VANTAGE TOWERS

Annual Financial Statements and Combined Management Report for the Financial Year

1 April 2022 – 31 March 2023

Powering Europe's digital transformation

2 Combined Management Report

Combined Management Report

Company profile

Fundamentals of the Group

We are a leading tower company in Europe with approximately 84,600 macro sites across ten markets including our joint venture and associate investments in Cornerstone and INWIT. 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 2023, Vantage Towers employed 711 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];

- Controlling or co-controlling towers (except INWIT after termination of a shareholder agreement with Telecom Italia S.p.A.) 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;

(ii) 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

- **Being at the forefront** of enabling a resilient, inclusive digital society with a clear focus on sustainable infrastructure to **minimise environmental impact**.

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. Overall, more than 95% of our revenues are linked to inflation.

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 other customers looking to build, expand or densify their networks.

[1] Source: GSMA Q1 2023

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 2023 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 43% of our total macro sites and 36% of our tenancies in our consolidated markets as of 31 March 2023.

Our site portfolio in Germany is well-balanced. The sites have capacity to co-locate additional tenants, and a significant proportion of our sites does not have competitors' sites nearby. As of 31 March 2023 Vantage Towers Germany's portfolio comprised approximately 19,800 macro sites.

As of 31 March 2023, the tenancy ratio amounted to 1.24x on our macro sites in Germany.

Spain

Spain represents our second largest market, comprising 18% of our macro sites and 23% of our tenancies in our consolidated markets as of 31 March 2023.

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 8,400 macro sites as of 31 March 2023.

The Group's overall tenancy ratio in Spain amounted to 1.84x as of 31 March 2023.

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 2023.

Our portfolio comprises approximately 4,900 macro sites in Greece as of 31 March 2023.

As of 31 March 2023, we recorded a tenancy ratio of 1.72x regarding our sites in Greece.

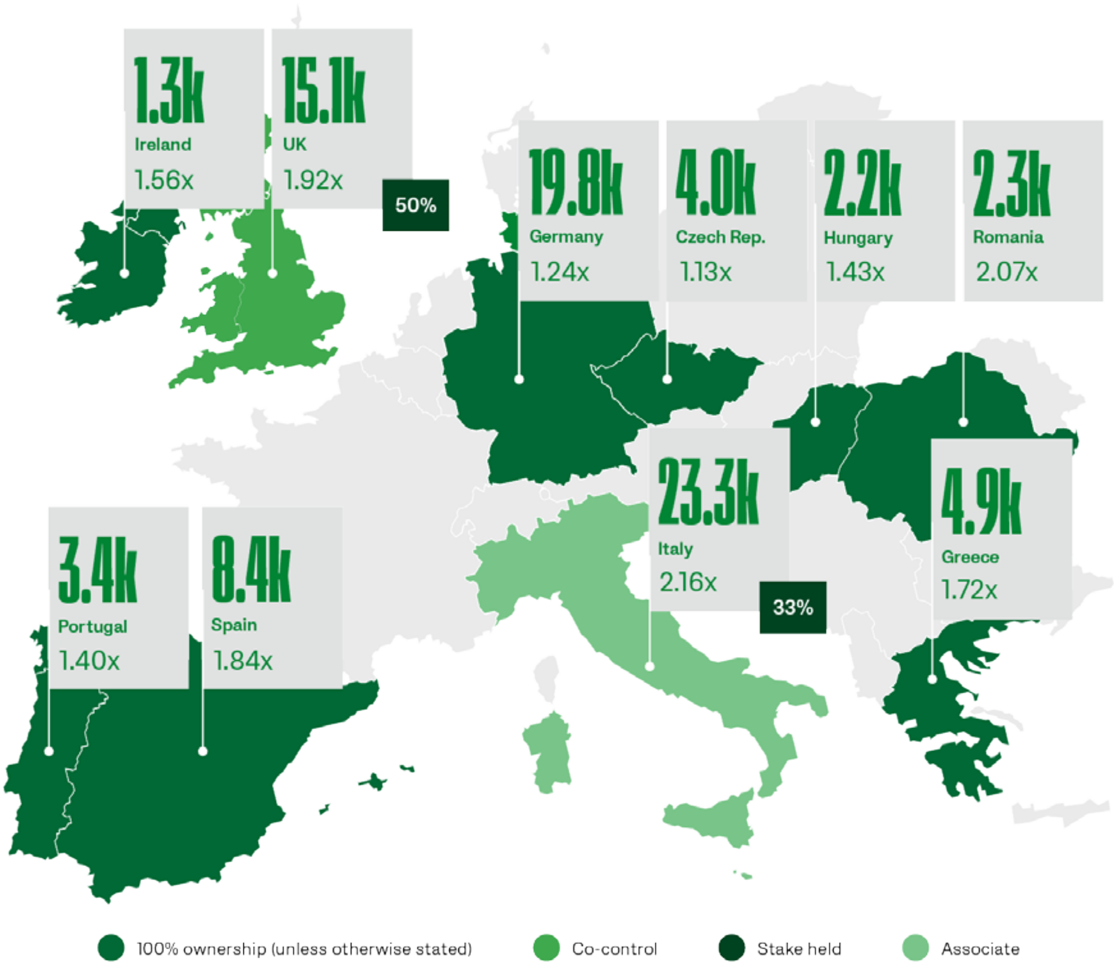
Other European Markets

The Group's Other European Markets segment includes its operations in Portugal, the Czech Republic, Hungary, Ireland, and Romania. We rank first in the market by number of sites in the Czech Republic, second in Ireland, third in Portugal and Hungary and fifth in Romania. Across these markets, the Group operated a total of approximately 13,100 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 2023.

Joint ventures and Associates

The Group's joint ventures and associates comprise Cornerstone and INWIT. INWIT operates approximately 23,300 macro sites with a tenancy ratio of 2.16x. Cornerstone operates approximately 15,100 macro sites with a tenancy ratio of 1.92x. Vantage Towers currently holds 50% of Cornerstone and 33.2% of INWIT shareholdings.

The following map sets out a breakdown of the Group's site portfolio by market, including the portfolios of its joint ventures and Associates, showing the number of macro sites as of 31 March 2023.



Products & Innovation

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 and continued the development of the following projects in joint collaboration between the Commercial and Technology teams (which include a product development and a technology innovation team):

- **Digitisation** is a **key technological initiative for Vantage Towers** and is being approached in three aspects: (i) Digitising the Customer Journey by changing the existent TowerCo customer life cycle; (ii) Digitising our assets to have a complete inventory and reporting (e.g., towers, energy, and other operational KPIs); and (iii) Digitising our internal Operational Model which is creating operational efficiencies. Examples of digitisation initiatives are **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)

3. **Developing 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. Vantage Towers is working on deploying urban fixtures able to host the new 5G telecommunications equipment and other service equipment such as EV-chargers, cameras and sensors all without visual impact.

- **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 developing new technology **OpenRAN**, as a way to improve mobile services deployment through Hardware as a Service and Neutral Host Concept.

4. **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 to enable Net Zero Infrastructure. Vantage Towers is currently working on upgrading energy technology using energy-efficient rectifiers and free cooling systems. In addition, the Group is also experimenting new materials for the construction of new towers. Through fully remote monitoring and energy metering, Vantage Towers is able to deliver a smart platform that digitalizes operations, drives efficiency and expands the value to our customers.

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.

- Group Revenue (excl. pass through): Total Group 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.

5. Adjusted EBITDAaL: Adjusted EBITDA on Group level less recharged capital expenditure revenue[1], and after depreciation on ground lease-related right-of-use assets and deduction of interest on leases.

- Recurring Free Cash Flow (RFCF): Adjusted 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.

6. Recurring Operating Free Cash Flow (ROFCF) is Adjusted EBITDA less recharged capital expenditure revenue, less cash costs for ground leases, less maintenance capital expenditure. 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.

- Leverage: Net Financial Debt divided by adjusted 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 is:

- 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 have to report, under certain conditions, 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 2023, Vantage Towers was not required to publish a non-financial report in accordance with the NFRD as the respective threshold for number of employees was not exceeded for two consecutive years.

[1] Recharged capital expenditure revenue represents direct recharges to odafone of capital expenditure in connection with upgrades to existing sites.

Economic report

Macroeconomic and sector-related framework conditions

Macroeconomic situation

According to the International Monetary Fund (IMF)[1], global gross domestic product (GDP) in 2022 had seen a decelerating growth of 3.4% compared to 6.1% growth in 2021, with the prior year including a strong economic recovery from the COVID-19 pandemic.

In the first months of 2022, the recovery of the global economy was impacted by the war in Ukraine and supply chain disruptions. This led to severe commodity, food, and energy price shocks globally and record-high inflation especially impacting low-income countries. Consequently, in the second half of 2022, the global economy continued to be impacted by the increase of living costs, the effects of the Ukraine war and the lingering COVID-19 pandemic e.g., the lockdown in China. For 2022, global inflation was sustained on a level higher than seen in several decades at 8.7%[1].

In January 2023, the IMF had expected global economic growth of 2.9% in 2023, which was then revised to 2.8% in April 2023[1]. Central banks globally have sharpened their monetary policies and increased interest rates to fight the high levels of inflation[1].

In 2022, the countries of the Eurozone recorded GDP growth of 3.5% according to IMF. In Germany, GDP grew by 1.8%, while Spain and Greece recorded increases of 5.5% and 5.9%, respectively[1].

The global economy had started 2023 weaker than previously expected by the IMF. On one hand the global economy seems to be ready for a recovery from the cumulative shocks of the past three years such as the COVID-19 pandemic and the war in Ukraine, which have been accompanied by price increases, supply chain disruptions and record-high inflation. On the other hand, the inflationay effects are only partly mitigated. The tightening of monetary policy – for the first time since over a decade - by most central banks globally should start to show effects, however, we have seen severe instability in the banking sector as well.

Industry environment

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

Mobile data traffic in Western, Central, and Eastern Europe is expected to grow at a compound annual growth rat (CAGR) of around 18% from 2022 through 2028. 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 fuelled by more video content viewing as well as higher 5G penetration.[2]

As consumers demand faster communication speeds and higher bandwidth, MNOs will be looking to compete on network quality. For Europe, the GSM Association (GSMA) expects smartphone connections to account for 91% of all mobile connections by 2030. This would account for an increase of 10 percentage points compared to 2022[3].

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 to expand their networks and improve quality as subscribers and data usage increase, MNOs have to maintain effective capacity to ensure the stability of their networks and reduce congestion. This in turn requires them to densify networks and increase tenancies. Furthermore, network densification is required to support the rollout of their 5G networks following the national spectrum auctions. The technology has already become mainstream in several markets, notably South Korea and the US, where 5G now accounts for more than 40% of total connections. According to GSMA, mobile operators will focus on generating returns on their investments, which is supposed to decrease capex[3].

[1] Source: International Monetary Fund, World Economic Outlook Update, April 2023
[2] Source: Ericsson Mobility Report, November 2022, p. 22, 23
[3] Source: GSMA, The Mobile Economy 2023, p. 14f

It is estimated that 92% of mobile operator capex will be spend on 5G between 2023 and 2030[1]. In Western Europe, 5G mobile subscription penetration is expected to increase from 11% in 2022 to 88% by the end of 2028[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. These developments will continue to drive the demand for towers.

Furthermore, further trends in the sector are IoT and private networks. In 2022 for example China recorded already more IoT connections than mobile users. The GSMA forecasts that Europe and the US combined are supposed to account for 20% of total connections by 2030. As 5G allows to offer dedicated solutions for the customers' needs, mobile private networks are an important growth driver for the industry targeting not only factories but also the transport and logistic sector.[4]

Another focus of MNOs, according to GSMA and the Ericsson Mobility Report, is their environmental impact. This trend increases the demand for renewable energy sources and smart operation capabilites of the infrastrcutre.[5]

Development of the business-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 continue to have, a significant impact on the results of operations of the Towers Business in the past and operations, financial position and cash flows in future periods.

