework customers are part of long-term complex agreements therefore there is judgement involved in ensuring all elements are accounted for appropriately We tested the reconciliations performed by testing a sample of reconciling items and agreeing to invoices and subsequent receipts These reconciliations are subsequently agreed with the customer to ensure all revenue had been recorded in the period in line with the agreements in place We also reviewed the contracts to identify any key terms that had not been included.
- business combination -we consider the key assumptions used within the purchase price allocation (PPA) in relation to the acquisition of On Tower to be a significant risk With the assistance of our valuation specialists we have tested both the appropriateness and application of management s methodology used in the valuation models for newly

identified intangibles We have also utilised our specialists including tax in assessing the appropriateness of other key judgements used within the PPA

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias, and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above our procedures to respond to the risks identified included the following.

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements.
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

### Report on other legal and regulatory requirements

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns: or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

We have nothing to report in respect of these matters.

**Use of our report**

This report is made solely to the company's members, as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor s report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Andrew Hornby

Andrew Hornby (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading UK
14 January 2022

# Cellnex UK Limited

## Consolidated Statement of Comprehensive Income for the year ended 31 December 2020

| | Note | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|---|
| Revenue | 5 | 118,519 | 13,867 |
| Cost of sales | | (6,455) | (222) |
| **GROSS PROFIT** | | **112,064** | **13,645** |
| Staff Costs | 6 | (6,961) | (1,362) |
| Depreciation and amortization | | (90,533) | (8,234) |
| Other operating expenses | 7 | (43,311) | (5,756) |
| **Total operating expenses** | | **(140,805)** | **(15,352)** |
| **OPERATING (LOSS)/ PROFIT** | | **(28,741)** | **(1,707)** |
| *Finance costs and income* | 8 | (20,808) | (920) |
| **(LOSS)/PROFIT BEFORE TAX** | | **(49,548)** | **(2,627)** |
| Tax | 9 | (3,124) | 683 |
| **(LOSS)/PROFIT AND TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR** | | **(52,672)** | **(1,944)** |

***CONTINUING OPERATIONS***

The financial statements of comprehensive income developed refers to the following periods:

- 2020 Including the Cellnex UK perimeter for the whole year and 6 months (July-December) of the On Tower UK perimeter
- 2019 Including the Cellnex UK perimeter for the whole year

*Further comments on the Statement of Comprehensive Income line items are presented in the notes to the financial statements*

# Cellnex UK Limited

## Consolidated Statement of Financial Position
## for the year ended 31 December 2020

| | Note | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | 10 | 550,665 | - |
| Intangible assets | 11 | 1,882,285 | 114,279 |
| Property, plant and equipment | 12 | 584,698 | 18,220 |
| Trade and other receivables | 13 | 2,181 | - |
| Deferred tax assets | 14 | 49,747 | 46 |
| | | 3,069,576 | 132,545 |
| **Current assets** | | | |
| Trade and other receivables | 13 | 141,633 | 40,958 |
| Cash and cash equivalents | | 387 | 784 |
| | | 142,020 | 41,742 |
| **Total assets** | | **3,211,596** | **174,287** |
| ***Current liabilities*** | | | |
| Trade and other payables | 15 | (128,259) | (3,267) |
| Lease liabilities | 19 | (26,816) | (443) |
| Loans and credit facilities | 18 | (2,648) | (2,130) |
| Contract liabilities | 17 | (43,680) | (227) |
| Provisions | 16 | (1,574) | (68) |
| | | (202,977) | (6,135) |
| **Net current assets** | | **(60,957)** | **35,607** |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 14 | (344,049) | - |
| Lease liabilities | 19 | (84,539) | (1,430) |
| Loans and credit facilities | 18 | (776,656) | - |
| Contract liabilities | 17 | (57,982) | (3,653) |
| Provisions | 16 | (199,798) | - |
| | | (1,463,023) | (5,083) |
| **Total liabilities** | | **(1,666,000)** | **(11,219)** |
| **Net assets** | | **1,545,596** | **163,068** |
| **Equity** | | | |
| Share capital | 20 | - | - |
| Share premium account | 21 | 1,558,200 | 123,000 |
| Retained Earnings | | (12,604) | 40,068 |
| **Total shareholders 'funds** | | **1,545,596** | **163,068** |

The notes on pages 20 to 49 form an integral part of the financial statements. Registered number: 05153745

The financial statements were approved by the Board of Directors on 13 January 2022 and were signed on its behalf by

David William Crawford
Director

# Cellnex UK Limited

## Consolidated Statement of Cash Flow
## for the year ended 31 December 2020

| | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| **Profit for the year before tax** | **(49,548)** | **(2,627)** |
| **Adjustments for:** | | |
| *Interest and other income* | (268) | (12) |
| *Interest and other expenses* | 21.076 | 932 |
| *Depreciation of property, plant and equipment* | 13,133 | 735 |
| *Depreciation of right-of-use assets* | 20.765 | 237 |
| *Amortisation of intangible assets* | 56.635 | 7.261 |
| *Increase/(decrease) in provisions* | 3,554 | 68 |
| Operating cash flows before movements in working capital | 114.895 | 9.222 |
| *Decrease/(increase) in trade and other receivables* | (69.434) | (30.247) |
| *Increase/(decrease) in trade and other payables* | 81.703 | 669 |
| *Increase/(decrease) in contract liabilities* | (31.802) | 1.248 |
| Cash generated by operations | (19.534) | (28.330) |
| *Income taxes paid/received* | (3.124) | (392) |
| Operating cash flows related to taxes | (3 124) | (392) |
| **Net cash from operating activities** | **42,689** | **(22,127)** |
| **Investing activities** | | |
| Interest received | | 139 |
| Property Plant & Equipment | (1.158) | (1.966) |
| Right of use assets | - | - |
| Intangible assets | (18) | (101.836) |
| Business Combination | (1.987.675) | - |
| **Net cash (used in)/from investing activities** | **(1,988,851)** | **(103,663)** |
| **Financing activities** | | |
| Interest paid | (9.645) | - |
| *Transactions related to loans and borrowings* | (9.608) | - |
| *Repayments of loans and borrowings* | - | - |
| Proceeds from loans and borrowings | 785 000 | 2 130 |
| *Repayments of lease liabilities* | (255.182) | (387) |
| Proceeds on issue of shares | 1.435.200 | 123.000 |
| **Net cash (used in)/from financing activities** | **1,945,765** | **124,743** |
| **Net increase/(decrease) in cash and cash equivalents** | **(397)** | **(1,047)** |
| **Cash and cash equivalents at the beginning of the year** | **784** | **1.831** |
| Effect of foreign exchange rate changes | - | - |
| **Cash and cash equivalents at the end of the year** | **387** | **784** |

## Cellnex UK Limited

# Consolidated Statement of Changes in Equity
# for the year ended 31 December 2020

| | Share capital | Share premium | Retained earnings | Total |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| **At 31 December 2018** | **-** | **-** | **42,012** | **42,012** |
| Issue of shares | | 123,000 | | 123,000 |
| Loss for the financial year | - | - | (1,944) | (1,944) |
| **At 31 December 2019** | **-** | **123,000** | **40,068** | **163,068** |
| Issue of shares | - | 1,435,200 | - | 1,435,200 |
| Loss for the financial year | - | - | (52,672) | (52,672) |
| **At 31 December 2020** | **-** | **1,558,200** | **(12,604)** | **1,545,596** |

On 7th July 2020, the Company completed a Share Capital increase of 1 £1 share for £1,200,000,000 to complete the acquisition of a competing company in the telecoms industry resulting in £1,199,999,999 share premium

On 16th December 2020, the Company completed another Share Capital increase of 1 £1 share for £235,200,000 resulting in share premium of £234,199,999

# Cellnex UK Limited

## Notes to the Consolidated Financial Statements for the year ended 31 December 2020

### 1 GENERAL INFORMATION

Cellnex UK Limited (the Company) is a public company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in London, United Kingdom. The address of the Company's registered office is shown on page 1

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the strategic report on pages 2 to 5

These financial statements are presented in pounds (£) which is the currency of the primary economic environment in which the Group operates and are rounded to the nearest £'000. Foreign operations are included in accordance with the policies set out in note 3. As explained, the acquisition of the On Tower UK companies was completed during 2020 and the financial statements of these companies are integrated in these financial statements from 1st July onwards.

