VANTAGE TOWERS

Annual Financial Statements and Combined Management Report for the Financial Year from 1 April 2021 to 31 March 2022

Vantage Towers AG

Combined Management Report

Company profile

Fundamentals of the Group

We are a leading tower company in Europe with approximately 83,000 macro sites and approximately 9,400 micro sites across ten markets. Vantage Towers Group (hereinafter also referred to as "Vantage Towers" or the "Group") comprises the parent company Vantage Towers AG, a stock corporation under the laws of the Federal Republic of Germany, and its subsidiaries. The Company commenced trading in 2020 with business operations conducted by Vantage Towers AG as well as by its direct and indirect subsidiaries. As of 31 March 2022, Vantage Towers Group employed 533 people, excluding our equity accounted investments in INWIT and Cornerstone, and its headquarters are located in Duesseldorf, Germany.

Business model

Our business model combines four key factors:

(i) Owning fully-integrated nationwide grids that are underpinned by secure, long-term contractual arrangements with a high-quality customer base, including leading MNOs in each market[1];
(ii) Controlling or co-controlling towers that are part of the **essential** consolidated grid of at least two of the largest MNOs in markets where the Vodafone Group has already signed nationwide active sharing agreements, including Spain, Greece, Portugal, Italy, the United Kingdom, and Romania;
(iii) Expanding the services offered by a tower company beyond the traditional role of an infrastructure landlord to MNOs to the role of a **network enabler** for a range of existing and new customers; and
(iv) **Being at the forefront** of enabling a resilient, inclusive digital society with a clear focus on sustainable infrastructure to **minimise environmental impact.**

Our principal business consists of building and operating telecommunications sites in order to offer space, energy management and related services to customers that in turn provide mobile, voice, data and other services to end-users.

Our portfolio of assets includes towers, masts, rooftop sites, DAS and small cells. By building, operating and leasing this passive infrastructure to our customers, we are making a **significant** contribution to better connectivity and the **sustainable** digitisation of Europe.

Our assets are supported by long-term contractual commitments with MNOs that largely hold investment grade credit ratings, which provide predictable revenues typically adjusted periodically for inflation. This includes the inflation-linked Vodafone master services agreements (MSAs) with members of the Vodafone Group. Where **our contracts** with other MNO customers are not currently linked to inflation, we aim to include CPI (Consumer Price Index) escalators in our customer contracts as they expire and are renegotiated.

[1] Source: Fitch Solutions

In most of our markets, the majority of our tower assets have been developed organically over three decades with the aim to provide a **first-class infrastructure** network. Consequently, the international site portfolio is **well-integrated**, benefits from the strategic locations of its sites, and is an **attractive potential** host for MNO but also for non-MNO customers looking to expand or densify their networks.

Business segments

Vantage Towers has four reporting segments, comprising Germany, Spain, Greece, and Other European Markets. These reporting segments reflect the basis on which we manage our business and are reconciled to the Group's consolidated financial statements for the twelve months ended 31 March 2022 in line with IFRS 8 "Operating Segments".

The reporting segments Germany, Spain and Greece include the Group's operations in each of these jurisdictions, respectively. The reporting segment Other European Markets comprise our operations in the Czech Republic, Hungary, Ireland, Portugal, and Romania.

In addition to these four segments, we account for the results of our equity investments in INWIT and Cornerstone under "Share of results of equity accounted joint ventures" in our income statement.

Germany

As our largest market, Germany comprises 42% of our total macro sites and 36% of our tenancies in our consolidated markets as of 31 March 2022.

Our site portfolio in Germany is well-balanced. The sites have capacity to co-locate additional tenants, and a significant proportion does not have competitors' sites nearby. As of 31 March 2022, Vantage Towers Germany's portfolio comprised approximately 19,400 macro sites.

As of 31 March 2022, the tenancy ratio amounted to 1.23x on our macro sites in Germany.

Spain

Spain represents our second largest market, comprising 19% of our macro sites and 23% of our tenancies in our consolidated markets as of 31 March 2022.

The Group's site portfolio in Spain is well-balanced, has capacity for colocation and has moderate overlap with the site portfolios of its competitors. Our portfolio of Spanish sites comprised approximately 8,500 macro sites as of 31 March 2022.

The Group's overall tenancy ratio in Spain amounted to 1.79x as of 31 March 2022.

Greece

Vantage Towers Greece is the largest telecommunications tower company in Greece by number of sites. Greece is the Group's third largest market, comprising 11% of the Group's macro sites and 12% of the Group's tenancies in our Consolidated Markets as of 31 March 2022.

Our portfolio comprises approximately 4,800 macro sites in Greece as of 31 March 2022.

As of 31 March 2022, we recorded a tenancy ratio of 1.68x regarding our sites in Greece.

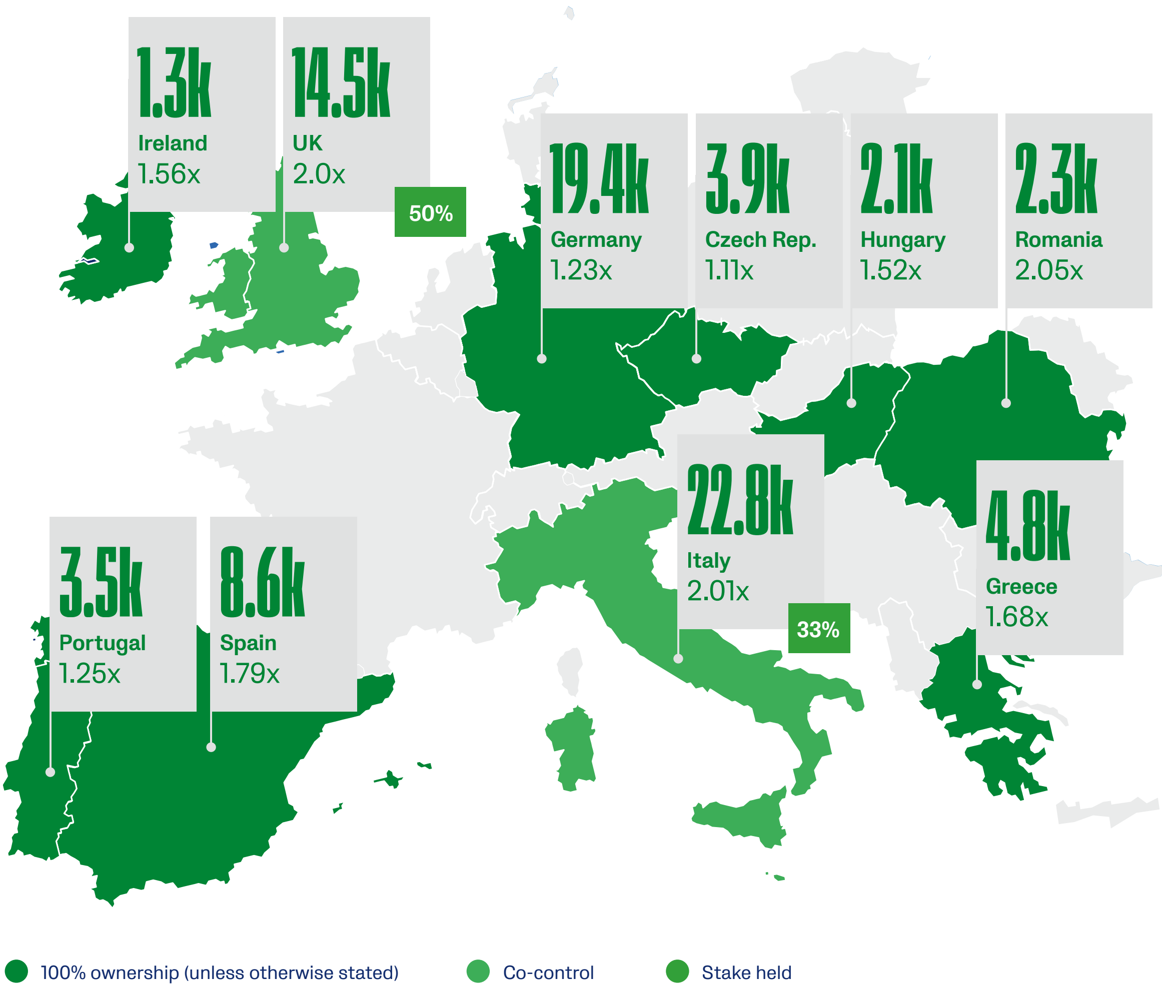
Other European Markets

The Group's Other European Markets segment includes its operations in Portugal, the Czech Republic, Hungary, Ireland, and Romania. We rank second in the market by number of sites in the Czech Republic, Ireland, Portugal, and Hungary and fourth in Romania[1]. Across these markets, the Group operated a total of approximately 12,900 macro sites, comprising 28% of the Group's macro sites and 28% of the Group's tenancies in its Consolidated Markets as of 31 March 2022.

Co-controlled joint ventures and joint operations

The Group's co-controlled joint ventures and joint operations include INWIT and Cornerstone. INWIT operates approximately 22,800 macro sites with a tenancy ratio of 2.01x. Cornerstone operates approximately 14,500 macro sites with a tenancy ratio of 2.0x.

The following map sets out a breakdown of the Group's site portfolio by market, including the portfolios of its co-controlled joint ventures, showing the number of macro sites as of 31 March 2022.



Research & development

Vantage Towers constantly strives to develop new technical solutions to improve our products and services, as well as to create **innovative** products with the **highest efficiency** to fulfil our customers' needs and create future economic benefits.

In addition, we believe that our innovative strength is one of the key enablers to deliver our mission to power Europe's digital transformation. For this reason, the Company is working on various innovations to create a sustainable and digital society, as well as to develop new solutions for a world that is rapidly changing with 5G.

In the reporting year, we have initiated the development of the following projects in joint collaboration between the Commercial and Technology teams (which include a product development and a technology innovation teams):

- **Digitisation** is a **key technological initiative for Vantage Towers** and is going to be approached by three aspects: (i) Digitisation of the Customer Journey aiming to change the existent TowerCo customer life cycle; (ii) Digitisation of our assets to have a complete inventory and reporting (e.g., towers, energy, and other operational KPIs); and (iii) Digitisation of our internal Operational Model to obtain operational efficiencies. Examples of digitisation initiatives are **Digital Twin** (3D digital to reduce the need for site visits), **Smart sites** (solution to capture real-time data and enable remote controls) and EMF tools (to assess the site lease up potential and improve the overall performance)
- **Develop new technical solutions** and products leveraging our assets for the public administration, energy sector, transport, manufacturing, Industry 4.0, **IoT, smart cities, smart lamp poles** (as new tower site) smart agriculture, touristic, healthcare, and commerce & retail sectors.
- **Leading 5G hosting**: Vantage Towers is developing new solutions to enhance 5G deployment, which may help in the future to "expand" and "evolve" the business to become a leading 5G host and digital enabler as **antenna as a service, site densification and site sustainability**. Vantage Towers is also analysing new technology **OpenRAN**, as a way to improve mobile services deployment based on general-purpose vendor-neutral hardware, open interfaces, and software. Moreover, we are a member of the TIP and ORAN organisations in order to influence the Open RAN evolution.
- **Green Planet:** Vantage Towers has a strong focus on energy savings and renewable energy sources based on wind turbines, gas turbines, solar panels, and new structural designs for our towers. Vantage Towers is currently working on upgrading energy technology using energy-efficient rectifiers, free cooling systems, and migrating its energy model onto a smart site using fully remote monitoring and metering system. In addition, the Group is also experimenting new materials for the construction of new towers (e.g., towers, rooftop poles, small cells on lamp poles).

Financial performance system

Key performance indicators (KPIs)

We have designed our internal performance management system and defined appropriate indicators for measuring our performance. Detailed monthly reports are an important element of our internal management and control system. The financial performance measures we use are aligned with the interests and expectations of our shareholders. For measuring the success in implementing our strategy, we use both financial and non-financial performance indicators.

Financial performance indicators

Vantage Towers steers its operations with the following key financial performance indicators.

- Revenue (excl. pass through): Total revenue excluding pass-through recharged capital expenditure. Recharged capital expenditure revenue represents direct recharges to Vodafone of capital expenditure in connection with upgrades to existing sites.
- Consolidated adjusted EBITDAaL: Adj. EBITDA on Group level less recharged capital expenditure revenue, and after depreciation on lease-related right-of-use assets and deduction of interest on leases.
- Consolidated Recurring Free Cash Flow (RFCF): Adj. EBITDA less recharged capital expenditure revenue, cash cost of leases, and maintenance capital expenditure, which the Group defines as capital expenditure required to maintain and continue the operation of the existing tower network and other passive infrastructure, excluding capital investment in new sites or growth initiatives, less tax paid and interest paid and adjusted for changes in operating working capital.
- Leverage: Net Financial Debt divided by adj. EBITDAaL.

The indicators described above are, or can be, so-called financial measures. Other companies that use financial measures with a similar designation may define them differently.

Non-financial performance indicators

In addition to the above-stated financial performance indicators, we use non-financial performance indicators to measure the economic success of business activities. The current key non-financial performance indicators are:

- Number of macro sites: Physical infrastructure, either ground-based or located at the top of a building, where communications equipment is placed to create a cell in a mobile network. Macro sites include streetworks and long-term mobile sites.
- Tenancy ratio: Total number of tenancies (including active sharing tenancies) on Vantage Towers' macro sites divided by the total number of macro sites. Active sharing tenancies refer to the circumstance that a customer shares its active equipment on a site with a counterparty under an active sharing agreement.

Non-financial reporting directive

Under the Non-financial Reporting Directive (NFRD), capital market-oriented corporations in the EU with more than 500 employees have to report about the aspects that are required for understanding the business performance and the impact of business operations on environmental protection, social responsibility and treatment of employees, respect for human rights, anti-corruption and bribery. As of 31 March 2022, we are not required to publish a non-financial report in accordance with the NFRD. However, we intend to publish our first sustainability report later this year.

Economic report

Economic conditions

Macroeconomic situation

In 2021, the global economy grew again after a decline in the previous calendar year. According to the International Monetary Fund (IMF), global gross domestic product (GDP) rose by 6.1% compared to the previous year[1].

In the first months of 2021, the global economy recovered significantly due, in particular, to the decline in COVID-19 infections, which led to an easing of pandemic-related restrictions and thus to a recovery in previously severely affected service sectors. This development was further underpinned by the waiving of further containment measures by most countries and the continued loose monetary policy of central banks. The second half of 2021 was then marked by a further strong increase in COVID-19 infections, supply bottlenecks weighing on global trade and industrial production, growth problems in China, sharply higher inflation in the advanced economies, and significantly higher energy prices. As a result, the recovery of the global economy slowed from mid-year. Therefore, in its World Economic Outlook from January 2022, the IMF had expected the global economy to grow by only 4.4% in the 2022 calendar year[2]. In April 2022, the IMF analysts had revised this forecast downwards and now only project a growth of 3.6% for calendar year 2022. The adjustment of 0.8 percentage points is mainly due to the consequences of the war in Ukraine and the sanctions aimed at forcing Russia to end hostilities. The adjusted outlook shows that the war has not only caused a tragic humanitarian crisis in Eastern Europe, but also economic damage that will contribute to a significant slowdown in global growth in 2022 and add to inflation. In addition, prices for fuel and food have increased rapidly, hitting vulnerable populations in low-income countries the hardest.

The global economy had started the year 2022 already weaker than previously expected by the IMF as rising energy prices and ongoing supply disruptions had led to higher and broader-based inflation than anticipated. The impact on the economy was compounded by record levels of debt and the accelerating, wave-like spread of the COVID-19 pandemic through the Omicron variant. Therefore, the recent crisis developed when the global economy was on the mend but had not yet fully recovered from the COVID-19 pandemic, with a considerable divergence between the economic recoveries of the advanced economies and emerging and developing markets. In addition, lockdowns in China that affect key manufacturing centres could cause new global supply chain bottlenecks. Moreover, broader and more persistent price pressures also led to a tightening of monetary policy in many countries. Overall, risks to the economic outlook have increased enormously and policy trade-offs have become increasingly difficult[1].

In 2021, the countries of the Eurozone recorded an increase in economic output of 5.3% according to IMF calculations. In Germany, the GDP grew by 2.8%, while Spain and Greece recorded increases of 5.1% and 8.3%, respectively[1].

[1] Source: International Monetary Fund, World Economic Outlook, April 2022

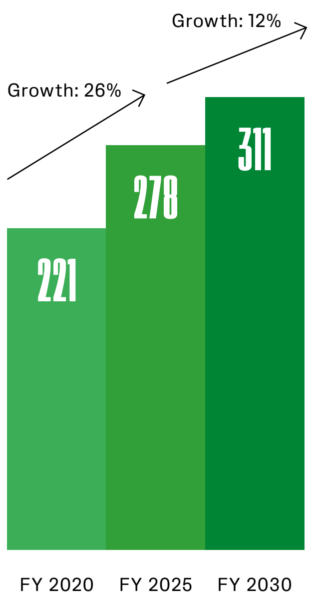
[2] Source: International Monetary Fund, World Economic Outlook Update, January 2022

Industry environment

The COVID-19 crisis underlined the important role that telecommunication plays in our society and economy. The pandemic has changed how we go about our everyday lives and work. The use of digital solutions for work, leisure, and shopping has accelerated significantly, driving digital innovation.

Increased demand from mobile network operators (MNOs) seeking to both extend coverage and densify existing networks is expected to drive growth in European telecommunications tower infrastructure. As a result, there are substantial opportunities for growth through increases in the number of sites and points of presence (PoPs).

Expected evolution on total number of PoPs in the Group's markets
(thousands)



Source: Analysys Mason (based on MNO PoPs forecast for all markets where the Group is present (excluding Italy and the United Kingdom); does not include demand from non-MNO customers and adjacent services)

Mobile data traffic in Western, Central, and Eastern Europe is expected to grow at a CAGR of around 22% from 2021 through 2027. Over the long term, growing data traffic is driven by both the rising number of smartphone subscriptions and an increasing average data volume per subscription fueled by more video content viewing as well as higher 5G penetration[1].

As consumers demand faster communication speeds and higher bandwidth, MNOs will be looking to compete on network quality. For Europe, the GSMA expects smartphone connections to account for 83% of all mobile connections by 2025. This would account for an increase of 4 percentage points compared to 2021[2].

With the roll-out of each new generation of mobile technology, users have consumed more data and data usage in Europe continues to grow rapidly in response to the increasing adoption of smartphones and internet-based applications.

In order for MNOs to expand their networks, and improve quality as subscribers and data usage increase, they must maintain effective capacity to ensure network stability and reduce congestion. This in turn requires that MNOs densify their networks by increasing their tenancies. Network densification is further required to support the range and capacity requirements of the high-frequency spectrum used by the 5G networks. MNOs are rolling out their 5G networks across Europe following national 5G spectrum auctions. According to

[1] Source: Ericsson Mobile Report, November 2021, p. 19, 21

[2] Source: GSMA, The Mobile Economy 2022, p. 14

GSMA, mobile operators in Europe will invest 91% of their total network investments on 5G between 2022 and 2025[1]. In Western Europe, 5G mobile subscription penetration is expected to increase from 6% in 2021 to 83% by the end of 2027[2]. As this development necessitates densification, MNOs demand for towers will further grow. Thus, the number of towers in Europe is expected to increase by around 1% to 3% p.a. over the next five years[3].

MNOs will also need additional tenancies to address short-term and medium-term coverage obligations. In many European markets, national regulators have established coverage obligations that require MNOs to provide network coverage of certain quality over specific areas. For example, in Germany, MNOs must provide coverage for 98% of households with more than 100 Mbit (Megabit) per second download speed by 2022, road and rail coverage, 1,000 new 5G base stations, and 500 base stations in “white spot” areas. Also, these developments will continue to drive the demand for towers.

Results of operations – IFRS consolidated group

Introduction

We have a business model with clear and predictable structural growth drivers and high cash conversion.

We believe that the factors discussed below have had, and/or will have a significant impact on the results of operations of the Towers Business in the past and operations, financial position and cash flow in future periods.

Demand for mobile telecommunication services

Demand for new sites and additional tenancies on our sites is primarily driven by coverage obligations and densification requirements which are in turn impacted by consumer and enterprise demand for mobile voice and data services as well as advances in technology such as the roll out of 5G. For an MNO to expand its network and improve quality as subscribers and data usage increase, it must maintain effective capacity to ensure network stability and a lack of congestion. This in turn requires that MNOs increase their tenancies by locating additional active equipment on existing sites, contracting to build new sites to ensure greater network coverage and density, or entering into sharing arrangements with other MNOs. Mobile data usage in Europe continues to grow rapidly given increasing smartphone use and the growing adoption of internet-based applications. In response to this growth, MNOs are deploying additional equipment on existing networks while also rolling out more advanced 5G mobile networks to address coverage and capacity needs.

[1] Source: GSMA, The Mobile Economy 2022, p. 16
[2] Source: Ericsson Mobile Report, November 2021, p. 10
[3] Source: The economic contribution of the European tower sector, February 2022, p. 10

Additional drivers in demand are expected to include increased mobile data consumption which will drive the need to densify networks in order to meet the range and capacity requirements of the high-frequency spectrum used to deliver full 5G. We also expect that MNOs will increasingly need further tenancies to address short- to medium-term coverage obligations. In a number of our principal markets, as well as those of INWIT and Cornerstone, national regulators have established coverage obligations that require MNOs to provide network coverage of certain quality over certain areas.[1]

Revenue from our relationship with Vodafone

Members of our Group have entered into MSAs with members of the Vodafone Group in each of the markets in which Vantage Towers operates which provide consistent CPI-linked revenues that support our margins. While the Vodafone MSAs vary from market to market, their key provisions are broadly the same. As discussed further below, the terms of the Vodafone MSAs provide us with a high degree of visibility and predictability over our future revenues and cash flows, and we believe that the recurring nature of the payments under these Vodafone MSAs will support the stability and growth of our revenues and cash flows over the medium and long-term.

The Vodafone MSAs have been entered into for an initial term of eight years (until November 2028), and renew automatically following the expiration of their initial term for three additional eight-year terms, subject to the Vodafone Operator's right, at the end of each term, not to extend the agreement. Under the terms of the Vodafone MSAs, we charge a tenant fee to Vodafone for use of our sites and related services. This includes a base service charge and additional service charges. The additional service charges include charges for services provided on sites that Vodafone has designated as strategic sites (if applicable), sites that Vodafone has designated as critical sites and sites subject to Active Sharing Arrangements. If a tenancy is added to a site, the Vodafone Operator receives an additional tenant discount to its base service charge unless the tenant was co-locating on the site at the effective date of the Vodafone MSA and is installing more Active Equipment or renewing its site agreement. Other than in Greece (where the discount does not apply) and within certain Central and Eastern European markets (where the discount is lower), the additional tenant discount is 15% of the original anchor fee. This additional tenant discount does not apply to Vodafone's partners, Deutsche Telekom and Telefónica Deutschland, sharing on German "white spot" sites or to additional active sharing counterparties on any site.

A "strategic site" is a site that is of strategic importance to a Vodafone Operator from a network management perspective. Vodafone has consent rights over other MNOs co-locating on strategic sites. As of 31 March 2022, approximately 3% of our sites were designated as strategic sites (FY21: 3%).[2]

A "critical site" is a site subject to higher service levels. A site can be designated as both a strategic site and a critical site. We also receive additional service charges to recover portions of ground rent increases over stipulated thresholds (input cost recovery) and if Vodafone requires additional space, weight or power at a site over and above the configuration reserved under a Vodafone MSA (loading charges).

For the year ended 31 March 2022, we generated a total revenue (ex pass through) of €1,011 million, which principally comprised macro site revenue (91%). This represents an increase of 4.6% compared to the prior year pro forma figure of €966 million.

[1] Source: Analysys Mason; 5G Observatory, company press releases

[2] Source: company information

Revenue from other customers

In addition to the revenue generated from the Vodafone MSAs, we also benefit from strong revenue visibility and predictability from long-term contractual commitments with our other MNO customers, which include the leading MNOs in each of our markets, and from agreements with a number of non-MNOs. Our contracts with other MNOs have a typical duration of eight years, and the majority include automatic rollover or extension clauses that are either long-term or without limitation. The annual payments vary depending upon numerous factors, such as the number of sites related to the contracts, site location and classification (including height), the configuration of equipment on the site, and ground space required by the customer.

Between 1 April 2021 and 31 March 2022, we added approximately 1,670 non-Vodafone tenancies. For the year ended 31 March 2022, we generated revenue of €208 million from customers other than Vodafone. For the year ended 31 March 2021, revenue from customers other than Vodafone principally comprised macro site revenue.

Tenancy ratio and impact of colocations

Our operating leverage is supported by the addition of new tenancies. Prior to the establishment of Vantage Towers, there was limited focus on adding new tenants to the Towers Business in Europe. As a dedicated mobile telecommunications tower infrastructure operator, we are aiming to increase our tenancy ratios and our returns by adding new tenants on our sites and installing new Active Equipment for our customers.

We are actively seeking to generate additional revenues and improve our margins by attracting new customers (also referred to as “tenants”), whether MNOs or non-MNOs, onto our sites with relatively low additional cost. Due to the relatively fixed nature of our costs, if we attract additional tenants or add additional Active Equipment to our sites, we can generate higher margins and create significant value for our business. Tenancies can be physical tenancies (i.e. when a customer locates its Active Equipment on a site) or active sharing tenancies (i.e. when a customer shares their Active Equipment on a site with a counterparty under an active sharing agreement). Where more than one customer is physically hosted on a single site, this is known as colocation. By co-locating additional physical tenants on our sites or adding active sharing tenancies, we increase our tenancy ratio.

We define tenancy ratio as the total number of tenancies (including physical tenancies and active sharing tenancies) on macro sites divided by the total number of macro sites. Therefore, tenancy ratio counts two tenancies where the physical tenant (Vodafone or another MNO) is actively sharing on a macro site. While our anchor tenant receives discounts to its site fees for new MNO colocations on a site (except in Greece where there are no discounts to base service charges), the colocation fees charged to new tenants are such that they more than offset any such discount resulting in an overall increase in revenue and Adjusted EBITDA for such site, with the majority of the expected economic benefit of the additional colocation being received by us. We have good visibility on the drivers of tenancy growth in the medium-term.

In the medium-term, we are targeting a tenancy ratio of over 1.50x, with BTS commitments and white spot obligations (as described below) expected to represent a significant portion of tenancy growth and key potential upsides coming from co-locating new tenants on German RTT sites. We aim to reach our medium-term tenancy ratio target through a combination of the over 13,400 tenancies for which we had commitments in November 2020 and uncommitted market tenancies. Of these in November 2020 committed tenancies, we expect to add approximately 7,700 new tenancies by 31 March 2026. One of the principal drivers of growth in our physical tenancies is expected to be the plan between Vodafone, Deutsche Telekom, and Telefónica Deutschland to coordinate the set-up and operation of sites in "white spot" areas across rural areas and transportation routes in Germany. In December 2022, we have announced the signature of a landmark agreement with 1&1 launching a long-term partnership with 1&1 for the provision of passive infrastructure to build Germany's fourth mobile network. Vantage Towers will provide 1&1 at least 3,800 and potentially up to 5,000 existing sites throughout Germany for the next 20 years. The first sites will be provided this year with the aim of delivering at least 3,800 sites by the end of calendar year 2025. The contract has a first term until the end of 2040, with the option for 1&1 to extend until 2060.

Under Active Sharing Arrangements between Vodafone and Orange in Spain, we apply a portfolio fee structure instead of the per site fee structure used in almost all of our other Consolidated Markets. While we expect to decommission sites as a result of the Active Sharing Arrangements in Spain, we expect an overall increase in revenue in the medium-term. After accounting for other site decommissionings in Spain that are unrelated to active sharing, the remaining committed tenancies result from Active Sharing Arrangements in Other European Markets (net of decommissioned sites).

We expect growth to increase as new tenancies begin to contribute and our BTS programme builds to run rate. As of 31 March 2022, our average tenancy ratio in the Consolidated Markets was 1.44x, in comparison to the prior year figure of 1.40x. The table below sets out the tenancy ratios in each of our markets, and those of INWIT and Cornerstone, as of 31 March 2022 and as of 31 March 2021.

Markets by segment

	As of 31/03/2022	As of 31/03/2021
Germany	1.23x	1.21x
Spain	1.79x	1.70x
Greece	1.68x	1.65x
Other European Markets	1.42x	1.39x
Total	**1.44x**	**1.40x**
Co-controlled joint ventures		
Italy	2.01x	1.88x
United Kingdom	2.0x	2.0x

Number of sites

Our results are impacted by the number of sites in the portfolio. In addition to generating revenue from providing space on sites and related services, we also receive revenue from new sites. New sites constructed during the course of a financial year earn revenue from the point of commissioning, meaning that a site typically does not generate full run-rate revenue until the financial year after it is commissioned. As of 31 March 2022, our site portfolio, including those of INWIT and Cornerstone, comprised approximately 83,000 macro sites (FY21: 82,200 sites).

Whilst the new build programme accelerated in the second half of FY 2022, the macro site build has been challenged, mainly by supply chain issues. We expect these challenges to persist into FY23 and to require continued management. Hence, we are focused on enhancing our BTS production through direct measures in a number of areas including: process and operations; supplier and sourcing; steering and control: and organisation and governance.

Since November 2020 we had a total of up to 7,100 committed new BTS sites across our markets until FY 2026 and the new adaptation of the BTS programme adds optionality to source up to 1,200 sites for Vodafone from third-party TowerCos in Germany as opposed to building from the ground up.

Ground lease optimisation initiatives

Ground leases (calculated as the sum of depreciation on the right-of-use assets and interest on lease liabilities) are our largest efficiency opportunity. To optimise ground lease costs, we have established dedicated internal teams in each market to identify potential buy-out targets and to oversee our leases and landlord management.