Public offers for the acquisition of the shares of Vantage Towers AG and structural measures

- On 9 November 2022, Oak Holdings GmbH ("Oak Holdings"), which is part of a Joint Venture between Vodafone GmbH and Oak Consortium GmbH, a holding company controlled by investment funds managed and advised by Global Infrastructure Partners ("GIP") and by various subsidiaries of Kohlberg Kravis Roberts & Co. ("KKR") advised and managed investment funds, special purpose entities and/or accounts controlled holding company ("Oak Consortium") announced their decision to submit a voluntary public takeover offer to all shareholders of Vantage Towers at €32.00 per share
- On 23 March 2023, Oak Holdings announced the completion of the acquisition of Vodafone GmbH shares in Vantage Towers AG and of the public voluntary takeover offer and, as a result of these transactions held 89.26% of the shares of Vantage Towers AG
- On 3 May 2023 the acceptance period for the public delisting tender offer, announced by Oak Holdings on 20 March 2023, to all shareholders of Vantage Towers AG at a price of €32.00 per share expired. The completion of the public delisting tender offer resulted in the tender of an additional 0.05% of the shares in Vantage Towers AG to Oak Holdings, with Oak Holdings currently holding 89.31% of the shares in Vantage Towers AG. Trading of Vantage Towers AG shares on the regulated market of the Frankfurt Stock Exchange ended at the end of 9 May 2023.
- On 5 May 2023, the extraordinary general meeting of the Company approved the draft domination and profit and loss transfer agreement between Oak Holdings as the controlling company and Vantage Towers AG as the controlled company. Under the domination and profit and loss transfer agreement, Oak Holdings would undertake, among other things, to acquire the Vantage Towers share of any outside shareholder of Vantage Towers AG upon request in return for cash compensation.

1 Source: GSMA, The Mobile Economy 2023, p. 19
2 Source: Ericsson Mobility Report, November 2022, p. 6
3 Source: The economic contribution of the European tower sector, February 2022, p. 10
4 Source: GSMA, The Mobile Economy 2023, p. 4,17
5 Source: GSMA, The Mobile Economy 2023, p.4; Ericsson Mobility Report, November 2022, p. 2

Voluntary public takeover offer

On 9 November 2022, the Company's former majority shareholder, Vodafone GmbH, and Oak Consortium entered into an investment agreement providing for the formation of a joint venture that would indirectly hold the shares in the Company held by Vodafone GmbH and additional shares acquired in a voluntary public tender offer (the "Oak Transaction"). On 13 December 2022, Oak Holdings published the offer document for the voluntary public offer (cash offer) to acquire all shares of Vantage Towers AG for a cash compensation of €32.00 per share. The acceptance period of the offer ended on 10 January 2023. In the offer document, Oak Holdings stated, among other things, its intention to support Vantage Towers in its next phase of growth and strengthen its position as one of Europe's leading tower companys. The offer price of €32.00 per share represented a premium of 19% over the relevant volume-weighted average share price of the last three months (€26.89 as reported by BaFin) and 33% over the IPO price. The Management Board and the Supervisory Board of Vantage Towers welcomed the voluntary public takeover offer and recommended to the shareholders in their joint reasoned statement dated on 20 December 2022 to accept it.

Public delisting tender offer

As announced by Oak Holdings on 20 March 2023, Oak Holdings and Vantage Towers have entered into a delisting agreement on the same day. On 5 April 2023, Oak Holdings published the public delisting tender (cash offer) to acquire all remaining shares of Vantage Towers AG for a cash compensation of €32.00 per share. The acceptance period ended on 3 May 2023 with a final acceptance rate of 0.05% of the shares. The Management Board and the Supervisory Board of Vantage Towers welcomed the delisting tender offer and recommended to the shareholders in their joint reasoned statement from 18 April 2023, to accept it. In the course of the public delisting offer, the revocation of the admission of the shares of Vantage Towers AG to trading on the regulated market of the Frankfurt Stock Exchange and simultaneously on the sub-segment of the regulated market of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard), as applied for by Vantage Towers AG, became effective as of the end of 9 May 2023 (delisting).

Domination and Profit and Loss Transfer Agreement

Following the closing of the Oak transaction, the Management Board, with the consent of the Supervisory Board, approved the conclusion of a domination and profit and loss transfer agreement pursuant to Section 291 et seq AktG between Vantage Towers AG as the controlled company and Oak Holdings as the controlling company on the basis of a draft agreement agreed between the parties.

At the extraordinary general meeting of Vantage Towers AG held in Düsseldorf on 5 May 2023, an updated version of the draft agreement was approved with 98.25% of the votes.

The domination and profit and loss transfer agreement became effective on 13 June 2023 through registration on the commercial register.

Following the conclusion and the effectiveness of the Domination and Profit and Loss Transfer Agreement, Oak Holdings will, at the request of any outside shareholder of Vantage Towers AG, acquire its Vantage Towers AG shares in return for a cash compensation pursuant to Section 305 AktG in the amount of €28.24 per share. The annual compensation payment for outside shareholders pursuant to Section 304 AktG will amount to €1.63 gross (€1.52 after deduction of corporate income tax (including solidarity surcharge)) per Vantage Towers AG share.

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. To expand networks and improve quality of service as subscribers and data usage increase, MNOs must maintain effective capacity to ensure network stability and a lack of congestion. This in turn requires an increase in tenancies by locating additional active equipment on existing sites, contracting new sites to ensure 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 short- to medium-term coverage obligations and capacity needs. In a number of our consolidated markets, as well as those of our associate undertaking INWIT and joint venture Cornerstone, national regulators have established coverage obligations that require MNOs to provide network coverage of certain quality over certain areas.[1]

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

Revenue from our relationship with Vodafone

Subsidiaries of the Vantage Towers Group have entered into MSAs with subsidiaries of the Vodafone Group in each of the markets in which both companies operate and these 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 new MNO tenancy is added to a site, Vodafone as the anchor tenant may receive an additional tenant discount to its base service charge unless the tenant was already 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 can be up to 15% of the original anchor tenant fee. This additional tenant discount does not apply on "white spot" sites in Germany to Deutsche Telekom and Telefónica Deutschland, who are sharing the "white spot" sites with Vodafone, or to any other additional sharing counterparties on those sites.

A "strategic site" is a site that is of strategic importance to Vodafone from a network management perspective. Vodafone has consent rights over other MNOs co-locating on strategic sites. As of 31 March 2023, approximately 3% of our sites were designated as strategic sites (FY 2022: 3%).[1]

A "critical site" is a site subject to higher service levels. A site can be designated as both strategic and critical. We also receive additional service charges to recover portions of ground lease 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 2023, we generated a total revenue (ex pass through) of €1,075.1 million. This represents an increase of 6.4% compared to the prior year total of €1,010.9 million. Revenue (ex pass through) for Vodafone amounted to €855.7 million (FY 2022: €802.9 million) with an additional pass through revenue of €20.2 million (FY 2022: €12.4 million) from capital expenditure recharge income.

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 2022 and 31 March 2023, we added approximately 1,440 non-Vodafone net tenancies. For the year ended 31 March 2023, we generated revenue of €219.4[2] million from customers other than Vodafone (FY 2022: €208.0m)[3].

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 Portfolio across 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

[1] Source: company information
[2] Non-VF revenue now includes revenues from Hungary since the sale of VF Hungary in Feb. 23
[3] Please note there has been a transfer of revenues. Revenue related to the active sharing agreement in Spain was previously classified as Vodafone revenue and is now classified as Non-Vodafone revenue.

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 co-location. 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 its active equipment on a macro site. Overall, we have good visibility on the drivers of tenancy growth in the medium-term.

BTS commitments and white spot obligations are expected to represent a significant portion of tenancy growth. Furthermore, in December 2021, we announced an agreement with 1&1 to provide them with at least 3,800 co-locations across Germany, which will further drive our tenancy growth. Overall, in FY 2023 we have added 1,750 net new tenancies on our sites across Europe.

As of 31 March 2023, our average tenancy ratio in the Consolidated Markets was 1.46x, in comparison to the prior year figure of 1.44x. The table below sets out the tenancy ratios in our consolidated markets, and those of our investment entities INWIT and Cornerstone at their respective financial year ends.

Markets by segment

	As of 31/03/2023	As of 31/03/2022
Germany	1.24x	1.23x
Spain	1.84x	1.79x
Greece	1.72x	1.68x
Other European Markets	1.46x	1.42x
Total	**1.46x**	**1.44x**
Associate and Joint Venture		
Italy (INWIT)*	2.16x	2.01x
United Kingdom (Cornerstone)	1.92x	1.96x

* INWIT numbers based on 31 December 2021 and 2022

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 2023, our consolidated macro site portfolio, excluding INWIT and Cornerstone, comprised approximately 46,100 macro sites (FY 2022: 45,700 sites).

The BTS programme[1] accelerated in FY 2023 and we delivered 910 new macro sites (FY 2022: 510) across our consolidated markets, of which 490 were in Germany. Whilst the BTS programme maintained its momentum in the last three quarters of FY 2023, we will continue to closely manage the new site build programme and undertake direct measures in a number of areas including process and operations; supplier and sourcing; steering and control; and organisation and governance in order to reach our new build commitment until FY 2026.

The increase in new build sites was partially offset by 540 planned decommissionings of sites, in particular driven by the Active Sharing Agreements of our anchor tenants, mainly in Spain and Portugal. This type of decommissioning creates efficiencies in our network since our revenues are maintained by portfolio fee mechanisms.

[1] BTS: built to suit, refers to our programme to built a total of up to 7,100 committed new BTS sites across our markets until FY 2026. 5,500 of them in Germany with the optionality to source up to 1,200 sites from third-party TowerCos in Germany.

Ground lease optimisation programme

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 teams in each market to identify potential buy-out or long-term rights of use 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 our sites are located or the long-term rights of use (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 to target approximately 10% of our current sites, subject to achieving appropriate returns. In addition to acquiring land or RoU assets, we also optimise our lease portfolio through the active re-negotiation of leases where possible and advantageous to do so, in some cases offering landlords longer lease terms in exchange for reduced rental costs or removal of inflation escalators.

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) nonrecurring 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. 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, recharged capital expenditure comprises capital expenditure in connection with upgrades to existing sites recharged to tenants. The Group receives revenue from recharges of capital expenditure in connection with upgrades to existing sites recharged to the Operator following the provision of upgrade services up to standard configuration on sites.

Performance of INWIT and Cornerstone

The operational performance of INWIT and Cornerstone is 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, 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 is also impacted by the UK Electronic Communications Code (ECC) and the result of its impact on 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. Our results of operations are therefore protected to a large degree from the impact of inflation and deflation, which helps to 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 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 following table sets out the Vodafone MSA CPI escalators for the twelve months ended 31 March 2023.

Inflation

	Twelve months ended 31/03/2023 %
Germany	2.0
Spain	2.0
Greece	2.0
Other European Markets	2.0

Following the completion of the Oak transaction, the Vodafone MSA terms in Germany, Spain, Romania, Portugal, the Czech Republic and Ireland regarding the contractual CPI escalators were amended. From the 1st of April 2023 the CPI cap in these six markets is set at 3%, however, only 85% of the re-spective inflation rate is applied. No changes were made to the Vodafone MSA terms in Greece and Hungary[1].

[1] Source: company information; Example: An actual infaltionrate of 3% would lead to an inflation escalator of (85% * 3%) 2.6%

Overall assessment by the Management Board of the current situation

Highlights during the year ended 31 March 2023 include:

- Closing of the voluntary public takeover offer and the Oak transaction with our new main shareholder now owning 89.3% of Vantage Towers AG

7. Further successful commercialisation of our business increasing our tenancy ratio to 1.46x

- BTS programme with 910 new macro sites built across our footprint, of which 490 built in Germany

8. Strong progress of our ground lease buyout programme (GLBO)

- Exceeded our FY 2023 financial guidance range for Group Revenue (ex. pass through) of 3% to 5% YOY with Group Revenue growing 6.4 % year-on-year to €1,075.1 million

9. Achieved our FY 2023 financial guidance for adjusted EBTIDAaL with €564.3 million at the upper end of the guidance range of €550-€570 million

- Recurring Free Cash Flow increased by 5.6% year-on-year to €438.2 million exceeding the guidance range of €405-€425 million

The Management Board of Vantage Towers looks back at an exciting and successful year. Also, we achieved or even slightly outperformed our financial targets for FY 2023 and have made progress in ramping up our business to deliver 910 new macro sites and a closing tenancy ratio of 1.46x. Together with our new partners, we will continue our journey and further strengthen our position as one of the leading tower companies in Europe.

Results of operations of the Group

During FY 2023, we saw consistent revenue growth across all markets driven by contractual inflation escalators, tenancy growth, and other chargeable services to MNOs.

Group Revenue (ex. pass-through) grew 6.4 % YoY in FY 2023 to €1,075.1 million, mainly driven by Macro site and Energy and other revenue and was above the guidance range which expected an increase of 3% to 5% compared to the prior year.

Adjusted EBITDA increased from €865.2 million to €908.3 million with the adjusted EBITDA margin slightly lower at 83% (FY 2022: 85%) reflecting revenue mix and increases in nonlease operating expenses. In FY 2023, adjusted EBITDAaL increased by 4.0 % YoY to €564.3 million with a corresponding margin of 53% (FY 2022: 54%).