The following dormant subsidiaries of the Company have taken advantage of the s394A of the Companies Act 2006 exemption from preparing individual accounts These subsidiaries are exempt from the requirement to prepare individual accounts by virtue of this section

| Subsidiary Name | Companies House Registration Number |
|---|---|
| London Connectivity Partners | 12475543 |
| QS4 Holding | 04127035 |
| On Tower Uk 3 Ltd | 02903056 |
| On Tower Uk 5 Ltd | 03956595 |

For the year ending 31 December 2020 the following subsidiaries of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies

| Subsidiary Name | Accounts Period | Registration Number |
|---|---|---|
| Cellnex UK Ltd | 01/01/2020 - 31/12/2020 | 5153745 |
| Cellnex UK Midco Ltd | 01/01/2020 - 31/12/2020 | 6548829 |
| Watersite Ltd | 01/01/2020 - 31/12/2020 | 8529753 |
| Radiosite Ltd | 01/01/2020 - 31/12/2020 | 5232914 |
| Cellnex Connectivity Solutions | 01/01/2020 - 31/12/2020 | 4134381 |
| Cellnex UK Consulting Ltd | 01/01/2020 - 31/12/2020 | 5153762 |
| On Tower UK Ltd | 01/07/2020 - 31/12/2020 | 3196207 |
| On Tower UK 1 Ltd | 01/07/2020 - 31/12/2020 | 3922958 |
| On Tower UK 2 Ltd | 01/07/2020 - 31/12/2020 | 2973983 |
| On Tower UK 4 Ltd | 01/07/2020 - 31/12/2020 | 1460772 |

### 2. ADOPTION OF NEW AND REVISED STANDARDS

***New and amended IFRS Standards that are effective for the current year. Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.***

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended because of the on-going interest rate benchmark reforms It does not have an impact in the financial statements and forecasts of the Group.

**Impact of the initial application of other new and amended IFRS Standards that are effective for the current year**

In the current year the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020 Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements

*Amendments to References to the Conceptual Framework in IFRS Standards*

The Group has adopted the amendments included in *Amendments to References to the Conceptual Framework in IFRS Standards* for the first time in the current year The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standard which are amended are IFRS 2, IFRS 3. IFRS 6, IFRS 14 IAS 1, IAS 8, IAS 34, IAS 37. IAS 38. IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

*Amendments to IFRS 3 Definition of a business*

The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

*Amendments to IAS 1 and IAS 8 Definition of material*

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards The concept of 'obscuring' material information with immaterial information has been included as part of the new definition

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1 In addition the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

### New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

| Standard | Explanation | Application Date |
|---|---|---|
| *IFRS 17* | Insurance Contracts | 1 January 2023 |
| *IFRS 10 and IAS 28 (amendments)* | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 1 January 2023 |
| *Amendments to IAS 1* | Classification of Liabilities as Current or Non-current | 1 January 2023 |
| *Amendments to IFRS 3* | Reference to the Conceptual Framework | 1 January 2022 |
| *Amendments to IAS 16* | Property, Plant and Equipment—Proceeds before Intended Use | 1 January 2022 |
| *Amendments to IAS 37* | Onerous Contracts – Cost of Fulfilling a Contract | 1 January 2022 |
| *Annual Improvements to IFRS Standards 2018-2020 Cycle* | Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture | 1 January 2022 |

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below These policies have been consistently applied to all the years presented, unless otherwise stated Cellnex UK Limited is a private Company limited by shares

**Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Standards) on a going concern basis

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below Historical cost is generally based on the fair value of the consideration given in exchange for goods and services

Fair value is 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 In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date

**Going concern**

The Company adopts the Going Concern basis in preparing its financial statements, based on the letter of financial support covering twelve months from the signing of the Annual Report from its ultimate parent undertaking, Cellnex Telecom (as at the date of signing)

The loss and total comprehensive income for the financial year was £52,672k in contrast to 2019 which was a loss for the year of £1,944k. The Company has total assets of £3,211,596k while in 2019 had £174,287k, and net current liabilities of £60 957k against net current assets of £35 606k in 2019 The significant changes in the numbers of the company are due acquisition of On Tower, as noted in the principal activities section in the Directors' Report. During the year ended 31/12/2020 the Company has generated revenue of £118,519k compared to £13,867k in 2019

It leads the Director of the Group and Company to be confident that they will have adequate resources to continue in operational existence for the foreseeable future As part of this assessment we have considered the impact of COVID-19, and, based on the nature of the business, we do not believe it will have an overall material adverse effect on our financial position or cash flows

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year Control is achieved when the Company

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between the members of the Group are eliminated on consolidation. Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value After acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

**Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree Acquisition-related costs are recognised in profit or loss as incurred

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree, or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss

**Goodwill**

Goodwill generated in various business combinations represents the excess of the acquisition cost over the fair or market value of all the Group's or the company's identifiable net assets acquired at the acquisition date.
Given that goodwill is considered as an asset of the acquired company/group (except that generated prior to 1 January 2004), in the application of the IFRS 1 they were considered as assets of the acquiree

Goodwill is not amortised but is reviewed for impairment annually. For the purpose of impairment testing, Goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit An impairment loss recognised for goodwill is not reversed in a subsequent period

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal

**Impairment of non-financial assets**

At each reporting period date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any) Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs When a reasonable and consistent basis of allocation can be identified corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired

Recoverable amount is the higher of fair value less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years A reversal of an impairment loss is recognised immediately in profit or loss, unless the impairment relates to goodwill, in which case it cannot be reversed

**Intangible assets**

The intangible assets indicated below are recognised at acquisition cost less accumulated amortization and any loss due to impairment, with their useful life being evaluated on the basis of prudent estimates. Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful life of the asset, on the following bases.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected or in case of disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

| Asset Description | Estimated Useful Life |
|---|---|
| Customer Relationships Main Customers | 20 years |
| Customer Relationships Airwave | 20 years |
| Network Location | 20 years |
| TSA & PMA Contracts | 20 years |
| Income rights | 20 - 80 years |
| Other Intangible Assets (Software & Licenses) | Length of lease (typically between 3-20 years) |

**Property, plant and equipment**

Property, plant and equipment is stated at acquisition or production cost less accumulated depreciation and any loss due to impairment. General and specific borrowing costs as staff costs directly attributable to the acquisition or construction of qualifying assets are capitalized where assets take a significant period of time to become ready for use

Costs incurred to renovate, enlarge, or improve items of property, plant and equipment which increase the capacity or productivity or extend the useful life of the asset are capitalised as part of the cost of the asset, provided that the carrying amount of the assets replaced and derecognised from inventories is known or can be estimated

The costs of major overhauls are capitalised and depreciated over their estimated useful lives, while recurring upkeep and maintenance costs are charged to the income statement in the year in which they are incurred. The depreciation of property, plant and equipment, except for land, which is not depreciated, is calculated systematically on a straight-line basis, using the estimated useful life of the assets, based on the actual decline in value caused by their use and by wear and tear

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

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

| Asset Description | Estimated Useful Life |
|---|---|
| Freehold land and buildings | 20 - 80 years |
| Short leasehold land and buildings | Length of lease (typically between 20-80 years) |
| Plant and equipment | 3 - 100 years |

When an asset's carrying amount exceeds its estimated recoverable amount, the carrying amount is immediately reduced to its recoverable amount, and the effect is taken to the consolidated income statement for the year, and the related provision is recognised.

The Group therefore periodically determines whether there is any indication of impairment. Gains or losses arising from the sale or disposal of an asset in this item are determined as the difference between carrying amount and sale price and are recognised in the accompanying consolidated income statement under "Losses on fixed assets".

*Provision for Asset Removal Obligation*

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

*Right of use assets*

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

**Financial assets and liabilities**

**Financial Assets**

*Allocation*

The Company's financial assets are classified as

a) Loans and receivables. loans and receivables are financial assets originating from the rendering of services in the initial course of the Company s business, or those that are not of commercial origin, are not equity instruments or derivative, have fixed or determinable payments and are not traded on an active market

b) Equity investments in Group companies and associates group companies are deemed to be those related to the Company as a result of control relationship and associates are companies over which the Company exercises significant influence

*Initial recognition*

Financial assets are initially recognised at the fair value of the consideration given plus directly attributable transaction costs.
Fees paid to tax advisors or other professionals in relation to the acquisition of investments in Group companies which exercise control over the subsidiary are recognised directly in the income statement

*Subsequent valuation*

Loans and receivables are valued at their amortized cost The effective interest rate is the rate of update that exactly matches the value of a financial instrument to all of its cash flows estimated by all concepts throughout its remaining life For fixed-rate financial instruments, the effective interest rate coincides with the contractual interest rate established at the time of purchase plus, where appropriate, commissions which by their nature, are similar to an interest rate In variable interest rate financial instruments, the effective interest rate coincides with the current rate of return for all concepts until the first revision of the benchmark interest rate to take place

Investments in Group, associated and multi-group companies are valued at cost, reduced, when appropriate, by the accumulated amount of impairment corrections These corrections are calculated as the difference between their book value and the recoverable amount, understood as the highest amount between their fair value less sell costs and the current value of future cash flows derived from the investment Except for better evidence of the recoverable amount, the equity of the investee is taken into account, corrected for the tacit capital gains existing on the valuation date (including goodwill, if any)

At least at year-end, the Company performs an impairment test for financial assets that are not recorded at fair value It is considered that there is objective evidence of impairment if the recoverable value of the financial asset is lower than its book value When it occurs, the recording of this impairment is recorded in the profit and loss account

In particular, and with respect to the valuation adjustments relating to commercial debtors and other accounts receivable, the criteria used by the Company to calculate the corresponding value adjustments, if any is to estimate the fair value of said balances based on the collections estimated futures

A provision made for impairment of trade receivables is established when there is objective evidence (e g when amounts are overdue for a significant period of time), that the Group will not be able to collect all amounts due according to the original terms of the receivables The amount of the provision is the difference between the asset s carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the original effective interest rates. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income as an expense

Accordingly, for the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to 12-month ECL As for the loans to related and other parties lifetime ECL was provided for them upon initial application of IFRS 9 until these financial assets are derecognised as it was determined on initial application of IFRS 9 that it would require undue cost and effort to determine whether their credit risk has increased significantly since initial recognition to the date of initial application of IFRS 9. For any new loans to related or third parties, which are not purchased or originated credit-impaired financial assets, the impairment loss is recognised as 12-month ECL on initial recognition of such instruments and subsequently the Group assesses whether there was a significant increase in credit risk.