Pursuant to the ground lease optimisation programme, we are seeking to reduce our ground lease costs by selectively acquiring land on which certain of our sites are located or the long-term RoU assets in respect of such land or property (typically between 10 and 30 years) on margin accretive terms. We believe that the ground lease optimisation programme will allow us to increase tenancies on a number of our roof top towers by removing restrictions under certain of our leases and will protect us from companies seeking to consolidate land ownership in order to increase lease costs.

We assess land or long-term RoU acquisitions based on internal rates of return and return on capital employed alongside other factors, including the strategic nature of the sites and the ability to unlock active sharing and passive sharing opportunities. We have budgeted for at least €200 million of ground lease capital expenditure over the medium-term, subject to achieving appropriate returns. The first phase of the ground lease optimisation programme is being rolled out over the next five financial years and targets approximately 10% of our current sites. During the financial year, we have achieved promising results with more than 630 signatures across all our markets. In addition to acquiring land or RoU assets, we have also begun to optimise our lease portfolio through the active renegotiation of leases where possible and advantageous to do so, in some cases offering landlords longer lease terms in exchange for reduced rental costs.

Capital expenditure

Our capacity to maintain a high level of service depends on our ability to develop, expand, and maintain the infrastructure. We classify capital expenditure into four main categories, (i) maintenance capital expenditure; (ii) growth capital expenditure, which includes new site capital expenditure, ground lease optimisation capital expenditure, and other growth capital expenditure; (iii) non-recurring capital expenditure and (iv) recharged capital expenditure.

Maintenance capital expenditure consists of capital expenditure required to maintain and continue the operation of the existing tower network and other passive infrastructure (excluding capital investment in new sites or other growth initiatives). New site capital expenditure is capital expenditure in connection with the construction of new BTS sites. The cost of constructing new BTS sites may vary depending on a number of factors, including, but not limited to, site type, location, terrain, and regulatory approvals; however, we have some protection against higher construction costs as part of the Vodafone MSAs. Ground lease optimisation capital expenditure is capital expenditure on the ground lease optimisation programme.

Other growth capital expenditure comprises capital expenditure linked to initiatives to grow earnings, including, but not limited to, upgrade capital expenditure to enable non-Vodafone tenancies, efficiencies investments and DAS/indoor small cell roll out, as well as the residual portion of capital expenditure in connection with upgrades to existing sites that is not recharged directly to tenants. Recharged capital expenditure comprises capital expenditure in connection with upgrades to existing sites recharged to tenants.

Other non-recurring capital expenditure includes capital expenditure on IT transformation, infrastructure, and research and development, as well as investment in energy infrastructure. Under the terms of the Vodafone MSAs and some of our other customer agreements, the Group receives revenue from recharges of capital expenditure in connection with upgrades to existing sites recharged to Vodafone Operator following the provision of upgrade services up to standard configuration on sites.

Performance of INWIT and Cornerstone

INWIT's operational performance and Cornerstone's operational performance are impacted by various factors, including changes in the revenue derived from their anchor tenants, Telecom Italia and Vodafone Italia SpA (Vodafone Italy) in the case of INWIT, and Vodafone UK and Telefónica UK in the case of Cornerstone, demand for telecommunications services in Italy or the United Kingdom, respectively, particularly as a result of the Covid-19 pandemic, and as a result of changes in the market, entry of new potential competitors in the fixed line and mobile sphere, and/or potential governmental procedures or constraints delaying the implementation of new strategies.

Cornerstone's operational performance are impacted by the UK Electronic Communications Code (ECC) as a result of its impact on our ground lease costs. Changes in these factors would in turn have an impact on the operational performance and results of Cornerstone.

Inflation

We have contractual escalators linked to CPI in each of the Vodafone MSAs, which provide stable margins. Our results of operations are therefore protected to a large degree from the impact of inflation and deflation, which helps it better predict future cash flows.

The contractual escalators related to inflation are typically linked to the CPI in the countries in which we operate and are applied once a year based on the preceding twelve-month period for the succeeding twelve months. In the twelve months ending 31 March 2022, the Vodafone MSA increase had been contractually agreed. As noted above, in the case of the Vodafone MSAs, the CPI escalators are subject to caps and floors which differ to some degree from market to market and contract to contract.

The base service charges and the additional service charges vary annually by reference to an agreed consumer price index that typically has a floor of 0% (other than in Germany where the floor is negative 2% to comply with legal requirements) and a cap of 2% (other than Hungary where the cap is 3%). The following table sets out the Vodafone MSA CPI escalators for the twelve months ended 31 March 2022.

Inflation

	Twelve months ended 31/03/2022 %
Germany	1.0
Spain	1.0
Greece	0.0
Other European Markets	1.7

Overall assessment by the Management Board of the current situation

Highlights during the year ended 31 March 2022 include:

- A first successful year as a listed company – now part of four actively traded equity indices (MDAX, TecDAX, FTSE global equities mid-cap, and STOXX Europe 600)
- Achieved our FY22 financial targets with results at the top end of guidance for revenue (ex pass through) and Recurring Free Cash Flow (RFCF)
- The signature of the landmark agreement with 1&1 in Germany
- The further successful commercialisation of our business increasing tenancy ratio by 0.04x to 1.44x in the year
- The progress of our GLBO (“ground lease buyout programme”)

We look back on a successful first year as a listed company, in which we’ve delivered our financial targets and continued the successful commercialisation of the business. As more companies seek to benefit from access to our tower infrastructure, we have secured significant additional tenancies, won a new contract with mobile operator 1&1 in Germany and signed new partnerships with businesses in the telecoms, retail, transport and IoT sectors. For the coming year, we will focus on further investing and accelerating our business – in what remains a challenging operational environment – and leverage our high-quality grid and powerful value propositions to deliver value for our shareholders.

Results of operations of the Group

In accordance with IFRS 10 Vantage Towers has not included the financial information of the tower assets prior to the date it obtained control. Therefore, the financial information disclosed for the comparative period in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statements of cash flow contains the financial results of operations and the financial position of tower businesses and equity value of joint ventures that were acquired in the formation of the Group during the previous financial year as described in the paragraph below.

The consolidated financial results of operations and financial position of the Group as at 31 March 2021 reflects the inclusion of a) the Company from 25 May 2020, and as such the results of the German operations; b) the Spain, Portugal, Czech Republic, Hungary, Romania, and Ireland markets, and the 33.2% interest in INWIT, from 17 December 2020 following the acquisition of CTHC; c) Vantage Towers Greece from 23 December 2020; and d) the 50% holding in Cornerstone from 14 January 2021.

Note that rounding differences may occur.

Summarised Group performance

	31/03/2022 €m	31/03/2021 €m
Revenue (ex. pass through)	**1,010.9**	**541.6**
Capex recharge revenue	12.4	3.4
Revenue	**1,023.3**	**545.0**
Maintenance costs	(46.4)	(25.4)
Staff costs	(45.3)	(19.4)
Other operating expenses and one off items	(66.4)	(37.2)
Adj. EBITDA	**865.2**	**463.0**
Margin	85%	85%
Capex recharge revenue	(12.4)	(3.4)
Ground lease expense	(310.2)	(147.4)
Adj. EBITDAaL	**542.6**	**312.2**
Margin	54%	57%

Revenue and profitability

Revenue disaggregation

	31/03/2022		31/03/2021	
	€m	**%**	€m	%
Macro site revenue	923.1	90.2	514.1	94.3
Other rental revenue	43.2	4.2	11.6	2.1
Energy and other revenue	44.6	4.4	15.9	2.9
Recharged capital expenditure	12.4	1.2	3.4	0.6
Consolidated	**1,023.3**	**100.0**	**545.0**	**100.0**

Revenue by segment

	31/03/2022		31/03/2021	
	€m	**%**	€m	%
Germany	503.2	49.2	403.4	74.0
Spain	172.8	16.9	46.5	8.5
Greece	134.7	13.2	35.0	6.4
Other European Markets	212.6	20.8	60.1	11.0
Consolidated	**1,023.3**	**100.0**	**545.0**	**100.0**

The year on year increase in consolidated revenues from €545.0 to €1,023.3 million mostly reflects the formation of the Group in the comparative financial period. Management estimates that the revenue increase arising from the formation of the Group to be approximately €425 million with a further increase of approximately €53 million from revenue growth and expansion of the Group business activities. These results are in line with management's plans.

During FY 2022, we generated revenues of €1,023.3 million, which is comprised of €923.1 million (90.2%) macro site revenue, €44.6 million (4.4%) energy and other revenue, €43.2 million (4.2%) other rental revenue and €12.4 million (1.2%) of recharged capital expenditure. In FY 2022, c. 1,670 new non-Vodafone tenancies have been added, moving closer towards our medium term tenancy target of 1.50x. Revenue from customers other than Vodafone principally comprised macro site revenue. During FY 2022, we generated revenue of €208 million (FY 2021: €58 million) from customers other than Vodafone.

The increase in energy and other revenue resulted primarily from increased prices for energy.

Germany is our largest segment earning total revenue of €503.2 million. The other reporting segments Spain and Greece earned total revenue of €172.8 million and €134.7 million, respectively, with the Other European Markets earning €212.6 million.

Adjusted EBITDAaL by segment

	31/03/2022 €m	31/03/2021 €m
Germany	298.6	249.2
Spain	80.6	18.4
Greece	50.2	11.8
Other European Markets	113.3	32.8
Consolidated	**542.6**	**312.2**

Adjusted EBITDAaL, being EBITDA adjusted for depreciation of right-of-use assets and for interest expenses on recognised lease liabilities, increased to €542.6 million from €312.2 million in the prior period. The year on year increase in consolidated adjusted EBITDAaL mostly reflects the formation of the Group in the comparative financial period. Management estimates that the consolidated adjusted EBITDAaL increase arising from the formation of the Group to be approximately €212 million with a further increase of approximately €19 million from growth and expansion of the Group business activities.

Results from operations in Germany (€298.6 million or 55% of total EBITDAaL), Spain (€80.6 million or 15%), Greece (€50.2 million or 9%), and Other European Markets (€113.3 million or 21%) are broadly in line with management's expectations.

We use Adjusted EBITDAaL as a measure of underlying profitability to support the capital investment and capital structure after the cost of leases, which represent a significant cost for us and our peers. The measure is also used as a reference point for valuation purposes across the broader telecommunication sector.

Ground lease expenses

Ground lease expense by segment

	31/03/2022 €m	31/03/2021 €m
Germany	(106.4)	(88.9)
Spain	(70.2)	(21.9)
Greece	(65.2)	(17.8)
Other European Markets	(68.4)	(18.8)
Consolidated	**(310.2)**	**(147.4)**

Following the formation of the Group in the comparative financial year, ground lease expense has increased year on year to €310.2 million from €147.4 million. Ground lease expenses comprise the depreciation on lease-related right-of-use assets, amounting to €257.3 million (FY 2021: €119.8 million) and the interest on lease liabilities, amounting to €52.9 million (FY 2021: €27.6 million).

Ground lease costs comprise the rents that we pay to landlords to locate telecommunications infrastructure on the landlords' property, accounted for under IFRS 16: "Leases".

As outlined in our Interim Financial Report, we are seeking to reduce our ground lease costs by selectively acquiring land on which certain of our sites are located or the long-term RoU (right-of-use) assets in respect of such land or property (typically between 10 and 30 years) on margin accretive terms. In key markets for the ground lease optimisation programme, we have signed over 630 contracts since inception and we have landlord commitments for another 450 sites. We believe that the ground lease optimisation programme will allow us to increase tenancies on a number of our roof top towers by removing restrictions under certain of our leases and will protect us from companies seeking to consolidate land ownership in order to increase lease costs.

We assess land or long-term RoU acquisitions based on internal rates of return and return on capital employed alongside other factors, including the strategic nature of the sites and the ability to unlock active sharing and passive sharing opportunities. In addition to acquiring land or RoU assets, we have also begun to optimise our lease portfolio through the active renegotiation of leases where possible and advantageous to do so, in some cases offering landlords longer lease terms in exchange for reduced rental costs.

Maintenance costs

Maintenance costs for the year ended 31 March 2022 amounted to €46.4 million. In Germany, Ireland, Hungary, the Czech Republic, and Romania we incur maintenance costs from the Vodafone Group under the terms of long-term service agreements, pursuant to which Vodafone enables us to access the services of third-party service providers with which the Vodafone Group has contracted through a small number of regional or national maintenance contracts in each market (except in the case of Romania, where maintenance services are provided directly by Vodafone Romania). With the exception of Spain and Romania, these contracts have been in place since before the formation of Vantage Towers, and the maintenance services provided under them are continuations of services provided prior to this time.

The contracts relate to both Active Equipment and Passive Infrastructure because they were negotiated when our assets were operated as an integrated part of the Vodafone Group. However, we plan to negotiate stand-alone Passive Infrastructure maintenance contracts directly with third-party service providers on a rolling basis as the current third-party service contracts come to an end. In Spain, Vantage Towers Spain incurs maintenance costs directly with a third-party service provider. In Greece, maintenance costs are incurred from Victus.

Staff costs

Staff costs for the year ended 31 March 2022 of €45.3 million has increased by 134% year on year, consistent with the increase in average FTE employed by the Group from 187 FTE in the prior year to 457 FTE in FY 2022. Staff costs mainly consisted of wages and salaries (€36.8 million), social security contributions (€4.8 million) and share based payment expense (€3.9 million). €32.4 million, or 72%, of staff costs were incurred in Germany and also include head office costs.

Other operating expenses

We incurred other operating expenses of €67.8 million and these were primarily made up of energy costs, transitional services agreements, long-term services agreements and our support agreements.

Equity Accounted Results from Joint Ventures

The share of profit from equity accounted joint ventures was €30.2 million, with INWIT (Vantage Towers share of profit €27.2 million) and Cornerstone (Vantage Towers share of profit €3.0 million) offset by the amortisation of €36.3 million relating to the associated intangible assets.

INWIT added 3,100 new tenants and 380 new sites during the year ended 31 December 2021. The INWIT renegotiation and land acquisition programme continues with further 475 agreements.

Cornerstone performance was in line with expectation with good operational performance. Between 1 April 2021 and 31 March 2022, Cornerstone added 366 macro sites bringing macro sites to approximately 14.5k and a stable tenancy ratio of 2.0x. In addition, the renewals of the existing lease agreements under the Electronic Communication Code (ECC) are progressing as planned. Cornerstone declared and paid its first interim dividend in March 2022 of €18 million.

Earnings per share

Earnings per share is calculated as profit for the period attributable to owners of the Company divided by the weighted average number of ordinary shares outstanding, which totalled 505.8 million shares as of 31 March 2022. This resulted in an earnings per share of 70.6 eurocents.

Diluted earnings per share is calculated as profit for the period attributable to owners of the Company, divided by the weighted average number of ordinary and dilutive shares outstanding, which totalled 506.5 million shares as of 31 March 2022. This resulted in a diluted earnings per share of 70.5 eurocents.

Assets and liabilities in the Group

Assets

	31/03/2022 €m	31/03/2021 €m
Non-current assets		
Goodwill	3,319.6	3,316.4
Intangible assets	268.9	234.6
Property, plant and equipment	3,201.9	2,880.4
Investments in joint ventures	3,217.9	3,315.8
Deferred tax assets	29.5	24.2
Trade and other receivables	23.5	15.0
	10,061.3	**9,786.4**
Current assets		
Receivables due from related parties	512.4	435.6
Trade and other receivables	126.2	41.4
Cash and cash equivalents	21.7	22.1
	660.3	499.1
Total assets	**10,721.6**	**10,285.5**

Equity and liabilities

	31/03/2022 €m	31/03/2021 €m
Equity		
Share capital	505.8	505.8
Share premium	6,751.4	6,876.6
Merger reserve	(2,265.8)	(2,266.3)
Other reserves	12.8	20.0
Retained earnings	359.8	158.2
Total equity attributable to shareholders of the parent	**5,363.7**	**5,294.3**
Non-current liabilities		
Long-term borrowings	2,189.5	2,187.1
Lease liabilities	1,758.8	1,774.4
Provisions	457.3	319.1
Post employment benefits	0.3	1.3
Deferred tax liabilities	128.9	70.5
Trade and other payables	89.3	33.9
	4,624.1	**4,386.3**
Current liabilities		
Lease liabilities	247.5	242.0
Current income tax liabilities	12.2	8.6
Provisions	8.6	16.2
Payables due to related parties	117.7	118.8
Trade and other payables	347.7	219.3
	733.8	**604.9**
Total liabilities	**5,357.9**	**4,991.2**
Total equity and liabilities	**10,721.6**	**10,285.5**

The formation of the Group was completed by 31 March 2021. Accordingly, management consider that the assets and liabilities in the Group at 31 March 2022 are directly comparable to the financial position reported at the prior period close.

Non-current assets

Non-current assets amounted to €10.1 billion (or 94% of total assets) as of 31 March 2022 with an increase of €274.9 million compared to the prior period. Our non-current assets comprised mainly of goodwill, investments in associated undertakings and property, plant and equipment.

Goodwill amounting to €3.3 billion resulted mainly in Germany (€2.6 billion). The majority of goodwill arose on historical transactions in the Vodafone Group and has subsequently been allocated between the Group's businesses and the remaining Vodafone Group operating businesses in proportion to the relative value of the cash generating units for each market at the respective demerger date.

Intangible assets of €268.9 million related, in particular, to the acquisition of customer relationships in Greece.

Property, plant and equipment of €3.2 billion consisted of lease-related right-of-use-assets of €2.1 billion (FY 2021: €2.1 billion), which are being depreciated over their reasonably certain lease terms, and property, plant and equipment of €1,142.7 million (FY 2021: €825.2 million) of which €105.0 million (FY 2021: €104.6 million) related to land and buildings and €1,037.6 million (FY 2021: €720.6 million) to other property, plant and equipment.

Management has made an assessment of the useful economic life of certain tower infrastructure assets, in line with its accounting policy, reflecting the change in its business operations following the set-up as a stand-alone towers infrastructure business. There has been a reduction in depreciation during the financial year of €52.3 million compared to the depreciation charge that would have been made under the previous asset lives.

Investments in joint ventures of €3.2 billion solely related to the investments in INWIT (€2,851 million) and CTIL (€367 million).

Deferred tax assets amounted to €29.5 million and related mainly to the Czech Republic with €16.8 million or 57% (FY 2021: €15.6 million or 64%).

Long-term trade and other receivables comprised prepayments of €15.8 million (FY 2021: €9.2 million), other receivables due greater than one year of €6.8 million (FY 2021: €4.7 million) and accrued income of €0.9 million (FY 2021: €1.1 million).

Current assets

Current assets of €660.3 million (or 6% of total assets) consisted of receivables due from related parties of €512.4 million, trade and other receivables of €126.2 million and cash and cash equivalents of €21.7 million.

Receivables due from related parties of €512.4 million (FY 2021: €435.6 million) primarily contained the balance of the cash pooling arrangement due from the Vodafone Group €272.3 million (FY 2021: €165.1 million), and trade balances due from the Vodafone Group operating businesses under the terms of the MSAs of €240.1 million (FY 2021: €270.2 million).

Trade and other receivables of €126.2 million (FY 2021: €41.4 million) were mainly comprised of accrued income of €64.9 million (FY 2021: €16.7 million), prepayments of €2.6 million (FY 2021: €3.4 million), tax receivables of €41.0 million (FY 2021: €2.2 million), other receivables of €5.1 million (FY 2021: €12.3 million), and of trade receivables of €12.6 million (FY 2021: €6.8 million).

Cash and cash equivalents of €21.7 million (FY 2021: €22.1 million) mainly related to balances held in Greece, other balances are on deposit with the Vodafone Group and classified as current receivables.

All receivables have a maturity of less than one year.

Equity

Equity amounted to €5.4 billion (or 50% of total assets) as of 31 March 2022 and was mainly comprised of share capital (€505.8 million), share premium (€6.7 billion, almost entirely relating to Germany) and a negative merger reserve (€2.3 billion). For further details refer to the Consolidated Statement of Changes in Equity.

Non-current liabilities

Non-current liabilities of €4.6 billion (or 43% of total assets) consisted of long-term borrowings, lease liabilities, provisions, post-employment benefits, deferred tax liabilities, payables due to related parties and trade and other payables.

The bond placed on 24 March 2021 amounted to €2.2 billion and consist of three tranches (€750.0 million due in 2025 with 0.0% interest p.a., €750.0 million due in 2027 with 0.375% interest p.a. and €700.0 million due in 2030 with 0.75% p.a.).

Non-current lease liabilities decreased by 1% following our efficiency programme to optimise ground leases through buyouts and amounted to €1.8 billion and mainly related to Germany with €713.6 million or 41% (FY 2021: €710.7 million or 40%), Spain with €408 million or 23% (FY 2021: €402.0 million or 23%) and Greece with €268 million or 15% (FY 2021: €267.0 million or 15%).

Provisions of €457.3 million (FY 2021: €319.1 million) related almost entirely to asset retirement obligations. The increase was predominantly due to the growth in estimated future commitments, as a consequence of inflationary increases on current year costs.

Deferred tax liabilities amounted to €128.9 million of which €53.6 million related to the acquired intangible assets in Greece.

Non-current trade and other payables of €89.3 million were almost entirely comprised of non-current deferred income.

Current liabilities

Current liabilities of €733.8 million (or 14% of total liabilities) consisted of short-term borrowings, lease liabilities, provisions, payables due to related parties (including a corporate income tax liability of €19 million towards Vodafone Spain due to continued membership in Spanish tax group), trade and other payables and overdrafts.

Current lease liabilities amounted to €247.5 million related mainly to Germany with €85.7 million or 35% (FY 2021: €82.3 million or 33%), Spain with €59.1 million or 24% (FY 2021: €61.5 million or 25%), and Greece with €51.4 million or 21% (FY 2021: €50.4 million or 20%).

Current income tax liabilities of €12.2 million mainly resulted from Greece, Czech Republic, and Romania.

Current provisions of €8.6 million related to asset retirement obligations with €4.5 million (FY 2021: €11.6 million) and other current provisions amounted to €4.1 million (FY 2021: €4.6 million).

Current trade and other payables of €347.7 million comprised accruals of €152.4 million (FY 2021: €111.1 million), trade payables of €115.5 million (FY 2021: €61.8 million), deferred income of €54.7 million (FY 2021: €31.3 million), other taxation and social security of €14.8 million (FY 2021: €7.8 million), and other payables of €10.3 million (FY 2021: €7.3 million).

Cash flow and capital expenditure analysis

Summary Consolidated Statement of Cash Flows

	31/03/2022 €m	31/03/2021 €m
Operating profit	**536.7**	**287.1**
Adjustments for:		
Share of results of equity accounted joint ventures	(30.2)	(10.1)
Share-based payments and other non-cash charges	3.9	1.2
Depreciation of other property, plant and equipment	84.9	64.1
Depreciation of lease-related right-of-use assets	258.2	119.8
Amortisation of intangible assets	13.2	1.6
Decrease/(Increase) in trade receivables from related parties	48.6	(152.9)
(Decrease)/Increase in trade payables to related parties	(1.8)	43.4
(Increase)/Decrease in trade and other receivables	(56.9)	(8.5)
Increase/(Decrease) in trade and other payables	151.1	(17.0)
Cash generated by operations	**1,007.7**	**328.7**
Net tax paid	(91.8)	(15.7)
Net cash from operating activities	**915.9**	**313.0**
Investing activities		
Purchase of interests in subsidiaries, net of cash acquired	(0.7)	(8,550.9)
Purchase of joint ventures	–	(1,213.2)
Purchase of intangible assets	(18.6)	(6.5)
Purchases of property, plant and equipment	(288.2)	(104.6)
Disposal of property, plant and equipment	4.3	–
Dividend from associate investments	95.6	–
Net cash used in investing activities	**(207.6)**	**(9,875.2)**
Financing activities		
Issue of ordinary share capital	(0.2)	7,107.4
Proceeds from issue of long-term borrowings	–	2,187.1
Proceeds from related party borrowings	–	2,290.0
Repayment of borrowings	–	(2,377.5)
Repayment of lease liabilities including interest	(293.0)	(131.1)
Net movements in cash management activities with related parties	(121.9)	514.6
Interest paid	(10.2)	(6.2)
Group dividends paid	(231.6)	–
External dividends paid	(51.7)	–
Net cash used in financing activities	**(708.7)**	**9,584.3**
Net decrease in cash and cash equivalents	**(0.4)**	**22.1**
Effect of foreign exchange rates	–	–
Cash and cash equivalents at beginning of period	22.1	–
Cash and cash equivalents at end of period	**21.7**	**22.1**

The significant changes in cash movements year on year are primarily due to the formation of the Group in the prior year and the related transactions, including external borrowings, that were entered into during the twelve months ended 31 March 2001. As such there is no direct comparison possible for the year on year cash flows; the commentary below is focussed on the consolidated cash flows for the current year.

Cash generated by operations for the year ended 31 March 2022 was €1007.7 million with net cash generated by operations being €915.9 million, after the net tax paid of €91.8 million.

Investing activities of €207.6 million comprised mainly of capital expenditure of €306.8 million in the period, offset by dividend from associate investments of €95.6 million.

Net cash used in financing activities for the year ended 31 March 2022 was €708.7 million, primarily including the payment of €293.0 million of lease liabilities to the landlords of ground lease sites, dividends paid of €283.3 million and net movement in cash management activities with related parties of €121.9 million. The net movement in cash management with related parties refers to the Group's cash pooling arrangements with other Vodafone entities – see Note 8 to the Consolidated Financial Statements.

Consolidated Recurring Free Cash Flow

	31/03/2022 €m	31/03/2021 €m
Adj. EBITDA	**865.2**	**463.0**
Capex recharge revenue	(12.4)	(3.4)
Cash lease costs	(293.0)	(131.1)
Maintenance capex	(28.8)	(13.3)
Recurring OpFCF	**531.0**	**315.2**
Cash conversion	98%	96%
(–) Tax paid	(91.8)	(15.7)
(–) Interest	(10.2)	(6.2)
(–) Changes in operating working capital	(14.2)	(135.0)
Recurring Free Cash Flow (RFCF)	**414.8**	**158.3**

Recurring free cash flow for the year ended 31 March 2022 was €415 million.

Management uses Recurring Operating Free Cash Flow as a measure of the underlying cash flow available to support the capital investment and capital structure of the Company.

Recurring free cash flow is also used as a basis to determine dividend payments to shareholders. The Group's policy is to distribute 60% of the sum of recurring free cash flow €415 million plus total dividends received from joint ventures related to the current financial year of €121 million. A final dividend of 0.63 cents per share is proposed based on this policy, giving a total dividend of €319 million.

Maintenance capital expenditure

	31/03/2022		31/03/2021	
	€m	%	€m	%
Germany	(12.0)	42	(5.2)	39
Spain	(7.3)	25	(2.8)	21
Greece	(2.5)	9	(1.9)	14
Other European Markets	(7.0)	24	(3.4)	26
Consolidated	**(28.8)**	**100**	**(13.3)**	**100**

Maintenance capital expenditure is defined as capital expenditure required to maintain and continue the operation of the existing tower network and other Passive Infrastructure, excluding capital investment in new sites or growth initiatives.

Financing and liquidity analysis

Financing

Securing the Group's liquidity and creditworthiness is an important aim of Vantage Towers' financial management. Our Debt Issuance Programme offered the opportunity to issue a €2.2 billion bond in FY 2021. Vantage Towers' creditworthiness has been assessed by the rating agencies Standard & Poor's and Moody's Investor Service for the second time. Standard & Poor's gives Vantage Towers a "BBB-" rating with a stable outlook, and Moody's a "Baa3" rating like-wise with a stable outlook.

Leverage

Leverage is Net Financial Debt divided by Adjusted EBITDAaL for a rolling twelve-month period and is used to assess the indebtedness of Vantage Towers.

The leverage ratio for the year ended 31 March 2022 is shown in the table below. The consolidated position is not applicable for the year ended 31 March 2021 given there is not a full twelve-month period of the full Group's consolidated financial performance.

	31/03/2022 €m
Bonds in issue by the Group	(2,189.5)
Cash and cash equivalents	21.7
Cash deposits held with related parties	272.3
Market to market derivative financial instruments	(0.5)
Net financial debt	**(1,895.9)**
Adjusted EBITDAaL	**542.6**
Leverage ratio	**3.5x**

Financial position of the Group

Our primary sources of liquidity are cash flows from operating activities and the Senior Facilities. Our policy is to borrow using a mixture of long-term and short-term capital market issues and borrowing facilities to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries.

Our capital allocation policy will focus on organic growth and value accretive inorganic investments as well as attractive cash returns for shareholders. We have a risk-adjusted return focus.

Results of operations – Vantage Towers AG

Position of Vantage Towers AG

The primary business of Vantage Towers AG (hereinafter also referred to as "the Company") is the acquisition, leasing, construction, maintenance and management of passive network infrastructure for mobile communications. The Company holds the assets and the operations for the German Tower Business and the investment in Central Tower Holding Company (CTHC), which in turn holds the investments in the other European entities.

The annual financial statements and the management report of Vantage Towers AG are prepared in accordance with the regulations of the German Commercial Code (HGB) and the German Stock Corporation Act *(AktG)*. The management report is combined with the Group management report pursuant to section 315, para. 5 in conjunction with section 298, para. 2 HGB.

Prior to the acquisition of the tower business on 25 May 2020, Vantage Towers AG had no operating activities. Therefore, for the comparison period, the financial results of operations and financial position as at, and for the year ended, 31 March 2021 reflects the inclusion of the results of the German Tower Business from 25 May 2020.