Summarised Group performance

	31/03/2023 €m	31/03/2022 €m
Revenue (ex. pass through)	**1,075.1**	**1,010.9**
Capex recharge revenue	20.2	12.4
Revenue	**1,095.3**	**1,023.3**
Maintenance costs	(46.1)	(46.4)
Staff costs	(68.6)	(45.3)
Other operating expenses	(81.0)	(67.8)
Adjustment: One off items	8.5	1.4
Adj. EBITDA	**908.3**	**865.2**
EBITDA margin	83%	85%
Capex recharge revenue	(20.2)	(12.4)
Ground lease expense	(323.7)	(310.2)
Adj. EBITDAaL	**564.3**	**542.7**
EBITDAaL margin	53%	54%

Revenue and profitability

Revenue disaggregation

	31/03/2023		31/03/2022	
	€m	**%**	€m	%
Macro site revenue	976.2	89.1%	923.1	90.2%
Other rental revenue	43.9	4.0%	43.2	4.2%
Energy and other revenue	54.9	5.0%	44.6	4.4%
Recharged capital expenditure	20.2	1.8%	12.4	1.2%
Consolidated	**1,095.3**	**100.0%**	**1,023.3**	**100.0%**

Revenue by segment

	31/03/2023		31/03/2022	
	€m	%	€m	%
Germany	544.4	49.7%	503.2	49.2%
Spain	185.5	16.9%	172.8	16.9%
Greece	141.9	13.0%	134.7	13.2%
Other European Markets	223.5	20.4%	212.6	20.8%
Consolidated	**1,095.3**	**100.0%**	**1,023.3**	**100.0%**

During FY 2023, we generated revenues of €1,095.3 million, which is comprised of €976.2 million (89.2%) macro site revenue, €54.9 million (5.0%) energy and other revenue, €43.9 million (4.0%) other rental revenue and €20.2 million (1.8%) of recharged capital expenditure. In FY 2023 we added 1,750 net new tenancies in total across our footprint, resulting in a tenancy ratio of 1.46x. Revenue from customers other than Vodafone principally comprised macro site revenue. During FY 2023, we generated revenue of €219.4 million (FY 2022: €208.0 million) from customers other than Vodafone.

The increase in energy and other revenue was mainly driven by other chargeable services to MNOs.

Germany is our largest segment earning total revenue of €544.4 million. The other reporting segments Spain and Greece earned total revenue of €185.5 million and €141.9 million, respectively, with the Other European Markets earning €223.5 million.

Adjusted EBITDAaL by segment

	31/03/2023 €m	31/03/2022 €m
Germany	302.8	298.6
Spain	89.1	80.6
Greece	53.3	50.2
Other European Markets	119.1	113.3
Consolidated	**564.3**	**542.7**

Adjusted EBITDAaL (being EBITDA adjusted for recharged capital expenditure revenue, depreciation of ground lease related right-of-use assets and for interest expenses on recognised lease liabilities), increased to €564.3 million from €542.6 million in the prior period,and was at the upper end of FY 2023 guidance of €550-€570 million . The year on year increase of 4% in consolidated adjusted EBITDAaL mostly reflects the increase in revenue (ex. pass through) offset by a margin impact from the revenue mix, and planned increases in operating expenses in FY23 to support and accelerate the build out of our supporting teams to ramp up our BTS programme and to facilitate 1&1's access on our existing sites, and, all ahead of the corresponding revenue contribution from FY24 onwards.

Results from operations in Germany (€302.8 million or 53.8% of total EBITDAaL), Spain (€89.1 million or 15.7%), Greece (€53.3 million or 9.4%), and Other European Markets (€119.0 million or 21,1%) are broadly in line with management's expectations. The results in Germany reflect planned investment costs in FY23 to accelerate the BTS programme and the 1&1 rollout, all ahead of the corresponding revenue contribution from FY24 onwards.

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

	31/03/2023 €m	31.03.2022 €m
Germany	114.8	106.4
Spain	71.0	70.2
Greece	67.9	65.2
Other European Markets	70.1	68.4
Consolidated	**323.7**	**310.2**

Ground lease expenses increased year on year to €323.7 million from €310.2 million. Ground lease expenses comprise the depreciation on ground lease-related right-of-use assets, amounting to €267.6 million (FY 2022: €257.3 million) and the interest on lease liabilities, amounting to €56.2 million (FY 2022: €52.9 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 for FY23, 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. 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 2023 amounted to €46.1 million (FY 2022: €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 2023 of €68.6 million has increased by 51.4 % year on year. This is due to the increase in average FTE employed by the Group from 457 FTE in the prior year to 627 FTE in FY 2023, salary increases and other one off payments to employees. Staff costs mainly consisted of wages and salaries (€55.0 million), social security contributions (€7.1 million), share based payment expense (€5.2 million) and pension costs (€1.3 million). €50.7 million, or 73.9%, of staff costs were incurred in Germany and also include head office costs.

Other operating expenses

We incurred other operating expenses of €81.0 million and these were primarily made up of energy costs, transitional services agreements, long-term services agreements and our support agreements.

Other non-operating expenses and one-off costs

The Group incurred one-off costs of €8.5 million in the year ended 31 March 2023 (FY 2022: €1.5 million) including one-off staff costs and other expenses included within operating profit. Additionally, the Company incurred €30.7 million of non-operating expenses in the year, being consultancy and advisory fees incurred in relation to the change in ownership arising from the Oak transaction. The fees have been incurred directly by the Company on its own behalf, including accruals of €29.1 million within current trade and other payables. The total of other non-operating expenses and one-off costs, being €39.2 million in the year ended 31 March 2023 (FY 2022: €6.0 million), has been excluded in the derivation of the key performance indicators, notably adjusted EBITDA, adjusted EBITDAaL and recurring free cash flow.

Equity Accounted Results from investments

The share of profit from equity accounted investments was €85.8 million (FY 2022: €30.2 million). For our joint venture investment, Cornerstone, the Vantage Towers share of profit was €22.7 million for the year. For our associate investment, INWIT, the Vantage Towers share of profit was €97.3 million in relation to INWIT's financial year ended 31 December 2022, which is offset by the amortisation of €34.2 million relating to associated intangible assets.

INWIT added 4.200 new tenants and 480 new sites between 1 January 2022 and 31 December 2022, bringing the tenancy ratio to 2.16x with a total of 23.3k sites. The renegotiation and land acquisition programme continued with further 510 agreements. INWIT has declared a final dividend for the financial year ended 31 December 2022 of €332.9 million, with the Group's share of €110.4 million being received in May 2023.

Cornerstone's performance was in line with expectation with a good operational performance. At 31 March 2023, Cornerstone's total number of macro sites was approximately 15.100 with tenancy ratio of 1.92x. In addition, the renewals of the existing lease agreements under the Electronic Communication Code (ECC) are progressing as planned. A final dividend was declared and paid by Cornerstone in respect of the financial year ended 31 March 2023 totalling £60.0 million, with the Group's share of £30.0 million (€ 34.0 million) being received in March 2023.

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 2023. This resulted in an earnings per share of 93.5 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 506.7 million shares as of 31 March 2023. This resulted in a diluted earnings per share of 93.4 eurocents.

Net assets of the Group

Assets and liabilities in the Group

Assets

	31/03/2023 €m	31/03/2022 €m
Non-current assets		
Goodwill	3,324.2	3,319.6
Intangible assets	282.0	268.9
Property, plant and equipment	3,561.8	3,201.9
Investments	3,170.8	3,217.9
Deferred tax assets	74.7	29.5
Trade and other receivables	22.5	23.5
	10,436.0	**10,061.3**
Current assets		
Receivables due from related parties	291.5	512.4
Trade and other receivables	130.8	126.2
Cash and cash equivalents	177.5	21.7
	599.8	**660.3**
Total assets	**11,035.8**	**10,721.6**

Equity and liabilities

	31/03/2023 €m	31/03/2022 €m
Equity		
Share capital	505.8	505.8
Share premium	6,751.5	6,751.5
Merger reserve	(2,250.2)	(2,266.3)
Other reserves	21.9	12.8
Retained earnings	514.3	359.8
Total equity attributable to shareholders of the parent	**5,543.3**	**5,363.7**
Non-current liabilities		
Bonds	–	2,189.5
Lease liabilities	1,751.5	1,758.8
Provisions	476.3	457.3
Post employment benefits	0.6	0.3
Deferred tax liabilities	73.4	128.9
Trade and other payables	92.2	89.3
	2,393.9	**4,624.1**
Current liabilities		
Lease liabilities	261.8	247.5
Bonds	2,199.0	–
Current income tax liabilities	24.3	12.2
Provisions	9.1	8.7
Payables due to related parties	81.6	117.7
Trade and other payables	522.9	347.7
	3,098.6	**733.8**
Total liabilities	**5,492.5**	**5,357.9**
Total equity and liabilities	**11,035.8**	**10,721.6**

Non-current assets

Non-current assets amounted to €10,436.0 million (or 94% of total assets) as of 31 March 2023 with an increase of €374.7 million compared to the prior period. Our non-current assets comprised mainly of goodwill, investments in associate and joint venture undertakings and property, plant and equipment.

Goodwill amounting to €3,324.2 million has arisen mainly in Germany (€2.6 billion). The majority of goodwill arose on historical transactions in the Vodafone Group and has subsequently been allocated in the formation of the Group between the Group's tower 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 are €282.0 million related mainly to the acquisition of customer relationships in Greece, with a value of €236.5 million.

Property, plant and equipment of €3,561.8 million consisted of lease-related right-of-use-assets of €2,073.6 million (FY 2022: €2,059.2 million), which are being depreciated over their reasonably certain lease terms, and property, plant and equipment of €1,488.2 million (FY 2022: €1,142.7 million) of which €110.3 million (FY 2022: €105.0 million) related to land and buildings and €1,378.0 million (FY 2022: €1,037.6 million) to other property, plant and equipment.

Investments in joint ventures and associates of €3,170.8 million solely related to the investments in INWIT €2,811.4 million and CTIL €359.4 million.

Deferred tax assets amounted to €74.7 million and related mainly to Spain with €47.3 million, the Czech Republic with €21.8 million and Portugal with €4.9 million. New deferred tax assets in Spain arose in the year following the Oak Holdings transaction, and deconsolidation from the Vodafone Group, which resulted in the step-up of asset values transferred from Vodafone in the formation of the Group and the expected utilisation of past tax losses in Vantage Spain. The related deferred tax credit recognised in the income statement in FY 2023 is €42.1 million.

Long-term trade and other receivables comprised prepayments of €15.3 million (FY 2022: €15.8 million), other receivables due greater than one year of €6.5 million (FY 2022: €6.8 million) and accrued income of €0.7 million (FY 2022: €0.9 million).

Current assets

Current assets of €599.8 million (or 6% of total assets) consisted of receivables due from related parties of €291.5 million, trade and other receivables of €130.8 million and cash and cash equivalents of €177.5 million.

Receivables due from related parties of €291.5 million (FY 2022: €512.4 million) primarily consisted of balances due from the Vodafone Group operating businesses under the terms of the MSAs of €291.5 million (FY 2022: €240.1 million). Upon deconsolidation on 23 March 2023, the cash pooling arrangements previously in place with the Vodafone Group ceased and the cash deposited with Vodafone Group at 31 March 2023 has reduced to €nil million (FY 2022: €272.3 million).

Trade and other receivables of €130.8 million (FY 2022: €126.2 million) were mainly comprised of accrued income of €28.3 million (FY 2022: €64.9 million), prepayments of €4.1 million (FY 2022: €2.6 million), tax receivables of €64.8 million (FY 2022: €41.0 million), other receivables of €16.3 million (FY 2022: €5.1 million), and of trade receivables of €17.3 million (FY 2022: €12.6 million). The year on year reduction in accrued income relates mainly to the finalisation of contractual terms with a third party customer in Vantage Spain, with an off-setting increase in related party receivables under the MSA terms.

Cash and cash equivalents of €177.5 million (FY2022: €21.7 million) are held at 31 March 2023. The increase compared with prior year follows completion of the Oak transaction and the subsequent termination of cash pooling arrangements with Vodafone Group on 23 March 2023. Prior to this change, surplus cash balances under the Vodafone Group cash-pooling arrangements were disclosed within related party receivables. Under our new arrangements surplus cash balances are mostly held as overnight deposits on Vantage Towers' call accounts at our relationship banks carrying solid investment grade credit ratings. Such surplus cash is split among those banks to avoid concentration risk and limit our default exposure. Cash balances in the prior year mainly related to balances held in Vantage Greece.

Equity

Equity amounted to €5,543.3 million (or 50% of total assets) as of 31 March 2023 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 of €2.3 billion. For further details refer to the Consolidated Statement of Changes in Equity and section "Formation of the Group" in the notes to the consolidated financial statements in the Annual Report for the year ended 31 March 2021.

Non-current liabilities

Non-current liabilities of €2,393.9 million (or 43% of total liabilities) consisted of lease liabilities, provisions, post-employment benefits, deferred tax liabilities, payables due to related parties and trade and other payables.