In determining the expected credit losses for these assets, the directors of the Company have taken into account the historical default experience the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of the redeemable notes, bills of exchange and debentures operate obtained from economic expert reports, financial analyst reports and considering various external sources of actual and forecast economic information, as appropriate. in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case
There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets

*Trade and other receivables*

Trade and other receivables item mainly corresponds to:

- Loans granted to associates, multi-group or related parties, which are measured at amortised cost using the effective interest method This value is reduced by the corresponding valuation adjustment for the impairment of the asset, as applicable
- Deposits and guarantees recognised at their nominal value, which does not differ significantly from their fair value.
- Trade accounts receivable, which are measured at their nominal amount, which is similar to fair value at initial recognition. This value is reduced, if necessary, by the corresponding provision for bad debts (impairment loss) whenever there is objective evidence that the amount owed will not be partially or fully collected This amount is charged against the consolidated income statement for the year.

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

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

The Group applies IFRS 9 for all the financial assets (current and non-current) recognised on these financial statements.

**Financial liabilities**

This category includes trade and non-trade payables, loans and borrowings. 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 that have generated them are extinguished

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

If existing debts are renegotiated, it is considered that there are no substantial modifications to the financial liabilities when the lender for the new loan is the same party that extended the initial loan and the present value of the cash flows, including net commissions does not differ by more than 10% from the present value of the cash flows payable from the original liability calculated using the same method

**Current (Income tax) and Deferred tax**

Current income tax expense is the amount the Company pays as a result of income tax settlements for a given year Tax credits and other tax benefits applied to taxable profit excluding tax withholdings, prepayments and tax loss carry forwards from previous years, reduce current income tax expense
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised in respect of all taxable temporary differences, with the exception of those arising from initial recognition of goodwill or other assets and liabilities in an operation that does not affect either taxable profit or accounting profit and is not a business combination The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

**Inventories**

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

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months Cash and cash equivalents are stated at face value.

**Net Equity**

The share capital is represented by ordinary shares The costs of issuing new shares or options net of tax, are recognised directly against equity as a reduction to reserves Dividends on ordinary shares are recognised as a reduction to equity when approved

Acquisitions of treasury shares are recognised at their acquisition cost and are deducted from equity until disposal.
The gains and losses obtained on the disposal of treasury shares are recognised under "Reserves" in the consolidated balance sheet

**Employee benefits**

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

*I) Post-employment obligations:*

Defined contribution obligations

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

*II) Other long-term benefits*

Regarding other long-term employee benefits, relating mainly to length of service at the company, the liability recognised on the balance sheet coincides with the present value of the obligations at the reporting date as they do not include any plan assets
The projected unit credit method is used to determine both the current value of the liabilities at the balance sheet date and the cost of the services provided in the current and prior years. The actuarial gains and losses that arise from changes in the actuarial assumptions are recognised. unlike the post-employment liabilities in the year in which they occur on the consolidated income statement for the year

*III) Severance pay*

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

*IV) Obligations arising from plans for termination of employment*

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

*V) Long Term Incentive Plan*

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

The Long Term Incentive Plan of the Company are consistent with those of the Group and are set out in full in Cellnex Telecom S A ' annual report, a copy of which is available in the Group's website at www.cel.nextelecom.com

**Leases**

For most contracts there is limited judgement in determining whether an agreement contains a lease, however, the change in definition of a lease mainly relates to the concept of control IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset Is controlled by the lessee. Control Is considered to exist If the customer has

- The right to obtain substantially all of the economic benefits from the use of an identified asset, and
- The right to direct the use of that asset.

Judgement is sometimes required to determine whether the Company controls the asset and has a lease under IFRS 16.

### Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, considering the risks and uncertainties surrounding the obligation Where a provision is measured using the cash flows estimated to settle the present obligation it carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably
Provisions recognised relate to the estimated amounts required to meet probable or certain liabilities stemming from ongoing litigation, compensation or other items resulting from the Group's activity that entail future payments that have been measured on the basis of currently available information They are recognised as soon as the liability or obligation requiring compensation or payment to a third party arises, and bearing in mind the other conditions set forth in IFRSs.

Estimates have been made in respect of the probable future obligations of the Company. These estimations are reviewed annually to reflect current economic conditions and strategic plans

Management also exercises judgement in measuring the exposures to contingent liabilities through assessing the likelihood that a potential claim or liability will arise, and in quantifying the possible range of financial outcomes

When the probability that the Company will be required to settle an obligation is remote or a reliable estimate cannot be made of the amount of the obligation the Company discloses a contingent liability in the notes to the financial statements

*Provisions for asset retirement obligations*

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

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

The decommissioning provisions are reviewed annually and are calculated based upon expected costs and past costs incurred on similar sites as determined by site and project management, as well as assessments made by Internal experts

### Revenue

Revenue represents the gross inflow of economic benefit in respect of communication network infrastructure services and includes the value of charges made for site rental Revenue is stated net of value added tax Revenue is measured at fair value of the consideration received or receivable

On inception of a contract, performance obligations are identified for each of the distinct services that have promised to be provided to the customer. The consideration specified in the contract is allocated to each performance obligation identified based on their relative standalone selling prices and is recognised as revenue as they are satisfied. In some cases, it may be appropriate to use the contract price when this represents a bespoke price that would be the same for a similar customer in a similar circumstance.

Cash received or invoices raised in advance are taken to deferred income and recognised as contract liabilities, and subsequently recognised as revenue when the services are provided Where consideration received in advance is discounted reflecting a significant financing component, it is reflected within revenue and interest payable and similar charges on a gross basis Revenue recognised in advance of cash being received or an invoice being raised is recognised as accrued income within contract assets and subsequently reclassified to receivables once an invoice is raised Invoices are issued in line with contract terms

The Company does not have any material obligations in respect of returns refunds or warranties.

The different business streams are defined in the Revenue note (note 5)

*Delivery of engineering projects*

Continuous technological progress forces the Group to develop engineering projects to adapt its sites to the equipment that its various operators need to offer the best services to its customers The Group in collaboration with external advisors has calculated that these works must be carried out every 7 years therefore the income related to them is accrued during the aforementioned period of time.

**Expense recognition**

Expenses are recognised in the consolidated income statement when there is a decrease in the future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets

The register of an expense should occur based on the actual flow of goods and services, irrespective of when the corresponding payments are made Any payment that may be made for all of a service received during a given period of time will be considered a prepaid expense recognised on the asset side of the consolidated balance sheet under "Trade and other receivables" and will be taken to the consolidated income statement when the service is received by the Group.

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

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

**Financial costs and income**

Financial costs and income are recognised on an accrual's basis in the period in which it the transaction related occur

**Dividends receivable and payable**

Dividends are recognised in the period when the right to receive payment is established, and final dividends are recognised when they have been approved by shareholders at the Annual General Meeting

**Foreign Exchange**

Balances denominated in foreign currencies are translated either at the original rate applied to the transaction where there is no current intention to arrange settlement or at agreed group settlement rates where transactions are to be settled in the short term. Transactions denominated in foreign currencies are translated into pound sterling at the rates ruling at the dates of the transactions Monetary assets and liabilities denominated in foreign currencies at 31 December are retranslated at the rates ruling at that date These translation differences are included within the profit and loss account

**Critical judgements in applying the Company's accounting policies**

- In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates
- The judgements, estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these judgements, estimates and assumptions.
- The judgements, estimates and underlying assumptions are reviewed on an on-going basis Revisions are recognised in the period in which the estimate is revised

***Revenue recognition***

*In applying the revenue recognition policy, as set out in note 3, judgements are made in respect of certain areas including.*

- determination of distinct contract components and performance obligations;
- *the recognition of a significant financing component*

*The afore mentioned judgements are consistently applied across similar contracts*

*Key estimations:*
In applying the Companies' revenue recognition policy as set out in note 5, estimations are made in respect of certain areas including.