Vodafone Germany transferred the German Towers Business to the company by way of a hive-down by absorption within the meaning of section 123 para. 3 no. 1 of the German Transformation Act. The hive-down was concluded on 4 May 2020 and became legally effective on 25 May 2020 upon registration with the commercial register entry of Vodafone Germany. The Company automatically acquired all of the assets and liabilities under the hive-down belonging to the Vodafone Germany Tower Business by way of partial universal succession in exchange for new shares in the Company being issued to Vodafone Germany.

On 28 September 2020, Vodafone Germany and the Company concluded a downstream spin-off and transfer agreement pursuant to which 390 non-enterprise DAS sites, together with a number of easements, were transferred to the Company by way of a spin-off by absorption within the meaning of section 123 para. 2 no. 1 of the German Transformation Act, whereby the shareholders of Vodafone Germany waived their right to receive shares in the Company. The downstream spin-off became legally effective upon its registration with the commercial register entry of Vodafone Germany on 13 October 2020.

On 7 December 2020, Vodafone Germany and the Company concluded an upstream spin-off and transfer agreement, pursuant to which 545 sites were transferred from the Company to Vodafone Germany by way of a spin-off by absorption within the meaning of section 123 para. 2 no. 1 of the German Transformation Act, whereby the shareholders of Vodafone Germany waived their right to receive shares in the Company. The upstream spin-off became legally effective upon its registration with the commercial register on 17 December 2020.

On 17 December 2020, CTHC was acquired by the Company from Vodafone Europe BV, a subsidiary of Vodafone Group Plc for €7,791.6 million. As a business combination under common control, this has been accounted for using the pooling of interests method.

On 18 January 2021 (legally effective on 26 January 2021), the legal form of the Company was changed from a GmbH (Vantage Towers GmbH) to an AG. As a result, the share capital of the GmbH was converted into the share capital of the AG in an identical amount. Due to the identity-preserving character of the change in legal form, there were no further effects on the assets, liabilities, and equity reported in the balance sheet.

The IPO took place on 18 March 2021 with a placement of 92,372,558 shares, representing 18.3% of the ownership of Vantage Towers AG.

Results of operations of the Company

Income Statement

	Twelve months ended 31/03/2022 €m	Twelve months ended 31/03/2021 €m
Revenue	517.7	408.2
Own work capitalised	8.3	5.6
Other operating income	93.6	81.3
Cost of materials	(358.2)	(177.7)
Personnel expenses	(37.3)	(19.1)
Depreciation on intangible assets and tangible assets	(51.9)	(68.9)
Other operating expenses	(81.0)	(272.7)
Operating profit/loss	**91.3**	**(43.4)**
Income from investments	160.0	–
Other interest receivable and similar income	14.0	5.1
thereof from affiliated companies	*14.0*	*5.0*
thereof from discounting	–	–
Interest payable and similar expenses	(14.0)	(7.2)
thereof to affiliated companies	*(1.7)*	*(6.1)*
thereof from interest accruing	*(0.4)*	*(0.4)*
Financial result	**160.0**	**(2.1)**
Profit/loss before tax	**251.3**	**(45.5)**
Taxes on income	(22.2)	(14.1)
Profit/loss after taxes	**229.1**	**(59.6)**
Other taxes	–	–
Net profit/loss for the year	**229.1**	**(59.6)**
Withdrawals from capital reserve	101.0	342.8
Allocations to retained earnings	(11.5)	–
Balance sheet profit	**318.6**	**283.2**

During FY 2022, the Company generated revenue of €517.7 million (FY 2021: €408.2 million) entirely within Germany. The revenue included rental income (€474.1 million; FY 2021: €388.2 million) and other revenue (€43.6 million; FY 2021: €20.1 million) derived from the German Towers Business.

Own work capitalised amounting to €8.3 million (FY 2021: €5.6 million) was in respect of the tower infrastructure.

Other operating income of €93.6 million (FY 2021: €81.3 million) was mainly comprised of energy revenue (€86.0 million; FY 2021: €68.3 million) and cost transfers to affiliated companies (€3.0 million; FY 2021: €10.7 million). The cost transfers were based on an exchange of services or goods between the Company and the affiliated companies.

Material costs of €358.2 million (FY 2021: €177.7 million) related to energy (€97.1 million; FY 2021: €76.7 million) and purchased services (€261.1 million; FY 2021: €101.0 million). Purchased services contained rental expenses for the sites (€127.7 million; FY 2021: €82.0 million), maintenance and repair costs (€129.9 million; FY 2021: €16.5 million), and other costs (€3.5 million; FY 2021: €2.5 million). The Company has revised the cost assumptions related to the asset retirement obligation provision in the accounts, which relates to the future decommissioning obligations in respect of the Company's tower infrastructure assets. The cost assumptions have been updated for the current run-rate costs incurred during FY 2022 with a resulting increase in the asset retirement obligation provision, and charge to the maintenance and repair costs of €104.6 million.

Personnel expenses amounted to €37.3 million (FY 2021: €19.1 million) and included €2.7 million (FY 2021: €1.2 million) of social security contributions and expenses for pensions and other benefit costs.

Depreciation and amortisation amounted to €51.9 million (FY 2021: €68.9 million) and was almost exclusively attributable to the towers. Management has made an assessment of the useful economic life of certain tower infrastructure assets, in line with its accounting policy, reflecting the change in its business operations following the set-up as a stand-alone towers infrastructure business. There has been a reduction in depreciation during the financial year of €44.5 million compared to the depreciation charge that would have been made under the previous asset lives.

Other operating expenses of €81.0 million (FY 2021: €272.7 million) included intercompany charges and service fees amounting to €32.6 million (FY 2021: €252.2 million) and other costs (€33.5 million; FY 2021: €6.6 million) mainly for losses from the disposal of fixed assets, audit and consulting services, central support functions and resulting from currency losses.

The operating profit amounted to €91.3 million (FY 2021: loss of €43.4 million). The negative operating result of previous year is related mainly to other operating expenses of €272.7 million representing intercompany charges/service fees charged by Vodafone Germany for the so-called "Für-Rechnungs-Phase", one-off items and other costs.

The financial result of €160.0 million (FY 2021: negative financial result of €2.1 million) consisted of income from investments of €160.0 million (FY 2021: €nil), relating to dividends received by the Company from CTHC, other interest and similar income of €14.0 million (FY 2021: €5.1 million) (thereof €14.0 million from affiliated companies; FY 2021: €5.0 million) comprising interest received on cash deposits, and interest expenses of €14.0 million (FY 2021: €7.2 million) (thereof €1.7 million to affiliated companies; FY 2021: €6.1 million, mainly loan interest payable amounting to €0.9 million; FY 2021: €4.8 million).

The combined operating and financial results led to a profit before tax of €251.3 million (FY 2021: loss before tax of €45.5 million).

Taxes on income amounted to €22.2 million (FY 2021: €14.1 million) and contained corporate income tax including a solidarity surcharge of €6.9 million (FY 2021: €6.9 million), trade tax of €11.0 million (FY 2021: €7.2 million) and deferred tax expense of 4.1 million (FY 2021: €nil).

FY 2022 closed with a balance sheet profit of €318.6 million (FY 2021: €283.2 million), following a withdrawal from capital reserves of €101.0 million (FY 2021: €342.8 million).

Net assets and financial position of the Company

Balance Sheet

	31/03/2022 €m	31/03/2021 €m
Assets		
Fixed assets		
Intangible assets	26.3	10.7
Tangible assets	617.4	475.6
Investments	9,004.7	9,004.7
	9,648.4	**9,491.0**
Current assets		
Trade receivables	2.0	0.2
Receivables from affiliated companies	711.1	617.4
Other assets	40.8	11.5
thereof from taxes	*40.1*	*8.3*
	753.9	**629.1**
Prepaid expenses	**70.2**	**73.3**
Total assets	**10,472.5**	**10,193.4**

	31/03/2022 €m	31/03/2021 €m
Equity and Liabilities		
Equity		
Share capital	505.8	505.8
Capital reserve	6,684.1	6,783.6
Retained earnings	11.5	–
Balance sheet profit	318.6	283.2
	7,519.9	**7,572.6**
Accruals		
Accruals for pensions and similar obligations	0.1	1.1
Other accruals	403.5	251.1
	403.6	**252.2**
Liabilities		
Loans payable	2,200.0	2,200.0
Trade payables	77.0	28.5
Payables to affiliated companies	128.0	77.1
Other liabilities	7.3	0.4
thereof from taxes	*7.3*	*0.4*
	2,412.2	**2,306.0**
Deferred income	**132.6**	**62.6**
Deferred tax liabilities	**4.2**	**–**
Total equity and liabilities	**10,472.5**	**10,193.4**

As of 31 March 2022, the total assets of the Company amounted to €10,472.5 million (FY 2021: €10,193.4 million) and mainly included financial assets of €9,004.7 million (FY 2021: €9,004.7 million) and receivables and other assets of €753.9 million (FY 2021: €629.1 million). Total liabilities and equity were mainly comprised of current liabilities of €2,412.2 million (FY 2021: €2,306.0 million) and equity of €7,519.9 million (FY 2021: €7,572.6 million).

Intangible assets amounted to €26.3 million (FY 2021: €10.7 million) and were mainly comprised of purchased software and systems of €4.8 million (FY 2021: €8.3 million) and licence fees for software of €21.5 million (FY 2021: €2.3 million).

Tangible assets of €617.4 million (FY 2021: €475.6 million) included network infrastructure (€550.2 million; FY 2021: €391.4 million) mainly relating to the tower assets, payments on account and assets under construction (€46.2 million; FY 2021: €62.8 million), as well as freehold land and buildings (€21.0 million; FY 2021: €21.5 million) mainly relating to owned land of €20.3 million (FY 2021: €19.8 million).

Current assets amounted to €753.9 million (FY 2021: €629.1 million) and are comprised of trade receivables of €2.0 million (FY 2021: €0.2 million), receivables from affiliated companies of €711.1 million (FY 2021: €617.4 million) and other assets of €40.8 million (FY 2021: €11.5 million).

Receivables from affiliated companies included loan receivables and receivables from cash pooling of €548.4 million (FY 2021: €473.6 million) and trade receivables of €161.0 million (FY 2021: €143.8 million) (mainly related to the Vodafone Germany MSA).

The loan receivables and receivables from cash pooling mainly related to Vantage Towers Greece (€175.5 million loan at an interest rate of 3.45% with the termination date 21 December 2025; FY 2021: €205.1 million), Vantage Towers Czech Republic (€98.5 million loan at an interest rate of 3.30% with the termination date 1 September 2025; FY 2021: €98.1 million) and the deposit with Vodafone Group PLC (€272.3 million from cash pooling; FY 2021: €165.4 million).

Other assets of €40.8 million (FY 2021: €11.5 million) primarily consisted of tax receivables amounting to €40.1 million FY 2021: €8.3 million).

The Company received a dividend from its directly owned subsidiary holding company, Central Tower Holding Company B.V., in the amount of €160 million during the year. This represents a distribution of profits from the Company's indirectly owned tower businesses and joint ventures. It is expected that such dividend distributions will continue to be made to the Company.

Prepaid expenses of €70.2 million (FY 2021: €73.3 million) were mainly comprised of prepayments for ground lease (€53.8 million; FY 2021: €59.9 million).

The share capital of €505.8 million (FY 2021: €505.8 million) is fully paid. The capital reserve amounted to €6,684.1 million (FY 2021: €6,783.6 million), €11.5 million (FY 2021: €nil) was transferred to retained earnings as a legal reserve, and the balance sheet profit to €318.6 million (FY 2021: €283.2 million).

Accruals of €403.6 million (FY 2021: €252.2 million) were made up of asset retirement obligations for sites of €279.9 million (FY 2021: €164.9 million), energy for sites of €64.5 million (FY 2021: €50.0 million), and other accruals of €59.2 million (FY 2021: €37.2 million).

The bond placed on 24 March 2021 amounted to €2.2 billion and consists of three tranches: €750.0 million due in 2025 with 0.0% interest p.a., €750.0 million due in 2027 with 0.375% interest p.a. and €700.0 million due in 2030 with 0.75% interest p.a.

Trade payables from third parties of €77.0 million (FY 2021: €28.5 million) mainly consisted of investments in the sites of €68.8 million (FY 2021: €16.6 million).

Liabilities to affiliated companies amounting to €128.0 million (FY 2021: €77.1 million) related to intercompany loans from cash pooling of €101.9 million (FY 2021: €65.7 million), there of Vantage Towers Spain (€28.9 million; FY 2021: €41.1 million), Vantage Towers Romania (€27.4 million; FY 2021: €7.1 million), Vantage Towers Portugal (€26.2 million; FY 2021: €6.8 million), Vantage Towers Hungary (€18.5 million; FY 2021: €5.2 million) and Vantage Towers Ireland (€1.0 million; FY 2021: €5.4 million)), and trade payables (€25.7 million; FY 2021: €11.4 million).

Other liabilities of €7.3 million (FY 2021: €0.4 million) primarily consisted of tax liabilities amounting to €7.3 million (FY 2021: €0.4 million).

The Company has revised the cost assumptions related to the asset retirement obligation provision in the accounts, which relates to the future decommissioning obligations in respect of the Company's tower infrastructure assets. The cost assumptions have been updated for the current run-rate costs incurred during FY 2022 with a resulting increase in the asset retirement obligation provision, and charge to the profit and loss account, of €104.6 million.

Deferred income of €132.6 million (FY 2021: €62.6 million) comprised of advance rental payments from affiliated companies for towers of €30.5 million (FY 2021: €30.9 million) and intercompany services based on the Vodafone Germany MSA of €93.2 million (FY 2021: €31.7 million). Deferred income is credited to the profit and loss account over the period to which the service relates.

General statement on business development

The Company's key highlights during the year ended 31 March 2022 included new commercial agreements signed with additional telecom operators and ramp-up of the organization consistent with the extension plan.

The Company has fully achieved its FY 2022 guidance with total revenue and operating profit both in line with expectations.

The total headcount increased from 175 to 198 as planned and consistent with the expansion of the business following the IPO on 18 March 2021.

Overall, the Management Board believes that the Company is well positioned for its continued development as of the reporting date of 31 March 2022 and at the time of preparing this report. In order to reach this conclusion, it has assessed the net assets, financial position, and results of operations.

Proposal for the appropriation of profit

The Management Board proposes to use the retained earnings of €318.6 million for the distribution of the dividend to the shareholders.

Takeover-relevant information

Description pursuant to sections 289a para. 1, 315a of the German Commercial Code (HGB)

1 Composition of subscribed capital

As of 31 March 2022, the Company's subscribed capital amounted to a total of €505,782,265 and is divided into 505,782,265 ordinary registered shares with no par value. Each share of the Company represents a notional share of €1.00 in the Company's share capital.

All shares of the Company are fully paid up and confer the same rights and obligations. Each share of the Company carries one vote at the Company's general meeting.

2 Restrictions affecting voting rights or the transfer of shares

Restrictions on voting rights
Each share of the Company carries one vote at the Company's general meeting. An exception to this principle applies if shares in the Company are held by the Company. Such shares do not entitle the Company to any rights.

Restrictions on share transfers
Pursuant to Article 19 (11) of Regulation (EU) No. 596/2014 (Market Abuse Regulation) and on the basis of internal company policies, the members of the Management Board, the Supervisory Board and further persons discharging managerial responsibilities of Vantage Towers AG as well as persons closely associated to any such persons (in each case as defined in the Market Abuse Regulation) are subject to certain trading prohibitions with regard to shares in the Company which apply in certain time periods.

3 Direct or indirect shareholdings in the Company exceeding 10% of total voting rights

Vodafone GmbH directly holds 413.409.707 shares and thus 81.74% of the voting rights in Vantage Towers AG.

Such shareholding is attributed to the ultimate controlling entity, Vodafone Group Plc, which therefore holds indirectly 81.74% of the voting rights in the Company.

The full chain of controlled undertakings below the ultimate controlling entity Vodafone Group Plc is as follows: Vodafone European Investments, Vodafone International Operations Limited, Vodafone International Holdings Limited, Vodafone Intermediate Enterprises Limited, Vodaphone Limited, Vodafone 2., Vodafone Holdings Luxembourg Limited, Vodafone Benelux Limited, Vodafone Finance UK Limited, Vodafone International 1 S.à r.l., Vodafone Americas 4, Vodafone Consolidated Holdings Limited, Vodafone Investments Luxembourg S.à r.l. and Vodafone GmbH.

Vantage Towers AG has not been notified of any other direct or indirect interests in Vantage Towers AG that exceeds 10% of the voting rights, nor is the Company aware of any such shareholding.

4 Provisions governing the appointment and dismissal of the Management Board members and amendments to the articles of association

The appointment and dismissal of members of the Management Board are subject to the provisions of sections 84 and 85 of the German Stock Corporation Act *(AktG)* and Article 7.1 of the articles of association of the Company, according to which the Management Board consists of two or more members. The exact number of Management Board members is to be determined by the Supervisory Board (Article 7.1 of the articles of association of the Company). Pursuant to section 84 para. 1 German Stock Corporation Act *(AktG)*, the members of the Management Board are appointed and dismissed by the Supervisory Board. The term of service for a Management Board member appointed for the first time shall be generally three (3) years. The Supervisory Board may also determine a chairperson and deputy chairperson of the Management Board (Article 7.2 of the articles of association of the Company).

Amendments to the articles of association are made in accordance with section 179 German Stock Corporation Act *(AktG)* and Articles 5.3 and 12.9 of the articles of association of the Company. Pursuant to section 179 para. 1 German Stock Corporation Act *(AktG)*, any amendment to the articles of association requires a resolution of the general meeting. Pursuant to section 179 para. 2 German Stock Corporation Act *(AktG)*, this resolution requires a majority of of at least three quarters of the share capital represented at the time of the voting, unless the articles of association provide for a different majority. However, with respect to changes to the object of the Company the articles of association may only provide for a higher majority. The Company has made use of such deviation pursuant to section 179 para. 2 German Stock Corporation Act *(AktG)* and provides that, unless a higher majority is required pursuant to mandatory law or the articles of association, resolutions of the general meeting are adopted with the simple majority of the votes cast and, if required by law in addition thereto, of the share capital represented at the time of the resolution. As a consequence, certain amendments to the articles of association may be resolved by the general meeting with a simple majority (by way of example, an ordinary capital increase without exclusion of subscription rights).

Furthermore, if the amendment of the articles of association only relates to their phrasing, in particular to adapt the wording of the articles of association in the event of full or partial utilisation of authorised or conditional capital or upon the expiration of periods allowing for such utilisation, such amendment can be made by the Supervisory Board without a resolution of the general meeting (Articles 5.3 and 12.9 of the articles of association of the Company).

5 Authorisation of the Management Board to issue and repurchase shares

In the shareholder's meeting on 18 February 2021, the shareholders granted to the Management Board the following authorisations:

Authorised capital

The Management Board has been authorised, with the consent of the Supervisory Board, to increase the Company's share capital on one or more occasions in the period until the expiry of 15 February 2026 up to a total of €252,891,132.00 (in words: Euro two hundred fifty two million eight hundred ninety one thousand one hundred thirty two) by issuing up to 252,891,132 (in words: two hundred fifty two million eight hundred ninety one thousand one hundred thirty two) new no-par value registered shares against contribution in cash and/or in kind (Authorised Capital 2021). In doing so, the Management Board may determine that the new shares carry profit participation entitlements in a way that departs from section 60 para. 2 of the German Stock Corporation Act *(AktG)*.

The new shares must generally be offered to the shareholders for subscription *(zeichnen)*. The subscription right may also be granted to the shareholders by way of an indirect subscription right (section 186 para. 5 German Stock Corporation Act *(AktG))*.

Subject to the consent of the Supervisory Board, the Management Board is authorised to exclude the shareholders' statutory subscription right in the following situations:

- to even out fractional amounts resulting from subscription ratios;
- to the extent necessary to grant holders or creditors of convertible bonds, warrant bonds or convertible profit participation rights issued by the Company and/or its direct or indirect majority-owned subsidiaries subscription rights to new shares to the extent to which they would be entitled after exercising their conversion or option rights or after fulfilling their option exercise or conversion obligations;
- to issue them to employees and/or retired employees of the Company, as well as to employees and/or retired employees of its affiliated companies within the meaning of section 15 et seq. German Stock Corporation Act *(AktG)*. They may also be used for the issue to selected employees in managerial and/or key positions in the Company, as well as to members of the Management Board of the Company and/or selected employees in managerial and/or key positions or the management at its affiliated companies within the meaning of section 15 et seq. German Stock Corporation Act *(AktG)*;
- in the case of capital increases against cash contributions, if the issue price of the new shares is not significantly lower than the stock market price of the Company's shares already listed. The proportionate of the share capital attributable to the new shares issued under exclusion of subscription rights in accordance with section 186 para. 3 sentence 4 German Stock Corporation Act *(AktG)* must not exceed 10% of the share capital. The share capital at the time this authorisation takes effect or – if this value is lower – at the time this authorisation is exercised shall be decisive. Shares which during the term of this authorisation until its exercise are issued or sold in direct or analogous application of section 186 para. 3 sentence 4 German Stock Corporation Act *(AktG)* are to be taken into account when calculating the limit. Rights issued during the term of this authorisation until its utilisation in analogous application of section 186 para. 3 sentence 4 German Stock Corporation Act *(AktG)* and which enable or oblige to the subscription of shares of the Company shall also count towards this 10%-limit. Any crediting in accordance with the aforementioned sentences shall cease to apply with effect for the future if and to the extent that the respective authorisation, the exercise of which led to the crediting, is granted again by the General Meeting.
- for the purposes of granting shares in return for contributions in kind, in particular, with the aim to undertake mergers, acquiring enterprises, parts of enterprises or interests in enterprises, or of other assets.
- to implement a so-called scrip dividend, whereby shareholders are offered the option of contributing their dividend claim (in whole or in part) to the Company as a contribution in kind in exchange for the granting of new shares from the Authorised Capital 2021.

The Management Board is further authorised, with the consent of the Supervisory Board, to determine the further details of the capital increase and its implementation, in particular the conditions of the share issue. The Supervisory Board is authorised to amend the wording of section 5.3 of the Articles of Association after full or partial implementation of the capital increase from the Authorised Capital 2021 or after expiry of the authorisation period in accordance with the scope of the capital increase.

Authorisation to acquire and use treasury shares pursuant to section 71 para. 1 no. 8 German Stock Corporation Act (AktG) and on the exclusion of subscription rights

The Management Board has been authorised to acquire, in the period until expiry of 15 February 2026 treasury shares of up to a total amount of 10% of the existing share capital at the time of the adoption of the resolution or, in the event that this amount is lower, at the time this authorisation is exercised. Together with any treasury shares acquired for other reasons and held by the Company at the time or attributable to it pursuant to section 71a et seq. of the German Stock Corporation Act *(AktG)*, the acquired shares may at no time exceed 10% of the Company's share capital.

This authorisation may be exercised in whole or in partial amounts, on one or more occasions, directly by the Company, by a subsidiary enterprise of the Company or by a third party acting for the Company's or its subsidiary enterprises' account.

The Management Board may elect to purchase the shares (1) via the stock exchange, (2) by means of a public offer directed at all shareholders or a public solicitation to submit offers, (3) by means of a public offer or a public solicitation to submit an offer for the exchange of liquid shares in another company which are admitted to trading on an organised market within the meaning of the German Securities Takeover Act (hereinafter "**Exchange Shares**"), against shares of the Company, (hereinafter "**Exchange Offer**") or (4) by granting tender rights to the shareholders.

- If the acquisition is conducted through a stock exchange, the consideration to be paid by the Company for each share of the Company (not including incidental acquisition costs) may not exceed the price of one share of the Company in the Xetra trading system (or a comparable successor system), determined in the opening auction on the relevant trading day, by more than 10% and may not fall below such price by more than 10%. The Management Board of the Company shall determine the details of the acquisition.
- If the acquisition is conducted through a public offer or a public solicitation to submit offers, the offered acquisition price, or the threshold values limiting the acquisition price range, per share (in each case not including incidental acquisition costs) may not exceed the average of the closing prices in the Xetra trading system (or a comparable successor system) on the three trading days preceding the day on which the offer or a public solicitation to submit offers is published by more than 20% and may not fall below this average by more than 20%. The offer or a public solicitation to submit offers may be adjusted if, after its publication, significant deviations between the aforementioned reference price and the offered acquisition price, or the values limiting the acquisition

price range, occur. In that case, the average of the three trading days preceding the publication of the respective adjustment will be decisive, and the aforementioned 20% limits will be applied to this average price. The volume of the public offer or a public solicitation to submit offers may be limited. If, in the event of a public offer or a public solicitation to submit offers, the volume of the offered shares exceeds the applicable repurchase volume, the repurchase may be carried out, by partially excluding the respective tender rights, in proportion to the number of offered shares (quota based on offered shares) instead of in proportion to the size of the offering shareholders' shareholding in the Company (quota based on participation). Furthermore, in that case, by partially excluding the respective tender rights, a preferred acceptance of small offers of up to a maximum of 100 shares per shareholder, as well as a commercial rounding in order to avoid fractional numbers of shares, may be provided for. The Management Board of the Company shall determine the details of the acquisition.

- If the acquisition is conducted by means of an Exchange Offer, the Company can determine either an exchange ratio or a respective exchange range at which it is willing to acquire the shares of the Company. In this regard, a cash consideration may be provided for as supplementary purchase price payment or as compensation for fractional amounts. The exchange ratio or a respective exchange range (not including incidental acquisition costs, but including any fractional amounts) may not exceed the relevant value of a share of the Company by more than 20% and may not fall below such value by more than 20%. The basis of the calculation of the exchange ratio or the exchange range, respectively, is the average of the closing prices of the shares of the Company and the Exchange Shares in the Xetra trading system (or a comparable successor system) on the three trading days preceding the day on which the offer is published. The exchange ratio or the exchange range may be adjusted if, after the publication of the offer, significant deviations of the relevant prices of the shares of the Company or the Exchange Shares occur. In that case, the average of the three trading days preceding the publication of the respective adjustment will be decisive, and the aforementioned 20% limits will be applied to this average price. The volume of the Exchange Offer may be limited. If the offer is oversubscribed, the acquisition may be carried out, by partially excluding the respective tender rights, in proportion to the number of offered shares (quota based on offered shares) instead of in proportion to the size of the offering shareholders' shareholding in the Company (quota based on participation). Furthermore, in that case, by partially excluding the respective tender rights, a preferred acceptance of small offers of up to a maximum of 100 shares per shareholder, as well as a commercial rounding in order to avoid fractional numbers of shares, may be provided for. The Management Board of the Company shall determine the details of the acquisition.
- If the acquisition is conducted by means of granting tender rights to shareholders, these tender rights can be granted to shareholders on the basis of Company shares held. In proportion to the relation between the Company's overall share capital and the volume of shares to be repurchased by the Company, a defined number of tender rights carries the right to sell one share to the Company. Tender rights may also be granted in a way that one tender right is granted for a defined number of shares, with the latter number being calculated based on the relation between the Company's overall share capital and the volume of shares to be repurchased by the Company. Fractions

of tender rights will not be granted; the corresponding partial tender rights are excluded. The price for which, by exercising a tender right, one share can be sold to the Company, or the values limiting the price range (in each case not including incidental acquisition costs) is determined, and can be adjusted, as set out under the second bullet above. In case of granting tender rights, however, the relevant day is the day on which the offer to repurchase shares by means of granting tender rights is published, or, if applicable, the day on which an adjustment is published. The Management Board of the Company shall determine the further details of the tender rights, in particular their conditions, term or expiration date and, if applicable, their tradability.

The Management Board has been authorised to sell treasury shares acquired on the basis of this authorisation via the stock exchange or via an offer directed at all shareholders. The Management Board has furthermore been authorised to use treasury shares acquired on the basis of this authorisation for any purpose permissible by law and, in particular, for the following purposes:

- The shares may be used to satisfy conversion and/or option rights or obligations under convertible bonds, warrant bonds, profit participation rights or participating bonds issued by the Company or a company in which the Company holds a direct or indirect majority interest.
- The shares may be used to the extent necessary to grant holders or creditors of convertible bonds, warrant bonds or convertible profit participation rights issued by the Company and/or its direct or indirect majority-owned subsidiaries subscription rights to new shares to the extent to which they would be entitled after exercising their conversion or option rights or after fulfilling their option exercise or conversion obligations.
- The shares may be sold for consideration in kind, in particular as (partial) consideration in connection with the acquisition of or merger with enterprises, parts of enterprises and participations in enterprises or any other assets.
- The shares may be sold in other ways than through a stock exchange or by means of an offer directed to all shareholders if the shares are sold against cash consideration at a price that is not significantly lower than the stock exchange price of the Company's shares of the same class. This authorisation is, however, subject to the proviso that the shares sold under the exclusion of shareholders' subscription rights in accordance with section 71 para. 1 no. 8 sentence 5 in connection with section 186 para. 3 sentence 4 German Stock Corporation Act *(AktG)* do not in the aggregate exceed 10% of the Company's share capital existing as at the date on which this authorisation enters into effect or – if that amount is lower – the share capital existing as at the date of its exercise. To the extent that during the term of this authorisation until its utilisation, other authorisations to issue or sell shares or to issue rights or obligations enabling or obliging the subscription of shares, are exercised and the respective subscription rights are excluded pursuant to or in accordance with section 186 para. 3 sentence 4 German Stock Corporation Act *(AktG)*, this shall be applied toward the aforementioned 10% limit. Any crediting in accordance with the aforementioned sentence shall cease to apply with effect for the future if and to the extent that the respective authorisation, the exercise of which led to the crediting, is granted again by the General Meeting.
- The shares may be issued to employees and/or retired employees of the Company, as well as to employees and/or retired employees of its affiliated companies within the meaning of section 15 et seq. German Stock Corporation Act *(AktG)*.
- The shares may be used for the implementation of a scrip dividend, in particular by offering the shareholders to contribute their dividend right, either in whole or in part, to the Company in return for the granting of treasury shares.
- The shares may be cancelled, without such cancellation on a separate shareholders' resolution. The shares may also be cancelled in the simplified procedure, without a reduction of the share capital, by way of adjusting the pro rata share capital amount represented by each remaining no-par value share. The cancellation may also be limited to a certain propor-

tion of the repurchased shares. The authorisation to cancel shares may be exercised on one or more occasions. If the cancellation is carried out in the simplified procedure, the Management Board is authorised to adjust the number of no-par value shares in the Articles of Association. The cancellation may be carried out in connection with a share capital reduction; in that case, the Management Board is authorised to reduce the share capital amount by the pro rata share capital amount represented by the cancelled no-par value shares and to adjust accordingly the number of shares and the share capital amount in the Articles of Association.