Non-current lease liabilities decreased by 0.4% following our efficiency programme to optimise ground leases through buyouts and amounted to €1,751.5 million. This relates mainly to lease contracts in Germany with €764.2 million or 43.6% (FY 2022: €713.6 million or 41%), Spain with €374.9 million or 21.4% (FY 2022: €408.0 million or 23%) and Greece with €257.3 million or 14.7% (FY 2022: €268.0 million or 15%).

Provisions of €476.3 million (FY 2022: €457.3 million) related almost entirely to asset retirement obligations of €473.4 million (FY 2022: €456.1 million). The increase in the year was predominantly due to inflationary increases on current year costs, offset by the effect of discounting of the future liabilities, with a consequent impact on our estimate of the future financial obligation related to asset retirements.

Deferred tax liabilities amounted to €73.4 million (FY 2022: €128.9 million) of which €57.9 (FY 2022: €53.6 million) related to acquired intangible assets in Greece and €13.3 million to Germany. The deferred tax liability in Germany has decreased by €55.5 million in the year due to a setp-up in the book values in Vantage Towers AG as a consequence of the Oak transaction. For further details refer to note 5 "Income Taxes" in the notes to the consolidated financial statements.

Non-current trade and other payables of €92.2 million (FY 2022: €89.3 million) were almost entirely comprised of non-current deferred income arising from the recharge of capital expenditure costs to Vodafone under the MSA.

Current liabilities

Current liabilities of €3,098.6 million (or 57% of total liabilities) consisted of short-term borrowings, lease liabilities, provisions, payables due to related parties, trade and other payables and overdrafts.

Bonds with a nominal value equivalent of €2.2 billion were in issue by the Group at 31 March 2023. These consisted of €750 million 0.000% notes due 2025, €750 million 0.375% notes due 2027 and €700 million 0.750% notes due 2030. On 23 March 2023, the Group announced the intention to redeem all of its outstanding bonds with a notional value of €2.2 billion. On 27 March 2023, the Group issued a notice to bondholders setting the early redemption date to 26 May 2023 and the bonds have, therefore, been reclassified as current liabilities. Settlement of the bonds has since been completed.

Current lease liabilities amounted to €261.8 million related mainly to Germany with €91.8 million or 35.1% (FY 2022: €85.7 million or 35%), Spain with €65.2 million or 24.9% (FY 2022: €59.1 million or 24%), and Greece with €53.0 million or 20.2% (FY 2022: €51.4 million or 21%).

Current income tax liabilities of €24.3 million (FY 2022: €12.2 million) mainly resulted from Spain, Greece and Romania.

Current provisions of €9.1 million (FY 2022: €8.6 million) relate to asset retirement obligations €7.4 million (FY 2022: €4.5 million) and other current provisions of €1.7 million (FY 2022: €4.1 million).

Current trade and other payables of €522.9 million (FY2022: €347.7 million) comprised accruals of €246.7 million (FY 2022: €152.4 million), trade payables of €195.8 million (FY 2022: €115.5 million), deferred income of €60.0 million (FY 2022: €54.7 million), other taxation and social security of €11.2 million (FY 2022: €14.8 million), and other payables of €9.2 million (FY 2022: €10.3 million. The year on year increase in accruals and trade payables mostly reflects the increase in capital expenditure activity of the Group. The increase in the deferred income balance mainly reflects the recharge of capital expenditure costs to Vodafone under the MSA, net of revenue recognised in the year.

Cash flow and capital expenditure analysis

Summary Consolidated Statement of Cash Flows

	31/03/2023 €m	31/03/2022 €m
Operating profit	**568.5**	**536.7**
Adjustments for:		
Share of results of equity accounted investments	(85.8)	(30.2)
Share-based payments and other non-cash charges	3.8	3.9
Depreciation of other property, plant and equipment	122.5	84.9
Depreciation of lease-related right-of-use assets	273.7	258.2
Amortisation of intangible assets	19.7	13.2
(Increase) / Decrease in trade receivables from related parties	(95.7)	48.6
Decrease in trade payables to related parties	(7.0)	(1.8)
Decrease / (Increase) in trade and other receivables	30.0	(56.9)
Increase in trade and other payables	77.2	151.1
Cash generated by operations	**906.9**	**1,007.7**
Net tax paid	(109.4)	(91.8)
Net cash from operating activities	**797.5**	**915.9**
Investing activities		
Purchase of interests in subsidiaries, net of cash acquired	–	(0.7)
Purchase of intangible assets	(36.7)	(18.6)
Purchases of property, plant and equipment	(398.4)	(288.2)
Disposal of property, plant and equipment	3.9	4.3
Dividends from investments	154.5	95.6
Net cash used in investing activities	**(277.1)**	**(207.6)**
Financing activities		
Issue of ordinary share capital	–	(0.2)
Repayment of lease liabilities including interest	(306.4)	(293.0)
Net movements in cash management activities with related parties	272.6	(121.9)
Interest paid	(11.9)	(10.2)
Group dividends paid	(260.4)	(231.6)
External dividends paid	(58.2)	(51.7)
Net cash used in financing activities	**(364.4)**	**(708.7)**
Net increase / (decrease) in cash and cash equivalents	**156.1**	**(0.4)**
Effect of foreign exchange rates	(0.3)	–
Cash and cash equivalents at beginning of period	21.7	22.1
Cash and cash equivalents at end of period	**177.5**	**21.7**

Cash generated by operations for the year was €906.9 million (FY 2022: €1,007.7 million). The increased cash inflow from operating activities was offset by a smaller year on year improvement in the Group working capital position of €4.5 million (FY 2022: working capital improvement €140.9 million), with the prior year result reflecting a normalization of working capital balances following the formation of the Group in FY 2021.

Additionally, net tax paid in the year increased by 19% to €109.4 million (FY 2022: €91.8 million) due to the realisation in the prior year of initial cash tax benefits from the towers business carve-outs. The normalization of both working capital movements and cash tax payments has, therefore, resulted in a €118.4 million reduction in net cash inflow from operating activities to €797.5 million (FY 2022: €915.9 million).

Net cash used in investing activities increased by €69.5 million to €277.1 million. The year-on-year increase of €128.3 million in the Group's total capital expenditure on intangible assets and PP&E, from €306.8 million to €135.1 million, was offset by a €58.9 million increase in cash dividends received from the Group's investments, to €154.5 million.

Net cash used in financing activities reduced to €364.4 million for the year ended 31 March 2023, from €708.7 million in the previous year. Cash payments in respect of ground lease liabilities to landlords increased by 4.6% to €306.4 million, reflecting an effective management of inflationary pressures in the Group's main markets through proactive measures, which include the Group's GLBO programme. The cash dividend to shareholders increased by €35.3 million to €318.6 million, reflecting a progressive dividend policy, offset by a net cash inflow from cash management activities with related parties of €272.6 million (FY 2022: net cash outflow €121.9 million) following termination of the cash pooling arrangements with Vodafone on 23 March 2023 – see Note 8 to the Consolidated Financial Statements.

Consolidated Recurring Free Cash Flow

	31/03/2023 €m	31/03/2022 €m
Adj. EBITDA	**908.3**	**865.2**
Capex recharge revenue	(20.2)	12.4
Cash lease costs	(306.4)	(293.0)
Maintenance capex	(24.0)	(28.8)
Recurring OpFCF	**557.6**	**531.0**
Cash conversion	99%	98%
(–) Tax paid	(109.4)	(91.8)
(–) Interest	(11.9)	(10.2)
(–) Changes in operating working capital	1.9	(14.2)
Recurring Free Cash Flow (RFCF)	**438.2**	**414.8**

Recurring free cash flow for the year ended 31 March 2023 increased by 5.6% year-on-year to €438.2 million (FY 2022: €414.8 million) exceeding the guidance range of €405-€425 million.

Management uses recurring free cash flow as a measure of the underlying cash flow available to support the capital investment and capital structure of the Company.

Maintenance capital expenditure

	31/03/2023		31/03/2022	
	€m	**%**	€m	%
Germany	7.7	32.1%	12.0	42%
Spain	6.6	27.5%	7.3	25%
Greece	1.7	7.1%	2.5	9%
Other EuropeanMarkets	8.0	33.3%	7.0	24%
Consolidated	**24.0**	**100.0%**	**28.8**	**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.

Liquidity and financial position of the Group

Financing

Following the co-control transaction between Vodafone and a consortium comprised of KKR and GIP, which closed on 22 March 2023, the Group's financing arrangements and funding structure has undergone a significant change.

On 23 March 2023, the Group announced its intention to redeem all of the outstanding bonds, with a notional value of €2,200 million. On 27 March 2023, the Group issued a notice to bondholders setting the early redemption date to 26 May 2023. To refinance the redemption of its outstanding bonds, the Group entered into a shareholder loan agreement in the corresponding amount of €2,200 million granted by Oak Holdings 2 GmbH, an intermediate parent company.

On 11 April 2023, the rating agency S&P announced the discontinuation of the Group's credit rating due to the announced repayment of the outstanding bonds. On 25 April 2023, the rating agency Moody's announced the withdrawal of the Group's credit rating citing business reasons. As a consequence, the Group is no longer carrying a credit rating with any rating agency.

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 2023 is shown in the table below, with comparision against the prior year:

	31/03/2023 €m	31/03/2022 €m
Bonds in issue by the Group	(2,199.0)	(2,189.5)
Cash and cash equivalents	177.5	21.7
Cash deposits held with related parties	–	272.3
Market to market derivative financial instruments	–	(0.5)
Net financial debt	**(2,021.5)**	(1,895.9)
Adjusted EBITDAaL	**564.3**	542.6
Leverage ratio	**3.6x**	3.5x

Financial position of the Group

Our primary sources of liquidity are cash flows from operating activities and the new revolving credit facilities entered into following the co-control transaction.

Our policy is to borrow using long-term facilities to meet anticipated funding requirements. These long-term borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries.

The Group's €300 million revolving credit facility was terminated on 14 April 2023 due to a change of control event. The Group replaced the revolving credit facility on 25 May 2023 by acceding directly to a new bank loan financing in the form of a €1,750 million facility. Additionally, the Group extended an existing €250 million shareholder loan facility with Vodafone GmbH, which will terminate at the latest on 24 July 2023.

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 (here- inafter 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.

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 place- ment 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 31/03/2023 €m	Twelve months ended 31/03/2022 €m
Revenue	560.0	517.7
Own work capitalised	13.8	8.3
Other operating income	104.1	93.6
Cost of materials	(275.6)	(358.2)
Personnel expenses	(50.1)	(37.3)
Depreciation on intangible assets and tangible assets	(65.3)	(51.9)
Other operating expenses	(105.0)	(81.0)
Operating profit	**181.9**	**91.3**
Income from investments	244.0	160.0
Other interest receivable and similar income	23.7	14.0
thereof from affiliated companies	21.2	14.0
thereof from discounting	0.2	–
Interest payable and similar expenses	(29.3)	(14.0)
thereof to affiliated companies	(4.9)	(1.7)
thereof from interest accruing	(5.6)	(0.4)
Financial result	**238.4**	**160.0**
Profit before tax	**420.3**	**251.3**
Taxes on income	(37.6)	(22.2)
Profit after taxes	**382.7**	**229.1**
Net profit for the year	382.7	229.1
Withdrawals from capital reserve	–	101.0
Allocations to retained earnings	(5.6)	(11.5)
Balance sheet profit	**377.1**	**318.6**

During FY 2023, the Company generated revenue of €560.0 million (FY 2022: €517.7 million) entirely within Germany. The revenue included rental income €509.0 million (FY 2022: €474.1 million) and other revenue €51.0 million (FY 2022: €43.6 million) derived from the German Towers Business.

Own work capitalised amounting to €13.8 million (FY 2022: €8.3 million) was in respect of the tower infrastructure.

Other operating income of €104.1 million (FY 2022: €93.6 million) was mainly comprised of energy revenue €86.9 million (FY 2022: €86.0 million), income from the release of other provisions €13.1 million (FY 2022: €1.1 million) and cost transfers to affiliated companies €1.8 million (FY 2022: €3.0 million). The cost transfers were not based on an exchange of services or goods between the Company and the affiliated companies.

Material costs of €275.6 million (FY 2022: €358.2 million) related to energy €98.6 million (FY 2022: €97.1 million) and purchased services €177.0 million (FY 2022: €261.1 million). Purchased services contained rental expenses for the sites €134.6 million (FY 2022: €127.7 million), maintenance and repair costs €38.7 million (FY 2022: €129.9 million), and other costs €3.7 million (FY 2022: €3.5 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 2023 with a resulting increase in the asset retirement obligation provision, and charge to the maintenance and repair costs, of €29.1 million.

Personnel expenses amounted to €50.1 million (FY 2022: €37.3 million) and included €4.5 million (FY 2022: €2.7 million) of social security contributions and expenses for pensions and other benefit costs.