- *measurement of variable consideration;*
- in the application of the percentage of completion approach to long-term contractual arrangements which relies on estimates of total expected contract revenues and costs, as well as reliable measurement of the progress made towards completion

***Leases***

For most contracts there is limited judgement in determining whether *an agreement contains a lease, however*, the change in definition of a lease mainly relates to the concept of control IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the lessee Control is considered to exist if the *customer has*

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset

Judgement is sometimes required to determine whether the Company controls the asset and has a lease under IFRS 16

*Critical accounting judgements.*
Some lease contracts include elements of consideration which are fixed and variable For these contracts judgement is required to determine to what extent any of the variable consideration is in substance fixed consideration according to IFRS 16 Where variable consideration is in substance fixed consideration it is accounted for in the valuation of the lease *liability and right-of-use asset*

Lease terms under IFRS 16 may exceed the minimum lease period and include optional lease periods where it is reasonably certain that an extension option (or other contractual rights) will be exercised or that a termination option will not be exercised by the Company

Significant judgement is required in determining whether optional periods should be included in the lease term taking into account the leased asset's nature, purpose and potential for replacement and any plans that the Company has in place for *future use of the asset*

***Provisions and contingent liabilities***

As disclosed in note 16, the Company's provisions principally relate to obligations arising from contractual obligations *restructuring and property remediation plans* and decommissioning obligations
The identification of such obligations in the context of daily operations which require provisions to be made requires judgement Judgement is also *required to distinguish between provisions and contingent liabilities*

*Key estimations:*
Estimates *have been made in respect of the probable future obligations of the Company These estimates are reviewed* annually to reflect current economic conditions and strategic plans

*The decommissioning provisions are reviewed annually and are calculated based upon expected costs and past costs* incurred on similar sites as determined by site and project management as well as assessments made by internal experts

Management also exercises judgement in measuring the exposures to contingent liabilities through assessing the likelihood that a potential claim or liability will arise, and in quantifying the possible range of financial outcomes As part of the finalisation of the PPA accounting (see below), the Group have recognised provisions for potential exposures resulting from the transfer of assets These amounts give rise to significant estimation uncertainty and as a result may materially impact the results of the Group in future years

***PPA Accounting***

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

As a result of the business combinations performed during 2020 and 2019, and following a prudent approach, the vast majority of the difference between the book value of the assets acquired and the purchase price paid has been assigned to assets subject to deprecation or amortization. Thus, the resulting goodwill corresponds in the vast majority to the net deferred tax recognised resulting from the higher fair value attributed to the net assets acquired in comparison with their tax bases. Furthermore, provision for other responsibilities captures mainly provisions for contingent liabilities made during the Purchase Price Allocation process which are a result of present obligations arising from past events, where the fair value can be reliably measured.

***Deferred tax***

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

### 4. BUSINESS COMBINATIONS

In the second half of 2019, Cellnex Telecom S.A. and Cellnex UK Limited entered into an agreement with Arqiva Holdings Limited, a company within the Arqiva group (the "Arqiva Group"), for the sale and purchase of 100% of the issued and paid-up share capital of Arqiva Services Limited (the "Arqiva Acquisition"), a company to which the Arqiva Group has carved-out the United Kingdom telecoms towers business of the Arqiva Group following a reorganisation of assets liabilities and activities.

On 8 July 2020, the Group completed the Arqiva Acquisition, after all the conditions precedent were satisfied, and acquired full ownership of the share capital of Arqiva Services Limited, which is the owner of approximately 7,400 held sites and the rights to market approximately 900 sites located in United Kingdom

The total consideration in relation to this acquisition has amounted to approximately GBP 2 billion.
The breakdown of the net assets acquired, and goodwill generated by the Arqiva Acquisition, at the completion date, is as follows:

| | 31 Dec 2020<br>£'000 |
|---|---|
| Purchase Price | 1,987,675 |
| Net Assets Acquired | 124 630 |
| Customer Network Services Contracts | 1,265,591 |
| Network Location | 537,800 |
| Other intangible assets from the PPA (TSA & PMA contracts) | 19,200 |
| Contingent Liabilities | (177,720) |
| Deferred tax on Intangible Assets | (352 859) |
| Step ups/downs Fixed assets | 34,560 |
| Step ups/downs Right of Use Assets | (15 158) |
| Step ups/downs Lease liabilities | 15,168 |
| Asset Removal Obligations Provision | (14 190) |
| Fair value allocated | 1,437,010 |
| **Total Goodwill** | **550,665** |

The main rate of UK corporation tax remained at 19% during the period

The fair value at the date of acquisition of the assets and liabilities of the acquired business has been determined for the most part, using valuation techniques The main valuation methods used were the analysis of discounted cash flows generated by the identified assets With regards to the Arqiva Acquisition, given the complexity of identifying the acquired intangible assets, the Group decided to perform a purchase price allocation with the participation of an independent third-party expert.

The potential value of the sites and their business potential for the company reflects to the characteristics and quality of the locations where they are based, which translates into a certain expectation of increasing the site occupancy ratio. This can be attributed to certain sets of intangible assets of which each individual element is necessary to realize the full value Thus the fair value amount of the acquired net assets includes the valuation of the intangible assets identified that individually meet the identifiability criteria of IAS 38 (Intangible Assets) and consists of "Customer Network Services Contracts" and "Network Location"

The "Customer Network Services Contracts" relates to the customer base existing at the acquisition date due to the Company's infrastructure service contracts with the anchor carrier and to the future returns expected to be generated because of the relationships with the customers beyond the periods covered by the contracts

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

The goodwill mainly includes the net recognition of any deferred taxes resulting from the higher fair value attributed to the net assets acquired in comparison with the tax bases

The operating income and net loss contribution since acquisition amounted to 116 million and 12 million (£), respectively, corresponding to the impact of 100% of the financial results of the Arqiva Acquisition in the accompanying consolidated income statement. Otherwise, if the Arqiva Acquisition, had been completed on 1 January 2020, and consequently it had been fully consolidated for the year ended 31 December 2020, it would have contributed an operating income and net loss for an amount of approximately 240 million and 14 million (£), respectively

**Details of the Cellnex UK - Arqiva deal**

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

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

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

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

*The assets and liabilities arising from the provisional purchase price allocation are as follows*

| Value acquired (Thousands of £) | Fair Value | Carrying Value | Revaluation |
|---|---|---|---|
| Customer Relationships. Main Customers | 1.265.591 | - | 1.265.591 |
| Customer Relationships Airwave | 11.700 | - | 11.700 |
| Network Location | 526.100 | - | 526.100 |
| TSA & PMA Contracts | 19.200 | | 19.200 |
| Property Plant & Equipment | 185.027 | 150.467 | 34.560 |
| Right of Use IFRS 16 | 261.759 | 276.927 | (15 168) |
| Trade and other receivables | 33.422 | 33.422 | - |
| Cash at bank | 102 | 102 | - |
| ARO Provision LT | (18.561) | (4.371) | (14.190) |
| Deferred Revenue LT | (76.055) | (76.055) | - |
| IFRS 16 Liability | (195.778) | (210.945) | 15.167 |
| Trade Creditors | (25.851) | (25.851) | - |
| Deferred Revenue ST | (53.528) | (53 528) | - |
| Current liabilities | (17 438) | (17 438) | - |
| Other non-current provisions | (177.720) | - | (177.720) |
| Other current provisions | (1.570) | (1 570) | - |
| Net deferred tax assets /(liabilities) | (299 389) | 53.470 | (352.859) |
| **Net assets acquired** | **1,437,011** | **124,630** | **1,312,381** |

## 5. REVENUE

| Revenue | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| Rendering of Services | 108.598 | 13.867 |
| Installation Services projects | 1.287 | - |
| Pass Through Revenue | 8.634 | - |
| **Total** | **118,519** | **13,867** |

All revenue relates to sales generated in UK

The various activities that contribute to the Group's revenue are related to the development of Telecom Infrastructure Services with different kind of activities Telecom Infrastructure Services provides a wide range of integrated network infrastructure services to enable access to the Group's wireless infrastructure by MNOs and other wireless telecommunications and broadband network operators, allowing such operators to offer their own telecommunications services to their customers

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

- **Engineering Services** Technological progress forces the Group to periodically carry out projects related to the modification of the equipment of its sites. These works allow the different telecommunications operators to install the equipment necessary to provide services to their customers
- **Pass through revenue:** Additionally, the consolidated income statement for the year includes income from re-charging costs related to infrastructure services activities for mobile telecommunications operators to third parties