The Supervisory Board is authorised to transfer treasury shares acquired on the basis of this authorisation to the members of the Management Board of the Company in order to satisfy entitlements of members of the Management Board under long term incentives (**"Long Term Incentives Plan"**) granted by the Company. The Long Term Incentives Plans must provide for a period of at least four (4) years until the respective beneficiary can monetise the respective allocation from the Long Term Incentives Plan and the plan conditions must be geared towards the long term sustainable development of the Company.

The aforementioned authorisations regarding the use of acquired treasury shares also apply to the use of Company shares acquired on the basis of section 71d sentence 5 German Stock Corporation Act *(AktG)*.

Shareholders' pre-emptive rights in respect of these treasury shares are excluded to the extent that these shares are used in accordance with the aforementioned authorisations of the Management Board (first six bullets above) and of the Supervisory Board (described two paragraphs before) regarding the use of acquired treasury shares. In addition, the Management Board may exclude shareholders' subscription rights for fractional amounts in the case of a sale of treasury shares by means of an offer to all shareholders.

The aforementioned authorisations regarding the use of treasury shares may be exercised on one or several occasions, in full or in part, separately or collectively, and may also be exercised by controlled enterprises or subsidiary enterprises or by third parties acting for them on their accounts.

The Management Board may make use of all aforementioned authorisations regarding the use of treasury shares only with the consent of the Supervisory Board.

Authorisation to use derivatives to acquire treasury shares in accordance with section 71 para. 1 no. 8 German Stock Corporation Act (AktG) and to exclude subscription rights

In addition to the aforementioned authorisation, treasury shares may also be acquired pursuant to such authorisation by way of (1) the sale of options, upon exercise of which the Company will be obligated to acquire shares of the Company ("**Put Options**"), (2) the purchase of options, upon exercise of which the Company will obtain the right to acquire shares of the Company ("**Call Options**"), (3) to conclude forward purchases, in which the Company acquires treasury shares as at a certain date in the future, or (4) the use of a combination of Call and Put Options and/or forward purchase agreements at the same time (Put Options, Call Options and forward purchase agreements and combinations thereof collectively "**Equity Derivatives**"). The authorisation may be exercised in whole or in part, in one or in several transaction(s), including different transactions, by the Company, also by controlled enterprises or subsidiary enterprises, or by third parties mandated by the Company or by controlled enterprises or subsidiary enterprises. All share acquisitions based on Equity Derivatives are limited to a maximum volume of 5% of the share capital existing on the date on which the resolution becomes effective or, if this amount is lower, on the date on which the aforementioned authorisation is exercised.

The Equity Derivatives transactions must be concluded with one or more credit institution(s), one or more companies in accordance with section 53 para. 1 sentence 1 or section 53b para. 1 sentence 1 or para. 7 of the German Banking Act *(KWG)* (each a "**Financial Institution**") or with a group or a syndicate of Financial Institutions. By virtue of their terms and conditions, it must be ensured that the Equity Derivatives are only serviced with shares which were acquired under observance of the principle of equal treatment of shareholders; the acquisition of shares on the stock exchange satisfies this requirement. The purchase price paid by the Company for Call Options or the sales price received by the Company for Put Options or the price paid or received for a combination of call and Put Options by the Company shall not significantly exceed or fall short of the theoretical fair value of the respective options as calculated in accordance with recognised methods of financial mathematics, which must factor in the negotiated strike price among other things. The price agreed by the Company for forward purchases may not materially exceed the theoretical forward price as calculated in line with recognised methods of financial mathematics, which must factor in the current stock exchange price and the term of the forward purchase, among other things.

Moreover, all share acquisitions by way of derivatives are limited to shares representing in total no more than 5% of the share capital as at the date on which this authorisation enters into effect or – if that amount is lower – as at the date on which this authorisation is exercised. The term of each equity derivative must not exceed 18 months, and is required to end on the expiry of 15 February 2026 at the latest and must be chosen in such a way that the shares are acquired upon the exercise or fulfilment of the Equity Derivatives no later than the expiry of 15 February 2026. The purchase price per share, i.e. the exercise price or acquisition price to be paid when exercising the option or upon the maturity of the forward purchase may not exceed or fall short by more than 10% of the average closing prices in the Xetra trading system (or a comparable successor system) on the three trading days preceding the day of the conclusion of the respective option transaction or forward purchase in each case excluding purchase costs but taking into account the option premium received or paid.

Furthermore, it may be agreed with one or more Financial Institutions that the institute or these institutes will deliver a previously determined number of shares or a previously determined euro equivalent of shares of the Company within a previously defined period of no more than 18 months to the Company ("**Repurchase Program**"). The Financial Institution(s) must undertake to purchase the shares to be delivered via the stock exchange at prices which fall within the range that would apply had the shares been directly acquired by the Company itself via the stock exchange. Acquisitions of shares by utilising this authorisation are limited to shares in the amount of no more than 5% of the share capital at the time this authorisation becomes effective or, if the following value is lower, at the time this authorisation is utilised and must end by the expiry of 15 February 2026.

In the event that treasury shares are acquired using Equity Derivatives or through a Repurchase Program in accordance with the above rules, any shareholders' rights to conclude such Equity Derivatives transactions or repurchase programs with the Company shall be excluded by analogous application of section 186 para. 3 sentence 4 German Stock Corporation Act *(AktG)*. Shareholders shall have a right of tender in relation to their shares in the Company only to the extent that the Company has an obligation under the derivatives transactions to purchase their shares. Any further right of tender shall be excluded.

The authorisations and other provisions regarding the use of treasury shares mentioned above under "Authorisation to acquire and use treasury shares pursuant to section 71 para. 1 no. 8 German Stock Corporation Act *(AktG)* and on the exclusion of subscription rights" shall apply *mutatis mutandis* to the use of treasury shares that were acquired by using derivatives. Shareholders' subscription rights to treasury shares shall be excluded to the extent that such shares are used in accordance with the provisions set out in the previous authorisation regarding the use of acquired treasury shares (except for the authorisation to cancel acquired treasury shares). The provisions set out in the previous authorisation to purchase and use treasury shares regarding the exclusion of shareholders' subscription rights applies *mutatis mutandis*.

The authorisation is valid until the expiry of 15 February 2026, and the Management Board may make use of it only with the consent of the Supervisory Board.

Authorisation of the Management Board to issue convertible bonds, warrant bonds and to exclude subscription rights

Further the Management Board has been authorised, subject to the consent of the Supervisory Board, to issue, on one or more occasions until the expiry of 15 February 2026, subordinated or unsubordinated bearer convertible bonds, warrant bonds, profit participation rights or participating bonds, or combinations of these instruments (together the "Bonds") for an aggregate nominal amount of up to €4 billion in each case with or without a definite maturity date, and to grant the holders of Bonds option or conversion rights for up to 101,156,453 registered shares with no-par value of the Company with a pro rata amount of the share capital of up to a total of €101,156,453.00 (in words one hundred one million one hundred fifty-six thousand four hundred fifty-three Euros), as set forth in detail in the terms and conditions for the bonds ("Terms"). This authorisation can be utilised in whole or in part.

The Terms may also provide for an obligation to convert the Bonds, or exercise the options, at the maturity of the term of the Bonds or at an earlier time. The Terms may also give the Company the right to grant the holders of the Bonds shares of the Company in lieu of cash payments due, in whole or in part, or to choose other forms of fulfilment. Bonds may be issued in return for cash or for contributions in kind.

The Bonds can be denominated in Euro or – capped at their equivalent value in Euro – in the legal currency of an OECD country. Where the Bonds are issued in a currency other than Euro, the relevant equivalent value is to be applied, calculated on the basis of the Euro reference rate of the European Central Bank applicable on the date of the resolution on the issuance of the Bonds.

The Bonds can also be issued by entities in which the Company holds a direct or indirect majority interest. In such case, the Management Board is authorised, subject to the consent of the Supervisory Board, to take on the necessary guarantees for the obligations under the Bonds and to grant the holders or creditors of the Bonds conversion or option rights for shares of the Company.

Conversion right/conversion obligation; conversion ratio

If convertible bonds are issued, their holders receive the right, or assume the obligation, to convert the Bonds into shares of the Company, pursuant to the Terms to be determined by the Management Board. The pro rata amount of the share capital mathematically attributable to the shares to be issued in the event of conversion must not exceed the nominal amount of the Bond or the issue price of the Bond.

The conversion ratio is determined by dividing the nominal amount of a Bond by the conversion price for a share of the Company. Where the issue price for the Bonds is less than their nominal amount, the conversion ratio is established by dividing the issue price of a convertible Bond by the conversion price for a share of the Company. The Terms can also provide that the conversion ratio is variable and that the conversion price is determined based on future stock market prices within a certain range.

Option right/option obligation
If warrant bonds are issued, one or more warrants will be attached to each Bond, which entitle or obligate the holder to subscribe to shares of the Company under the Terms to be determined by the Management Board. The pro rata amount of the share capital mathematically attributable to the shares to be issued in the event of an option being exercised must not exceed the nominal amount of the Bonds.

Conversion and option price
The conversion or option price to be stipulated in the Terms must be equivalent to at least 80% of the volume-weighted average of the stock market closing price of the Company's shares in the Xetra trading system (or a comparable successor system) on the day of the final determination of the terms and conditions of the Bonds. Sections 9 para. 1 and 199 German Stock Corporation Act *(AktG)* remain unaffected.

Further determinations in the terms and conditions
The Management Board is authorised, subject to the consent of the Supervisory Board, to specify the Terms in more detail, in particular regarding the following:

- interest rate, issue price, term and denomination of the Bonds;
- conversion or option period;
- conversion or option price;
- conversion rights and obligations;
- option rights and obligations to exercise options;
- whether the Company's shares to be delivered shall be, in whole or in part, in the form of shares newly created by a capital increase or in the form of existing shares;
- whether, instead of delivering shares, their value can be paid in cash;
- whether the conversion or option price or the conversion ratio is to be fixed when issuing the Bonds or based on future stock market prices within a certain range during the term of the Bond.

In the event of a situation where there are rights to subscribe to fractions of the Company's shares under a Bond, it can be stipulated that these fractions can be added together for the purpose of subscribing complete shares, in accordance with the Terms. An additional cash payment or cash compensation for fractions can also be stipulated.

The Terms can further provide for protection against dilution and adjustment mechanisms under certain circumstances, including:

- changes in the Company's share capital during the term of the Bond (such as a capital increase, a capital decrease or a share split);
- dividend payments;
- the issuance of additional convertible and/or warrant bonds, that provide an entitlement to subscribe for shares of the Company;
- transformation measures; and
- extraordinary events occurring during the term of the Bond, i.e. change of control in the Company.

The measures for protection against dilution and adjustment mechanisms that can be provided for under the Terms can, in particular, take the form of changing the conversion or option price, granting subscription rights to shares of the Company or to convertible or warrant bonds, or granting or adjusting cash components.

Subscription right; exclusion of subscription right
The new shares must generally be offered to the shareholders for subscription. The subscription right may also be granted to the shareholders by way of an indirect subscription right (section 186 para. 5 German Stock Corporation Act *(AktG)*).

The Management Board is authorised, subject to the consent of the Supervisory Board, to exclude the subscription right of shareholders when issuing Bonds in the following cases:

- to even fractional amounts resulting from subscription ratios;
- where the Bonds are issued in return for contributions in kind in particular with the aim of acquiring enterprises, parts of enterprises or participations in enterprises;
- where this is necessary for protection against dilution, in order to grant holders of Bonds with conversion or option rights or conversion or option obligations that were or will be issued by the Company or by other entities in which the Company holds a direct or indirect majority interest, a right to subscribe for new bonds to the extent to which they would be entitled to such subscription right as shareholders after exercising their conversion or option rights or, as the case may be, after fulfilment of their conversion or option obligations; or
- for Bonds issued against cash, if the shares to be issued under the conversion/option rights in total do not exceed 10% of the share capital, based on the share capital amount existing at the time when this authorisation takes effect as well as on the share capital amount when the authorisation is exercised. To the extent that during the term of this authorisation until its utilisation other authorisations to issue or sell shares or to issue rights enabling or obliging the subscription of shares are exercised and the subscription right is excluded pursuant to or in accordance with section 186 para. 3 sentence 4 German Stock Corporation Act *(AktG)*, this shall reduce the aforementioned 10% limit. Any reduction in accordance with the aforementioned sentence shall cease to apply with effect for the future if and to the extent that the respective authorisation, the exercise of which led to the reduction, is granted again by the General Meeting. The exclusion of subscription rights under these conditions is only permissible if the issue price for the Bonds is not significantly lower than the theoretical value of the Bonds as calculated using recognised financial mathematical methods.

To the extent that profit participation rights or participating bonds without conversion rights/obligations or option rights/obligations are issued, the Management Board is authorised, subject to the consent of the Supervisory Board, to exclude the shareholders' subscription right in its entirety if the characteristics of such profit participation rights or participating bonds are similar to those of obligatory relationships, i.e. if they do not confer any membership rights in the Company, grant no right to participate in the liquidation proceeds and the interest rate is not calculated on the basis of the amount of net income, balance sheet profits or dividends. In that case, the interest rate and the issue amount of the profit participation rights or participating bonds additionally must correspond to current market conditions at the time of the issuance.

Conditional capital

The share capital of the Company is conditionally increased by up to €101,156,453.00 (in words one hundred one million one hundred fifty-six thousand four hundred fifty-three Euros), by issuing up to 101,156,453 new registered shares with no-par value (the "**Conditional Capital**"). The conditional capital increase shall only be implemented to the extent that the holders or creditors of option or conversion rights or those with an obligation to convert or exercise options arising from warrant bonds, convertible bonds, profit participation rights or participating bonds, in each case which are issued or guaranteed by the Company, or a company in which the Company holds a direct or indirect majority interest, on or before the expiry of 15 February 2026, based on the authorisation of the Management Board by resolution of this General Meeting under agenda item 4.1 *(Authorisation)*, use their option or conversion rights, or fulfil their obligation to exercise or convert options, or to the extent that the Company exercises an option right to grant shares in the Company in whole or in part instead of payment of the cash amount due, provided no cash compensation is granted or no treasury shares or shares of another listed company are used for servicing in each case.

New shares are issued at the option or conversion price to be determined in each case in accordance with the aforesaid authorisation resolution.

The new shares participate in profits from the start of the financial year in which they are issued. To the extent legally permissible, the Management Board, with the approval of the Supervisory Board, may determine a profit participation of the new shares in different from section 60 para. 2 German Stock Corporation Act *(AktG)*.

The Management Board is authorised, with the approval of the Supervisory Board, to determine the further details of the conditional capital increase.

6 Material agreements which take effect, alter or terminate upon a change of control of the Company following a takeover bid

Vantage Towers AG is party to the following material agreements which contain provisions for the event of a change of control or acquisition of control as a result of a takeover offer:

- Vantage Towers AG has entered into a Master Service Agreement **("MSA")**, under which Vantage Towers AG provides physical space on its passive infrastructure to host the other contractual party's active equipment, together with a range of ancillary services including energy services, site modifications, site deployment, site access management and site maintenance services for the purpose of operating a telecommunications network. The other contractual party may terminate the MSA with immediate effect on providing written notice if there is a "subsequent change of control". A Subsequent change of Control means that a competitor of the other contractual party to the MSA or of any of its group companies acquires control of Vantage Towers AG in a transaction that takes place after the current ultimate parent company Vodafone Group Plc itself ceased to have control over Vantage Towers AG in a previous transaction. Control means the power (whether direct or indirect through one or more other persons) to direct or cause the direction of a person's affairs, whether by means of holding shares, possessing voting power, exercising contractual powers or otherwise.

- Vantage Towers AG has entered into a Long-Term Services Agreement **("LTA")**. Under the LTA, the other contractual party provides services which may include, but are not limited to operation and maintenance field services, supply chain management, IT services, HR services, workplace services (including associated facility services, cleaning and maintenance and utilities), employee relations and certain legal and finance services. Vantage Towers AG shall in return provide, *inter alia*, lifecycle management services for power and cooling equipment. The other contractual party may terminate the LTA with immediate effect by giving written notice to Vantage Towers AG if there is a change of control in respect of Vantage Towers AG or where control of Vantage Towers AG is obtained by a competitor (other than due to an initial change of control, i.e. a case where the current ultimate parent company Vodafone Group Plc ceases to have control of the Company). Competitor means a competitor of the other contractual party to the LTA or of any of its group companies. Control means the direct or indirect power to direct or cause the direction of a person's affairs, whether by means of holding shares, possessing voting power, exercising contractual powers or otherwise.
- Vantage Towers AG has entered into an Inter-Company Agreement (**"INCA"**). Under the INCA, the other contractual party provides services which may include, but are not limited to, financial governance and operations services, human resources governance and operations services, property management services, external affairs support services and IT infrastructure services. The other contractual party may terminate the INCA with immediate effect if it ceases to hold, directly or indirectly, more than fifty (50) per cent of the issued share capital in Vantage Towers AG.
- Vantage Towers AG has entered into an Inter-Company Procurement Agreement (**"INPA"**). Under the INPA, Vantage Towers AG may (i) purchase, license or sub-license goods and services directly from the other contractual party and (ii) engage the other contractual party to act as agent in negotiating and executing third party supply agreements on Vantage Towers AG's behalf and in managing the ongoing commercial relationships with suppliers. The other contractual party may terminate the INPA on six (6) months' written notice if (i) a legal entity who controls Vantage Towers AG ceases to do so or (ii) a legal entity (not being a group company of the other contractual party) who did not control Vantage Towers AG acquires control of that party. Control means the power of a person to secure that a party's affairs are conducted in accordance with the wishes of that person.
- On 12 February 2021, the Company entered into a facilities agreement with Bank of America Europe Designated Activity Company, BNP Paribas S.A. Niederlassung Deutschland, Citibank, N.A., London Branch, Deutsche Bank Luxembourg S.A., Landesbank Baden-Württemberg and Sumitomo Mitsui Banking Corporation acting as arrangers, bookrunners and lenders. Bank of America Europe Designated Activity Company is also acting as coordinator and agent. The agreement provided for a €2.4 billion senior unsecured term loan facility and provides for a €300 million senior unsecured revolving credit facility. The term loan facility was not utilised and has now been cancelled in full.
- The revolving credit facility has a borrowing availability of up to €300 million available immediately and a term of three years, subject to two twelve-month extensions. The Company has not yet drawn down proceeds under this revolving credit facility.

- The facilities agreement in relation to the revolving credit facility contains customary change of control provisions pursuant to which, if any person (other than a member of the Vodafone Group) or group of persons acting in concert, gains control of the Company, each bank may cancel its available commitment and declare its participation in all loans to be due and payable.
- On 18 March 2021, the Company has published a prospectus regarding a debt issuance programme **("Programme")** under which it may from time to time issue unsubordinated bearer notes in a minimum denomination of €100,000 per note. The aggregate principal amount of notes issued under the Programme outstanding will not at any time exceed €5 billion (or the equivalent in other currencies).
- On 31 March 2021, the Company issued three series of notes under the Programme with an aggregate principal amount of €2.2 billion. If a change of control occurs and the change of control has a certain impact on the rating of the Company or the notes, each noteholder will have under certain circumstances the option to require the Company to redeem that note at its principal amount together with interest accrued. Further details of the change of control provision as well as the consequences can be found in the Vantage Drawdown Pricing Supplements for each tranche which can be downloaded on **www.vantagetowers.com/investors/debt-investors**.
- On 25 May 2020, Vantage Towers AG and VSSB Vodafone Shared Services Budapest Private Limited Company (**"VSSB"**) entered into a Multi-Currency Cash Management Call Account Loan Agreement (**"VSSB MCA"**) for the making of advances up to a balance of €110 million (or equivalent). The purpose of the agreement is to allow the Company to participate in Vodafone's multi-currency cash management system from which it can obtain funds for general corporate purposes or deposit with VSSB. Under the VSSB MCA, daily transfers of currency balances will take place between the Company and VSSB that will concentrate currency balances in the bank account of VSSB. The VSSB MCA is available on a revolving calendar month basis. Amounts are transferred under the agreement via a cash sweeping arrangement between the respective bank accounts of the Company and VSSB and/or via settlements to other entities who participate in the Vodafone multi-currency cash management system. On average, the Company had outstanding deposits in an amount of approx. €60 million.
- The VSSB MCA includes a customary change of control prepayment provision pursuant to which, if the Company ceases to be a subsidiary of Vodafone Group plc, VSSB may cancel the facility and declare all outstanding balances immediately due and payable.

7 Other takeover-relevant information

There are no shares with special rights conferring powers of control. To the extent Vantage Towers AG grants shares to its employees under its employee share program or as share-based compensation, the employees may exercise their control rights in the same way as any other shareholder in accordance with applicable laws and the articles of association. The Company has not entered into any compensation agreements with members of the Management Board or employees in the event of a takeover bid.

Risks and opportunities

Overview of risk and opportunity management system and reporting

Vantage Towers' risk and opportunity policy is formed by one of the organisation's objective; to maintain and enhance the company's values by utilising opportunities, while at the same time recognising and managing risks from an early stage in their development. Vantage Towers consciously takes risks and continuously explores and develops opportunities. Our risk and opportunity management system and principles provide the framework for our company to operate in a well-controlled environment.

Risk and opportunity management principles

The primary objective of risk and opportunity management is to:

- Support business success and protect Vantage Towers as a going concern through the use of an opportunity-focused but risk-aware decision-making framework.

Our Risk Management Framework outlines the principles, processes, tools, risk areas, key responsibilities, reporting requirements and communication timelines within Vantage Towers. Risk and opportunity management is a company-wide activity that leverages key insights from the members of the Vantage Towers Management Team, the global and local Vantage Towers operating companies, and various corporate functions.

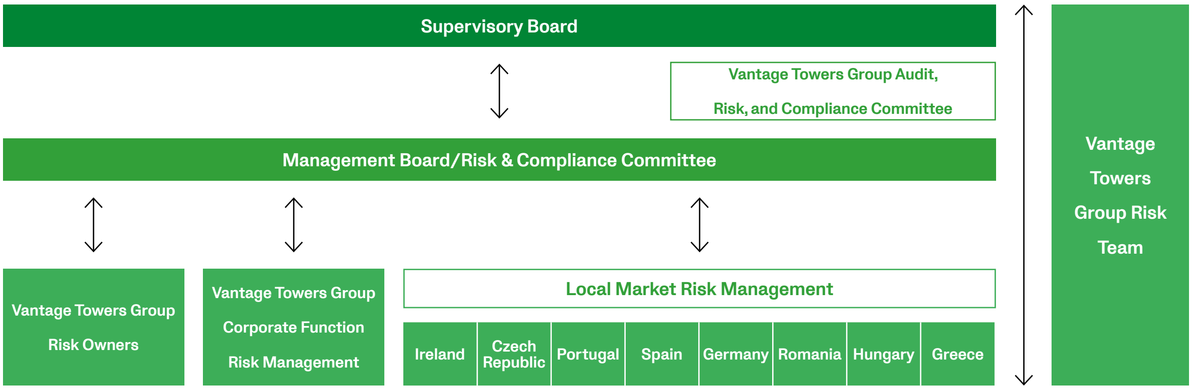
We define risk as a positive (opportunity) or negative (threat) event/development that, if it occurs, could potentially affect the strategic objectives of a company in either direction.

Risk and opportunity management system

As a recently listed tower company, we are subject to all kinds of uncertainties and changes. In order to operate successfully in this ongoing volatile environment, we must anticipate developments at an early stage and systematically identify, assess and manage the resulting risks. It is equally important that we recognise and exploit any opportunities, including the opportunities associated with identified risks. Therefore, a functioning risk and opportunity management system is a critical element of robust corporate governance.

The Vantage Towers Management Team has overall responsibility for establishing a risk and opportunity management system that promotes the comprehensive and consistent management of material risks and opportunities. The Group Risk Team governs, operates, and develops the company's risk and opportunity management system and is the owner of the centrally managed risk and opportunity management process on behalf of the Vantage Towers Management Team. The Supervisory Board is responsible for monitoring the effectiveness of the risk and opportunity management system. The Supervisory Board's Audit, Risk and Compliance Committee undertakes these duties. Working independently from all other functions of the organisation, the Internal Audit department provides objective assurance to the Vantage Towers Management Team and the Audit, Risk and Compliance Committee regarding the adequacy and effectiveness of the company's risk and opportunity management system on a regular basis.

Governance structure



Our risk and opportunity management system is based upon established frameworks for Risk Management, leveraging best practice and experience gathered over time. It is adapted to fulfil the needs and size of the Company. This system focuses on the identification, measurement, treatment, assurance, oversight of, and decision-making regarding risks and opportunities.

A risk and opportunity management system is required by laws and regulations; in particular the German Stock Corporation Act (Aktiengesetz – AktG). As required by AktG, the Vantage Towers Audit, Risk and Compliance Committee will monitor the effectiveness of the Internal Control System and the Risk Management System.

Our risk and opportunity management system covers strategic, technological, financial and operational risks, as well as the corresponding opportunities for our fully consolidated entities.

The aim is to identify these risks and opportunities early on, and monitor and manage them in accordance with the desired risk profile. For this purpose, we make use of internal and external information sources. The standard process outlined below provides a framework. Once risks and opportunities have been identified, we move on to analyse and assess them in more detail. We then decide on the specific course of action to be taken in order to reduce risks or seize opportunities. The respective Risk Owner implements, monitors, and evaluates the associated measures. These steps are repeated as required and modified to reflect the latest developments and decisions. The process is detailed below.

Risk identification

Vantage Towers continuously monitors the macroeconomic environment and industry developments. This is further complemented by internal processes identifying risks and opportunities as early as possible. On a regular basis[1] the Vantage Towers Group Risk Team holds discussions with members of the Vantage Towers Management Team and other senior leaders from across the business as well as all local markets.

The focus of these discussions is to identify risks to the achievement of the Group strategy, either identified when the strategy was developed or that have subsequently emerged. They will also consider Functional Risks and Local Priority Risks.

[1]At least once a year or more frequently in the event of a major change or impact to the core business operation

The impact of these would be group-wide and may prevent Vantage Towers from achieving its strategic objectives. Any risks to major projects and programmes that are currently being implemented to support the Group strategy will also be considered.

Furthermore, any emerging risk areas that could impact the strategy in the future, and any risks that originate from a local Vantage Towers operating company that may prevent it from achieving its strategic objectives, are taken into consideration.

Risk measurement

It is important to assess all risks on a consistent basis to ensure equal comparison and prioritisation, allowing management to clearly focus on the most important risks to Vantage Towers. We assess identified risks and opportunities individually according to our own systematic evaluation methodology. This allows adequate prioritisation as well as allocation of resources.

Risk and opportunity evaluation is part of the responsibility of the Group Risk Team, which is supported by senior Risk Owners, subject matter experts as well as internal and external data. The Group Risk Team also conducts workshops and interviews with the Vantage Towers Management Team and senior leaders to validate the evaluation of risks and opportunities.

According to our methodology, the assessment of each risk first requires the Risk Owner to clearly articulate the cause, event, and effect of the risk, as well as consideration of when the risk could materialise. Therefore, the assessment of identified risks within the Risk Management System is always carried out in the context of potential existence-threatening developments and against the background of the current risk-bearing capacity of Vantage Towers.

Risks and opportunities are then evaluated by assessing two dimensions:

1. the potential impact; and
2. the likelihood that this impact materialises.

Risks are also assessed quantitatively at a net risk level (the impact and likelihood of each risk after considering existing mitigations) and aggregated by using a simulation model. Since existence-threatening developments can also result from the interaction of several risks which, when viewed in isolation, do not threaten Vantage Towers' existence, interdependencies between risks have to be considered and assessed as well.

The resulting overall risk position of Vantages Towers is then compared to the risk-bearing capacity in order to obtain an overview of the probability of existence-threatening developments for Vantage Towers. If the overall risk profile provides an indication that the risk-bearing capacity is at risk the following countermeasures will be considered:

1. additional mitigation measures addressing the most significant risks can be taken into account to reduce the overall risk profile; or
2. increasing the risk-bearing capacity.

Risk-bearing capacity

In order to identify existence-threatening developments and to fulfill the requirements of § 91 (2) of the German Stock Corporation Act *(AktG)*, the Management Board has determined Vantage Towers risk-bearing capacity. Vantage Towers uses the solvability limit as the basis for the calculation. It is generally determined on an annual basis. Adjustments during the year are made at the discretion of the Management Board if significant events occur.

Risk treatment

Risks and opportunities are treated in accordance with the company's risk and opportunity management principles as described in the Risk Management Framework. Risk Owners are in charge of developing and implementing appropriate risk mitigating actions within their area of responsibility. In addition, the Risk Owners need to determine a general mitigation plan for the identified risks, which is either risk avoidance, risk reduction with the objective to lower impact and/or likelihood, risk transfer to a third party or risk acceptance. The decision on the implementation of the respective mitigation plan also takes into account the costs in relation to the benefit of any planned mitigating action, if applicable. The Group Risk Team supports the Risk Owners to monitor the continuous progress of planned mitigating actions and assess the success of already implemented mitigating actions.