Depreciation and amortisation amounted to €65.3 million (FY 2022: €51.9 million) and was almost exclusively attributable to the towers.

Other operating expenses of €105.0 million (FY 2022: €81.0 million) included intercompany charges and service fees amounting to €0.5 million (FY 2022: €32.6 million) as well as charges and service fees amounting to €34.5 million from Vodafone Group companies and other costs €70.0 million (FY 2022: €33.5 million) mainly for losses from the disposal of fixed assets, audit and consulting services, central support functions and resulting from currency losses. Miscellaneous other expenses in FY 2023 mainly relate to one-off overheads of €30.6 million, including specific costs incurred in connection with the change in shareholder structure. As a result of the completion of the Oak transaction on 23 March 2023 charges and services from Vodafone Group companies are not anymore subsumed in charges and services fees from affiliated companies.

The operating profit amounted to €181.9 million (FY 2022: loss of €91.3 million).

The financial result of €238.4 million (FY 2022: €160.0 million) consisted of income from investments of €244.0 million (FY 2022: €160.0), relating to dividends received by the Company from CTHC, other interest and similar income of €23.7 million (FY 2022: €14.0 million) (thereof €21.2 million from affiliated companies; FY 2022: €14.0 million) (thereof €0.2 million from discounting; FY 2022: €nil million) comprising interest received on cash deposits, and interest expenses of €29.3 million (FY 2022: €14.0 million) (thereof €4.9 million to affiliated companies; FY 2022: €1.7 million).

The combined operating and financial results led to a profit before tax of €420.3 million (FY 2022: €251.3 million).

Taxes on income amounted to €37.6 million (FY 2022: €22.2 million) and contained corporate income tax including a solidarity surcharge of €19.9 million (FY 2022: €6.9 million), trade tax of €21.9 million (FY 2022: €11.0 million) and deferred tax credit of €4.2 million (FY 2022: charge €4.1 million).

FY 2023 closed with a balance sheet profit of €377.1 million (FY 2022: €318.6 million).

Net assets and financial position of the Company

Balance Sheet

	31/03/2023 €m	31/03/2022 €m
Assets		
Fixed assets		
Intangible assets	46.6	26.3
Tangible assets	883.5	617.4
Investments	9,004.7	9,004.7
	9,934.9	**9,648.4**
Current assets		
Trade receivables	174.2	2.0
Receivables from affiliated companies	284.4	711.1
Other assets	75.4	40.8
thereof from taxes	65.1	40.1
Cash and cah equivalents	123.6	–
	657.6	**753.9**
Prepaid expenses	**61.7**	**70.2**
Total assets	**10,654.2**	**10,472.5**

	31/03/2023 €m	31/03/2022 €m
Equity and Liabilities		
Equity		
Share capital	505.8	505.8
Capital reserve	6,705.1	6,684.1
Retained earnings	17.1	11.5
Balance sheet profit	377.1	318.6
	7,605.0	**7,519.9**
Accruals		
Accruals for pensions and similar obligations	0.5	0.1
Other accruals	502.6	403.5
	503.1	**403.6**
Liabilities		
Loans payable	2,200.0	2,200.0
Trade payables	160.0	77.0
Payables to affiliated companies	63.4	128.0
Other liabilities	0.6	7.3
thereof from taxes	0.6	7.3
	2,424.1	**2,412.2**
Deferred income	**122.0**	**132.6**
Deferred tax liabilities	**–**	**4.2**
Total equity and liabilities	**10,654.2**	**10,472.5**

As of 31 March 2023, the total assets of the Company amounted to €10,654.2 million (FY 2022: €10,472.5 million) and mainly included financial assets of €9,004.7 million (FY 2022: €9,004.7 million) and receivables and other assets and cash and cash equivalents of €657.6 million (FY 2022: €753.9 million). Total liabilities and equity were mainly comprised of current liabilities of €2,424.1 million (FY 2022: €2,412.2 million) and equity of €7,605.0 million (FY 2022: €7,519.9 million).

Intangible assets amounted to €46.6 million (FY 2022: €26.3 million) and were mainly comprised of licence fees for software of €37.9 million (FY 2022: €21.5 million) and prepayments of €7.2 million (FY 2022: €nil million).

Tangible assets of €883.5 million (FY 2022: €617.4 million) included network infrastructure €737.6 million (FY 2022: €550.2 million) mainly relating to the tower assets, payments on account and assets under construction €122.6 million (FY 2022: €46.2 million), as well as freehold land and buildings €23.4 million (FY 2022: €21.0 million) mainly relating to owned land of €22.8 million (FY 2022: €20.3 million).

Current assets amounted to €657.6 million (FY 2022: €753.9 million) and are comprised of trade receivables of €174.2 million (FY 2022: €2.0 million), receivables from affiliated companies of €284.4 million (FY 2022: €711.1 million), other assets of €75.4 million (FY 2022: €40.8 million) and cash and cash equivalents of €123.6 million (FY 2022: €nil million).

Receivables from affiliated companies included loan receivables and receivables from cash pooling of €280.0 million (FY 2022: €548.4 million) and trade receivables of €4.4 million (FY 2022: €161.0 million). As a result of the completion of the Oak transaction on 23 March 2023 receivables from Vodafone Group companies are not anymore subsumed in receivables from affiliated companies.

The loan receivables and receivables from cash pooling mainly related to Vantage Towers Greece (€157.1 million loan at an interest rate of 3.45% with the termination date 21 December 2025; FY 2022: €175.5 million), Vantage Towers Czech Republic (€111.2 million, of which €107.8 million loan at an interest rate of 3.30% with the termination date 1 September 2025; FY 2022: €98.5 million).

Other assets of €75.4 million (FY 2022: €40.8 million) primarily consisted of tax receivables amounting to €65.1 million (FY 2022: €40.1 million).

The Company received a dividend from its directly owned subsidiary holding company, Central Tower Holding Company B.V., in the amount of €244.0 million during the year. This represents a distribution of profits from the Company's indirectly owned tower businesses and joint ventures.

Prepaid expenses of €61.7 million (FY 2022: €70.2 million) were mainly comprised of prepayments for ground lease of €55.7 million (FY 2022: €53.8 million).

The share capital of €505.8 million (FY 2022: €505.8 million) is fully paid. The capital reserve amounted to €6,705.1 million (FY 2022: €6,684.1 million), €17.1 million (FY 2022: €11.5 million) was transferred to retained earnings as a legal reserve, and the balance sheet profit to €377.1 million (FY 2022: €318.6 million).

Accruals of €503.1 million (FY 2022: €403.6 million) were made up of asset retirement obligations for sites of €306.4 million (FY 2022: €279.9 million), energy for sites of €106.9 million (FY 2022: €64.5 million), and other accruals of €89.7 million (FY 2022: €59.2 million).

Bonds with a nominal value equivalent of €2,200 million were in issue by the Group at 31 March 2023. These consisted of €750 million 0.000% notes due 2025, €750 million 0.375% notes due 2027 and €700 million 0.750% notes due 2030. On 23 March 2023, the Group announced the intention to redeem all of its outstanding bonds with a notional value of €2,200 million. On 27 March 2023, the Group issued a notice to bondholders setting the early redemption date to 26 May 2023. Early redemption of the bonds was also completed on this day.

Trade payables from third parties of €160.0 million (FY 2022: €77.0 million) mainly consisted of investments in the sites of €116.4 million (FY 2022: €68.8 million).

Liabilities to affiliated companies amounting to €63.4 million (FY 2022: €128.0 million) related to intercompany loans from cash pooling of €63.2 million (FY 2022: €101.9 million), there of Vantage Towers Spain €7.6 million (FY 2022: €28.9 million), Vantage Towers Romania €20.1 million (FY 2022: €27.4 million), Vantage Towers Portugal €27.2 million (FY 2022: €26.2 million), Vantage Towers Hungary €1.2 million (FY 2022: €18.5 million), Vantage Towers Greece €6.4 million (FY 2022: €nil), Central Tower Holding Company €0.8 million (FY 2022: €nil) and Vantage Towers Ireland €nil million (FY 2022: €1.0 million), and trade payables €0.2 million (FY 2022: €25.7 million). As a result of the completion of the Oak transaction on 23 March 2023 liabilities to Vodafone Group companies are not anymore subsumed in liabilities to affiliated companies.

Other liabilities of €0.6 million (FY 2022: €7.3 million) primarily consisted of tax liabilities amounting to €0.6 million (FY 2022: €7.3 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 2023 with a resulting increase in the asset retirement obligation provision, and charge to the profit and loss account, of €29.6 million.

Deferred income of €122.0 million (FY 2022: €132.6 million) comprised of advance rental payments from third parties for towers of €31.8 million (FY 2022: €30.5 million) and services based on the Vodafone Germany MSA of €90.2 million (FY 2022: €93.2 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 2023 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 2023 guidance with total revenue and operating profit both in line with expectations.

The total headcount increased from 198 to 310 as planned and consistent with the expansion of the business.

Overall, the Management Board believes that the Company is well positioned for its continued development as of the reporting date of 31 March 2023 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 balance sheet profits of €377.1 million in a partial amount of €20.2 million for the distribution to the shareholders and that the remaining amount of €356.9 million be transferred to retained earnings.

Risks and opportunities report

Overview of risk and opportunity management system and reporting

Vantage Towers' risk and opportunity policy is formed by one of the organisation's objectives; 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 consistent 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 a risk-aware decision-making framework in exploring opportunities.

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 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 methodologies for Risk Management (e.g. COSO ERM Integrated Framework), 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.

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.

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

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 considering an annual time period:

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, local Vantage Towers operating company management and other employees. 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 defined risk assessment criteria. In many cases, some parameters might be unknown to accurately measure an emerging risk. 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 2024 and beyond. In this report, we therefore present a holistic assessment of the Principal Risks the business is proactively addressing. We define Principal Risks as key risks to the Group that might endanger its strategic goals. The risks overview table details these Principal Risks below

Description	Impact
Very High	Reduction in EBIT in excess of 10% vs. plan
High	Reduction in EBIT by more than 5% but less than 10% vs. plan
Medium	Reduction in EBIT by more than 1% but less than 5% vs. plan
Low	Reduction in EBIT of up to 1% vs. Plan

Description	Likelihood
Rare	0% - 20%
Possible	21% - 50%
Likely	51% - 80%
Highly Likely	81% - 100%

Risk category	Risk	Change to prior Year-end
Strategic	Associated Third Party Risk	Stable
	Extreme Weather Events	Stable
	BTS Site Commitment and Deployment	Decreased
	Unsuccessful execution of 1&1 Deal	Increased
Financial	Inflation Impact	Decreased
	Global Macro-economic Disruption	Stable
Operational	Adverse Site Leasing Conditions	Stable
	Breach of Laws and Regulation	Increased
	GDPR Breaches	Increased
	Fraudulent acts of employees/suppliers	Stable
	Data & Systems integrity	Stable
Technological	Malicious Cyber Attack	Stable

Strategic

Associated third party risk

The group has major investments in two companies with a 50% ownership interest in Cornerstone Telecommunications Infrastructure Limited (Cornerstone) and its 33.2% equity interest in Infrastrutture Wireless Italiane S.p.A. (INWIT). Any failure to align shareholder interests in these joint venture and associate 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.

Extreme weather events

The Group's sites and other facilities are subject to risks associated with natural disasters, extreme weather or other catastrophic events, which are increasing with the global climate change. 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.

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 number 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.

Unsuccessful execution of 1&1 Deal

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 such as disrupted supply chains caused by the Corona pandemic and the war in Ukraine and a subsequent shortage of building materials, an ongoing shortage of skilled workers to fill vacant positions, a limited pool of suitable service providers to provide the necessary technical services such as acquisition and site planning for which there is fierce competition amongst all network operators who are engaging in their 5G roll-out activities, longer than anticipated landlord negotiations due to the complex changes to existing passive infrastructure as well as EMF capacity. This might impact the delivery commitment towards customers and lead to loss or delay of revenues as well as liquidity damages. We are facing these risks especially in the execution of the contract we signed with the German telecommunications company 1&1 and are managing them with a dedicated focus and delivery programme.

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 3% (recently adjusted to 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 Group's 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 macroeconomic 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. Tighter economic conditions and recessions could originate from lagging effects of interest rate hikes in the euro area and other national markets and a continued stress in the US' regional banking sector which may spill-over to Europe. Furthermore, the duration and outcome of the war in the Ukraine influences the likelihood of such a global macroeconomic disruption.

Operational

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.

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, lead to significant disruptions in our business processes and adversely impact the reputation of Vantage Towers. The main compliance risk areas are Antitrust Law, Economic Sanctions and Anti-Bribery and Corruption. We are following up on any changes of relevant laws and regulations adapting our policies and procedures accordingly and focusing on employee trainings, awareness campaigns and monitoring to manage these risk areas and avoid any breaches.