**Contract assets and liabilities**

The Company has recognised the following assets and liabilities in relation to contracts with customers

| | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| **Contract assets** | | |
| Current | 1,958 | 1,187 |
| Non-current | - | - |
| **Total** | **1,958** | **1,187** |
| **Contract liabilities** | | |
| Current | (43,680) | (227) |
| Non-current | (57,982) | (3,653) |
| **Total** | (101,662) | (3,880) |

Other than business-as-usual movements there were no significant changes in contract asset and liability balances during the year

## 6. STAFF COSTS

The average monthly number of employees (including executive directors) was.

| | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| Operational team | 198 | 9 |
| Commercial team | 23 | 1 |
| Other functional areas | 41 | 2 |
| **Total** | **263** | **12** |

Their aggregate remuneration comprised

| | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| Wages and salaries | 4,603 | 1,195 |
| Social Security Contributions | 850 | 165 |
| Other retributions & benefits | 1,508 | 2 |
| **Total** | ***6,961*** | ***1,362*** |

**Directors' remuneration**

*The total amounts for directors' remuneration in accordance with Schedule 5 to the Accounting Regulations were as follows*

| | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| Salaries fees, bonuses, and benefits in kind | 346 | 315 |
| Amounts receivable under long-term incentive plans | 130 | |
| Money purchase pension contributions | - | 2 |
| **Total** | **476** | **317** |

The highest paid director received £231k in emoluments and £46k amounts receivable under long-term incentive plans

## 7. OPERATING PROFIT

| | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| Operating lease charges | 129 | 39 |
| Depreciation of property, plant, and equipment | 13.133 | 735 |
| Depreciation of leased property, plant, and equipment | 20.765 | 237 |
| Amortisation of intangible assets | 56.635 | 7,261 |
| *Management recharge from fellow Group company* | 2 714 | 1,427 |
| Impairment of investments in other Group companies | 288 | 1 |
| Impairment of amounts receivable from other Group companies | (268) | - |

The Group's audit fee for the financial statements for the year was £385,000 (2019. £98.640). No other services have been provided by the auditor

## 8. FINANCE COSTS AND INCOME

*The finance income and costs incurred by the company during the analysed periods are the followings*

| **Finance Income** | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| *Positive exchange diff of the net investment in Group companies* | 268 | - |
| Interest income | - | 139 |
| *Other financial income* | | 12 |
| | **268** | **151** |

| **Finance Costs** | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| Interest Expense | 9.645 | 798 |
| Negative exchange diff of the net investment in Group companies | 25 | (3) |
| Other financial expenses | 288 | 1 |
| IFRS16 Interest Expense | 11 110 | 275 |
| | **21.069** | **1,071** |

## 9. TAX

UK Corporation tax is calculated at the weighted average rate of 19% (2019 19%) of the estimated taxable profit for the year

| | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| **Current tax:** | | |
| UK corporation tax | | |
| - Current year | - | (586) |
| Prior year adjustment | (6,001) | |
| | **(6,001)** | **(586)** |
| Deferred tax | | |
| Origination and reversal of timing differences | (3,660) | |
| Impact of change in tax | (99) | - |
| Recognition of deferred tax asset | - | 762 |
| Prior year adjustment | 6.635 | 507 |
| | **2,877** | **1,269** |
| **Tax charge / (credit) for the year** | **(3,124)** | **683** |

The charge / (credit) for the year can be reconciled to the profit in the Income Statement as follows:

| | 31 Dec 2020 £m | 31 Dec 2019 £m |
|---|---|---|
| Profit before tax | (49,548) | (2,627) |
| Tax at the UK Corporation tax rate of 19% (2019 19%) | (9,414) | (499) |
| Tax effect of expenses not deductible for tax purposes | 4,604 | - |
| Tax effect of Income not taxable | (280) | - |
| Change in unrecognised deferred tax asset | 1,430 | - |
| Prior year adjustment | 635 | 507 |
| Group relief received for nil consideration | - | - |
| Impact of change in tax rate | (99) | - |
| Deferred tax not previously recognised | - | 675 |
| **Total tax charge / (credit) for the year** | **(3,124)** | **683** |

The main rate of UK corporation tax remained at 19% during the period and a 19% tax rate (2019: 19%) has therefore been used for the reconciliation of total tax. UK deferred tax has been valued at 19% (2019 17%) as this is the substantively enacted rate at the balance sheet date at which the deferred tax balances are forecast to unwind Due to the impact to the group from changing tax legislation, the decision was made with effect from 1 July 2017 to pay for group relief. The prior year UK corporation tax charge represents the payment made to other Group companies for the provision of tax losses by way of group relief.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19.0% (rather than reducing to 17.0% as previously enacted). This new law was substantively enacted on 17 March 2020 and therefore the deferred tax is valued using 19% In March 2021, the UK government announced an increase in the corporation tax rate from 19% to 25% with certain exemptions and phase in provisions with effect from 1 April 2023.

As of 31 December 2020, the group has gross tax losses of £18,723,111. upon which Deferred Tax Assets have not been recognised These have mostly arisen due to brought forward losses dating back to pre-2017, and due to forecasted losses within these entities are unable to offset against any future profits.

### 10. GOODWILL

The carrying amount of the Goodwill during the analysed periods is

| | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| Opening | - | - |
| Additions | 550.665 | - |
| Impairment | - | - |
| **Carrying amount** | **550,665** | - |

At the end of each reporting period goodwill is assessed for impairment based on a calculation of the fair value of the cash-generating unit or their market value (price of similar, recent transactions in the market) if the latter is higher There is only one cash-generating unit (CGU) identified in the UK Group and it is related to the acquisition of the On Tower UK companies

Prior to preparing revenue and expense projections, those projections made as part of the impairment tests for the prior year were reviewed to assess possible variances

The fair value was calculated as follows

- The period over which the related investment is expected to generate cash flows was determined
- The respective revenue and expense projections were made using the following general criteria and assumptions
  - For revenue trends were forecast assuming the consumer price index (CPI).
  - For expenses, trends were considered in light of expected changes in the respective CPIs and the projected performance of the business.
  - In addition, the Group considered the impact of infrastructure maintenance and expansion to be carried out, using the best estimates available based on the Group's experience and taking into account the projected performance of the activity.
  - Current Market guidance given in relation to the ratio of maintenance and expansion capex to revenues amounts to c.3% and c 5-10%, respectively
  - Taxes have been also considered in the projections

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

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

The most significant assumptions used in determining the fair value in 2020 with the most relevant intangible assets and goodwill were as follows

- The discount rate considered for UK Group was 5.5%
- The activity growth rate considered was 3 0% per annum
- The 'terminal g', considered for was 2.5%
- UK Group has been projected until 2040 in line with the duration of the service contracts in the Telecom Infrastructure Services business segment

### 11. INTANGIBLE ASSETS

| | Customer Relationships: Main Customers £'000 | Customer Relationships: Airwave £'000 | Network Location £'000 | TSA & PMA Contracts £'000 | Income Rights £'000 | Other Intangible Assets £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 31 Dec 2019 | - | - | - | - | 146,955 | - | 146,955 |
| Acquisition from a subsidiary | 1,265,591 | 11 700 | 526,100 | 19,200 | | 2,953 | 1,852,544 |
| Additions | - | - | - | - | - | 18 | 18 |
| Disposals | - | - | - | - | - | (921) | (921) |
| **At 31 December 2020** | **1,265,591** | **11,700** | **526,100** | **19,200** | **146,955** | **2,050** | **1,971,516** |
| **Accumulated amortisation** | | | | | | | |
| At 31 Dec 2019 | - | - | - | | 32,676 | - | 32,676 |
| Amortisation | 31,640 | 292 | 13,152 | 480 | 10,859 | 211 | 56,635 |
| **At 31 December 2020** | **31,640** | **292** | **13,152** | **480** | **43,535** | **211** | **89,310** |
| **Carrying amount** | | | | | | | |
| ***At 31 December 2020*** | **1,233,951** | **11,408** | **512,948** | **18,720** | **107,948** | **1,839** | **1,882,285** |
| At 31 December 2019 | - | - | - | - | 114,279 | - | 114,279 |

*As a result of the acquisition of the On Tower group the company has developed a Purchase Price Allocation* arising the following assets with the costs and amortization and net book value detailed above Customer Relationships: Main Customers, Customer Relationships: Airwave, Network Location, TSA & PMA Contracts.

The "Customer network service contracts" and "Network location" are intangible assets recognized following the Arqiva acquisition and are valued using the Multi-Period Earnings methodology according to the financial projections of the different businesses affected This method considers the use of other assets in the generation of the projected cashflows of a specific asset in order to isolate the economic benefit generated by the intangible asset.