Risk-related early warning system

The risk-related early warning system identifies emerging risks with the potential to have a considerable impact and are evolving in an unpredictable way. These emerging risks are evaluated and monitored to ensure a stable and clear foresight for Vantage Towers´ management.

To report these risks in urgent cases, an ad-hoc reporting process is established. Whilst the Group Risk Team leads this activity, it is a collaborative process involving Risk Owners, subject experts, functional leads and local Vantage Towers operating company management. The data for this exercise is obtained from internal and external sources to ensure a comprehensive view is achieved, evaluating trends and collated data points.

Initially, it may be difficult to apply the Vantage Tower's risk assessment criteria. In many cases, some parameters might be unknown to accurately measure an emerging risk accurately. To compensate for these unknown parameters, the Group Risk Team monitors each emerging risk until the point it is fully identified and formally recognised. This is when the measurement will be performed. The assessment criteria to measure such a risk will include the risk and impact to strategic objectives followed by an evaluation performed on the organisation's level of preparedness to manage and treat such a risk.

Principal risks

This report includes an explanation of financial and non-financial risks that we deem to be most relevant to the achievement of the company's objectives in Fiscal Year 2023 and beyond. In this report, we therefore present a holistic assessment of the Principal Risks the business is proactively addressing. The risks overview table details these Principal Risks and other significant risks below:

Risk category	Risk title	Risk description
Strategic	Primary Client Dependency	Adverse business impact as a result of overreliance on primary tenant
	Market Disruption and consolidation	Market disruption by new entrants who reduce market share or adversely impact price and margin or market consolidation involving the primary tenant
	Adverse Political and Regulatory Measures	Adverse decisions by regulators impact our strategy and bottom-line profitability
	Adverse Site Leasing Conditions	Renegotiation of lease conditions leads to increase in cost impacting profitability
	Extreme Weather Events	Failure to manage climate related risks and opportunities
	Associated third-party Risk	Failure to align shareholder interests in associated companies
	BTS Site Commitment and Deployment	Failure to reach sites roll-out plan and ambitions leading to delay or loss of revenue
Financial	Inflation Impact	Costs increase faster than the contractual revenue growth
	Global Economic Disruption	Economic disruption and global instability may potentially affect the success of the business
	Dependency on third-party Services	Overreliance, or lack of service quality as well as control on third-party services
Operational	Breach of Laws and Regulation	Non-compliance with applicable laws and regulations and fraudulent activities
	Electromagnetic Field (EMF)	Negative public perception EMF and/or failure to monitor and report on radio frequency emissions by site
	Health and Safety	Failure to manage health and safety of staff and contractors
	Colocation procedures	Colocation procedures for a third-party MNO not successful or too time consuming
Technological	Cybersecurity and GDPR Threats	Malicious external or internal attack resulting in service unavailability
	Collection of energy payments for sites without submeters	Inability to enforce energy payments from MSAs with Vodafone for sites without submeters
	IT Process Implementation	Failure to successfully implement key IT platforms

Strategic

Primary client dependency

The Group's overreliance on a primary tenant could result in an adverse business impact. This is particularly prevalent if the primary tenant is unable to meet its obligations to pay sums due under any master services agreements to which they are a party of, or under the new build project or built-to-suit commitments. A strong focus on a primary client could lead to other potential customers having a perception that they may not be treated as a priority. Any negative news published in this direction could hinder other customers from embracing the Vantage Towers Group, despite efforts to raise brand awareness and working to offer excellent client service.

Market disruption and consolidation

The Group's success will depend on its ability to compete against a variety of other telecommunications infrastructure companies. The Group may experience increased competition in certain areas of activity from established and new competitors, including independent tower companies that may enter its markets. In particular, market disruption by new entrants who reduce market share or adversely impact price and margin, however Vantage Towers currently expects to continue to depend on a primary tenant across its markets for a significant percentage of its revenue. However, a consolidation in a particular market involving the primary tenant in form of a merger, acquisition or active network sharing deal with another MNO leading to a consolidation of their networks could also affect the long-term revenue prospects of the group. Should Vantage Towers be unable to compete effectively, this may adversely affect its ability to capture new tenancies in its markets and grow its customer base, which in turn would put pressure on the Group's revenue, profitability and cash flows in future periods.

Adverse political and regulatory measures

Adverse decisions by regulators have the potential to impact our strategy and bottom-line profitability. Furthermore, geopolitical tensions leading to sanctions or structural changes within a market may lead to declines in demand for the Group's services. This could also result in unexpected, short-term responses from governments in the markets in which the Group operates which could negatively affect the Group's operations ultimately resulting in lower revenue for the Group.

Adverse site leasing conditions

Whilst the Group operates all its tower assets, almost all the land on which the Group's tower assets are located is operated and managed under leases, licenses or administrative concessions with third parties or public authorities. There is a risk that certain ground leases governing the Group's use of the land on which its tower assets are located may be subject to non-renewal or renewal on commercially unattractive terms. They may also be subject to general disputes with landowners. If disputes were to occur to a significant extent, they could have a material adverse effect on the Group's margins and profitability, and reputation in the markets in which it operates.

Extreme weather events

The Group's sites and other facilities are subject to risks associated with natural disasters, extreme weather or other catastrophic events. These can include ice, windstorms, floods, landslides, mudslides, avalanches, earthquakes and weather-driven power outages. The Group's operating procedures may not be adequate to materially limit the potential damage that could be caused by these unforeseen events. Any damage or destruction, in whole or in part, to any of the Group's sites or support facilities as a result of these or other events could impact its ability to operate normally and to continue to provide services to its customers and could in turn impact the Group's reputation and cause a loss to certain customers that could give rise to a claim for damages and negatively impact the financial condition and results of operations.

Associated third parties risk

The group has major investments in two associated companies with a 50% ownership interest in Cornerstone Telecommunications Infrastructure Limited (Cornerstone) and its 33.2% ownership interest in Infrastrutture Wireless Italiane S.p.A. (INWIT). Any failure to align shareholder interests in these associated companies which are expected to pay dividends to the group may have a material adverse effect on the Group's financial condition and results. Significant asset impairments, material asset or business sales, changes in operational performance or loss of key personnel at INWIT or Cornerstone, amongst other factors, could impact the performance of the Group's equity investments and impair their ability to achieve their guidance and targets, which could impact the value of the Group's investment.

BTS site commitment and deployment

Under the Vodafone MSAs, Vodafone has committed to contract for the construction of up to 6,850 new BTS sites across our eight European Markets of the Group between 1 April 2021 and 31 March 2026. After deployment and acceptance these BTS sites will be charged to the customer and generate stable revenue for the Group. The timely deployment of the BTS sites depends largely on a certain amount of external factors such as the availability of an appropriate location, the necessary permissions and approvals, the availability of suppliers and material for the planning and deployment as well as the availability and provisioning of energy and fixed network access. Any delay caused by these factors can lead to delayed deployment and revenue recognition for the BTS Site. The Group aims to fulfil all deployment commitments in time but faces the risk of delays due to scarce external resources and limited availability in certain markets.

Financial

Inflation impact

The Group earns most of its revenue from relationships with Vodafone and other Mobile Network Operators (MNOs) as defined in the Master Service Agreements (MSA). Each of the Vodafone MSAs includes contractual escalators linked to the consumer price index (CPI) of the respective country of operation. Whilst the majority of the Group's contracts with other MNO customers are not currently linked to inflation, the Group aims to include CPI escalators in its customer contracts as they expire and are renegotiated. The Group's results of operations are therefore only protected to a certain degree from the impact of inflation. The contractual escalators related to inflation are typically linked to the CPI in the countries in which the Group operates and are applied once a year based on the preceding twelve-month period for the succeeding twelve months. In the case of the Vodafone MSAs, the CPI escalators are subject to caps and floors, which differ to some degree from market to market and contract to contract. The base and additional service charges vary annually by reference to an agreed consumer price index that typically has a cap of 2% (other than Hungary where the cap is 3%). If the relevant price increase exceeds these caps within the countries, in which the Group operates, it may not be fully reflected in a succeeding increase of the revenues from an MSA. The Groups ground leases for towers are often linked to CPI without corresponding caps and the Group uses steel and other material for the roll-out of towers, which prices are also impacted by inflation. However, inflation of the energy costs the Group incurs in relation to Active Energy, which is the energy consumed by Active Equipment of their customers, should not affect its results of operation. These costs are passed through to the Group's customers based on consumption with no margin for the Group and are therefore netted out of the Group's income statement.

Global economic disruption

As an international corporation, Vantage Towers operates in several countries. A weak or uncertain economic environment in the markets in which the Group operates, including related fluctuations in growth or inflation rates, may potentially affect the success of the business and put pressure on the prices the Group charges for its services or increase the costs it incurs. A substantial economic downturn could generally reduce the purchasing power of our customers and hence our future potential for growth as well as adversely affect our access to the capital markets. The likelihood of such a global disruption has increased lately due to conflict in the Ukraine and might depend further on its duration and outcome.

Dependency on third-party services

The Group engages third-party contractors to provide various services in connection with Site construction, power management, access management, security and the maintenance of sites. An overreliance or lack of control on third-party services has the potential to create issues for Vantage Towers. The Group is therefore exposed to the risk that the services rendered by its third-party contractors will not always be satisfactory or will not match the Group's and/or its customers' targeted quality levels, standards and operational specifications. As a result, the Group's customers may be dissatisfied with its services. This could adversely affect the Group's reputation, business, financial condition and results of operations.

Operational

Breach of laws and regulations

The Group's business, and that of its customers, is subject to evolving laws and regulations, which could restrict the Group's ability to operate its business. Non-compliance with applicable laws and regulations, including environmental and tax laws, could restrict the growth of the business and adversely impact the reputation of Vantage Towers. Fraudulent activities could also affect the groups reputation and financial resources which could occur in form of larceny, billing and payroll schemes or bribery. The group has set up policies and controls to avoid and detect such fraudulent activities, but such activities are globally increasing.

EMF

Public perception of possible health or environmental risks associated with mobile communications technologies, particularly the impact of 5G, could affect the growth of the Group. This could undermine the market acceptance of mobile communications services, increase opposition to the development and expansion of towers and lead to ground lease cost increases where the towers are located. A failure to perform ongoing monitoring and reporting on radio frequency emissions by site could also lead to delayed action on trends and compliance with relevant regulations.

Health and safety

Part of our commitment to our people is to offer them a safe environment to work in. A site-related accident or collapse could result in the Group or its senior management being subject to civil damages and criminal penalties under local law. Such a situation could also have a negative impact on the Group's reputation and its ability to win or service future business or recruit employees. It could also increase the risk of local community opposition to the Group's existing sites or the construction of new sites. The consequences Vantage Towers may suffer could have a material adverse effect on the Group's business, financial condition and results of operations.

Colocation procedures

The Group's operating leverage is supported by the addition of new tenancies. As a dedicated mobile telecommunications tower infrastructure operator, the Group is aiming to increase its tenancy ratios and its returns by adding new tenants on its sites and installing new active equipment for its customers. Where more than one customer is physically hosted on a single site, this is known as colocation. Colocation procedures for a third-party MNO can be delayed or disturbed by various reasons as the availability of space on the tower, carrying capacity, EMF capacity, energy supply, existing agreements with the landlord. Any unknown condition of the inherited assets and a lack of clarity around the space available to rent, the EMF capacity and carrying capacity or contractual possibilities may limit or delay the colocation procedures as well. This might be impacting the delivery commitment to the customers and lead to loss or delay of revenues as well as liquidity damages.

Technological

Cybersecurity and GDPR threats

Vantage Towers relies upon the systems and networks of other providers and suppliers, to provide support services. The Group is exposed to the risk that third parties or malicious insiders may attempt to use cybercrime techniques, including distributed denial of service attacks to disrupt the availability, confidentiality and integrity of the information technology ("IT") systems on which the Group relies. This could result in disruption to key operations, make it difficult to recover critical services, and damage assets. Physical intrusions, security breaches and other disruptions of or to IT systems and network infrastructure, could affect the Group's ability to provide its services properly. This could lead to a reduction in service quality, damage the Group's reputation, and jeopardise the security of the information recorded or transmitted across customer networks or Vantage Towers' systems, or the integrity of their technical systems. This or a processual mishandling of private data could also lead to breaches in the General Data Protection Regulation (GDPR). Any such disruption could have a material adverse impact on the Group's business.

Collection of energy payments for sites without submeters (new risk)

Energy costs the Group incurs in relation to active energy, which is the energy consumed by active equipment of their customers on sites, are passed through to the Group's customers based on consumption with no margin for the Group. This relationship with Vodafone and other Mobile Network Operators (MNOs) is defined in the Master Service Agreements (MSA). Each of the Vodafone MSAs includes contractual clauses that energy cost is a pass-through under the condition that the group implements submeters on the sites for energy consumption measurement which might not be realised in due time in all cases and could lead to additional costs for the implementation. The underlying risk is that energy costs might not be able to be passed through to the customer Vodafone. However, there are ongoing discussion with the customer on a new energy model addressing this.

Risks related to IT process implementation

The Vantage Towers Group currently uses and will continue to use a number of third-party IT systems for operational, business and technology support. Although Vantage Towers is working to establish its own core IT infrastructure to support its business functions, there is a risk that the Group may not be entirely successful in establishing its own IT systems. In addition, future systems may incur higher implementation and running costs than the current arrangements. Any failure to avoid operational interruptions during the implementation of new IT systems, or any failure to implement such new systems, could disrupt the Group's business and lead to liability towards third parties, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Emerging risks

Regarding emerging risks arising from the Ukraine conflict, we are closely monitoring the situation and any potential risks and necessary remediation. We expect steel prices to further increase due to the loss of steel production capacity but currently do not foresee any material shortfall of supply also due to our precaution and remediation measures. We have also ensured that we do not trade with a banned individual on the sanctions lists and are also in closed discussion with our markets to rule that out on the local level as well.

Management report opportunities

Overall opportunities landscape

Vantage Towers is a leading European mobile telecommunications tower infrastructure operator as measured by scale and geographic diversification, with approximately 83,000 macro sites and approximately 9,400 micro sites across ten markets[1].

Vantage Towers has a business model with clear and predictable structural growth drivers, a consistent cost base, and high rate of cash conversion. The Group generates revenue by leasing space on its sites and providing related services as well as by constructing new BTS sites. The Group provides its services pursuant to long-term contractual arrangements with the Vodafone Group, other MNOs, and customers other than MNOs (referred to as "non-MNOs"). The Group is seeking to further grow its revenues by adding new MNO customers as well as non-MNO customers to its sites.

The Group intends to capitalise on the rapid growth of mobile data usage in Europe. This is a trend driven by increasing smartphone use and the growing adoption of internet-based applications. In response to this growth, there will be an increased demand for new sites and additional tenancies on the Group's sites. MNOs are deploying additional equipment on existing networks while also rolling out more advanced 5G mobile networks to address coverage and capacity needs. The Group expects that the need to densify networks in order to meet the range and capacity requirements of the high-frequency spectrum used to deliver full 5G will provide growth in demand for its sites. The Group also expects that MNOs will progressively need further tenancies to address short- to medium-term coverage obligations. In several of the Group's principal markets national regulators have established coverage obligations that require MNOs to provide network coverage of certain quality over certain areas. These obligations are expected to drive significant roll-out in underserved areas.

The non-MNO customer growth opportunities in Vantage Towers' markets include different segments like Public Protection Disaster Relief (PPDR) networks, utility and other private customers or enterprises with a need for a mobile private network, Low Power Wide Area (LPWA)-IoT networks, and Fixed Wireless Access (FWA) operators. The focus of the Group will be PPDR networks and utility and enterprise customers.

[1] Source: Company Market Position Assessment

5G will be one of the most critical building blocks of the digital economy and digital society in the next decade. It will provide ultra-stable and low latency communication across many industries and applications, including factory automation, smart cars, and large-scale machine-type communication used within smart cities. As part of the 5G technology deployment, governments have allocated higher band spectrum for mobile usage that requires dedicated indoor coverage infrastructure, a segment that is likely to experience rapid evolution Tower companies are also exploring investment in the fibreisation of their sites or reselling available spare fibre capacity and offering access to the various MNOs and non-MNOs in exchange for a lease fee or a resell management fee.

Another opportunity in the IoT space is "sensing networks" where sites can host a wide range of sensors to generate real-time and high-resolution special data needed to run many AI algorithms. These power a wide range of applications across many industries, including transport, insurance, manufacturing, and farming. The sector is also experiencing growing demand for distributed computing. Edge facilities have the potential to make tower companies ready to enable cloud Radio Access Network (RAN)-based architectures for MNOs.

In summary, the key drivers of growth are:

- strong data usage driving further densification requirements;
- acceleration of 5G roll-outs generating long-term growth;
- regulatory requirements, including coverage obligations imposed by various governments and regulators on MNOs alongside spectrum auctions;
- demand from non-MNO customers; and
- growth beyond the core including the fibreisation of sites, indoor coverage demand (DAS and indoor small cells), outdoor small cells, edge data centres, and IoT services.

European recovery fund

The European Union has adopted a recovery fund of €750 billion, which will be in the form of grants and loans for the period 2021–2026. This Next Generation EU is a temporary instrument designed to help repair the immediate economic and social damage caused by the COVID-19 pandemic. With these funds, Europe wants to become greener, more digital, and more resilient to better adapt to current and future challenges. The group intends to take part in applications for European Recovery Funds for the funding of projects to foster European digitalisation by establishing the necessary infrastructure. Any funding from the EU would be an opportunity for further growths as well as a chance to recover a part of the costs for the roll-out of infrastructure.

Cost management opportunities

As part of its strategy and effective fiduciary oversight, the Group will aim to enhance its margins by further reducing its ground leases, maintenance and energy costs. The Group operates a ground lease optimisation program. This program seeks to reduce ground lease costs by selectively acquiring either the land of its sites (GLBO) or the long-term rights of use of land, or property on margin accretive terms. The ground lease optimisation program is expected to increase the attractiveness of the Group's sites by reducing long-term costs and securing land ownership or long-term rights of use. In addition, the Group is focused on improving its maintenance costs and energy efficiency. By carrying out these cost efficiencies, the Group aims to achieve the cost reductions or other financial or performance benefits to continuously deliver robust margins.

Assessment of overall risks and opportunities

Our Group Risk Management Team aggregates all risks and opportunities identified through the half-yearly risk and opportunity assessment process. Results from this process are analysed and reported to the Vantage Towers Management Team accordingly.

In addition, the Vantage Towers Management Team discusses and assesses risks and opportunities on a regular basis. Following due consideration of the financial impact as well as the likelihood of the risks explained in this report materialising and considering the strong balance sheet as well as the current business outlook, we do not foresee any material threats to the viability of the company as a going concern. Looking to the future, towers will form an integral part of the 5G digital ecosystem by providing secure space to host operators' macro network equipment. Establishing a series of well-distributed towers will serve as an enabler for real time applications to be run for enterprises and consumers.

We are convinced that we will be able to master challenges and exploit opportunities in the future without having to take on any unacceptably high risks either for our business or for society and the environment. We strive to achieve a good overall balance between opportunities and risks, with the aim of increasing added value for our stakeholders by analysing and seizing new market opportunities.

In conclusion, we remain confident that our earnings strength forms a solid basis for our future business development and provides the resources necessary to pursue the opportunities available to the company.

Internal control system

The Group's internal control system ("ICS") is based on the internationally recognized COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework for internal control ("Internal Control – Integrated Framework" as amended in May 2013).

The Group's Supervisory Board has delegated responsibility to the Audit, Risk & Compliance Committee of Vantage Towers to monitor the effectiveness of the ICS in accordance with section 107 (3) sentence 2 of the German Stock Corporation Act (Aktiengesetz, AktG) in conjunction with section 107 (4) sentence 1 AktG. The Management Board is responsible for defining the scope and design of the ICS at its discretion in line with section 91 (3) AktG.

The Group's ICS is continuously developed to reflect changes in business operations, internal structures or processes. It is strongly focussed on internal controls over external financial reporting but not limited to these. The ICS's key objective is to ensure that the consolidated financial statements of Vantage Towers AG are prepared in accordance with International Financial Reporting Standards (IFRS) as well as with the regulations under commercial law as set forth in § 315e (1) of the German Commercial Code (Handelsgesetzbuch, HGB). In that respect the preparation of the annual financial statements and the combined management report in accordance with German GAAP are objectives of equal importance.

Pursuant to these objectives the Group's ICS comprises principles, methods and activities to ensure proper accounting.

Due to its inherent limitations, and regardless its specific structure and monitoring responsibilities, there can be no guarantee that an organisation's ICS will fully achieve its objectives. Therefore, there can only ever be a relative, but no absolute, certainty that material accounting misstatements can be prevented or detected.

The Group's finance function manages the group-wide accounting and reporting processes in respect of the above-mentioned ICS objectives. Reporting requirements and interpretation of accounting standards applicable to the Group are set forth in the "Vantage Towers Group Financial Reporting and Governance Manual" which is shared with all Vantage Towers markets and forms the basis for a common accounting throughout the Group. Together with oversight from Vantage Towers' group functions it is the responsibility of the local market teams, which include local finance experts, to ensure adherence with Group-wide policies and procedures, thus ensuring compliance with defined processes. The group finance function monitors the accounting related processes, offers support and ensures a consistent application of policies and processes during the preparation of the Group consolidated results.

Internal controls are embedded within defined processes to adequately mitigate risks. Given the ICS focus on processes and procedures relevant for financial reporting these controls shall primarily prevent the risk of material misstatements in the consolidated financial statements.

The ICS comprises both preventive and detective controls which including IT-based and manual reconciliations, segregation of duty controls, monitoring controls as well as general IT controls.

We have implemented procedures for monitoring the effectiveness of controls managed within the ICS throughout the Group. Controls are regularly assessed depending on their contribution to mitigate the risk of possible misstatements in the consolidated financial statements or their impact on the combined management report.

Identified control weaknesses are analysed and remediation activities are initiated. Control weaknesses that could have a material impact to financial statements or the combined management report are brought to the attention of Vantage Towers AG's Management Board and additionally to the Audit, Risk & Compliance Committee of the Supervisory Board.

To ensure a high-quality ICS the group functions responsible to monitor the effectiveness of the ICS within the Group regularly aligns with other GRC functions established within the Group as well as Internal Audit.

Within its audit activities, the Group's Internal Audit function provides independent assurance on the effectiveness of the Group's ICS and has been granted unrestricted access to the Company's and the Group's records, personnel and property for this purpose.

Subsequent events

Following discussion with our anchor tenant, Vodafone Germany, we have revised the approach to our roll-out plan in Germany leading to an adaptation of the built-to-suit (BTS) programme and the terms of the Master Service Agreement (MSA). Vodafone's commitment to take 5,500 new sites until end of FY26 remains unchanged and Vantage Towers can now source up to 1,200 sites from third-party Tower Companies (TowerCos) in Germany as opposed to building from the ground up. This provides optionality for Vantage Towers with no change to the mid-term financial targets of the Company.

Report on relationships with affiliated companies

The Management Board of Vantage Towers AG has prepared a report on relations with affiliated companies pursuant to section 312 German Stock Corporation Act for FY22 and issued the following concluding declaration: "We declare that Vantage Towers AG received appropriate consideration for the legal transactions and measures listed in the report in relation to affiliated companies according to the circumstances known to us at the time the legal transactions were carried out or the measures were taken or omitted, and that it was not disadvantaged by the fact that measures were taken or omitted."

Outlook

According to its World Economic Outlook from April 2022, the IMF expects the global economy to grow by 3.6% in 2022[1], whereas the IfW anticipates an increase of 3.5% compared to the previous year[2]. In January 2022, IMF analysts had still expected the global economy to grow by 4.4% in 2022[3]. The downward adjustment of 0.8 percentage points made in April is mainly due to the consequences of the war in Ukraine and the sanctions aimed at pressuring Russia to end hostilities. The adjusted forecast reflects the tragic humanitarian crisis in Eastern Europe, as well as the economic damage that will lead to a significant slowdown in global growth in 2022 and further increase inflation. In addition, rapidly rising fuel and food prices also play a major role. This development hits vulnerable populations in low-income countries the hardest[1].

According to the IMF, the GDP in the Euro Zone is expected to grow by only 2.8% in 2022 compared to the previous year[1].

For our core markets, the IMF expects noticeable decreases in GDP growth rates in 2022[1].

However, the European telecommunications tower infrastructure market is expected to grow in 2022 and also over the medium-term (see Industry environment, p. 9).

The key drivers of growth for the tower infrastructure are:

- strong data usage driving further densification requirements;
- acceleration of 5G roll-outs generating long-term growth;
- regulatory requirements, including coverage obligations imposed by various governments and regulators on MNOs alongside spectrum auctions;
- demand from non-MNO customers; and
- growth beyond the core including the fiberisation of sites, indoor coverage demand, outdoor small cells, edge data centres and IoT (Internet of Things) services.

Group outlook

Outlook for FY 2023 and medium-term targets

We expect to continue to drive forward the commercialisation of our business in FY23. Whilst leveraging on our strong infrastructure network, we will focus on the execution of our BTS programme and attracting incremental third-party tenants. We expect Group revenue (ex. pass-through) to increase in the range of 3.0% to 5.0% YOY and reaffirm our medium-term guidance at mid-single digit revenue growth.

[1] Source: International Monetary Fund, World Economic Outlook, April 2022
[2] Source: IfW, Kieler Konjunktur-Berichte, World Economy in Spring 2022
[3] Source: International Monetary Fund, World Economic Outlook Update, January 2022

In FY23, we will further invest €10-15 million in our business, incurring costs to facilitate 1&1's access on our existing sites, accelerate the ramp up of our BTS programme and build out our supporting teams, all ahead of the corresponding revenue contribution from FY24. Therefore, we expect Adjusted EBITDAaL between €550 million to €570 million in FY23. The Group's expectation, which is to achieve an adjusted EBITDAaL margin in the medium-term in the high fifties per cent through operating leverage and optimisation initiatives, remains unchanged. The Group continues to generate strong cash flows with Recurring Free Cash Flow (RFCF) expected to be in the range of €405 million to €425 million in FY23. In the medium-term, we expect RFCF growth rate to be mid-to high-single-digit, in line with our previous medium-term guidance.

For Vantage Towers AG, the Management Board expects statutory revenue to grow moderately in FY23 as a result of further commercialization of the business. Statutory profitability is expected to increase as well, yet at a lower rate given further investment costs in our business, all ahead of the corresponding revenue contribution.

The Company profit and reserves is anticipated to be sufficient to fund the distribution of a dividend in FY23 corresponding with the Company's dividend policy.

Measure	FY22 guidance	FY22 results	FY23 guidance	Medium-term targets[1]
Tenancy ratio for consolidated Vantage Towers	–	1.44x	–	>1.50x
Revenue (ex. pass through)	€995m–€1,010m	€1,011m	3.0%–5.0% YOY	Mid-single digit CAGR
Adj. EBITDAaL (margin)	EBITDAaL margin broadly stable	€543m (54%)	€550m–€570m	High 50s percentage margin (based on revenue (ex. pass through))
Recurring free cash flow (RFCF)	€405m–€415m	€415m	€405m–€425m	Mid- to high-single digit CAGR
Net financial debt to adjusted EBITDAaL	–	3.5x	–	Flexibility to exceed for growth investment
Net financial debt	–	€1,896m	–	€1bn leverage capacity[2]

[1] Medium-term guidance on actuals; excluding the UK and Italy
[2] Assuming capacity to invest in organic or inorganic opportunities up to leverage of 5.5x Net Financial Debt/Adj. EBITDAaL to maintain investment grade rating

Corporate Governance Report

Declaration on Corporate Governance

Corporate Governance is an important aspect of the business operations of Vantage Towers AG (**"the Company"**) that promotes the trust of investors, customers, employees, and the public in the Company, creates long-term sustainable value for shareholders and employees, and incorporates respect and integrity into the Company's day-to-day business activities. In order to make the Company's statutory and company-specific management and control mechanisms transparent, the Management Board and Supervisory Board have adopted the principles of the German Corporate Governance Code (*Deutscher Corporate Governance Kodex,* DCGK) (**"the Code"**).

This joint declaration by the Management Board and the Supervisory Board covers the fundamental aspects of corporate governance at the Company and at the Vantage Towers Group (**"the Group"**) in accordance with section 289f and section 315d respectively of the German Commercial Code (*Handelsgesetzbuch*, HGB). Pursuant to section 317, paragraph 2, sentence 6 HGB the independent auditor's review of the disclosures made in the declaration on corporate governance is to be limited to ascertaining whether the disclosures have been made.

Declaration of Conformity in accordance with the German Corporate Governance Code

The Management Board and the Supervisory Board of the Company have adopted the following declaration pursuant to section 161 of the German Stock Corporation Act (Aktiengesetz, AktG) on the extent to which the Company has followed and intends to follow in the future the recommendations of the Government Commission on the German Corporate Governance Code. The Management Board and Supervisory Board of the Company published the following declaration of conformity on 7 February 2022:

Declaration of the Management Board and the Supervisory Board of Vantage Towers AG regarding the recommendations of the "Government Commission of the German Corporate Governance Code" pursuant to section 161 of the German Stock Corporation Act ("AktG")

I. The Management Board and the Supervisory Board of Vantage Towers AG hereby declare pursuant to section 161 AktG, that since submission of the last declaration of conformity on 31 March 2021 Vantage Towers AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated 16 December 2019 (**"Code"**), published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (*Bundesanzeiger*) on 20 March 2020, apart from the following exceptions:

1. **Maximum number of Supervisory Board mandates at non-group listed companies or comparable functions (recommendation C.4)**

   According to **recommendation C.4** (maximum number of Supervisory Board mandates at non-group listed companies or comparable functions), a Supervisory Board member who is not a member of any Management Board of a listed company shall not accept more than five Supervisory Board mandates at non-group listed companies or comparable functions, whereby an appointment as Chairperson of a Supervisory Board is being counted twice.