GDPR Breaches

All of our Group companies are subject to the European General Data Protection Regulation (GDPR) and its enaction into local legislation. We are committed to implementing these requirements in a compliant manner, in accordance with GDPR and local data protection laws. Data Privacy breaches can be sanctioned with very high fines (up to 2 or 4 % of our Group´s annual revenue). Data Privacy risks could result in a data breach in case of an external threat and in a data breach in case of an internal threat e.g. human error or negligent management of personal data in a system. With a focused data privacy management system promoting continuous monitoring and improvement of our policies, processes and tools, targeting at training and awareness campaigns, we are making the ongoing effort to further eliminate the risk of a data breach or mitigate it in relation to our products, services, systems and suppliers´ relationships.

Fraudulent acts of employees/suppliers

Fraudulent activities of employees or suppliers could affect the groups reputation and financial resources which could occur in form of larceny, billing and payroll schemes or bribery. Therefore, the group has set up policies and controls to avoid and detect such fraudulent activities. The company is aware that such activities are globally increasing and is therefore in the process of establishing a Group wide Fraud Management Framework adapted to fulfill the needs and size of the Company. A fine-tuned Fraud Management System within the optimization could detect and deter possible perpetrators in advance, but fraudulent activities cannot be fully excluded.

Data & Systems integrity

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. The integrity of the necessary data for the provided services may also be at risk due to access, storage or handling of them by these external parties or the systems they use for it. This could adversely affect the Group's reputation, business, financial condition and results of operations.

Technological

Malicious Cyber Attack

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 jeopardize the security of the information recorded or transmitted across customer networks or Vantage Towers' systems, or the integrity of their technical systems. Any such disruption could have a material adverse impact on the Group's business.

Emerging risk

Access regulations of European TowerCos coupled with price regulations has have the potential to impact our strategy and bottom-line profitability. This could be the case with the recent European Commission's Gigabit Infrastructure Act proposal which extends the access obligation to physical infrastructure that is not part of a network at fair and reasonable terms including prices. 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.

Health & Safety

Part of our commitment to our people is to offer them a robust Health & Safety 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 businesses 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.

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 84,600 macro sites.

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.

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;

10. 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;

11. 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 & other funding opportunities

The European Union has adopted a recovery fund of €723.8 billion (in current prices), which will be in the form of grants and loans for the period 2021–2026. As a part of the Next Generation EU programme, the Recovery and Resilience Facility (RFF) fund 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 optimization by building the necessary infrastructure. Any relevant grant funding from the EU that optimize the RFF or the Connecting Europe Facility, which is focused on large-scale deployment of 5G corridors, would be an opportunity for further growth as well as a chance to recover a part of the costs for the roll-out of infrastructure in areas currently not served by the market. Funded projects as well as further tendering activities are currently ongoing to cover White Spots in Germany, and to provide cross-border motorways and railway coverage in the EU.

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 optimization 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 optimization 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 simulated value-at-risk compared to our calculated risk-bearing capacity 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 neither from a single risk nor from the portfolio of risks. 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.

Statement of effectiveness

The Management Board, based on its examination and dealing with the System as well as the independent assurance provided, is not aware of any circumstances that undermine the appropriateness and effectiveness of the Risk and Opportunity Management System.

At the end of 2022, an external audit of the Risk Management System was carried out in accordance with DIIR Auditing Standard No. 2.1. This audit did not identify any reasons that cast doubt on the appropriateness or effectiveness of the Risk and Opportunity Management System.

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 governance, risk and compliance 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.

Up to the time of the preparation of the combined management report, the Management Board has not become aware of any circumstances which contradict the appropriateness and effectiveness of the internal control system in its entirety.

Subsequent events

For information on events after the reporting period, please refer to Note 12 "Events after the reporting period" in the notes to the consolidated financial statements and to the notes to the annual financial statements of Vantage Towers AG as of 31 March 2023.

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 FY 2023 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 2023, the IMF expects the global economy to grow by 2.8% in 2023[1], whereas the IfW anticipates an increase of only 2.5% compared to the previous year[2]. In January 2023, IMF analysts still had expected the global economy to grow by 2.9% in 2023[3]. IMF's outlook is characterized by a high level of uncertainty and the continuation of the effects from the prior year. Whilst the economy profited from the reopening of the markets after the pandemic, the war in Ukraine is still ongoing. As a consequence, the geological and political separation increases and leads to a loss of outputs, hence direct foreign investments are much more difficult in an uncertain global environment[1.] Central banks have sharpened their monetary policies and increased interest rates to bring down inflation but debt is at an all-time high, severely limiting the room for manoeuvre of players. Recent events in the financial sector also increase uncertainty and suggest the risk of a downside. In addition, labour markets continue to be tight, underlying price pressures remain high. The IMF expects global inflation to decline, even though slower than expected before, from 8.7% in the previous year to 7.0% in 2023.

[1] Source: International Monetary Fund, World Economic Outlook, April 2023
[2] Source: IfW, Kieler Konjunktur-Berichte, World Economy in Spring 2023

[3] Source: International Monetary Fund, World Economic Outlook Update, January 2023

According to the IMF, the GDP in the Euro Zone is expected to grow by only 0.8% in 2023 compared to the previous year. The difference compared to the global GDP is mainly driven by higher growth rates in emerging markets and developing economies compared to the Euro Zone[1].

Looking at our markets, the outlook is mixed. Whilst a rather stable outlook is expected for Germany (-0.1%), Spain and Greece are expected to grow by 1.5% and 2.6% respectively.

Furthermore, the European telecommunications tower infrastructure market is expected to grow this year as well as over the medium-term (see Industry environment, p. 24).

The key drivers of growth in our sector are:

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

Group outlook

Outlook for FY 2024

We remain focused on our core business and continue to deliver on our new macro site roll-out commitment and co-locations for our MNO and non-MNO customers in FY 2024. We expect to deliver a tenancy ratio of around 1.49x by 31 March 2024 and to grow our Group revenue (ex. pass-through) approximately 5.0% year-on-year.

We will further invest in our business and expect Adjusted EBITDAaL margin to remain broadly in line with FY 2023. The Group continues to generate strong cash flows and expects to grow Recurring Operating Free Cash Flow (ROFCF) in FY 2024. Due to the new financing arrangements following the repayment of the bonds and expected effectiveness of the DPLTA after the Oak Holdings transaction, future interest and cash tax payments will be impacted and therefore previous Recurring Free Cash Flow (RFCF) guidance is no longer comparable. We expect the leverage ratio to slightly increase in FY 2024.

For Vantage Towers AG, the Management Board expects statutory revenue to grow moderately in FY 2024 as a result of further commercialization of the business. Statutory profitability will increase, yet at a lower rate given further investment costs in our business.

Measure	FY23 guidance	FY23 results	FY24 guidance
Tenancy ratio for consolidated Vantage Towers	–	1.46x	~1.49x
Group revenue (ex. pass through)	3.0%–5.0% YOY	€1,075.1m	~5.0% YOY
Adj. EBITDAaL (margin)	€550m–€570m	€564.3m (53%)	margin in line with FY 2023
Recurring free cash flow (RFCF)	€405m–€425m	€438.2m	–
Recurring operating free cash flow (ROFCF)	–	€567.7m	growing vs. FY 2023
Net financial debt to adjusted EBITDAaL	–	3.6x	slightly increasing

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.

This joint declaration by the Management Board and the Supervisory Board covers the fundamental aspects of corporate governance at the Company) in accordance with section 289f and section 315d respectively of the German Commercial Code (Handelsgesetzbuch, HGB). As of the end of 9 May 2023 the delisting became effective. The Company has also not issued any securities other than shares for trading on a regulated market. The Company therefore no longer meets the requirements of section 289f paragraph 1 sentence 1 HGB. The requirements of 289f section 4 sentence 1 HGB are also not met by the Company as it is not subject to co-determination. Notwithstanding this, in the following the Company issues a statement on corporate governance on a voluntary basis, oriented to the requirements of Section 289f paragraph 2 of HGB, without completely compying with them, and expressly reserves the right to report for the current financial year only within the scope of its statutory obligations. 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 required by law 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 "Code") . The Management Board and Supervisory Board of the Company published the following Declaration of Conformity on 6 February 2023:

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 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 7 February 2022 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 2019**"),until the date of announcement of the revised version of the recommendations of the Government Commission on the German Corporate Governance Code in the version dated 28 April 2022, on 27 June 2022 ("**Code 2022**"), 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 from exercising his role at Vantage Towers AG. This view of the Supervisory Board is shared by the Management Board.

2. 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, Vantage Towers AG has decided, in deviation from Section F.2, 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.

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 term incentive awards (so called "**Long Term Incentive-Programs**") 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 2021/2022, 2022/2023 and 2023/2024, respectively.

For the long-term incentive awards which will become due in the fiscal years 2022/2023 and 2023/2024, 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 2019 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 has complied and will comply with the recommendations contained in the Code 2022 in the period since its announcement on 27 June 2022, with the exceptions and in the periods specified as follows:

1. Consideration of sustainability aspects (recommendation A.1)

According to recommendation A.1, the Management Board shall systematically identify and assess the risks and opportunities for the company associated with social and environmental factors, as well as the ecological and social impacts of the company's activities.

In this context, ecological and social objectives shall also be given appropriate consideration in the corporate strategy and corporate planning should include corresponding financial and sustainability-related objectives.

The consideration of sustainability aspects is an integral part of the management of the Company and sustainability aspects are taken into account in the operation of the towers of Vantage Towers AG. However, the focus of corporate planning to date has still been on financial targets and risks.

Against that background and since it is not sufficiently clear what requirements are to be placed on a systematic identification and evaluation of the sustainability aspects mentioned in sentence 1 of recommendation A.1 and what their influence is on the corporate strategy and corporate planning mentioned in sentences 2 and 3 of recommendation A.1, the Management Board and the Supervisory Board declare that recommendation A.1 has not been complied with and will not be complied with for the time being

2. Consideration of sustainability aspects as part of the internal control and risk management system (recommendation A.3)

According to **recommendation A.3**, the internal control and risk management system shall also cover sustainability-related objectives, which shall include the processes and systems for collecting and processing sustainability-related data.

Currently, sustainability-related objectives are not yet explicitly covered by the internal control and risk management system. Against this background and purely for precautionary reasons, the Management Board and Supervisory Board declare a deviation from recommendation A.3.

14. Supervisory Board competence profile and reporting (recommendation C.1 sentences 3, 5 and 6)

According to recommendation C.1 sentence 3, the competence profile of the supervisory board shall also include expertise on sustainability issues of importance to the company. According to recommendation C.1 sentence 5, the status of the implementation of the competence profile shall be reported in the form of a qualification matrix, which shall also provide information on the number of independent shareholder representatives on the supervisory board that is appropriate in the opinion of the shareholder representatives and the names of these members.

The Supervisory Board has set specific objectives regarding its composition as well as a competence profile for the composition of the entire Supervisory Board and also reports on the status of the implementation of these targets and the competence profile.

However, the competence profile of the Supervisory Board does not explicitly include expertise on sustainability issues, whereby the consideration of expertise on sustainability issues relevant to Vantage Towers AG shall be discussed in the context of a future update of the competence profile of the Supervisory Board. Therefore, a deviation from recommendation C.1 sentence 3 is declared.

Vantage Towers AG will continue to report on the implementation of the specific objectives regarding its composition as well as the competence profile for the composition of the entire Supervisory Board but will refrain from reporting in the form of a qualification matrix.

Against this background, a deviation from recommendation C.1 sentence 5 is to be explained. Since sentence 6 of recommendation C.1 is linked to the reporting in the form of a qualification matrix recommended in sentence 5 with regard to the reporting on the number of independent shareholder representatives on the Supervisory Board (including their names), a deviation from this recommendation is also declared as a precautionary matter

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

For purely precautionary reasons, the Management Board and Supervisory Board declare a deviation from **recommendation C.4**. The reasons for this deviation are described above under point I.1.

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

For purely precautionary reasons, the Management Board and Supervisory Board declare a deviation from **recommendation F.2**. The reasons for this deviation are described above under point I.2.

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

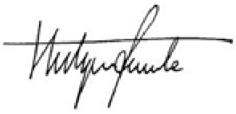
For purely precautionary reasons, the Management Board and Supervisory Board declare a deviation from **recommendation G.10 sentence 2**. The reasons for this deviation are described above under point I.3.

Düsseldorf, 6 February 2023

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**.

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. Based on these four values, the Company has created a new Code of Conduct, *i.e.* a moral compass by which employees are expected to live. 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 antibribery, 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 2022 was held in virtual format without the physical presence of the shareholders or their proxies. An Extraordinary General Meeting with physical presence of the shareholders or their proxies was held in Düsseldorf on 5 May 2023. The Annual General Meeting in 2023 will be held with physical presence of the shareholders or their proxies. 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.