The contribution of the other assets such as fixed assets, working capital, labour and other intangible assets to the total cash flows is estimated through charges for contributing assets This adjustment is made to separate the value of the specific assets from the portion of the purchase price that has already been allocated to net tangible assets and other intangible assets used Therefore, the value of intangible assets is the present value of cash flows after potentially attributable taxes, net of the return on the fair value attributable to the tangible and intangible assets.

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

Other intangible assets are recognised at cost and are amortised over their estimated useful lives.

### 12. *PROPERTY, PLANT AND EQUIPMENT*

| | Freehold land and buildings | Short leasehold land and buildings | Plant and equipment | Assets Under the Course of Construct, (AUC) | IFRS-16 ROU assets, | Total |
|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Cost** | | | | | | |
| At 31 Dec 2019 | 11 317 | 3 146 | 8,201 | - | 2,345 | 25,009 |
| Acquisition of subsidiaries | 18,465 | 19,154 | 145 654 | 8,957 | 261,759 | 453,989 |
| Additions | 574 | 346 | 239 | 24 801 | 120 550 | 146 509 |
| *Disposals & Reclassifications* | (675) | 438 | 220 | - | (172) | (190) |
| **At 31 Dec 2020** | **29,680** | **23,084** | **154,313** | **33,758** | **384,655** | **625,489** |
| **Accumulated depreciation** | | | | | | |
| At 1 Dec 2019 | 2,358 | 74 | 3,630 | - | 727 | 6,789 |
| Depreciation | 66 | 659 | 12,408 | | 20 765 | 33,898 |
| Disposals & Reclassifications | (2,358) | 2,196 | 161 | - | (67) | (68) |
| **At 31 Dec 2020** | **66** | **2,929** | **16,199** | - | **21,425** | **40,619** |
| ***Carrying amount*** | | | | | | |
| **At 31 Dec 2020** | 29,614 | 20,155 | 138,114 | 33,758 | 363,057 | 584,698 |
| **At 31 Dec 2019** | 8 959 | 3,072 | 4,571 | - | 1 618 | 18,220 |

### 13. TRADE AND OTHER RECEIVABLES

| | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| ***Current assets*** | | |
| VAT Receivables | 37,113 | 1,088 |
| Trade receivables | 18,255 | 1 633 |
| Contract assets | 1 958 | 1,187 |
| Prepayments | 23,863 | 3 489 |
| Trade receivables with Group companies | 103 | 33,562 |
| Other receivables | 60,341 | - |
| **Total current receivables** | **141,633** | **40,958** |
| ***Non-current assets*** | | |
| Loans | 21 | - |
| *Prepayments* | 2,160 | |
| ***Total non-current receivables*** | **2,181** | - |

Amounts receivable from other group companies are unsecured, interest free and repayable on demand

### 14. DEFERRED TAX ASSETS & LIABILITIES

| Assets | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| **Non-current assets** | | |
| Deferred tax assets | 49 747 | 46 |

| *Liabilities* | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| **Non-current liabilities** | | |
| Deferred tax liabilities from PPA | 344.049 | - |

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. Temporary differences arising in connection with interests in associates are insignificant.

The recognised deferred tax asset is not considered to be materially exposed to the performance of the Group based on reasonably possible trading forecasts.

As of 31 December 2020, the group has gross tax losses of £18,723,111. upon which Deferred Tax Assets have not been recognised These have mostly arisen due to brought forward losses dating back to pre-2017, and due to forecasted losses within these entities are unable to offset against any future profits

### 15. TRADE AND OTHER PAYABLES

| | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| **Current liabilities** | | |
| Payables related to Taxes & VAT | 8,883 | 437 |
| Trade payables | 21,856 | 2 830 |
| Other payables | 73,383 | - |
| Liabilities with employees | 3,939 | - |
| Trade payables with Group companies | 20,198 | - |
| **Total current payables** | **128,259** | **3,267** |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms

Amounts payable from other group companies are unsecured

The directors consider that the carrying amount of trade payables approximates to their fair value

### 16. PROVISIONS

| | Provision related with the PPA £'000 | Decommissioning £'000 | Other provisions £'000 | Total £'000 |
|---|---|---|---|---|
| **Provisions** | | | | |
| At 31 December 2019 | 0 | 68 | 0 | 68 |
| Acquisition of a subsidiary | 177.720 | 4.652 | 1.246 | 183.618 |
| Changes in provisions policies | 0 | 17.686 | - | 17.686 |
| **At 31 December 2020** | **177,720** | **22,406** | **1,246** | **201,372** |

Provisions are made for decommissioning and asset at risk costs where the Company has an obligation to restore sites and the cost of restoration is not recoverable from third parties The provision is in relation to assets of which the remaining useful economic life ranges up to three years

Other provisions represent site management and compliance costs which are expected to be utilized over the next one to five years.

After the acquisition of the Company by Cellnex UK Limited the Asset Removal Obligation policies has been updated to be consistent with the Group policies. Decommissioning provision is calculated using estimates of the present value of the cash payments required to dismantle the assets, taking into consideration all the information available at the balance sheet date.

As discussed in note 3. provisions related with the PPA give rise to significant estimation uncertainty and therefore may materially impact the results of the Group in future years.

Provisions are analysed between current and non-current based on expected utilization as follows

| | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| **Current liabilities** | | |
| Other short-term provisions | 1.574 | 68 |
| | **1,574** | **68** |
| **Non-current liabilities** | | |
| Provisions from PPA - noncurrent | 177.721 | - |
| Other long-term provisions (including Asset Removal Obligation – Decommissioning Costs) | 22.077 | - |
| | **199,798** | - |

### 17. CONTRACT LIABILITIES

| | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| ***Current liabilities*** | | |
| Contract liabilities | 43.680 | 227 |
| **Non-current liabilities** | | |
| Contract liabilities | 57.982 | 3.653 |

### 18. LOANS AND CREDIT FACILITIES

| | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| **Current liabilities** | | |
| Loans | - | 2 130 |
| Interests and payables related to the formalization of the loans | 2 648 | - |
| | **2,648** | **2,130** |
| **Non-current liabilities** | | |
| Loans with third parties | 591,656 | - |
| Loans with associated companies | 185,000 | - |
| | **776,656** | **-** |

### 19. LEASE LIABILITIES

During the adoption of IFRS 16 in 2019, the company recognised additional right-of-use assets and additional lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases'.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate and implicit rate identified in relation to the leases as at 1 January 2019

| | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| **Current liabilities** | | |
| IFRS16 Short Term Lease Liability | 26,816 | 443 |
| **Non-current liabilities** | | |
| IFRS 16 Long Term Lease Liability | 84,539 | 1,430 |

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. No adjustments to the right-of-use assets and lease liabilities were required immediately after transition to IFRS 16

*The Group does not face a significant liquidity risk with regard to its lease liabilities Lease liabilities are monitored within the Group's treasury function.*

| | Lease Liabilities £'000 |
|---|---|
| ***Opening*** | |
| Lease Liabilities LT | 1 430 |
| Lease Liabilities ST | 443 |
| **Lease Liabilities** | **1,873** |
| | |
| **Movements of the year** | |
| Acquisition of a subsidiary | 193,945 |
| Sites Reassessment | 122,436 |
| Sites Prepayment | (196,000) |
| Adjustments | (2,086) |
| Payments | (19,931) |
| Interests Expense | 11,118 |
| | |
| **Total** | |
| Lease Liabilities LT | 84,539 |
| Lease Liabilities ST | 26,816 |
| **Lease Liabilities** | **111,355** |

**PRACTICAL EXPEDIENTS TAKEN**

The group uses the following practical expedients permitted by the standard

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- reliance on previous assessments of whether leases are onerous.
- *the exclusion of low value assets excluding IT equipment. from recognition as a right-of-use asset or liability;*
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases

The Company has recognized the following interests on its income statement related to the IFRS-16 adjustment developed

**Interests recognized in the income statement**

| | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| *Interests on lease liabilities* | *11 118* | *275* |

## 20. SHARE CAPITAL

| | Share Capital £ |
|---|---|
| **Allotted and authorised fully paid:** | |
| At 31st of December 2019 | 2 |
| Share Capital Increase | 2 |
| At 31st of December 2020 - 4 ordinary shares (2019:2) of £1 each | **4** |

On 7th July 2020, the Company completed a Share Capital increase of 1 £1 share for £1,200,000 000to complete the acquisition of a competing company in the telecoms industry resulting in £1,199.999,999 share premium as per note 21

On 16th December 2020, the Company completed another Share Capital Increase of 1 £1 share for £235,200.000 resulting in share premium of £234.199,999 as per note 21

## 21. SHARE PREMIUM

| | Share Premium £'000 |
|---|---|
| At 31st of December 2019 | 123.000 |
| Share Premium Increases | 1,435 200 |
| At 31st of December 2020 | **1,558,200** |

On 7th July 2020. the Company completed a Share Capital increase of 1 £1 share for £1,200,000,000to complete the acquisition of a competing company in the telecoms industry resulting in £1,199.999,999 share premium as per note 21

On 16th December 2020, the Company completed another Share Capital Increase of 1 £1 share for £235,200,000 resulting in share premium of £234,199,999 as per note 21.