The Chairperson of the Supervisory Board, Prof. Dr. Rüdiger Grube, has two other Supervisory Board mandates at listed companies (Hamburger Hafen und Logistik AG and Vossloh AG); he serves as Chairperson in both of these Supervisory Boards. Furthermore, he is a member of the Supervisory Board of Deufol SE and the Chairperson of the Supervisory Board of Alstom/Bombardier Transportation Germany GmbH, which are both non-listed companies. The latter two mandates may be considered a "comparable function" within the meaning of recommendation C.4.

As a matter of precaution, the Management Board and the Supervisory Board therefore declare a deviation from recommendation C.4. The Supervisory Board has thoroughly reviewed and verified that Prof. Dr. Grube's other mandates allow him to nevertheless dedicate the full amount of time required to fulfil his duties as Chairman of Vantage Towers AG's Supervisory Board. Such view also takes into consideration the size and time commitments required by the other mandates Prof. Dr. Grube has furthermore assured the Supervisory Board that his other mandates will not restrict him to from exercising his role at Vantage Towers AG. This view of the Supervisory Board is shared by the Management Board.

2. **Publication of rules of procedure (recommendation D.1)**

   According to **recommendation D.1** (publication of rules of procedure), the Supervisory Board shall adopt its own rules of procedure and shall publish these on the company's website.

   Due to technical problems the rules of procedure of the Supervisory Board were without restrictions only accessible as of 1 April 2021. Thus, formally, Vantage Towers AG did not comply with recommendation D.1 until 1 April 2021. However, from 1 April 2021 on, Vantage Towers AG has complied with this recommendation.

3. **Access to long-term variable remuneration components (recommendation G.10 sentence 2)**

   According to **recommendation G.10 sentence 2** (access to long-term variable remuneration components), the granted long-term variable remuneration components shall be accessible to Management Board members only after a period of four years.

   The members of the Management Board currently still participate in long-termincentive awards granted to them in connection with their previous occupations at Vodafone group in the fiscal years which ended on 31 March 2019, 2020, and 2021, respectively. Such awards do not provide for a minimum period of four years until they are accessible to the beneficiaries and will or have become due beginning of fiscal year 2021/22, 2022/23 and 2023/24, respectively.

   For the long-term incentive awards which will become due in the fiscal years 2022/23 and 2023/24, instead of shares in Vodafone Group Plc shares in Vantage Towers AG will be granted. In addition, granting of such shares will be based on performance criteria which refer to targets of Vantage Towers AG's business.

   The obligations under these long-term incentives were granted in a period in which the Code did not apply and are to be fulfilled by Vodafone group entities, not by Vantage Towers AG. It is therefore questionable whether recommendation G.10 sentence 2 also applies to such long-term incentive awards.

   As a matter of precaution, the Management Board and the Supervisory Board declare a deviation from recommendation G. 10 sentence 2. As such remuneration components were awarded in the past, the Supervisory Board takes the view that it is appropriate to permit a continued participation of the Management Board members in these awards as this does not harm the interests of Vantage Towers AG.

II. The Management Board and the Supervisory Board of Vantage Towers AG hereby further declare pursuant to section 161 AktG, that Vantage Towers AG will comply with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated 16 December 2019, published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (*Bundesanzeiger*) on 20 March 2020, apart from the exceptions mentioned above in Sections I.1 and I.3 as well as the following exception:

Publication periods for mandatory interim financial information (recommendation F.2)

According to **recommendation F.2** (publication periods for consolidated financial statements, group management report, and mandatory interim financial information), the consolidated financial statements and the group management report shall be made publicly accessible within 90 days from the end of the financial year and mandatory interim financial information shall be made publicly accessible within 45 days from the end of the reporting period.

With respect to the half-yearly financial reports required under statutory laws or applicable stock exchange rules, in each case to be prepared for the fiscal year ending on 31 March 2023 or subsequent fiscal years, and thus for the first time for the half-yearly financial report at the end of the first half-year on 30 September 2022, Vantage Towers AG has decided, in deviation from Section F.2 of the Code, to publish the respective half-yearly financial reports only within the respective publication periods stipulated by mandatory law or the applicable stock exchange rules. Vantage Towers AG believes that a publication within such periods will sufficiently satisfy the need for information of the shareholders, creditors, and other stakeholders as well as the public.

Düsseldorf, 7 February 2022

For the Management Board

Vivek Badrinath

For the Supervisory Board

Professor Rüdiger Grube

The Declaration of Conformity can be found on the Company's website at www.vantagetowers.com/en/investors/corporate-governance.

Remuneration system and remuneration report

The Supervisory Board adopted a remuneration system for the Management Board which complies with the changed requirements for management board remuneration introduced by the Second Shareholder Rights Directive (ARUG II) Implementation Act (*Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie (ARUG II)*) and the Code in the version of 16 December 2019. (Please refer to the precautionary declaration on a deviation from G.10 in the Declaration of Conformity which was published on 7 February 2022). The remuneration system was approved by the Annual General Meeting of 28 July 2021 with a majority vote of 95.14%. The current remuneration system, the remuneration report for the last financial year, and the auditor's opinion on the remuneration report can be found on the Company's website at: **www.vantagetowers.com/en/investors/corporate-governance**.

The wording of the resolution passed at the Annual General Meeting 2021 on the remuneration of members of the Supervisory Board can be found on the Company's website at: **www.vantagetowers.com/en/investors/annual-general-meeting-en**.

Relevant disclosures on corporate governance practices

Code of Conduct

The Management Board believes that the Company's mission to power Europe's digital transformation should be underpinned by ethical practices and integrity. For that reason, the Company developed a value compass as a framework for actions that are in line with the values that guide the Company. Those values are Honesty, Accountability, Respect, and Teamwork. On the basis of the four values the Company has created a new Code of Conduct as a moral compass for employees to follow. The Code of Conduct therefore forms the basis for a healthy corporate culture, and it is an expression of the Company's commitment to doing what's right. It sets out the duties and responsibilities of and towards the Company's people, partners, customers, and society. It also guides business decisions and empowers everyone to find solutions that are aligned with the Company's values and principles. The Code of Conduct sets out the Company's value-based commitments to all relevant issues and policies, including anti-bribery, business continuity management, competition law, cybersecurity, data protection, economic sanctions, ESG, health and safety as well as topics such as diversity and "our way of working together". All of the commitments are integrated into the Company's three strategic pillars of People, Planet, and Performance in order to provide a value framework guiding the Company's mission to power a sustainable digital Europe. Further information on this subject can be found on the Company's website at **www.vantagetowers.com/en/investors/corporate-governance/compliance-integrity**.

Annual General Meeting

Company shareholder resolutions are passed at the Annual General Meeting. The Annual General Meeting is held at least once a year. It passes resolutions on the appropriation of distributable profits, the ratification of the acts of the Management Board and Supervisory Board, and the election of the Company's financial statements auditor. Shareholders may exercise their voting rights in person or by proxy. To make it easier for shareholders to exercise their rights the Company nominates a voting representative who acts upon their instructions and can also be reached during the Annual General Meeting. Shareholders can also cast votes by means of electronic communication in accordance with the stipulations of the invitation to the Annual General Meeting. For reasons relating to the global COVID-19 pandemic, the Annual General Meeting in 2021 was held in virtual format without the physical presence of the shareholders or their proxies. The Annual General Meeting in 2022 will also be held as a virtual meeting in light of the continued high COVID-19 infection rates. Reports, documents, and information to be disclosed by law at an Annual General Meeting are published on the Company's website at **www.vantagetowers.com/en/investors/annual-general-meeting-en**. Shareholders will be able to follow the entire Annual General Meeting online.

Reporting

The Company informs shareholders and analysts, as well as the media and the general public, about the development of its business and the business situation in its quarterly reports. It also regularly hosts analyst and investor conferences. Major publications such as annual reports, half-year reports and quarterly financial statements are published on the Company's website at **www.vantagetowers.com/en/investors/results-report-and-presentation**. The financial calendar, including the dates of significant financial communications and the Annual General Meeting, can also be found in this section of the website.

In addition to the regular reporting format, the Company publishes ad-hoc announcements containing information that is not public and which, if disclosed, could significantly affect the price of the Company's financial instruments (inside information). Ad-hoc announcements can be found on the Company's website at **www.vantagetowers.com/en/investors/regulatory-news**.

The Company has established a Disclosure Committee which is composed of members of the Management Board, as well as representatives of the Finance, Accounting, Investor Relations, Communications, and Legal departments. The Disclosure Committee monitors and assesses information to establish whether it qualifies as inside information, decides upon the immediate disclosure of inside information, and reviews the financial reports and other important publications of the Company.

Members of the Management Board, the Supervisory Board, and other persons discharging managerial responsibilities within the Company, as well as persons closely associated with them, are obliged to notify the Company as well as the Federal Financial Supervisory Authority (*BaFin*) of own transactions involving Company financial instruments totalling or exceeding €20,000 in any one calendar year.

The Company publishes ad-hoc announcements and discloses relevant own transactions in the appropriate media in the European Union, as well as on its website at **www.vantagetowers.com/en/investors/regulatory-news**. It also communicates them to the companies register.

Compliance and risk management

The Group has a compliance, risk, and opportunity management system in place for the ongoing and sustainable monitoring of compliance with all applicable regulatory requirements. The Group continuously strives to reduce the probability of occurrence and/or potential impacts of the various risks to which it is exposed. For this reason, the Group has implemented a compliance system to monitor anti-bribery, antitrust law, and data protection compliance in order to prevent, detect, and respond to potential incidents of non-compliance. The compliance, risk, and opportunity management system operates on a Group-wide basis and is an essential part of its corporate governance system.

Compliance

High standards of compliance with the Group's statutory and regulatory obligations form the basis for its decision-making, define its corporate culture, and integrate the values across the entire Group.

Compliance creates the framework for the Group's business activities and safeguards the Group's long-term business success. Vantage Towers AG ensures that compliance is an integral component of every business process. Antitrust law and corruption prevention training is given, and compliance counselling is provided with regard to business needs and obligations. Employees are informed about compliance requirements, risks, and possible sanctions. The requirements are based on laws and Group-wide policies and they serve the implementation of international standards. Vantage Towers AG informs all of its employees about compliance measures and new developments by publishing customised content in various target audience-appropriate communication channels.

The Group's compliance officers also advise the operating units on how to integrate compliance into their business processes. Vantage Towers AG regularly reviews critical business operations in a risk-oriented and structured process. Another element is the identification of compliance risks via the Group's Whistleblowing Speak Up Tool that was implemented in compliance with EU Directive 2019/1937 and also permits the anonymous reporting of potential law or policy violations. The Group investigates all suspected violations which are reported. Identified violations are sanctioned as necessary, regardless of the name and function of the person involved. Further information about the Whistleblowing Speak Up Tool can be found on the Company website at **www.vantagetowers.com/en/investors/corporate-governance/compliance-integrity**.

The Group's Legal department, which is headed by the Chief Legal Officer, is responsible for ensuring statutory and regulatory compliance. Substantive compliance responsibility in these areas remains with the competent corporate functions and business units.

Risk management

The Group's risk and opportunity strategy focuses on supporting the management in their pursuit of strategic and operational objectives whilst safeguarding the Group's critical assets. The Group's business success depends on opportunities being recognised and the associated risks being identified and appropriately managed in accordance with the Group's risk appetite. The Group's risk and opportunity strategy defines that business risks should be entered into consciously and responsibly, and managed proactively by all employees.

The Group's risk and opportunity management system is based upon established frameworks for risk management, leveraging best practice and experience, and designed to fulfil the requirements of section 91, paragraph 2 of the German Stock Corporation Act (Aktiengesetz, AktG). It is adapted to the requirements and size of Vantage Towers AG. This system focuses on the identification, measurement, and aggregation of risks and opportunities, their risk profile relative to risk bearing capacity, the treatment, hedging, and monitoring of risks and opportunities, and decision-making in their respect.

The effectiveness of the risk and opportunity management system is assured with a coordinated, systemic three-lines approach, consisting of: (i) risk ownership and management, typically undertaken by the business units, (ii) risk monitoring and functional oversight, typically undertaken by the Group's supervisory bodies and specialist functions, and (iii) independent audits and controls, typically undertaken by the Group's internal audit function, external auditors, and other independent auditing service providers. The purpose of this approach is to integrate activities across all three lines to ensure that mitigation mechanisms are in place and operating effectively, and to provide a line of sight on the status of the current risk and opportunity profile to the management. The various risk management instruments are designed to ensure that the sub-processes are integrated into a continuous risk and opportunity management loop and all relevant individuals and/or management teams are involved appropriately in the risk and opportunity management process.

The aim is the timely identification of risks and opportunities and to monitor and manage them in accordance with the desired risk profile. For this purpose, we make use of internal and external information sources. The Group's standard process provides a framework for this. Once risks and opportunities have been identified, the Group moves on to analyse and assess them in more detail. A decision is then made on the specific course of action to be taken in order to reduce risks or exploit opportunities. The respective risk owner implements, monitors, and evaluates the actions taken. These steps are repeated as required and modified to reflect the latest developments and decisions. Ad-hoc risks are communicated immediately to the risk management officers and documented via the established reporting channels.

Risks are also regularly evaluated by the Company's Risk and Compliance Committee and the Supervisory Board's Audit, Risk, and Compliance Committee. These standardised risk management processes ensure that the Management Board and Supervisory Board receive prompt and structured information about the Group's current risk situation.

Description of the operating principles of the Management Board and the Supervisory Board and the composition and operating principles of their committees

The Company is a stock corporation under the GermThe Company is a stock corporation in accordance with the German Stock Corporation Act (*Aktiengesetz*, AktG). It has a two-tier management and control system, consisting of the Management Board and the Supervisory Board, as is customary in Germany. The powers and responsibilities of these governing bodies are determined by the AktG, the Articles of Association, the internal Rules of Procedure for both bodies, and the German Corporate Governance Code (*Deutscher Corporate Governance Kodex,* DCGK*, "the Code"*).

Management Board

Operating principles of the Management Board

The Management Board of Vantage Towers AG manages the Company's business in accordance with the law, the Articles of Association of the Company, the resolutions of the Annual General Meeting and of the Supervisory Board and its Rules of Procedure as well as the principles and recommendations of the DCGK and consistent with the Company's Declaration of Conformity. In managing the Company's business, the members of the Management Board take into account the interests of shareholders, employees, and other relevant stakeholders.

The members of the Management Board are responsible for developing and implementing the Company's strategy. Their decision scope extends to important matters concerning the Company, the annual business plan, and the budget as well as the multi-year plan and the financial control and reporting activities. They prepare the annual, interim, and quarterly (consolidated) financial statements and reports and the combined management report. The Management Board's managerial duties also extend to the management of the direct and indirect subsidiaries of the Company. Material transactions and business decisions are subject to the approval of the Supervisory Board.

The Management Board is also required to ensure that all applicable statutory provisions and internal Company policies are observed and to ensure their observation by the members of the Group. The Management Board has established adequate systems for control, integrity, and compliance management, internal audit, risk and opportunity management, and internal controls.

The Management Board members are jointly responsible for the management of the Company. Notwithstanding such joint responsibility, the members act autonomously within the area(s) of responsibility allocated to them by the Supervisory Board while being obliged to always subordinate the interests specific to their area(s) of responsibility to the interests of the Company as a whole. The current functional assignments of Management Board members are appended to the Rules of Procedure of the Management Board and set out under **Composition of the Management Board on p. 70**.

The Management Board makes collective decisions on matters to be decided upon by the entire Management Board pursuant to mandatory law, the Articles of Association, or the Rules of Procedure of the Management Board.

The Management Board makes decisions in meetings which are convened by the Chairperson of the Management Board. Each member of the Management Board may convene a meeting, indicating the matters to be dealt with at the meeting. Management Board decisions are adopted by simple majority of votes cast. Decisions taken outside meetings require a simple majority of members. This does not apply if otherwise prescribed by mandatory law, the Articles of Association of the Company, or the Rules of Procedure of the Management Board. Management Board decisions are generally made in meetings which can also be held with individual members attending via telephone or video conference. In urgent cases, or if no member of the Management Board immediately objects to such procedure, decisions may also be made outside of meetings via telephone or video conference or by votes transmitted in writing, by facsimile, by email, or by other commonly used means of communication.

The Company is represented vis-a-vis third parties and in legal proceedings by two members of the Management Board or one member of the Management Board in conjunction with an authorised signatory (*Prokurist*).

Members of the Management Board are subject to a non-competition obligation. Furthermore, they are not permitted to take advantage of the Company's business relationships with other companies and persons to request or receive advantages for themselves or for other persons that could be detrimental to the Company or damage the reputation or interests of the Company. Management Board members must obtain Supervisory Board approval before assuming sideline activities, particularly supervisory board mandates outside the Group. Each member of the Management Board is required to notify the Chairperson of the Supervisory Board and the other members of the Management Board without delay of any conflicts of interest arising from their activities.

During the reporting period, no conflicts of interests involving Management Board members occurred.

Cooperation with the Supervisory Board

The Chairperson of the Management Board represents the Management Board vis-à-vis the Supervisory Board. They regularly inform the Supervisory Board about the business policy, other fundamental corporate planning issues, the profitability of the Company and the Group, the course of business of the Company and the Group and their economic situation as well as transactions that may have a significant impact on the profitability or liquidity of the Company or the Group. Furthermore, the Chairperson of the Management Board informs the Chairperson of the Supervisory Board on all matters of particular importance for the Company or the Group without undue delay and requests the approval of the Supervisory Board in the cases where this is a requirement under applicable laws, the Articles of Association of the Company, and the Rules of Procedure of the Management Board.

Composition of the Management Board

Pursuant to the Articles of Association, the Management Board of the Company consists of at least two members. The Supervisory Board determines the exact number of members and may appoint a member of the Management Board as Chairperson of the Management Board and another member as Deputy Chairperson.

Currently, the Management Board is composed of three members (see table below). The current members of the Management Board were appointed by the Supervisory Board until 31 December 2023. The Supervisory Board has appointed Vivek Badrinath as Chairperson of the Management Board. The Management Board has no committees.

The Management Board consists of the following members:

Name	Position	Areas of responsibility	Memberships of Supervisory Boards and comparable supervisory bodies
Vivek Badrinath (born in 1969)	Chairperson/CEO (first appointed in 2021; appointed until 31 Dec 2023)	▪ Development of the long-term strategic vision ▪ Seek out and leverage global partnership opportunities ▪ Drive the digital transformation agenda ▪ Identify new opportunities and develop commercial models to generate revenue, including technology optimisation ▪ Portfolio management for joint ventures ▪ Drive the standardisation of tower infrastructure ▪ Drive efficiency initiatives incl. energy ▪ Technical reporting and KPIs/performance management ▪ Standardisation and optimisation of deployment processes ▪ Lead the technology to support the business	▪ Atos SE (France)
Thomas Reisten (born in 1972)	CFO (first appointed in 2021; appointed until 31 Dec 2023)	▪ Drive performance in the entire Vantage Towers Group ▪ Budgeting, capital management and allocation ▪ Financial planning, control, and optimisation ▪ Transactions ▪ Investor relations, M&A, treasury, taxes ▪ Listed company reporting obligations ▪ Group technical accounting ▪ Supply chain management for the Vantage Towers Group ▪ Internal audits	▪ Indus Towers Ltd. (India)
Christian Sommer (born in 1967)	Chief Legal Officer (first appointed in 2021; appointed until 31 Dec 2023)	▪ Company secretary obligations and compliance with corporate governance requirements ▪ Ensure statutory and regulatory compliance ▪ Definition of standard framework agreements and terms for local implementation ▪ Litigation ▪ External affairs (incl. external communications) ▪ Data protection ▪ Risk management	▪ None

In accordance with the recommendation of the Code, no member of the Management Board has more than two mandates on supervisory boards or comparable supervisory bodies in external publicly listed companies or chairs the supervisory board of an external publicly listed company.

Supervisory Board

Function of the Supervisory Board

The Supervisory Board advises and supervises the Management Board in its management of the Company. It regularly discusses the Company's business development, planning, and strategy, as well as all other matters of relevance for the Company among its members and with the Management Board, and it monitors the Management Board's and Company's adherence to applicable statutory provisions and Company policies. In accordance with the Articles of Association, the Supervisory Board has issued Rules of Procedure which can be found at **www.vantagetowers.com/en/investors/corporate-governance**.

The Supervisory Board reviews the annual financial statements, the consolidated financial statements, and the combined management report. It decides upon the adoption of the annual financial statements, the approval of the consolidated financial statements, and the approval of the combined management report, in each case after taking into account the auditor's report and explanations. The Supervisory Board also reviews the Management Board's proposal on the appropriation of distributable profits and decides with the Management Board upon the submission of a corresponding resolution proposal to the Annual General Meeting. The Supervisory Board also proposes an auditor to the Annual General Meeting for election on the basis of a substantiated recommendation from its Audit, Risk, and Compliance Committee.

Moreover, with the support of the Remuneration and Nomination Committee, the Supervisory Board determines the number of Management Board members above the minimum number, appoints and dismisses the members of the Management Board, and decides upon and regularly reviews the Management Board remuneration system and the specific remuneration of each Management Board member, including the performance criteria for the variable remuneration components. The Supervisory Board also prepares a remuneration report in accordance with section 162 of the German Stock Corporation Act (*Aktiengesetz*, AktG) in conjunction with the Management Board.

Pursuant to applicable law, the Articles of Association of the Company, and the Rules of Procedure of the Management Board, some decisions made by the Management Board are subject to Supervisory Board approval.

The Chairperson of the Supervisory Board coordinates the activities of the Supervisory Board, represents the Supervisory Board externally, and chairs the meetings of the Supervisory Board. They are also available – within reasonable limits – to discuss Supervisory Board-related issues with investors. Furthermore, the Chairperson coordinates the collaboration with the Management Board and ensures that the Management Board complies with its information and reporting obligations. In this context, they maintain regular contact with the Management Board, in particular with the Chairperson of the Management Board, to discuss matters relating to Company strategy, business development, risk situation, risk management, and compliance. If the Chairperson of the Supervisory Board is informed by the Management Board about important events that are of material significance for the assessment of the Company's position, future outlook, and its management, they brief the Supervisory Board and, if necessary, convene an extraordinary meeting.

Meetings of the Supervisory Board are held once a calendar quarter and at least twice in any one calendar half-year. Due to the COVID-19 pandemic, meetings were held virtually. However, in the future, this will be the exception rather than the rule in line with the Code. Absent members of the Supervisory Board may vote on a resolution by asking another member to submit a written vote on their behalf. Supervisory Board resolutions may also be passed outside meetings in writing, by telephone, by video conference, or by other means of electronic communication, as well as by way of a combination of a meeting and votes cast by members of the Supervisory Board who are not present in person at the meeting. The Supervisory Board is quorate if at least half of the total number of members as required by law participate in the adoption of the resolution. Unless otherwise prescribed by mandatory law, resolutions of the Supervisory Board are passed by a simple majority of the votes cast.

The members of the Supervisory Board are bound to act in line with the Company's best interests. No member of the Supervisory Board may pursue a personal interest when making a decision or exploit business opportunities intended for the Company or any of its affiliates for their own benefit. Every Supervisory Board member is required to disclose any conflicts of interest, especially those that may arise as a result of advisory roles with or service on the governing bodies of customers, suppliers, lenders, or other third parties or significant competitors, without undue delay to the Supervisory Board. In its report to the Annual General Meeting, the Supervisory Board provides information relating to any conflicts of interests that have arisen and how they have been dealt with. Any substantial and not merely temporary conflicts of interest on the part of any member of the Supervisory Board result in the termination of that member's mandate. During the reporting period, no conflicts of interests involving Supervisory Board members occurred.

The Supervisory Board assesses at regular intervals how effectively the Supervisory Board as a whole and its committees are performing their duties. The self-assessment covers, in particular, the Supervisory Board meeting procedures, the supply of information to the Supervisory Board, the information flows between the committees and the Supervisory Board, the composition of the committees, and the content of their work. The findings of the assessment and opportunities to introduce improvements are then discussed at a Supervisory Board meeting. The first self-assessment was performed at the beginning of 2022.

Detailed information about the work of the Supervisory Board can be found under **www.vantagetowers.com/sites/tower-co-v2/files/2022-06/vt-group-annual-report-2022-ger.pdf**. The curricula vitae of the members of the Supervisory Board are published at **www.vantagetowers.com/en/investors/our-leadership**.

Composition of the Supervisory Board

In accordance with the Articles of Association and sections 95 and 96 of the German Stock Corporation Act (*Aktiengesetz*, AktG), the Supervisory Board consists of nine members. All members are elected by the Annual General Meeting. The Annual General Meeting may additionally appoint substitute members to replace members of the Supervisory Board who retire before the expiration of their term without a successor having been elected. The term of office of such a substitute member expires at the end of the Annual General Meeting at which a successor is elected and, at the latest, at the end of the departing member's term of office.

The Supervisory Board elects a Chairperson and one or several Deputy Chairpersons from among its members to serve for the duration of their terms of office on the Supervisory Board, or a shorter period if so determined by the Supervisory Board.

All members of the Supervisory Board are elected for a period ending with the close of the Annual General Meeting where the resolution is passed ratifying the acts of the Supervisory Board in the fourth financial year after the commencement of their term of office, unless a shorter term of office is determined by the Annual General Meeting. For purposes of calculation, the financial year in which the term of office commences is disregarded. The members of the Supervisory Board may be removed by resolution of the Annual General Meeting if such resolution is passed by at least a majority of votes cast.

On 16 February 2022, Barbara Cavaleri informed the Chairperson of the Supervisory Board and the Company's Management Board that she was relinquishing her seat on the Supervisory Board with immediate effect. The Supervisory Board Chairperson waived compliance with the term of notice. For this reason, the Annual General Meeting of the Company, which will be held on 28 July 2022, will pass a resolution on the appointment of a successor for Barbara Cavaleri.

The Supervisory Board currently has the following members:

Name/function	Membership on the Supervisory Board	Principal occupation	Memberships of Supervisory Boards and comparable supervisory bodies
Rüdiger Grube (born in 1951) Chairperson	Member of the Supervisory Board (since 18 January 2021, appointed until 2025)	Management consultant	▪ Deufol SE[1] ▪ Hamburger Hafen und Logistik AG (HHLA)[1] ▪ Vossloh AG[1] ▪ Alstom/Bombardier Transportation Germany GmbH
Rosemary Martin (born in 1960) Deputy Chairperson	Member of the Supervisory Board (since 18 January 2021, appointed until 2025)	General Counsel and Company Secretary, Vodafone Group Plc	▪ Vodafone Corporate Secretaries Ltd. ▪ Vodafone Foundation ▪ Lloyds Register Foundation ▪ Panel on Takeovers and Mergers (UK) ▪ University of Sussex
Michael Bird (born in 1982) Member	Member of the Supervisory Board (since 18 January 2021, appointed until 2025)	Group M&A Director, Vodafone Group Plc	▪ None
Barbara Cavaleri (born in 1969) Member	Member of the Supervisory Board (from 18 January 2021 to 16 February 2022)	Finance Director Vodafone Italy	▪ Vodafone Italia S.p.A. (resigned on 16 February 2022) ▪ VEI S.r.l. (resigned on 16 February 2022) ▪ VND SpA (resigned on 15 February 2022)
Katja van Doren (born in 1966) Member and Chairperson of the Remuneration and Nomination Committee	Member of the Supervisory Board (since 8 February 2021, appointed until 2025)	Chief Financial Officer and Chief Human Resources Officer, RWE Generation SE	▪ RWE Generation NL B.V. ▪ Société Électrique de l'Our S.A., Luxembourg ▪ Großkraftwerk Mannheim AG (GKM)
Charles C. Green III (born in 1946) Member and Chairperson of the Audit, Risk and Compliance Committee	Member of the Supervisory Board (since 8 February 2021, appointed until 2025)	Non-Executive Director and Consultant, edotco Group Sdn Bhd Non-Executive Director, Frontier Tower Associates	▪ Pinnacle Towers Pte. Ltd. ▪ PowerX Technology Ltd. ▪ Amane Towers SA ▪ Delmec Engineering Ltd.
Terence Rhodes (born in 1955) Member	Member of the Supervisory Board (since 8 February 2021, appointed until 2025)	Supervisory Board Member	▪ None
Johan Wibergh (born in 1963) Member	Member of the Supervisory Board (since 18 January 2021, appointed until 2025)	Chief Technology Officer, Vodafone Group Plc	▪ Trimble Inc.[1]
Pinar Yemez (born in 1974) Member	Member of the Supervisory Board (since 18 January 2021, appointed until 2025)	Human Resources Director, Vodafone Business and Group Functions	▪ None

[1] Listed companies

Detailed information about changes to the composition of the Supervisory Board can be found under **www.vantagetowers.com/sites/tower-co-v2/files/2022-06/vt-group-annual-report-2022-ger.pdf**.

In accordance with the reformulated section 100, paragraph 5 of the German Act to Strengthen Financial Market Integrity (*Gesetz zur Stärkung der Finanzmarktintegrität*, FISG), at least one member of the Supervisory Board must have expertise in the field of accounting and at least one other member must have expertise in financial statements auditing. In accordance with section 107, paragraph 4, sentence 3 AktG, the same requirements apply to members of the audit committee. At the Company, Supervisory Board members Charles C. Green III and Michael Bird, who are also members of the Audit, Risk, and Compliance Committee, have expertise in accounting and expertise in financial statements auditing. Therefore, the Company's Supervisory Board and the Audit, Risk, and Compliance Committee have at least two members with the necessary expertise.