Reporting

Until the Delisting, the Company informed 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. Until the Delisting, it also regularly hosted analyst and investor conference calls and attended investor conference.

In addition to the regular reporting format, the Company published ad-hoc announcements containing information that were not public and which, if disclosed, could have significantly affected 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.

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, were 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 the calendar year. In addition to publication on the Company's website, ad-hoc announcements and relevant own transactions were published in the relevant European Union media and on the website at www.vantagetowers.com/en/investors/regulatory-news. They were also forwarded to the Company Register.

After 9 May 2023, with regard to the shares of the Company, all transparency obligations associated with a stock exchange listing on a regulated or organized market, such as the ad-hoc disclosure obligation and the obligation to prepare half-yearly financial reports and quarterly statements, will cease to apply for the future.

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 strives to manage compliance risks and 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, competition 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 decisionmaking, 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 Groupwide 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 through the Group's Whistleblowing Speak Up Tool that was implemented in compliance with EU Directive 2019/1937 and the respective applicable national regulations. Anonymous reporting of potential violations against laws or directives is possible to the extent provided for under national legislation due to the implementation of the directive in the Group's markets. The Group investigates all reports of such alleged violations. Any violations identified are investigated and processed as necessary,regardless of the name and function of the person involved, and appropriate measures are derived with the aim of improving prevention. Further information about the Whistleblowing Speak Up Tool can be found on the Company's website at www.vantagetowers.com/en/investors/corporate-governance/compliance-integrity.

The Chief Legal Officer is responsible for ensuring a system in accordance with legal and regulatory compliance requirements, which is implemented by the legal department under the Chief Legal Officer. Operative 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 methodologies for risk management, leveraging best practice and experience, and designed to fulfil the requirements of section 91, paragraph 2 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 subprocesses 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, the Company draws on internal and external sources of information. 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 reported immediately to the risk management officers and documented through 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 in accordance with the AktG. It has a two-tier management and control system, consisting of the Management Board and the Supervisory Board. The powers and responsibilities of these governing bodies are determined by the AktG, the Articles of Association and the internal Rules of Procedure for both bodies.

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. In managing the Company's business, the members of the Management Board take into account the interests of shareholders, employees, and other relevant stakeholders. Once the domination and profit and loss transfer agreement with the Company (as the controlled company) and Oak Holdings (as the controlling company), resolved by the Extraordinary General Meeting on 5 May 2023, has become effective, Oak Holdings in principle would be entitled to issue binding instructions to the Management Board with regard to the management of the Company.

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 have prepared the annual, interim, and quarterly (consolidated) financial statements and reports and the combined management report. With the Delisting, all transparency obligations regarding the shares of the Company and associated with a stock exchange listing on a regulated or organized market, such as the ad-hoc disclosure obligation and the obligation to prepare half-yearly financial reports and quarterly statements, will cease to apply after 9 May 2023 for the future. In the years ahead, the Company will continue to prepare a (consolidated) annual report in accordance with the legal requirements applicable to it. 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. 474.

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- à -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. He regularly informs 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.

On 6 February 2023, Vivek Badrinath, informed the Chairman of the Supervisory Board of the Company that for personal reasons he does not wish to renew his contract beyond the current term that runs until the end of the year 2023. He will remain a member of the Management Board until the end of June 2023, whereafter he will leave Vantage Towers. Immediately after the announcement, the Nomination Committee of the Supervisory Board began the process of searching for and selecting a suitable successor candidate. On June 6, 2023, the Supervisory Board appointed Christian Hillabrant as the new CEO. The appointment is expected to take effect in about two months after his appointment, until then Interim CEO and CFO Thomas Reisten will lead the company.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)	Board member (first appointed to the Board in 2021 until June 2023; CEO from 2021 to May 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)	Interim CEO and CFO (first appointed to the Board as CFO in 2021; appointed until 31. Dec 2023; Interim CEO since May 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 to the Board 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

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.

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. He is 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 shall be held - save for a deviating decision by the Supervisory Board - once a calendar quarter and have to be held at least twice in any one calendar half-year. Due to the COVID-19-pandemic in the course of the last fiscal year, and short notice, meetings were partly held virtually but also in person. 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 shall constitute a quorum if at least half of the members of which it must consist in total 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.

In connection with the Oak Transaction, the Company entered into a so called Business Combination Agreement with Oak Holdings GmbH as bidder, Vodafone GmbH and the Consortium on 9 November 2022 with the consent of the Supervisory Board. In addition, on 20 December 2022, the Supervisory Board adopted a resolution on the reasoned joint statement on the voluntary public takeover offer of Oak Holdings to all shareholders of the Company. Due to the potential conflicts of interest arising for the members of the Supervisory Board employed by the Vodafone Group, these members of the Supervisory Board partly did not participate in the relevant discussions of the Supervisory Board on the Business Combination Agreement and the reasoned joint statement on the voluntary public takeover offer of 13 December 2022 and in any case all these members abstained from voting on the relevant resolution. In order to address potential conflicts of interest in future resolutions on certain measures affecting Oak Holdings, a committee of the Supervisory Board was established by resolution of the Supervisory Board dated 14 March 2023 (the "Oak Committee"). In order to avoid conflicts of interest with regard to the tasks assigned to the Oak Committee, the Oak Committee consists exclusively of members who are independent of the Vodafone Group, namely Rüdiger Grube, Katja van Doren, Charles Green and Terence Rhodes. The Supervisory Board delegated to the Oak Committee the resolution on measures relating to the conclusion of a domination and profit and loss transfer agreement between Vantage Towers AG and Oak Holdings, a Delisting of the shares of Vantage Towers AG and the squeeze-out of the minority shareholders of the Company. Conflicts of interest were also conceivable in the Supervisory Board's resolution on the agenda regarding the extraordinary shareholders' meeting on 5 May 2023, as the agenda concerned the resolution on the draft domination and profit and loss transfer agreement between Oak Holdings as the controlling company and the Company as the controlled company, as well as the Supervisory Board's election proposals for the election of the two new Supervisory Board members, as the candidates were employed by the Vodafone Group. In order to address a possible conflict of interest, the members of the Supervisory Board who are employed by the Vodafone Group partially did not participate in the discussion and resolution on these two agenda items at the meeting of the Supervisory Board on 23 March 2023 and at the meeting of the Supervisory Board on 5 May 2023 with regard to the agenda item draft domination and profit and loss transfer agreement, and at both meetin-gs all affected members present abstained from voting on the resolution. In other respects, no conflicts of interest arose among the members of the Supervisory Board during the reporting period.

The Supervisory Board assesses at regular intervals how effectively the body as a whole and its committees are performing their duties. The selfassessment 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.

Detailed information about the work of the Supervisory Board can be found in the Report of the Supervisory Board on p.Fehler! Textmarke nicht definiert.. 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 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.

Rosemary Martin and Johan Wibergh have resigned from their positions as a Supervisory Board member withs effect as of 31 December 2022 and thus before the expiry of the term of office. There were no elected substitute members. In this case, the Articles of Association of the Company provide in Section 9.4 that an election shall be held to determine a successor for the remainder of his or her term of office unless the successor is specifically elected for a different term of office. On 5 May 2023, new members of the Supervisory Board were elected by the Extraordinary General Meeting – Pierre Klotz and Alberto Ripepi.

Further changes to the Supervisory Board will take place in the near future. It is planned to resolve to amend the Company's articles of association at the annual general meeting on 27 July 2023 and to reduce the number of Supervisory Board members from currently nine to six. Oak Holdings GmbH had already announced the corresponding intention in its offer document for the voluntary public takeover offer on 13 December 2022. In this context, the majority shareholder had also announced that the composition of the Supervisory Board should be identical to that of the shareholders' committee of Oak Holdings 1 GmbH. For this reason, the Supervisory Board members Dr. Rüdiger, Grube, Katja van Doren, Pinar Yemez, Amanda Nelson, Terence E. Rhodes und Charles Green will have handed in their resignation letters mid-June 2023 and they will resign from office with effect from the end of the next annual general meeting.

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 · Hamburger Hafen und Logistik AG (HHLA)[1] · Vossloh AG[1] · Alstom/Bombardier Transportation Germany GmbH
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
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.
Pierre Klotz (born 1975) Member	Member of the Supervisory Board (since 5 May 2023, appointed until the end of the General Meeting resolving on the ratification of the acts of the members of the Supervisory Board for the financial year 2024/2025)	Group Corporate Finance Director of Vodafone Group Plc	· Vodacom Group Limited, South Africa[1] · TPG Telecom Limited, Australia[1]
Amanda Jane Nelson (born in 1973) Member	Member of the Supervisory Board (since 28 July 2022, appointed until 2025)	CEO of Vodafone Ireland Ltd.	· None
Terence Rhodes (born in 1955) Member	Member of the Supervisory Board (since 8 February 2021, appointed until 2025)	Supervisory Board Member	· None
Alberto Ripepi, (born in 1960) Member	Member of the Supervisory Board (since 5 May 2023, appointed until the end of the General Meeting resolving on the ratification of the acts of the members of the Supervisory Board for the financial year 2024/2025)	Group Chief Network Officer and Member of the Executive Committee of Vodafone Group Plc	· Vodafone Italia S.p.A. · Vodafone Servizi E Tecnologie S.R.L.
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	· Vodafone Group Services Ltd.

[1] Listed companies

Detailed information about changes to the composition of the Supervisory Board can be found in the **Report of the Supervisory Board on .pFehler! Textmarke nicht definiert..**

Under the German Act to Strengthen Financial Market Integrity (Gesetz zur Stärkung der Finanzmarktintegrität, FISG), according to which Section 100 (5) AktG has been redrafted, 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, Michael Bird and Amanda Nelson 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), intrayear financial information, and the singleentity 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 retendered, 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, 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 (both since 9 February 2021) and Amanda Nelson (since 16 November 2022). Rosemary Martin joined the Audit, Risk and Compliance Committee from the beginning on 9 February 2021 and resigned from the Supervisory Board on 13 December 2022 and thus from her membership of the Audit, Risk and Compliance Committee with effect from 31 December 2022).

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), Pinar Yemez (both since 9 February 2021) and Michael Bird (since 6 February 2023).

The Oak Committee's responsibilities include advising and making decisions on matters related to the Oak Transaction. This expressly includes the passing of resolutions on the conclusion of a domination and profit and loss transfer agreement between Vantage Towers AG and Oak Holdings GmbH, a Delisting of the shares of Vantage Towers AG and the squeeze-out of the minority shareholders of the Company. The Oak Committee is composed of such members as are deemed independent of the principal shareholder in accordance with the provisions of the Code. The current members of the Oak Committee are Rüdiger Grube (Chairman), Katja van Doren, Charles Green and Terrence Rhodes (all since March 14, 2023.

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 complied with the diversity requirements of the AktG and the relevant requirements of the Code until the delisting. 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 Code and established an age limit for the Management Board. Accordingly, the age limit for members of the Management Board is seventy years.

Internationality

The Company aims to power Europe's digital transformation by accelerating infrastructure deployment and simplifying connectivity. With this Europewide 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 stakeholders 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.

Long-term succession planning

The Supervisory Board is addressing the issue of long-term succession planning 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 still met by the current Supervisory Board members who hold these positions, although the recommendations of the Code no longer apply after the delisting.

The individual members of the Supervisory Board shall always be guided by the interests of the Company in the performance of their duties. 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, which no longer applys after the delisting, the Supervisory Board has stipulated the following competence profile for the entire Supervisory Board. The competence profile is should be 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;

18. expertise in the fields of accounting or auditing and risk management;

- expertise in the fields of law and compliance;

19. expertise in the field of capital markets;

- expertise in the fields of marketing and sales;

20. expertise in the field of HR;

- expertise in the field of IT/technology; and

21. 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 and the competence profile for the entire Supervisory Board.

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 nine 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 five representatives from Vodafone and four independent members. 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, experience in financial and human resources management and valuation experience, and business management know-how in the areas technology and IT.