## 22. 2019 REVIEW – UK GAAP REPORTED NUMBERS VS IFRS – 16 ADJUSTED NUMBERS

As explained, the Company has adopted during this year some accounting principles with a considerable impact in the amounts published. To ensure the traceability of the numbers published last year and those detailed in this document it is important to detail the impacts of the two most important accounting adjustments developed by the Company in the last year: IFRS-9 and IFRS–16 adjustments

| BS / P&L | Account | UK GAAP (31 Dec 2019 £'000) | IFRS (31 Dec 2019 £'000) |
|---|---|---|---|
| BS | *IFRS - 9 Insolvency Provision* | - | *285* |
| P&L | IFRS - 9 Insolvency Provision Expense | - | (363) |

| BS / P&L | Account | UK GAAP (31 Dec 2019 '000) | IFRS (31 Dec 2019 '000) |
|---|---|---|---|
| P&L | Sites Rental | 415 | 39 |
| BS | Right of Use Assets | | 2.345 |
| BS | Accumulated Depreciation Right of Use Assets | - | (727) |
| BS | Lease Liabilities LT/ST | | (1,874) |
| P&L | Depreciation ROU Assets | - | 237 |
| P&L | Interest Expense | | 275 |
| P&L | Gains and losses on P&L | - | (2) |

## 23. POST BALANCE SHEET EVENTS

**Awarded connectivity contract in Brighton Mainline route**

Cellnex UK has been awarded the 25-year concessionary contract by Network Rail to provide uninterrupted cellular internet, mobile reception and fibre services along the length of the Brighton Mainline route. Cellnex UK will act as the neutral host and provide the infrastructure to deliver continuous mobile connectivity. The service will provide targeted coverage and capacity for the UK Mobile Network Operators (MNOs).

The Brighton Mainline service runs 51 miles from London to the South Coast through some of the UK's most densely populated areas. Mobile internet and connectivity between London and Brighton varies from a strong signal to no connectivity at all because of the topography and the many tunnels and cuttings along the route.

Cellnex UK will provide

- Towers that will allow broadcasting of mobile signal along the railway corridor.
- A small number of base station hotels (equipment rooms) within close proximity to the railway to house telecoms equipment.
- High-capacity fiber running from Victoria and London Bridge via East Croydon to Brighton, and
- Bespoke radio equipment to provide uninterrupted coverage in the main London stations as well as the tunnels and cuttings along the route

By improving customers' travel experience and encouraging more people to travel by train rather than by car, the project will help reduce traffic in and around the M25, M23 and A23, leading to cleaner air

## 24. CREDIT RISK MANAGEMENT POLICIES

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade. Investments in instruments, including bills of exchange, debentures and redeemable note, where the counterparties have a minimum BBB- credit rating are considered to have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties

Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed and approved twice a year by the risk management committee. 80 per cent of the trade receivables have the best credit scoring attributable under the external credit scoring system used by the Group.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies

## 25. FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COSTS

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance

Financial assets and liabilities are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

IFRS 9 contains three principal classification categories for financial assets and liabilities. measured at amortised cost fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). A financial asset or liability is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset / liability is held within a business model whose objective is to hold assets to collect / pay contractual cash flows: and
- The contractual terms of the financial asset / liability give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

All the financial assets or liabilities detailed in these financial statements meets the two conditions detailed above

## 26. CONTROLLING PARTIES

The Company's immediate and ultimate parent is Cellnex Telecom S.A., whose registered address is Calle Juan Esplandiú, 11-13, 28007 Madrid, Spain, which is the smallest and largest group consolidating. The consolidated financial statements OF Cellnex Telecom can be accessed on the following link https //www cellnextelecom com/en/investor relations/annual-report/

### 27. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates/joint ventures are disclosed below

**Trading transactions**
During the year group entities entered into the following transactions with related parties who are not members of the Group

| | Incomes from related parties (£'000) | | Expenses with related parties (£'000) | |
|---|---|---|---|---|
| | 31/12/2020 | 31/12/2019 | 31/12/2020 | 31/12/2019 |
| Cellnex Telecom S.A | - | | 2.714 | 1.427 |

As mentioned Cellnex Telecom is a related party of the Group The amounts owed by the Group to Cellnex Telecom S A are in concept of Management fees

The amounts outstanding are unsecured and will be settled in cash No guarantees have been given or received No provisions have been made for doubtful debts in respect of the amounts owed by related parties

**Remuneration of personnel**
The remuneration of personnel owed to employees who work in the Group and are paid by any related party, is set out below in aggregate for each of the categories specified in IAS

| | Amounts owed by related parties (£'000) | | Amounts owed to related parties (£'000) | |
|---|---|---|---|---|
| | 31/12/2020 | 31/12/2019 | 31/12/2020 | 31/12/2019 |
| Cellnex Telecom S.A | - | - | 244 | 244 |
| Retevisión S A | - | | 159 | 159 |
| Tradia Telecom | - | - | 342 | 342 |
| **Total** | | | **745** | **745** |

**Loans to related parties**

| | Amounts owed by related parties (£'000) | | Amounts owed to related parties (£'000) | |
|---|---|---|---|---|
| | 31/12/2020 | 31/12/2019 | 31/12/2020 | 31/12/2019 |
| Cellnex Finance Co S A | - | - | 187 042 | 2 045 |

# Cellnex UK Financial Statements - Parent Company

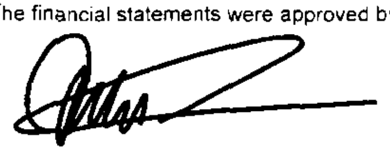
## Company Statement of Financial Position
## for the year ended 31 December 2020

| | Note | 31 Dec 2020<br>£'000 | 31 Dec 2019<br>£'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investments | 2 | 2,405,178 | 182,938 |
| Trade and other receivables | 3 | 2,159 | - |
| Loans and Credit Facilities | 4 | 3 | 3 |
| | | **2,407,340** | **182,941** |
| **Current assets** | | | |
| Trade and other receivables | 3 | 9,210 | 422 |
| Loans and Credit Facilities | 5 | 1,000 | 33,568 |
| *Cash and cash equivalents* | | 386 | 789 |
| | | **10,596** | **34,778** |
| **Total assets** | | **2,417,936** | **217,719** |
| ***Current liabilities*** | | | |
| Trade and other payables | 6 | (38,843) | (40,315) |
| Loans and Credit Facilities | 4 | (18,082) | - |
| | | **(56,925)** | **(40,315)** |
| **Net current assets** | | **(46,329)** | **(5,537)** |
| **Non-current liabilities** | | | |
| Loans and Credit Facilities | 4 | (776,924) | (19) |
| | | ***(776,924)*** | ***(19)*** |
| **Total liabilities** | | **(833,849)** | **(40,334)** |
| **Net assets** | | **1,584,088** | **177,385** |
| **Equity** | | | |
| Share capital | 7 | 0 | 0 |
| Share premium account | 8 | 1,558,200 | 123,000 |
| Retained earnings | | 25,888 | 54,385 |
| **Total shareholders 'funds** | | **1,584,088** | **177,385** |

The notes on pages 53 to 57 form an integral part of the financial statements Registered number 05153745.

As permitted by section 408 of the Companies Act 2006, the Company s income statement has not been included in these financial statements. The Company's loss for the financial year was £28,497k while in 2019 was £4,889k.

The financial statements were approved by the Board of Directors on 14 January 2022 and were signed on its behalf by



David William Crawford
Director

# Cellnex UK Financial Statements - Parent Company

## Statement of Changes in Equity
## for the year ended 31 December 2020

| | Share Capital £'000 | Share premium £'000 | Reserves £'000 | Total £'000 |
|---|---|---|---|---|
| **At 31 December 2018** | **0** | **-** | **59,274** | **59,274** |
| Loss for the financial year | - | - | (4,889) | (4,889) |
| Issue of shares | - | 123,000 | - | 123,000 |
| **At 31 December 2019** | **0** | **123,000** | **54,385** | **177,385** |
| Loss for the financial year | - | - | (28,497) | (28,497) |
| Issue of shares | - | 1,435,200 | - | 1,435,200 |
| **At 31 December 2020** | **0** | **1,558,200** | **25,888** | **1,584,088** |

On 7th July 2020 the Company completed a Share Premium increase of 1,199,999 £ and a Share Capital increase of 1 shared (valued in 1 £) to complete the acquisition of a competing company in the telecoms industry

On 16th December 2020, the Company completed another Share Premium increase of 234,199£ and a Share Capital increase of 1 shared (valued in 1 £) to fund a contract with BT for the acquisition of a portfolio of radio masts

# Notes to the Financial Statements
# for the year ended 31 December 2020

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The separate financial statements of the Company are presented as required by the Companies Act 2006 The Company meets the definition of a qualifying entity under FRS 100 Application of *Financial Reporting Requirements* issued by the FRC Accordingly, these financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework

Cellnex UK Limited (the Company) is a public company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 2.