Supervisory Board committees

The Supervisory Board currently has two committees, the Remuneration and Nomination Committee and the Audit, Risk, and Compliance Committee. The chairpersons of the committees report at regular intervals on committee activities to the Supervisory Board.

The working methods and composition of the committees fulfil the requirements of the AktG and the Code.

The **Audit, Risk, and Compliance Committee** assists the Supervisory Board in fulfilling its responsibilities to oversee the accounting and financial reporting processes. It holds meetings at least four times a year.

The responsibilities of the Audit, Risk, and Compliance Committee include, among other things, the examination of the financial statements, including the consolidated financial statements, the Group management report (including CSR report), intra-year financial information, and the single-entity financial statements in accordance with the German Commercial Code (*Handelsgesetzbuch*, HGB); the monitoring of the accounting process; and the review of the effectiveness of the internal control system, internal risk management, and the risk management system as well as the internal audit and the internal audit system. The committee also discusses the six-monthly, quarterly, and other financial disclosures with the Management Board. On the basis of the auditor's report, it prepares the Supervisory Board's resolutions on the adoption of the annual financial statements and the approval of the consolidated financial statements as well as on the proposed resolution on the appropriation of distributable profits.

The Audit, Risk, and Compliance Committee is also responsible for the Company's relationship with the auditor. It submits a substantiated recommendation to the Supervisory Board on the auditor to be elected at the Annual General Meeting. In cases where the audit is being re-tendered, the recommendation must contain at least two proposals for the audit mandate. The committee indicates its preference for one of the two proposed auditors, stating its reasons. The Audit, Risk, and Compliance Committee also monitors the quality of the audit on a regular basis, and at least every two years. The engagement of the auditor for non-audit services requires the approval of the committee.

Furthermore, the Audit, Risk, and Compliance Committee monitors the compliance of the Company and the Group with applicable laws, official regulations, and internal policies. It regularly discusses the existing policy framework and makes recommendations on the implementation of new or the amendment of existing policies. It also supports the Supervisory Board in compliance with applicable laws, official regulations, and internal policies.

The Audit, Risk, and Compliance Committee has at least three members. Current committee members are Charles C. Green III (Chairperson), Michael Bird, and Rosemary Martin (all since 9 February 2021).

The **Remuneration and Nomination Committee** submits recommendations to the Supervisory Board on the election of members of the Supervisory Board for proposal to the Annual General Meeting. It also suggests suitable candidates for appointment to the Management Board to the Supervisory Board. It has also been conferred with the duty to prepare the Management Board remuneration system and the annual remuneration report. The committee furthermore regularly, and at least annually, assesses the knowledge, skills, and professional experience of the Supervisory Board members and reviews the adopted competence and qualification profile for the Supervisory Board and Management Board and prepares any recommendations for amendment.

The Remuneration and Nomination Committee has at least three members. Current committee members are Katja van Doren (Chairperson), Johan Wibergh, and Pinar Yemez (all since 9 February 2021).

Target quotas for women according to the German Act on Equal Participation of Women and Men in Leadership Positions

The German Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors (*Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst*) imposes the obligation on the Supervisory Board to set targets for the proportion of women on the Supervisory Board and the Management Board and to specify a period within which the target is to be achieved. If the proportion of women is below 30 % when the target is set, the target may not fall below the status quo. In addition to the targets set for the Supervisory Board and the Management Board, the law further prescribes that targets be set by the Management Board for the two management levels below the Management Board.

Target achievement in the governing bodies and in the management levels below the Management Board is set out in the following table:

Gender Diversity Targets

Vantage Towers AG	Starting basis 01/04/2021 %	Target until 31/03/2024 %
Supervisory Board	44	44
Management Board	0	25
1st Management level	20	25
2nd Management level	38	38

Diversity concept for the composition of the Management Board and long-term succession planning

Description and objectives of the diversity concept

As a listed company, the Company complies with the diversity requirements of the German Stock Corporation Act (*Aktiengesetz*, AktG) and the relevant requirements of the Code. Taking these requirements into account, the Supervisory Board has adopted the following diversity concept for the composition of the Management Board.

The Company has set itself the task of creating a working environment that is geared towards diversity. The diversity concept is based on both professional and personal diversity. It aims to consciously exploit the advantages of diversity and to specifically further the Company through employee diversity.

When evaluating, selecting, and appointing candidates for Management Board positions, the Supervisory Board always acts in the Company's interests. The decisive factors, in particular, are professional and personal aptitude. The Supervisory Board therefore ensures that the Management Board, as a whole, has the necessary competencies to perform its functions to the best possible standards.

Candidates are selected in accordance with the recognised rules of non-discrimination. In particular, the following diversity criteria are taken into account in the selection process: Age, gender, educational and professional background, internationality, and personal abilities in general.

Age

The Supervisory Board has followed recommendation B.5 of the German Corporate Governance Codex (*Deutscher Corporate Governance Kodex*, DCGK) and established an age limit for the Management Board. Accordingly, the age limit for members of the Management Board is seventy years.

Gender
The Supervisory Board strives to achieve gender diversity on the Management Board as well. As stated above, the Supervisory Board is legally obliged to set a target and stipulate a target achievement period. The Company's objective is to have both men and women represented on the Management Board. The Supervisory Board intends to increase the proportion of women on the Management Board in the medium-term, if necessary by increasing the number of Management Board members. The target of 25% is to be reached by 1 April 2024.

Internationality
The Company aims to power Europe's digital transformation by accelerating infrastructure deployment and simplifying connectivity. With this Europe-wide focus, and subsidiaries in various European countries, the Company places strong emphasis on internationality. To meet the requirements associated with this internationality, the Management Board has to have an international focus. However, internationality should not only be limited to the nationality of members, but also take intercultural backgrounds and experience into account. Due to the international environment that the Company operates in and its strategic direction, the Supervisory Board ensures that the Management Board composition is characterised by intercultural openness and intercultural understanding to ensure that international issues and contexts are adequately addressed.

Professional skills and experience, educational background
The Company considers it essential and indispensable for the Management Board, as a collegial body, to have the necessary professional competence to adequately meet the demands of the day-to-day business of the Company and to sustainably advance the strategic and economic development of the Company. The individual members of the Management Board can have different professional qualifications. The most important thing, as far as the Company is concerned, is to ensure that the competences of the Management Board as a whole are as broad as possible. This will ensure that the various needs of the Company, customers, and investors are sufficiently taken into account. In particular, the members of the Management Board should have experience in the areas of telecommunications services, HR and organisational responsibility, strategic competence, and financial competence as well as experience in the areas of corporate governance best practices, including ESG, regulatory requirements, law, and compliance.

Current implementation of the diversity concept
The current Management Board fulfils the requirements of the diversity concept with one exception. According to the current plan, the proportion of women on the Management Board will have been increased by 1 April 2024.

Long-term succession planning
In accordance with recommendation B.2 of the Code, the Supervisory Board has established the following long-term succession plan for the Management Board.

The long-term succession plan for the Management Board will enable the Supervisory Board to plan Management Board appointments in the long-term, to develop a qualification requirements profile, and to react promptly to short-notice changes such as the unexpected resignation of a Management Board member.

Timing

The Supervisory Board will regularly assess when a vacant Management Board position may occur. In this connection it will, in particular, discuss the current Management Board members' future plans with them and ascertain whether they would be generally available for a subsequent term of office.

Given that the maximum term of office at a stock corporation is five years, "long-term" succession planning is oriented on this period, i.e. the Supervisory Board's planning horizon is generally five years.

Qualification requirements

The qualifications profile which was used in connection with the appointment of the current members of the Management Board will also be used for future appointments. The decisive factors, in particular, are professional and personal aptitude. The Supervisory Board therefore ensures that the Management Board, as a whole, has the necessary competencies to perform its functions to the best possible standards. All prospective candidates must have sufficient abilities and expertise to perform the duties associated with the board position for which they are applying. The relevant duties are defined by the Supervisory Board and included in the allocation of responsibilities, which is attached to the Rules of Procedure of the Management Board. The Remuneration and Nomination Committee regularly assesses whether the qualifications profile requires updating.

Candidate list

The Remuneration and Nomination Committee will create a list of candidates who are considered to be prospective members of the Management Board (internal and external candidates). In order to be able to identify suitable internal candidates, the Management Board will regularly inform the Remuneration and Nomination Committee of persons who, in the Management Board's opinion, are suitable candidates. The Remuneration and Nomination Committee and, where appropriate, the Supervisory Board will closely monitor the development of such candidates and make an own assessment.

The Remuneration and Nomination Committee aims to identify at least one alternative member for each current member of the Management Board who could replace a current member at short notice.

In addition, the Supervisory Board, supported by the Remuneration and Nomination Committee, will regularly discuss potential candidates. The Chairperson of the Management Board will be involved in such discussions unless the matter being discussed is their succession.

Actual vacancies

In the case of (imminent) vacancies, the Remuneration and Nomination Committee prepares a detailed qualifications profile for the vacant position using the aforementioned general qualifications profile for guidance and selects suitable candidates on this basis. After interviewing the candidates, the Remuneration and Nomination Committee submits a proposal to the Supervisory Board for resolution.

Diversity

The composition of the Management Board must be adequately diverse in terms of age, gender, professional or educational background, internationality, and personality (please refer to the diversity concept above).

Regular assessment

The Supervisory Board will regularly discuss its succession planning activities with the Management Board. In consultation with the Management Board and at least once a year or without undue delay if changes in the structure of the Management Board occur, the Supervisory Board will review the current succession planning system and make any necessary adjustments.

Targets for the composition of the Supervisory Board and the competence profile and expertise of the entire Supervisory Board, including the diversity concept for the composition of the Supervisory Board

The Supervisory Board has set specific targets for its composition and developed a competence profile for the entire Supervisory Board, which also includes the diversity concept.

The objective of the adopted standards and regulations is to ensure that the Supervisory Board can perform the advisory and supervisory functions assigned to it by law, the Articles of Association, and the Rules of Procedure in the best possible way. Candidates with sufficient personal and professional experience for appointment to the Supervisory Board are proposed to the Annual General Meeting for resolution. The diversity of the Supervisory Board will also be ensured. Both the targets for the Supervisory Board's composition and the competence profile for the entire Supervisory Board take diversity into account and are the basis of the diversity concept. In particular, the Supervisory Board's diversity concept is oriented on internationality, professional skills and educational background, balanced age distribution, and an appropriate proportion of women. This comprehensive diversity is the starting point for the composition of the Supervisory Board and the benchmark for its future composition.

Targets for the composition of the Supervisory Board

In accordance with recommendation C.1 of the Code, the Supervisory Board has the following objectives as regards its composition, taking into account diversity:

Independence, conflicts of interest

The Supervisory Board in its entirety must be sufficiently independent. The Supervisory Board has decided that the appropriate number of its members who should be independent of the Company, the Management Board of the Company, as well as its controlling shareholder – in each case within the meaning of the Code – is three.

In accordance with recommendation C.7 of the Code more than half of the shareholder representatives are to be independent of the Company and the Management Board. Supervisory Board members are to be considered independent of the Company and its Management Board if they have no personal or business relationship with the Company or its Management Board that may cause a significant and not merely temporary conflict of interest.

In accordance with recommendation C.10 of the Code, the Chairperson of the Supervisory Board, the Chairperson of the Audit, Risk, and Compliance Committee, and the Chairperson of the Remuneration and Nomination Committee of the Company are to be independent of the Company and the Management Board. The Chairperson of the Audit, Risk, and Compliance Committee must also be independent of the controlling shareholder. These requirements are met by the current Supervisory Board members who hold these positions.

In the performance of their duties, the individual members of the Supervisory Board must always put the interests of the Company first. The Supervisory Board endeavours to avoid potential conflicts of interest to the greatest possible extent. Existing conflicts of interest are to be disclosed to the Supervisory Board by the respective member without delay. The members of the Supervisory Board may not have any permanent conflicts of interest.

No more than two former members of the Management Board may be members of the Supervisory Board.

Supervisory Board members may not be members of governing bodies of, or exercise advisory functions at, significant competitors of the Company, and they may not have a personal relationship with a significant competitor.

Age and term of office

Unless exceptional circumstances exist, only persons who have not reached the age of seventy-five may be proposed for election as a member of the Supervisory Board. The Supervisory Board members may not serve on the Supervisory Board for more than twelve years.

Professional skills and experience, educational background, and availability

The Supervisory Board must be composed in such a way that its members jointly possess the necessary personal integrity, expertise, time, and professional experience to execute their duties. The members of the Supervisory Board should also be familiar with the sector in which the company operates, and certain members should have experience in the leadership or oversight of medium-sized or large companies.

Members of the Supervisory Board must have diverse professional and educational backgrounds and represent various occupations.

All members of the Supervisory Board must additionally be sufficiently available and willing to devote the necessary time to performing their Supervisory Board duties. In addition to the regular meetings, the Supervisory Board members are required to invest time in preparatory activities, i.e. each Supervisory Board member must familiarise themselves with the details of the items on the agenda and any pertinent documents or materials. Supervisory Board members are also required to attend extraordinary Supervisory Board meetings and prepare themselves accordingly. For members of the committees, this applies accordingly to the respective committee meetings.

Internationality

Reflecting the Company's international focus, both the composition of the Management Board and the composition of the Supervisory Board must be suitably international. As described above, internationality is not limited to the nationality of the members, but also takes into account intercultural backgrounds and experience. Due to the international environment that the Company operates in and its strategic direction, the Supervisory Board composition must be characterised by intercultural openness and intercultural understanding to ensure that international issues and contexts are adequately addressed. It is therefore necessary to ensure that members of the Supervisory Board be persons with a significant international background (non-German citizenship or several years of professional experience outside Germany).

Competence profile for the entire Supervisory Board

In accordance with recommendation C.1 of the Code, the Supervisory Board has stipulated the following competence profile for the entire Supervisory Board. The competence profile is taken into account when proposing nominees for election as members of the Supervisory Board to the Annual General Meeting:

- expertise in the area of telecommunications, mobile communications, or other business segments or sectors which are of material importance for the Company;
- expertise in the fields of accounting or auditing and risk management;
- expertise in the fields of law and compliance;
- expertise in the field of capital markets;
- expertise in the fields of marketing and sales;
- expertise in the field of HR;
- expertise in the field of IT/technology; and
- expertise in the field of passive infrastructure (towers) and/or real estate.

Current implementation of the Supervisory Board composition targets, the competence profile for the entire Supervisory Board, and the diversity concept

The current composition of the Supervisory Board is in line with the targets for Supervisory Board composition, the competence profile for the entire Supervisory Board, and the diversity concept.

In particular, the Chairperson of the Supervisory Board, the Chairperson of the Audit, Risk, and Compliance Committee, and the Chairperson of the Remuneration and Nomination Committee are independent of the Company, the Management Board, and the controlling shareholder.

According to the requirements of the Code and in the Supervisory Board's opinion the Supervisory Board should consist of at least five members who are independent of the Company and the Management Board and at least three members who are also independent of the controlling shareholder. As regards the latter, and in the Supervisory Board's opinion, of the eight members of the current Supervisory Board, all members are independent of the Company and the Management Board and the following four members are independent of the Company, the Management Board, and the controlling shareholder: Prof. Dr. Rüdiger Grube, Katja van Doren, Charles C. Green III, and Terence Rhodes.

Moreover, the Supervisory Board is broadly diverse in multiple dimensions. The Board currently consists of four representatives from Vodafone following Barbara Cavaleri's resignation and four independent members. The current proportion of female members is 37.5%. The Supervisory Board intends to increase the proportion again up to 44% of women with its election proposal for the successor to Barbara Cavaleri to the AGM. The Supervisory Board has a wide range of experience in the following disciplines: in-depth knowledge and experience of the German tower industry and market environment, professional supervisory board activities, financial and human resources management, legal and valuation, and technology and IT business management.

Duesseldorf, 7 June 2022

Vantage Towers AG

The Board of Management

Vivek Badrinath   Thomas Reisten   Christian Sommer

Annual Financial Statements

Statement of Financial Position

As at 31 March

Assets

	31/03/2022 €k	31/03/2021 €k
A. Fixed assets		
I. Intangible fixed assets	26,322	10,693
1. Internally generated industrial and similar rights and assets	626	–
2. Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	25,696	10,693
II. Tangible fixed assets	617,372	475,637
1. Land, land rights and buildings including buildings on third-party land	20,984	21,509
2. Technical equipment and machinery	550,234	391,366
3. Prepayments and assets under construction	46,154	62,762
III. Financial assets	9,004,727	9,004,677
Shares in affiliated companies	9,004,727	9,004,677
Fixed assets	**9,648,421**	**9,491,007**
B. Current assets		
I. Receivables and other assets	753,919	629,086
1. Trade receivables	2,043	233
2. Receivables from affiliated companies	711,058	617,388
3. Other assets	40,819	11,465
of which from taxes	*40,066*	*8,307*
Current assets	**753,919**	**629,086**
C. Prepaid expenses	**70,205**	**73,320**
	10,472,545	**10,193,413**

Equity and Liabilities

	31/03/2022 €k	31/03/2021 €k
A. Equity		
I. Subscribed capital	505,782	505,782
II. Capital reserves	6,684,055	6,783,533
III. Retained earnings	11,456	–
IV. Net retained profits	318,643	283,238
Equity	**7,519,936**	**7,572,553**
B. Provisions		
I. Provisions for pensions and similar obligations	103	1,085
II. Other provisions	403,504	251,157
Provisions	**403,607**	**252,242**
C. Liabilities		
I. Bonds	2,200,000	2,200,000
II. Trade payables	76,970	28,491
III. Liabilities to affiliated companies	127,963	77,130
IV. Other liabilities	7,308	423
of which from taxes	*7,305*	*423*
Liabilities	**2,412,241**	**2,306,044**
D. Deferred income	**132,593**	**62,574**
E. Deferred tax liabilities	**4,168**	**–**
	10,472,545	**10,193,413**

Income Statement

Twelve month period ended 31 March

		01/04/2021–31/03/2022 €k	01/04/2020–31/03/2021 €k
1.	Revenue	517,694	408,240
2.	Other own work capitalised	8,262	5,618
3.	Other operating income	93,642	81,318
4.	Cost of materials	(358,164)	(177,735)
	a) Cost of raw materials, consumables and supplies, and of purchased merchandise	(97,085)	(76,748)
	b) Cost of purchased services	(261,079)	(100,988)
5.	Personnel expenses	(37,253)	(19,130)
	a) Wages and salaries	(34,599)	(17,900)
	b) Social security, post-employment, and other employee benefit costs	(2,654)	(1,230)
	of which post-employment benefits	*(18)*	*(3)*
6.	Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	(51,886)	(68,945)
7.	Other operating expenses	(81,004)	(272,733)
8.	**Operating result**	**91,291**	**(43,368)**
9.	Income from long-term equity investments	160,000	–
10.	Other interest and similar income	14,036	5,086
	of which from affiliated companies	*13,967*	*5,018*
	of which from discounting	*–*	*59*
11.	Interest and similar expenses	(14,034)	(7,232)
	of which to affiliated companies	*(1,712)*	*(6,086)*
	of which from interest accruing	*(427)*	*(367)*
12.	**Financial result**	**160,002**	**(2,146)**
13.	**Earnings before tax**	**251,293**	**(45,515)**
14.	Taxes on income	(22,164)	(14,089)
15.	**Earnings after taxes**	**229,129**	**(59,603)**
16.	**Net income/loss for the year**	**229,129**	**(59,603)**
17.	Withdrawals from capital reserve	100,970	342,841
18.	Additions to retained earnings	(11,456)	–
19.	**Net retained profits**	**318,643**	**283,238**

Statement of Changes in Fixed Assets

Twelve month period ended 31 March

	Cost			
	Balance carried forward 01/04/2021 €	Reclassifications €	Additions €	Disposals €
I. Intangible fixed assets				
1. Internally generated industrial and similar rights and assets	–	–	664,309	–
2. Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	10,755,976	388,013	19,293,175	–
	10,755,976	**388,013**	**19,957,484**	**–**
II. Tangible fixed assets				
1. Land, land rights and buildings including buildings on third-party land	21,549,687	–	522,959	(1,017,814)
2. Technical equipment and machinery	460,207,465	59,194,060	161,602,392	(15,097,532)
3. Prepayments and assets under construction	62,762,032	(59,582,073)	43,080,430	(106,470)
	544,519,185	**(388,013)**	**205,205,781**	**(16,221,816)**
III. Financial assets				
Shares in affiliated companies	9,004,677,400	–	50,000	–
	9,004,677,400	**–**	**50,000**	**–**
Total	**9,559,952,561**	**–**	**225,213,265**	**(16,221,816)**

		Accumulated depreciation, amortisation and write-downs					
	Balance as at 31/03/2022 €	Balance carried forward 01/04/2021 €	Additions €	Disposals €	**Balance as at 31/03/2022 €**	**Carrying amounts as at 31/03/2022 €**	Carrying amounts as at 31/03/2021 €
	664,309	–	(38,790)	–	(38,790)	625,519	–
	30,437,164	(63,340)	(4,677,469)	–	(4,740,809)	25,696,355	10,692,636
	31,101,473	**(63,340)**	**(4,716,259)**	**–**	**(4,779,599)**	**26,321,874**	**10,692,636**
	21,054,832	(40,345)	(30,531)	–	(70,876)	20,983,956	21,509,343
	665,906,385	(68,841,406)	(47,139,512)	308,399	(116,560,118)	550,233,867	391,366,060
	46,153,919	–	–	–	–	46,153,919	62,762,032
	733,115,136	**(68,881,750)**	**(47,170,043)**	**308,399**	**(116,530,994)**	**617,371,742**	**475,637,434**
	9,004,727,400	–	–	–	–	9,004,727,400	9,004,677,400
	9,004,727,400	**–**	**–**	**–**	**–**	**9,004,727,400**	**9,004,677,400**
	9,768,944,009	**(68,945,091)**	**(51,886,302)**	**308,399**	**(120,522,994)**	**9,648,421,015**	**9,491,007,470**

Notes

Preliminary remarks

Vantage Towers AG is registered under the name Vantage Towers AG at the Local Court of Duesseldorf, Germany (HRB 92244). The Company's registered office is in Duesseldorf. The address is: Prinzenallee 11-13, 40549 Duesseldorf, Germany.

These annual financial statements were prepared pursuant to section 242 ff. and section 264 ff. of the German Commercial Code (Handelsgesetzbuch, HGB) as well as the pertinent provisions of the German Stock Corporation Act (Aktiengesetz, AktG) and the Company's Articles of Association.

The annual financial statements reporting currency is euros. We would like to point out that there may be minor differences between the figures stated and the precise mathematical values due to rounding.

The Company is a large listed corporation within the meaning of section 267, paragraph 3, sentence 2 in conjunction with section 264d HGB.

In order to enhance the clarity of presentation in the statement of financial position and income statement, these notes contain disclosures on items included in other accounts and individual 'of-which' notes.

General disclosures

The Company's annual financial statements cover the financial year from 1 April 2021 to 31 March 2022.

Assets and liabilities are measured pursuant to the going concern principle in accordance with section 252, paragraph 1, no. 2 HGB.

The income statement is presented using the nature of expense format in accordance with section 275, paragraph 2 HGB.

Accounting policies

Fixed assets

Purchased intangible fixed assets are recognised at cost and reduced by straight-line amortisation. Intangible assets are amortised over useful lives of three to eight years. The option to capitalise internally generated intangible assets in accordance with section 248, paragraph 2 HGB is exercised. The total amount of research and development costs incurred during the financial year of €0.7 million relates entirely to the development of the internally generated intangibles.

In accordance with section 255 HGB, tangible fixed assets are measured at purchase or production cost less depreciation if the assets have finite lives. Intra-company services in connection with the expansion and commissioning of passive network infrastructure are capitalised as own work in tangible fixed assets. Borrowing costs are not included in production costs. Depreciation is performed on a straight-line basis over the expected useful lives of the respective assets as follows: Land and land rights and buildings, including buildings on third-party land over 20 to 50 years; technical equipment and machinery over 3 to 25 years, and other equipment, operating and office equipment over 4 to 8 years. In accordance with section 255, paragraph 2, sentences 1 and 2 HGB, production cost includes direct costs and overheads. Vantage Towers AG exercises the option to retain the previous carrying amounts pursuant to Article 67, paragraph 4, sentence 1 of the Introductory Act to the German Commercial Code (Einführungsgesetz zum Handelsgesetzbuch, EGHGB). Due to their overall immateriality, low-value assets are pooled together in a compound item in accordance with section 6, paragraph 2a of the German Income Tax Act (Einkommensteuergesetz, EStG) and depreciated over five years. The tax method is also applied in the financial reporting balance sheet for simplification purposes.

Long-term financial assets are recognised at cost. If an impairment is expected to be permanent, an extraordinary write-down to the lower fair value is made. In accordance with section 246, paragraph 2, sentence 2 and section 253, paragraph 1 HGB in conjunction with section 255, paragraph 4 HGB, long-term securities to cover post-employment benefit obligations are measured at their fair value and offset against the corresponding provisions.

Current assets

Receivables, other assets, and bank balances are recognised at the nominal amount. Non-current, non-interest-bearing receivables and other assets are discounted at a market interest rate corresponding to their remaining maturity. Discernible risks are taken into account through appropriate write-downs in compliance with the lower of cost or market principle.

Prepaid expenses and deferred income

Accruals and deferrals that represent income or expenses for a certain period after the reporting date are presented as deferred income or prepaid expenses. Differences between the settlement amount of liabilities and the issuing amount are reported under assets and amortised by scheduled annual write-downs.

Deferred taxes

Deferred taxes are recognised for temporary differences between the carrying amounts and tax bases for assets, liabilities, prepaid expenses and deferred income, which result in taxable or deductible amounts when determining the taxable income of future periods. In addition, tax loss carryforwards are recognised if they exist on the reporting date.

Deferred tax assets result from differing carrying amounts of intangible fixed assets, provisions, and unused tax loss carryforwards. With regard to the unused tax loss carryforwards, it is assumed that the Company will generate sufficient net income in the future to completely offset these amounts and that the currently determined amounts will be available in full.

Deferred tax liabilities result from differing carrying amounts of tangible fixed assets in the financial reporting balance sheet and the tax accounts.

Deferred taxes are determined on the basis of a combined tax rate of 30.805%. The combined rate takes corporate income tax of 15.0%, plus the 5.5% solidarity surcharge, and the company-specific municipal trade tax rate of 14.98% into account.

In the reporting period this resulted in a surplus of deferred tax liabilities in the amount of €4,168 thousand (previous year: €0 thousand). In the previous year, there was a surplus of deferred tax assets. The option to recognize deferred tax assets in accordance with section 274, paragraph 1, sentence 2 HGB was not exercised in the previous year.

Netting of assets and liabilities

To meet obligations arising from post-employment benefits, appropriate resources are invested in funds and other securities. They are not accessible to other creditors. All funds are managed in trust by Vodafone Pension Trust e. V., Duesseldorf. They are measured at fair value in accordance with section 253, paragraph 1 HGB in conjunction with section 255, paragraph 4 HGB. This fair value is offset against the respective underlying obligations in accordance with section 246, paragraph 2, sentence 2 HGB. Any surplus of obligations is recognised under provisions. If the value of the securities exceeds the obligations, the difference is presented as 'Excess of plan assets over post-employment benefit liability' on the assets side of the statement of financial position.

Equity

Subscribed capital corresponds to the number of shares issued at their nominal value.

The capital reserve includes the amounts stipulated in section 272, paragraph 2, no. 1 HGB and section 272, paragraph 2, no. 4 HGB.

The retained earnings only include the statutory reserve in accordance with section 150 AktG.

Provisions

Provisions for pensions and similar obligations are measured using the projected unit credit method. This method for the actuarial calculation of pension provisions takes into account expected future wage and salary increases of 2.75% p.a., pension benefit increases of 2.25% p.a., and the expected employee development (fluctuation). Age and gender-related employee fluctuation probabilities are used to determine fluctuation. The Klaus Heubeck '2018G mortality tables' are used as biometric actuarial bases. In accordance with section 253, paragraph 2 HGB, a 10-year average interest rate is used as the discount rate. The applicable interest rate was determined to be 1.81%. This corresponds to the interest rate published by the Deutsche Bundesbank. A flat residual term of 15 years is assumed when exercising the option pursuant to section 253, paragraph 2, sentences 2 and 3 HGB. The difference pursuant to section 253, paragraph 6, sentence 1 HGB resulting from the increase in the average market interest rate calculation period from seven to ten years is calculated annually and amounted to €18 thousand (previous year: €81 thousand) in the financial year ending 31 March 2022.

Provisions for taxes and other provisions are recognised in the settlement amount that is deemed necessary based on prudent business judgement. Provisions with a term of more than one year are discounted using interest rates corresponding to their term, which have been published by the Deutsche Bundesbank. The discount rate published as at 31 March 2022, which ranged from 0.28% to 1.48% for the 2021/22 financial year, depending on the residual term, was applied. The effect of an interest rate change on the measurement of obligations is reported under the item of 'net interest income'.

Provisions for restoration obligations are formed in the amount required to settle the obligation during the respective commitment periods.

Liabilities

Liabilities are recognised using their settlement amount.

Set-off of receivables and liabilities

Same type receivables and liabilities which exist between the same parties are set off in accordance with section 387 of the German Civil Code (Bürgerliches Gesetzbuch, BGB).

Currency translation

The assets and liabilities denominated in foreign currency are translated using the average spot rate on the 31 March 2022 reporting date. When assets and liabilities have a residual term of more than one year, the realisation principle and the imparity principle are observed.

Vantage Towers AG is exposed to currency risks in the course of its business activities. Hedging is mainly carried out through the use of derivative financial instruments. Derivative financial instruments are not recognised as hedged relationships and are subject to the relevant measurement requirements. Most of these derivatives are traded over the counter. Therefore, forward exchange contracts and currency swaps are primarily used for currency hedging. The aim of using these derivative financial instruments is to reduce the risk of exchange rate fluctuations. The currency risk in the financial year just ended as hedged by using intercompany contracts with Vodafone Group Plc, Newbury, England (Vodafone Group Plc).

Income statement disclosures

Revenue

The Company generated revenue in the amount of €517,694 thousand (previous year: €408,240 thousand) in the financial year, mainly from the leasing of passive network infrastructure for mobile communications. All revenue was generated in Germany. Revenue includes proceeds from the leasing of passive infrastructure sites to the main tenant (Vodafone GmbH), to third parties (mobile network operators, broadcasters, emergency services, cooperation partners), and the energy revenue resulting from leasing activities. Other revenue essentially includes revenue from intra-group services in connection with network infrastructure deployment. Revenue is measured in compliance with the realisation principle as well as in compliance with the accrual principle for determining profit excluding value added tax. It is broken down into rental revenue, energy revenue, and other revenue.

Revenue

	01/04/2021–31/03/2022 €k	01/04/2020–31/03/2021 €k
Rental income from the main tenant	414,875	342,510
Energy revenue from the main tenant	11,062	8,461
Rental income from other tenants	59,202	45,664
Other revenue from the main tenant	16,871	5,604
Other revenue	15,685	6,001
Total revenue	**517,694**	**408,240**

Other own work capitalised

The majority of own work capitalised in the amount of €8,262 thousand (previous year: €5,618 thousand) resulted from project-related work and employee activities.

Other operating income

The other operating income of €93,642 thousand (previous year: €81,318 thousand) includes energy revenue for the active equipment in the amount of €86,031 thousand (previous year: €68,287 thousand), costs recharged to affiliated companies in the amount of €3,007 thousand (previous year: €10,681 thousand), income from foreign currency measurement in the amount of €3,476 thousand (previous year: €1,072 thousand) and income from the reversal of the provision for pensions and similar obligations in the amount of €1,128 thousand (previous year: €0 thousand). In the previous year this item included income of €1,278 thousand for the reversal of the provision for restoration. The recharged costs were not based on an exchange of goods or services between the Company and the affiliated companies.

Cost of materials

In addition to the rental expenses for the sites, the cost of materials in the amount of €358,164 thousand (previous year: €177,735 thousand) also encompasses the expenses for servicing of the radio towers, as well as energy costs.

Cost of materials

	01/04/2021–31/03/2022 €k	01/04/2020–31/03/2021 €k
Cost of raw materials, consumables and supplies, and of purchased merchandise	(97,085)	(76,748)
Energy costs	(97,085)	(76,748)
Cost of purchased services	(261,079)	(100,988)
Rental and leasing costs	(127,658)	(82,050)
Tower servicing costs	(129,884)	(16,465)
Other costs	(3,537)	(2,473)
Total cost of materials	**(358,164)**	**(177,735)**

The tower servicing costs mainly include additions to the provision for restoration obligations of €116,859 thousand (previous year: €10,186 thousand). This increase reflects expected cost increases for site restoration.

Personnel expenses

Personnel expenses in the amount of €37,253 thousand (previous year: €19,130 thousand) result from wages and salaries, as well as social security, post-employment and other benefit costs:

Revenue

	01/04/2021–31/03/2022 €k	01/04/2020–31/03/2021 €k
Wages and salaries	(34,599)	(17,900)
Social security, post-employment, and other employee benefit costs	(2,654)	(1,230)
of which post-employment benefits	*(18)*	*(3)*
Total personnel expenses	**(37,253)**	**(19,130)**

Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets

Management has made an assessment of the useful economic life of certain tower infrastructure assets, in line with its accounting policy, reflecting the change in its business operations following the set-up as a stand-alone towers infrastructure business. The valuation approach which was taken over from the legal predecessor (useful life: 8 years) has been adapted to the Vantage Towers AG business model (useful life: 25 years). There has been a reduction in depreciation during the financial year of €44,500 thousand compared to the depreciation charge that would have been made under the previous asset lives. A write-down of €13,023 thousand (previous year: €47,702 thousand) was made after the adaptation of useful life.

Other operating expenses

The other operating expenses of €81,004 thousand (previous year: €272,733 thousand) are broken down as follows:

Other operating expenses

	01/04/2021–31/03/2022 €k	01/04/2020–31/03/2021 €k
Intercompany settlements and service fees	(32,588)	(252,192)
of which 'one-off' expenses (for-the-account-of phase)	–	*(190,216)*
Losses on the disposal of fixed assets	(14,913)	(348)
Currency losses	(11,159)	(1,836)
Auditing and consultancy costs	(10,316)	(3,191)
Other overheads	(6,812)	(1,297)
Restructuring costs	(2,385)	(12,861)
Advertising costs	(1,671)	(431)
Travel costs	(658)	(229)
Office costs	(126)	(58)
Miscellaneous	(376)	(291)
Total other operating expenses	**(81,004)**	**(272,733)**

Comparability with the figure for the previous year is limited due to the one-off expenses included in this item in the previous year (for-the-account-of phase) in the amount of €190,216 thousand.

Income from long-term equity investments

The income from long-term equity investments in the amount of €160,000 thousand (previous year: €0) results from a dividend payment from Central Tower Holding Company B.V.

Taxes on income and other taxes

The taxes on income during the financial year consist of corporation tax and solidarity surcharge of €6,931 thousand (previous year: €6,878 thousand) trade tax of €11,065 thousand (previous year: €7,211 thousand), and expenses incurred in connection with the recognition of deferred tax assets of €4,168 thousand (previous year: €0).

Disclosures on the statement of financial position

Fixed assets

The development of fixed asset items is presented in the statement of changes in fixed assets.

The reported shares in affiliated companies and long-term equity investments comprise the following:

Company name	Registered office	Equity €k	Equity interest %	Net income/loss in the past financial year €k
A. Directly held interests				
Central Tower Holding Company B.V.	Capelle aan den Ijssel, Netherlands	23,386	100	28,927[1]
Vantage Towers Erste Verwaltungsgesellschaft mbH	Duesseldorf, Germany	25	100	0
Vantage Towers Zweite Verwaltungsgesellschaft mbH	Duesseldorf, Germany	25	100	0
B. Indirectly held interests				
Vantage Towers. S.L.U.	Madrid, Spain	108,541	100	53,814[1]
Vodafone Towers Portugal S.A.	Lisbon, Portugal	290,662	100	9,926[1]
Vantage Towers S.R.L.	Bucharest, Romania	109,412	100	23,993[1]
Vantage Towers s.r.o.	Prague, Czech Republic	73,808	100	11,738[1]
Vantage Towers Zrt.	Budapest, Hungary	46,684	100	12,845[1]
Vantage Towers Limited	Dublin, Ireland	171,866	100	13,401[1]
Vantage Towers Single Member SA	Athens, Greece	877,397	100	21,358[1]
Cornerstone Telecommunications Infrastructure Limited	Theale, United Kingdom	572,531	50	(296,691)[2]
Infrastrutture Wireless Italiane S.p.A.	Milan, Italy	4,483,515	33	191,396[3]

[1] Results for the period 01/04/2021 – 31/03/2022 according to IFRS
[2] Financial year 01/04/2020 – 31/03/2021
[3] Financial year 01/01/2021 – 31/12/2021

The shares in Central Tower Holding Company B.V. (CTHC) were purchased by Vodafone Europe B.V., Rotterdam, Netherlands, on 17 December 2020. This acquisition was primarily financed from own funds, and also indirectly internally financed by Vodafone Investment Luxembourg S.à r.l., Luxembourg City, Luxembourg. On 14 January 2021 CTHC implemented an equity increase. It used this equity increase to acquire a 50% interest in Cornerstone Telecommunication Infrastructure Limited ('CTIL'). The carrying amount of the equity interest in CTHC was €9,004,677 thousand on the reporting date.

Receivables and other assets

As at 31 March 2021, the receivables and other assets amounted to €753,919 thousand (previous year: €629,086 thousand). As in the previous year, the trade receivables and other assets have a residual term of less than one year.

The receivables from affiliated companies amounted to €711,058 thousand (previous year: €617,388 thousand). These include trade receivables in the amount of €160,960 thousand (previous year: €143,771 thousand), loans issued in the amount of €548,423 thousand (previous year: €473,617 thousand) with residual terms of up to five years and receivables from shareholders in the amount of €127,673 thousand (previous year: €126,215 thousand).

The other assets in the amount of €40,819 thousand (previous year: €11,465 thousand) include tax receivables of €40,066 thousand (previous year: €8,307 thousand) (of which €39,491 thousand (previous year: €958 thousand) is attributable to taxes on income and €0 (previous year: €7,349 thousand) to value added tax and other receivables in the amount of €753 thousand (previous year: €3,158 thousand).

Prepaid expenses

Prepaid expenses in the amount of €70,205 thousand (previous year: €73,320 thousand) primarily include advance rent payments for tower sites in the amount of €53,826 thousand (previous year: €59,930 thousand) and the discount from bonds issued of €10,517 thousand (previous year: €12,909 thousand).

Equity

The Company's subscribed capital amounts to €505,782 thousand (previous year: €505,782 thousand) and it is fully paid in. The capital reserves as at the reporting date amounted to €6,684,055 thousand (previous year: €6,783,533 thousand). In accordance with section 272, paragraph, no. 4 HGB, €100,970 thousand was withdrawn from the capital reserves (previous year: €342,841 thousand) in the financial year and allocated to net retained profits. In accordance with section150 AktG a statutory reserve of €11,456 is reported under the item of retained earnings.

Equity

	As at 31/03/2021	Contribution €k	Withdrawal €k	**31/03/2022 €k**	31/03/2021 €k
I. Subscribed capital	505,782	–	–	505,782	505,782
II. Capital reserves as per section 272, paragraph 2, nos. 1-4 HGB:	6,783,533	1,492	(100,970)	6,684,055	6,783,533
1. The amount received on the issuance of shares, including shares issued to pre-emptive right holders, in excess of par value or, if there is no par value, the notional value.	33,520	–	–	33,520	33,520
2. The amount received on the issuance of convertible bonds and options to acquire shares.	–	1,492	–	1,492	–
4. The amount of additional shareholder payments to equity.	6,750,013	–	(100,970)	6,649,043	6,750,013
III. Retained earnings	–	11,456	–	11,456	–
1. Legal reserve	–	11,456	–	11,456	–
IV. Net retained profits	283,238	217,673	(182,268)	318,643	283,238
Total equity	**7,572,553**	**230,621**	**(283,238)**	**7,519,936**	**7,572,553**

On 18 February 2021 the Annual General Meeting resolved that the Company is authorised to increase the share capital up to a total of €252,891 thousand, subject to the Supervisory Board's approval, by issuing new shares against contributions in cash or kind on one or several occasions up until 15 February 2026. The pre-emptive rights of shareholders may be excluded.

The capitalised internally generated intangible fixed assets of €626 thousand are not subject to any dividend payout restriction as the available reserves according to section 272, paragraph 2, no. 4 cover the amount recognised.

Provisions

Provisions in the amount of €403,607 thousand (previous year: €252,242 thousand) mainly related to restoration obligations for sites with passive infrastructure in the amount of €279,890 thousand (previous year: €164,869 thousand) and energy costs for sites amounting to €64,527 thousand (previous year: €50,030 thousand. The increase in the asset retirement provision was predominantly due to the growth in estimated future commitments, as a consequence of inflationary increases on current year costs.

Bonds

Bonds with a nominal value equivalent of €2,200,000 thousand were issued in the financial year ending 31 March 2021. These consisted of €750,000 thousand 0.000% bonds maturing in 2025, €750,000 thousand 0.375% bonds maturing in 2027, and €700,000 thousand 0.750% bonds maturing in 2030. The transaction involved a drawdown from Vantage Towers AG's debt issuance programme.

Liabilities

Trade payables in the amount of €76,970 thousand (previous year: €28,491 thousand) resulted primarily from liabilities for investments of €24,858 thousand (previous year: €16,621 thousand) and additional trade payables in the amount of €52,112 thousand (previous year: €11,870 thousand).

The liabilities to affiliated companies in the amount of €127,963 thousand (previous year: €77,130 thousand) essentially pertain to Group-wide cash pooling liabilities of €101,938 thousand (previous year: €65,662 thousand) and trade payables in the amount of €25,671 thousand (previous year: €11,397 thousand). In the year under review the Company entered into foreign currency swaps with Vodafone Group Plc as the counterparty in order to hedge the loan of CZK 2,825,000,000 granted to Vantage Towers s.r.o. The contingent loss from the pending transaction on the reporting date is recognised through profit or loss. The carrying amount as at 31 March 2021 of €2 thousand is reported under liabilities to affiliated companies and is equivalent to the fair value. The liability is measured using a discounted cash flow model.

The other liabilities in the amount of €7,308 thousand (previous year: €423 thousand) are primarily tax liabilities (€7,305 thousand; previous year: €423 thousand). The residual terms are shown in the liabilities ageing table.

Liabilities

	31/03/2022 €k	31/03/2021 €k
Bonds[1]	**2,200,000**	**2,200,000**
of which with a residual term of up to one year	*–*	*–*
of which with a residual term of more than one year and up to five years	*1,500,000*	*750,000*
of which with a residual term of more than five years	*700,000*	*1,450,000*
Trade payables	**76,970**	**28,491**
of which with a residual term of up to one year	*76,970*	*28,491*
Liabilities to affiliated companies	**127,963**	**77,130**
of which with a residual term of up to one year	*127,963*	*77,130*
Other liabilities	**7,308**	**423**
of which with a residual term of up to one year	*7,308*	*423*
of which from taxes	*7,305*	*423*
of which in connection with social security	*–*	*–*
Total liabilities	**2,412,241**	**2,306,044**
of which with a residual term of up to one year	*222,695*	*116,498*
of which with a residual term of more than one year and up to five years	*785,509*	*785,509*
of which with a residual term of more than five years	*1,404,037*	*1,404,037*

[1] The prior year comparatives are restated to nominal value.

Deferred income

Of the €132,593 thousand (previous year: €62,574 thousand) in deferred income items existing as at 31 March 2022, €102,080 thousand (previous year: €31,711 thousand) relate to leases to affiliated companies, and €30,513 thousand (previous year: €30,863 thousand) to leases to third parties.

Other financial commitments

As at the 31 March 2022 reporting date there were other financial commitments for lease agreements in the amount of €878,572 thousand (previous year: €875,359 thousand). There were also open orders from investments amounting to €206,209 thousand (previous year: €80,085 thousand) and open orders for expenses of €10,004 thousand (previous year: €9,442 thousand).

Contingent liabilities

There were no contingent liabilities in the 2021/22 financial year.

Other disclosures

Breakdown of the number of employees

Average number of employees (salaried staff)	198
Of which senior executives	8

Total remuneration of the Management Board and Supervisory Board

The following tables show the remuneration of the Management Board members including the value of the benefits granted in the reporting year. A detailed description of the main features of the compensation system and an individualised presentation of the compensation paid to the members of the Executive Board and Supervisory Board is provided in the compensation report.

Total Management Board remuneration

Component	Description	2021/22 €	2020/21 €
Fixed remuneration	Variable remuneration	1,415,016	1,322,515
	Additional benefits	222,000	320,693
Variable remuneration	Short-Term Incentive	1,742,685	1,376,542
	Long-Term Incentive (FY 2020/21 to 2022/23) (rounded)	1,949,277	–
	Pension costs	195,862	167,725
Total		**5,524,840**	**3,187,475**

Total Supervisory Board remuneration

In the year under review the Supervisory Board received total remuneration of €570 thousand (previous year: €95 thousand).

Related-party transactions pursuant to section 285 no. 21 HGB

There were no transactions with related parties that arose on terms that were not at arm's length in the financial year just ended.

Auditor's fee

The auditor's fee for the financial year is not disclosed because the disclosure is included in the consolidated financial statements of Vantage Towers AG.

Disclosures on the parent in accordance with section 285 nos. 14 and 14a HGB and on the consolidated financial statements

Vantage Towers AG is an affiliated company of Vodafone Group Plc, Newbury, England through its direct shareholder, Vodafone GmbH, Duesseldorf, and through other indirect shareholders. The company that prepares the consolidated financial statements for the largest and smallest group of companies in which the Company is included is Vodafone Group Plc, Newbury, Berkshire, RG14 2FN, United Kingdom, registration number 1833679. Its consolidated financial statements are published there and in the Federal Gazette.

Post-reporting-date events

Following discussion with our anchor tenant, Vodafone Germany, we have revised the approach to our roll-out plan in Germany leading to an adaptation of the built-to-suit (BTS) programme and the terms of the Master Services Agreement. This provides optionality for Vantage Towers to source up to 1,200 sites for Vodafone Germany from third-party tower companies with no change to the mid-term financial performance of the Company.

Corporate Governance

The Declaration of Conformity prescribed by section 161 AktG was issued by the Management Board and the Supervisory Board and is permanently available to the public on the Company's website.

Proposal for the appropriation of net income

The Management Board proposes to use the retained earnings of €318,643 thousand for the planned distribution of dividends to the shareholders in July 2022.

Supervisory Board

The Supervisory Board of Vantage Towers AG currently consists of eight members with the independent Chairperson, Prof. Dr. Rüdiger Grube (Deputy Chairperson: Rosemary Martin). The Supervisory Board has extensive expertise in the field of towers and the telecommunications industry as a whole.

Prof. Dr. Rüdiger Grube
- Chairman of the Supervisory Board of Vantage Towers AG
- Appointed from 18 January 2021 to 2025
- Business Consultant, former CEO and Chairman of the Management Board of Deutsche Bahn AG
- Other domestic supervisory board seats or seats in comparable domestic or foreign controlling bodies of commercial enterprises: DEUFOL SE, Hamburger Hafen und Logistik AG (HHLA), Vossloh AG, Alstom/Bombardier Transportation Germany GmbH

Rosemary Martin
- Deputy Chairperson of the Supervisory Board of Vantage Towers AG
- Appointed from 18 January 2021 to 2025
- General Counsel and Company Secretary, Vodafone Group Plc
- Other domestic supervisory board seats or seats in comparable domestic or foreign controlling bodies of commercial enterprises: Vodafone Corporate Secretaries Ltd.; Vodafone Foundation, Lloyds Register Foundation, Panel on Takeovers and Mergers (UK), University of Sussex

Katja van Doren
- Appointed from 8 February 2021 to 2025
- Chief Financial Officer and Chief Human Resources Officer, RWE Generation SE
- Other domestic supervisory board seats or seats in comparable domestic or foreign controlling bodies of commercial enterprises: RWE Generation NL B.V., Société Électrique de l'Our S.A., Luxembourg, Großkraftwerk Mannheim AG (GKM)

Charles C. Green III
- Appointed from 8 February 2021 to 2025
- Non-Executive Director, Frontier Tower Associates
- Other domestic supervisory board seats or seats in comparable domestic or foreign controlling bodies of commercial enterprises: Pinnacle Towers Pte. Ltd., Delmec, Engineering Ltd., Amane Towers SA, PowerX Technology Ltd.

Terence Rhodes
- Appointed from 8 February 2021 to 2025
- Professional Supervisory Board Member
- Other domestic supervisory board seats or seats in comparable domestic or foreign controlling bodies of commercial enterprises: None

Johan Wibergh
- Appointed from 18 January 2021 to 2025
- Chief Technology Officer, Vodafone Group Plc
- Other domestic supervisory board seats or seats in comparable domestic or foreign controlling bodies of commercial enterprises: Trimble Inc.

Michael Bird
- Appointed from 18 January 2021 to 2025
- Group M&A Director, Vodafone Group Plc
- Other domestic supervisory board seats or seats in comparable domestic or foreign controlling bodies of commercial enterprises: None

Pinar Yemez
- Appointed from 18 January 2021 to 2025
- Human Resources Director, Vodafone Business and Group Functions
- Other domestic supervisory board seats or seats in comparable domestic or foreign controlling bodies of commercial enterprises: None

Members of the Supervisory Board during the financial year:

- Barbara Cavaleri served as a member of the Supervisory Board (appointed on 18 January 2021) and resigned from her position on the Supervisory Board of Vantage Towers AG effective as of 16 February 2022.
- Other supervisory board seats or seats in comparable domestic or foreign controlling bodies of commercial enterprises: Vodafone Italia S.p.A. (resigned on 16 February 2022), VEI S.r.l. (resigned on 16 February 2022), VND SpA (resigned on 15 February 2022)

Management Board

Vivek Badrinath, Duesseldorf
Chief Executive Officer

Memberships of Supervisory Boards and comparable supervisory bodies: Atos SE (France) 3/3

Thomas Reisten, Duesseldorf
Chief Financial Officer

Memberships of Supervisory Boards and comparable supervisory bodies: Indus Towers Ltd (India)

Christian Sommer, Duesseldorf
General Counsel

Memberships of Supervisory Boards and comparable supervisory bodies: None

Duesseldorf, den 7 June 2022

The Management Board

Vivek Badrinath CEO	Thomas Reisten CFO	Christian Sommer Chief Legal Officer

Versicherung der gesetzlichen Vertreter

Wir versichern nach bestem Wissen, dass gemäß den anzuwendenden Rechnungslegungsgrundsätzen der Jahresabschluss ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Vantage Towers AG vermittelt und im zusammengefassten Lagebericht der Geschäftsverlauf einschließlich des Geschäftsergebnisses und die Lage des Vantage Towers-Konzerns sowie der Vantage Towers AG so dargestellt sind, dass ein den tatsächlichen Verhältnissen entsprechendes Bild vermittelt wird, sowie die wesentlichen Chancen und Risiken der voraussichtlichen Entwicklung des Vantage Towers-Konzerns bzw. der Vantage Towers AG beschrieben sind.

Düsseldorf, 7. Juni 2022

Vantage Towers AG

Der Vorstand

Vivek Badrinath Thomas Reisten Christian Sommer

Auditor's report

Independent auditor's report

To Vantage Towers AG

Report on the audit of the annual financial statements and of the combined management report

Opinions

We have audited the annual financial statements of Vantage Towers AG, Düsseldorf, which comprise the statement of financial position as at 31 March 2022, and the income statement for the fiscal year from 1 April 2021 to 31 March 2022, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Vantage Towers AG for the fiscal year from 1 April 2021 to 31 March 2022, which is combined with the group management report. In accordance with the German legal requirements, we have not audited the content of the declaration of compliance in accordance with the German Corporate Governance Code contained in the "Corporate Governance Report" section of the combined management report and the Group declaration on corporate governance.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2022 and of its financial performance for the fiscal year from 1 April 2021 to 31 March 2022 in compliance with German legally required accounting principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the group statement on German Corporate Governance Code and the Group declaration on corporate governance referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the combined management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the combined management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from 1 April 2021 to 31 March 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. Valuation of investments in affiliated companies

Reasons why the matter was determined to be a key audit matter

Investments in affiliated companies represent a significant part of the assets in the annual financial statements of Vantage Towers AG. They amount to EUR 9,005 million as of the balance sheet date and thus represent approx. 86 % of the balance sheet total. The shares in affiliated companies represent the participation in Central Tower Holding Company BV, Capelle aan den Ijssel, The Netherlands. This holding company holds stakes in other affiliated companies of Vantage Towers AG in nine countries. The value of the holding company is determined solely by the value of its subsidiaries. As of 31 March 2022, Vantage Towers AG carried out an impairment test in accordance with IDW RS HFA 10 for the investments in affiliated companies. For the indirect investments, this was based on a valuation model using the discounted cash flow method. Against the background of the associated complexity and discretion, the impairment test for the investments in affiliated companies was one of the key audit matters in our audit. The impairment test is based on assumptions that are derived from corporate planning and that are influenced by expected future market and economic conditions. The fair value of the investments in affiliated companies depends in particular on the future cash flows in the medium-term planning of the respective affiliated companies as well as the assumed discount rates and growth rates. The definition of these parameters is the responsibility of the legal representatives and is subject to estimations. There is a risk that changes to these estimations will result in significant changes in the impairment tests results.

Auditor's response

As part of our audit procedures, we have followed the process established by the Company for carrying out impairment tests with regard to its suitability for determining potential write-downs. We dealt with the planning process implemented by the Company and discussed the key planning assumptions with the legal representatives. The focus was placed on the assessment of the expected future cash flows in the medium-term planning of the major affiliated companies as well as on the discount rates and growth rates used. For this purpose, we have analyzed the assumptions on which the impairment test is based to determine whether they correspond to general and industry-specific market expectations. Furthermore, we compared the medium-term plans included in the impairment test with the medium-term plans approved by the Supervisory Board and verified the mathematical correctness of the valuation models in random samples. We have found that the assumptions related to the planning are adequately documented and are in line with our expectations. Due to the material importance of the investments in affiliated companies, we have also carried out our own sensitivity and validation calculations with assistance of our valuation experts in order to understand the influence of changes in certain parameters on the valuation models.

Our audit procedures did not give rise to any objections with regard to the valuation of the investments in affiliated companies.

Reference to related disclosures

The Company's information on the shares in affiliated companies is contained in sections „Accounting policies“ and „Disclosures to the statement of financial position – fixed assets“ of the notes to the financial statements.

2. Revenues from the Master Service Agreement with Vodafone GmbH

Reasons why the matter was determined to be a key audit matter

Vantage Towers AG generates the vast majority of its revenues in Germany with Vodafone GmbH. Approximately 88 % of the sales for so-called macro sites (physical infrastructure for the operation of mobile communication systems, which is installed either close to the ground or on the roof of a building) and for so called micro sites (sites for distributed antenna systems, repeater sites and small cell sites) is achieved by the

Company with Vodafone GmbH for the leasing of these locations or with other services for these locations. The contractual basis is the so-called Master Service Agreement with Vodafone GmbH in Germany. The Master Service Agreement contain regulations, which partly have been changed for the future after the first-time application of the contract in the last year. Against the background of the importance of the Master Service Agreement, both with regard to the total share of the Company's revenues and the complexity of the contracts, these are subject to a particular risk of incorrect accounting. We have therefore classified the recording of these revenues as one of the key audit matters for our audit of the annual financial statements.

Auditor's response

As part of our audit activities, we dealt with the process established by the Company for recording and deferring revenues. In order to understand the correctness of the revenue recognition on the balance sheet date, we audited the Master Service Agreement and the respective changes done in financial year 2021/2022 and carried out a reconciliation to the respective locations. We formed our expectations on the basis of the number and characteristics of macro and micro sites and the existing Master Service Agreements and compared these with the results of the respective evaluation for the locations. The results of these audit procedures are materially in line with revenues recognized by the Company. Furthermore, we assessed the revenues based on the contractual basis to determine whether they are recognized in the correct period. The risk of manual sales postings initiated by management in addition to the standardized revenue process was countered by relying on detailed interviews of the legal representatives, the use of data analysis tools and independent validations for our audit opinion.

Our audit procedures did not give rise to any objections with regard to the recording of sales.

Reference to related disclosures

The information provided by the Company on the recording of sales is given in the section „Income statement disclosures – Revenue" of the notes to the financial statements.

Other information

The supervisory board is responsible for the report of the supervisory board in section "To our Shareholders" in the annual report. The supervisory board and the management board are responsible for the group statement on corporate governance following Sec. 161 AktG with is part of the Statement of "Corporate Governance Report" in the combined management report and the remuneration report 2021/2022 pursuant Sec. 162 AktG. In all other respects, the executive directors are responsible for the other information. The other information comprises of the group statement on corporate governance referred to above. Additionally, other information comprises other parts of the planned annual report, of those we received a version until we issued our audit opinion, especially

- the responsibility statement of the management board on consolidated financial statements and the combined management report in section "Further Information";
- the report of the supervisory board in section "To our Shareholders"
- the discussion of Group pro forma performance in sections "Pro Forma Financial Performance" and "Further Information";
- the discussion of unaudited alternative performance measure and reconciliation of consolidated non-IFRS metrics in section "Further Information".

Our opinions on the annual financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

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 the executive directors and the supervisory board for the annual financial statements and the combined management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

Auditor's responsibilities for the audit of the annual financial statements and of the combined management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the assurance in accordance with Sec. 317 (3a) HGB on the electronic reproduction of the annual financial statements and the combined management report prepared for publication purposes

Reasonable assurance opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the combined management report (hereinafter the "ESEF documents") contained in VT_AG_JA+LB_ESEF_2022_03_31.zip (SHA-256-checksum: 329845e3c62c24f07437c66a023dd58f5ce22086cf67107a2fb7984bc03a31bf) and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the combined management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying combined management report for the financial year from 1 April 2021 to 31 March 2022 contained in the "Auditor's report on the annual financial statements and on the combined management report" above.

Basis for the reasonable assurance opinion

We conducted our assurance work on the reproduction of the annual financial statements and the combined management report contained in the above-mentioned attached electronic file in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance in Accordance with Sec. 317 (3a) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (IDW AsS 410) (10.2021). Accordingly, our responsibilities are further described below in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the executive directors and the supervisory board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the combined management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited combined management report.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 28 July 2021. We were engaged by the supervisory board on 7 February 2022. We have been the auditor of Vantage Towers AG since fiscal year 2020/2021.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the Company or entities controlled by it the following services that are not disclosed in the annual financial statements or in the combined management report: Review of the group financial statements for the half-year 30 September 2021, audit of the remuneration report for the financial year 2021/2022, Tax Certificate Audits related to issuance of audit report on company's tax compliance in Greece.

Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited annual financial statements and the audited combined management report as well as the assured ESEF documents. The annual financial statements and the combined management report converted to the ESEF format – including the versions to be published in the Bundesanzeiger [German Federal Gazette] – are merely electronic renderings of the audited annual financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Marc Ueberschär.

Cologne, 9 June 2022

Ueberschär	Hillebrand
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

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