The Company's principal activity is to act as an investment holding company that provides management services to its subsidiaries The Company's immediate and ultimate parent is Cellnex Telecom S.A.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, certain disclosures in respect of revenue from contracts with customers and certain related party transactions

Where required, equivalent disclosures are given in the consolidated financial statements.

These financial statements are presented in pounds (£), which is the currency of the primary economic environment in which the Group operates and are rounded to the nearest £'000.

The financial statements have been prepared on the historical cost basis except for the re-measurement of certain financial instruments that are measured at fair values at the end of each reporting period

Investments in subsidiaries, associates and joint ventures are stated at cost less, where appropriate, provisions for impairment

The Company receives income from its subsidiaries in the form of management fees, interest and dividends The Company provides management services on an ongoing basis to its subsidiaries. Subsidiaries receive the benefits of these services as they are provided by the Company and therefore revenue is recognised monthly as these services are performed Management fees are billed on a monthly basis and consequently there is no difference between the timing of payment and the timing of revenue recognition

In the current year the Company has applied a number of amendments to IFRS Standards issued by the International Accounting Standards Board (the Board) that are mandatorily effective for an accounting period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

## GOING CONCERN

The Company adopts the Going Concern basis in preparing its financial statements, based on the letter of financial support covering twelve months from the signing of the Annual Report from its ultimate parent undertaking, Cellnex Telecom (as at the date of signing).

It leads the Director of the Group and Company to be confident that they will have adequate resources to continue in operational existence for the foreseeable future As part of this assessment we have considered the impact of COVID-19, and, based on the nature of the business, we do not believe it will have an overall material adverse effect on our financial position or cash flows

### Critical accounting judgements or key sources of estimation uncertainty

There were no critical accounting judgements that would have a significant effect on the amounts recognised in the parent company financial statements or key sources of estimation uncertainty at the balance sheet date that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.,

### Transition to FRS 101 (reduced disclosure framework)

The company previously reported under FRS 102 and has transitioned to FRS 101 in the period. There has been no material impact of the transition

### 2. INVESTMENTS

| Cost | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| At 1 January | 182,938 | 59,938 |
| Additions | 2,222,240 | 123,000 |
| Impairments during the year | - | - |
| **At 31 December** | **2,405,178** | **182,938** |

| Company | Country | Principal activities | Percentage of ordinary shares held |
|---|---|---|---|
| Cellnex UK Midco Limited | United Kingdom | Holding Company | 100% (held directly) |
| Radiosite Limited | United Kingdom | Transmission services | 100% (held indirectly) |
| Watersite Limited | United Kingdom | Transmission services | 100% (held indirectly) |
| Cellnex Connectivity Solutions Limited | United Kingdom | Transmission services | 100% (held indirectly) |
| Cellnex UK Consulting Limited | United Kingdom | Transmission services | 100% (held indirectly) |
| London Connectivity Partnership Limited | United Kingdom | Dormant company | 100% (held directly) |
| QS4 Holdings Limited | United Kingdom | Dormant company | 100% (held directly) |
| On Tower UK Limited | United Kingdom | Transmission services | 100% (held directly) |
| On Tower UK 1 Limited | United Kingdom | Transmission services | 100% (held indirectly) |
| On Tower UK 2 Limited | United Kingdom | Transmission services | 100% (held indirectly) |
| On Tower UK 3 Limited | United Kingdom | Dormant company | 100% (held indirectly) |
| On Tower UK 4 Limited | United Kingdom | Transmission services | 100% (held indirectly) |
| On Tower UK 5 Limited | United Kingdom | Dormant company | 100% (held indirectly) |

The Company owns 100% of the ordinary share capital of the companies detailed above All the subsidiaries have been included in the consolidation of Cellnex Telecom and are incorporated in the United Kingdom The addresses of these companies are R+, 4th Floor, 2 Blagrave Street Reading, London, United Kingdom, RG1 1AZ

The directors believe that the carrying values of the investments are supported by the future earnings of the subsidiaries.

### 3. TRADE AND OTHER RECEIVABLES

| | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| **Current assets** | | |
| Trade Receivables with Associates | 2,798 | 7 |
| Prepayments | 1,650 | 415 |
| Receivables associated with VAT | 4,762 | - |
| **Total current receivables** | **9,210** | **422** |
| | | |
| **Non-current assets** | | |
| Prepayments | 2,159 | - |
| **Total non-current receivables** | **2,159** | **-** |

Amounts receivable from other group companies are unsecured, interest free and repayable on demand

### 4. LOANS AND CREDIT FACILITIES

| Assets | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| **Current** | | |
| Loans and Credit Facilities | 1,000 | 33,568 |
| **Total Current Assets** | **1,000** | **33,568** |
| | | |
| **Non-current** | | |
| Loans and Credit Facilities | 3 | 3 |
| **Total Non-current Assets** | **3** | **3** |

| *Liabilities* | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| **Current** | | |
| Loans and Credit Facilities | (15,434) | - |
| Interests | (2,649) | - |
| **Total Current Liabilities** | **(18,082)** | **-** |
| | | |
| **Non-current** | | |
| Loans with third parties | (591,656) | - |
| Loans with associated companies | (185,268) | (19) |
| **Total Non-current Liabilities** | **(776,924)** | **(19)** |

Cellnex's borrowings is represented by a combination of loans and credit facilities

### 5. TRADE AND OTHER PAYABLES

| | 31 Dec 2020 £'000 | 31 Dec 2019 £'000 |
|---|---|---|
| **Current liabilities** | | |
| Trade payables | 2,525 | 1,103 |
| Liabilities with employees | 285 | - |
| Trade payables with Group Companies | 35,905 | 39,409 |
| Payables related to taxes | 127 | (197) |
| **Total current payables** | **38,843** | **40,315** |

Amounts payable are unsecured and interest free and repayable on demand

The company participates in a group cash pooling mechanism whereby surplus cash is made available to parent and subsidiaries according to funding requirements The amounts outstanding are shown as trade and other payables amounts with Group Companies.

### 6. SHARE CAPITAL

| | Share Capital £ |
|---|---|
| **Allotted and authorised fully paid:** | |
| At 31st of December 2019 | 2 |
| Share Capital Increases | 2 |
| At 31st of December 2020 - 4 ordinary shares (2019 2) of £1 each | 4 |

On 7th July 2020, the Company completed a Share Capital increase of 1 £1 share for £1.200.000.000to complete the acquisition of a competing company in the telecoms industry resulting in £1 199.999,999 share premium as per note 21

On 16th December 2020, the Company completed another Share Capital Increase of 1 £1 share for £235.200,000 resulting in share premium of £234.199,999 as per note 21

### 7. SHARE PREMIUM

| | Share Premium £'000 |
|---|---|
| At 31st of December 2019 | 123.000 |
| Share Premium Increases | 1.435 200 |
| At 31st of December 2020 | **1,558,200** |

On 7th July 2020, the Company completed a Share Premium increase of 1,199.999 £ to complete the acquisition of a competing company in the telecoms industry

On 16th December 2020 the Company completed another Share Premium Increase of 234,199£

### 8. SUBSEQUENT EVENTS

**Awarded connectivity contract in Brighton Mainline route**

Cellnex UK has been awarded the 25-year concessionary contract by Network Rail to provide uninterrupted cellular internet, mobile reception and fibre services along the length of the Brighton Mainline route Cellnex UK will act as the neutral host and provide the infrastructure to deliver continuous mobile connectivity The service will provide targeted coverage and capacity for the UK Mobile Network Operators (MNOs)

The Brighton Mainline service runs 51 miles from London to the South Coast through some of the UK's most densely populated areas. Mobile internet and connectivity between London and Brighton varies from a strong signal to no connectivity at all because of the topography and the many tunnels and cuttings along the route

Cellnex UK will provide

- Towers that will allow broadcasting of mobile signal along the railway corridor
- A small number of base station hotels (equipment rooms) within close proximity to the railway to house telecoms equipment
- High-capacity fiber running from Victoria and London Bridge via East Croydon to Brighton, and

- *Bespoke radio equipment to provide uninterrupted coverage in the main London stations as well as the tunnels and cuttings along the route*

By improving customers' travel experience and encouraging more people to travel by train rather than by car the project will help reduce traffic in and around the M25, M23 and A23, leading to cleaner air