Duesseldorf, 16 June 2023 Vantage Towers AG

The Board of Management

Thomas Reisten | Vivek Badrinath | Christian Sommer

Annual Financial Statements

Statement of Financial Position

As at 31 March

Assets

	31/03/2023 €k	31/03/2022 €k
A. Fixed assets		
I. Intangible fixed assets	46,635	26,322
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	39,389	25,696
3. Prepayments	7,246	–
II. Tangible fixed assets	883,541	617,372
1. Land, land rights and buildings including buildings on third-party land	23,408	20,984
2. Technical equipment and machinery	737,567	550,234
3. Prepayments and assets under construction	122,566	46,154
III. Financial assets	9,004,727	9,004,727
Shares in affiliated companies	9,004,727	9,004,727
Fixed assets	**9,934,903**	**9,648,421**
B. Current assets		
I. Receivables and other assets	533,958	753,919
1. Trade receivables	174,204	2,093
2. Receivables from affiliated companies	284,385	711,058
3. Other assets	75,369	40,819
of which from taxes	*65,104*	*40,066*
II. Cash and cash equivalents	123,624	–
Current assets	**657,582**	**753,919**
C. Prepaid expenses	**61,672**	**70,205**
	10,654,157	**10,472,545**

Equity and Liabilities

	31/03/2023 €k	31/03/2022 €k
A. Equity		
I. Subscribed capital	505,782	505,782
II. Capital reserves	6,705,114	6,684,055
III. Retained earnings	17,058	11,456
IV. Net retained profits	377,062	318,643
Equity	**7,605,016**	**7,519,936**
B. Provisions		
I. Provisions for pensions and similar obligations	453	103
II. Other provisions	502,581	403,504
Provisions	**503,034**	**403,607**
C. Liabilities		
I. Bonds	2,200,000	2,200,000
II. Trade payables	160,003	76,970
III. Liabilities to affiliated companies	63,442	127,963
IV. Other liabilities	629	7,308
of which from taxes	*625*	*7,305*
Liabilities	**2,424,075**	**2,412,241**
D. Deferred income	**122,032**	**132,593**

	31/03/2023 €k	31/03/2022 €k
E. Deferred tax liabilities	**–**	**4,168**
	10,654,157	**10,472,545**

Income Statement

Twelve month period ended 31 March

	01/04/2021–31/03/2023 €k	01/04/2021–31/03/2022 €k
1. Revenue	559,966	517,694
2. Other own work capitalised	13,846	8,262
3. Other operating income	104,136	93,642
4. Cost of materials	(275,637)	(358,164)
a) Cost of raw materials, consumables and supplies, and of purchased merchandise	(98,606)	(97,085)
b) Cost of purchased services	(177,031)	(261,079)
5. Personnel expenses	(50,121)	(37,253)
a) Wages and salaries	(45,644)	(34,599)
b) Social security, post-employment, and other employee benefit costs	(4,477)	(2,654)
of which post-employment benefits	*(57)*	*(18)*
6. Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	(65,294)	(51,886)
7. Other operating expenses	(105,031)	(81,004)
8. Operating result	**181,865**	**91,291**
9. Income from long-term equity investments	244,000	160,000
10. Other interest and similar income	23,672	14,036
of which from affiliated companies	*21,205*	*13,967*
of which from discounting	*175*	–
11. Interest and similar expenses	(29,256)	(14,034)
of which to affiliated companies	*(4,878)*	*(1,712)*
of which from interest accruing	*(5,634)*	*(427)*
12. Financial result	**238,417**	**160,002**
13. Earnings before tax	**420,282**	**251,293**
14. Taxes on income	(37,618)	(22,164)
15. Earnings after taxes	**382,663**	**229,129**
16. Net income/loss for the year	**382,663**	**229,129**
17. Withdrawals from capital reserve	–	100,970
18. Additions to retained earnings	(5,602)	(11,456)
19. Net retained profits	**377,062**	**318,643**

Statement of Changes in Fixed Assets

Twelve month period ended 31 March

		Cost				
		Balance carried forward 01/04/2022 €	Reclassifications €	Additions €	Disposals €	**Balance as at 31/03/2023 €**
I. Intangible fixed assets						
1.	Internally generated assets	664,309	(664,309)	–	–	–
2.	Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	30,437,164	664,309	24,970,621	–	56,072,094
3.	Prepayments	–	307,059	6,939,183	–	7,246,241
		31,101,473	**971,368**	**31,909,804**	**–**	**63,318,335**
II. Tangible fixed assets						
1.	Land, land rights and buildings including buildings on third-party land	21,054,832	–	2,436,374	–	23,491,207
2.	Technical equipment and machinery	665,906,385	24,278,208	218,030,654	(1,099,738)	906,179,773
3.	Prepayments and assets under construction	46,153,919	(24,585,266)	100,142,044	(80,639)	122,565,793
		733,115,136	**(307,059)**	**320,609,072**	**(1,180,377)**	**1,052,236,773**
III. Financial assets						
	Shares in affiliated companies	9,004,727,400	–	–	–	9,004,727,400
		9,004,727,400	**–**	**–**	**–**	**9,004,727,400**
Total		**9,768,944,009**	**–**	**352,518,876**	**(1,180,377)**	**10,120,282,508**

Accumulated depreciation, amortisation and write-downs						
Balance carried forward 01/04/2022 €	Reclassifications €	Additions €	Disposals €	**Balance as at 31/03/2023 €**	**Carrying amounts as at 31/03/2023 €**	Carrying amounts as at 31/03/2022 €
(38,790)	38,790	–	–	–	–	625,519
(4,740,809)	(38,790)	(11,903,922)	–	(16,683,522)	39,388,572	25,696,355
–	–	–	–	–	7,246,241	–
(4,779,599)	**–**	**(11,903,922)**	**–**	**(16,683,522)**	**46,634,813**	**26,321,874**
(70,876)	–	(12,766)	–	(83,642)	23,407,564	20,983,956
(115,672,518)	–	(53,377,734)	437,813	(168,612,439)	737,567,334	550,233,867
–	–	–	–	–	122,565,793	46,153,919
(115,743,394)	**–**	**(53,390,500)**	**437,813**	**(168,696,081)**	**883,540,692**	**617,371,742**
–	–	–	–	–	9,004,727,400	9,004,727,400
–	**–**	**–**	**–**	**–**	**9,004,727,400**	**9,004,727,400**
(120,522,994)	**–**	**(65,294,422)**	**437,813**	**(185,379,603)**	**9,934,902,905**	**9,648,421,015**

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 corporation within the meaning of § 267 para. 3 sentence 2 HGB. Until the end of 9 May 2023, the Company was listed on the Frankfurt Stock Exchange.

On 9 November 2022, Oak Holdings GmbH ("Oak Holdings"), which is part of a Joint Venture between Vodafone GmbH and Oak Consortium GmbH, a hold-ing company controlled by investment funds man-aged and advised by Global Infrastructure Partners ("GIP") and by various subsidiaries of Kohlberg Kravis Roberts & Co. ("KKR") advised and managed investment funds, special purpose entities and/or accounts controlled holding company ("Oak Consor-tium") announced their decision to submit a volun-tary public takeover offer to all shareholders of Van-tage Towers at €32.00 per shareOn 20 March 2023, Oak Holdings GmbH, Düsseldorf, and Vantage Towers announced that they had entered into a delisting agreement to withdraw from the stock exchange ("delisting"). On 5 April 2023, Oak Holdings made a delisting offer to all shareholders of Vantage Towers at a price of €32 per share. The offer expired on 3 May 2023 with a final acceptance rate of 0.05% and the company was delisted from the regulated market of the Frankfurt Stock Exchange under ISIN DE000A3H3LL2 and simultaneously on the sub-segment of the regulated market of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard) on May 9, 2023.

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 2022 to 31 March 2023.

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. Internal services in connection with the commissioning of corresponding assets have been capitalised as internal services under intangible assets. Intangible assets are amortised over useful lives of three to eight years.

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 30.945%. 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 15.12% into account.

In the reporting period, there was a surplus of deferred tax assets. Pursuant to § 274 para. 1 clause 2 HGB, the company waives the disclosure in the balance sheet. In the same period of the previous year, there was a surplus of deferred tax liabilities of approximately €4.168 thousand.

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 2.70% 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 1.79%. 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 €11 thousand (previous year: €18 thousand) in the financial year ending 31 March 2023.

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 2023, which ranged from 0.55% to 1.59% for the 2022/23 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 2023 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. 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 Group predominantly maintains the currency of debt and interest charges in euros and has a policy to hedge external foreign exchange risks on transactions denominated in other currencies above a certain de minimis level. The Group's sensitivity to foreign exchange risk is therefore immaterial.

Derivative financial instruments

In accordance with § 254 HGB, derivative financial instruments are combined with the underlying transaction as a valuation unit, provided there is a direct hedging relationship between the hedging instrument and the underlying transaction. When hedging existing underlying transactions, the gross hedge presentation method is used. In this method, the underlying transaction is recognised at the closing rate and the hedging instrument is recognised in the balance sheet at the current market value. Derivative financial instruments with a positive market value are reported under other assets. Derivatives with a negative market value are recognised in other provisions. Income and expenses from the valuation of underlying and hedging transactions are netted in the income statement. Any negative balance is recognised in financial expenses.

Income statement disclosures

Revenue

The Company generated revenue in the amount of €559,966 thousand (previous year: €517,694 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

	01/04/2022–31/03/2023 €k	01/04/2021–31/03/2022 €k
Rental income from the main tenant	442,461	414,875
Energy revenue from the main tenant	11,191	11,062
Rental income from other tenants	66,527	59,202
Other revenue from the main tenant	25,450	16,871
Other revenue	14,338	15,685
Total revenue	**559,966**	**517,694**

Other own work capitalised

The majority of own work capitalised in the amount of €13,846 thousand (previous year: €8,262 thousand) resulted from project-related work and employee activities.

Other operating income

The other operating income of €104,136 thousand (previous year: €93,642 thousand) includes energy revenue for the active equipment in the amount of €86,921 thousand (previous year: €86,031 thousand), costs recharged to affiliated companies in the amount of €1,823 thousand (previous year: €3,007 thousand), costs recharged to Vodafone Group companies in the amount of €281 thousand, income from foreign currency measurement in the amount of €2,013 thousand (previous year: €3,476 thousand) and income from the reversal of the provision in the amount of €13,098 thousand (previous year: €1,128 thousand). The recharged costs were not based on an exchange of goods or services between the Company and the affiliated companies as well as Vodafone Group companies. As a result of the completion of the Oak transaction on 23 March 2023 recharges to Vodafone Group companies are not anymore subsumed in recharges to affiliated companies.

Cost of materials

In addition to the rental expenses for the sites, the cost of materials in the amount of €275,637 thousand (previous year: €358,164 thousand) also encompasses the expenses for servicing of the radio towers, as well as energy costs.

Cost of materials

	01/04/2022–31/03/2023 €k	01/04/2021–31/03/2022 €k
Cost of raw materials, consumables and supplies, and of purchased merchandise	(98,606)	(97,085)
Energy costs	(98,606)	(97,085)
Cost of purchased services	(177,031)	(261,079)
Rental and leasing costs	(134,620)	(127,659)
Tower servicing costs	(38,721)	(129,884)
Other costs	(3,689)	(3,537)
Total cost of materials	**(275,637)**	**(358,164)**

The tower servicing costs mainly include additions to the provision for restoration obligations of €29.134 thousand (previous year: €116,859 thousand). The increase in the year was predominantly due to inflationary increases on current year costs, offset by the effect of discounting of the future liabilities.

Personnel expenses

Personnel expenses in the amount of €50,121 thousand (previous year: €37,253 thousand) result from wages and salaries, as well as social security, post-employment and other benefit costs:

Personnel expenses

	01/04/2022–31/03/2023 €k	01/04/2021–31/03/2022 €k
Wages and salaries	(45,644)	(34,599)
Social security, post-employment, and other employee benefit costs	(4,477)	(2,654)
of which post-employment benefits	*(57)*	*(18)*
Total personnel expenses	**(50,121)**	**(37,253)**

Other operating expenses

The other operating expenses of €105,031 thousand (previous year: €81,004 thousand) are broken down as follows:

Other operating expenses

	01/04/2022–31/03/2023 €k	01/04/2021–31/03/2022 €k
Settlements and service fees from affiliated companies	(452)	(32,588)
Settlements and service fees from Vodafone Group companies	(34,545)	0
Losses on the disposal of fixed assets	(727)	(14,913)
Currency losses	(6,305)	(11,159)
Auditing and consultancy costs	(16,080)	(10,316)
Other overheads	(10,474)	(6,812)
Restructuring costs	(796)	(2,385)
Advertising costs	(1,184)	(1,671)
Travel costs	(1,480)	(658)
Office costs	(693)	(126)
Miscellaneous	(32,294)	(376)
Total other operating expenses	**(105,031)**	**(81,004)**

Other expenses in the 2023 financial year mainly relate to expenses of an extraordinary magnitude, pursuant to Section 285, para. 31 of the German Commercial Code (HGB), in the amount of €30,641 thousand, being consultancy and advisory fees incurred in relation to the change in ownership arising from the Oak transaction. Following the Oak transaction, and deconsolidation from Vodafone Group completed on 23 March 2023, transactions with Vodafone companies will no longer be subsumed under transactions with affiliated companies.

Income from long-term equity investments

The income from long-term equity investments in the amount of €244,000 thousand (previous year: €160,000) 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 €19,854 thousand (previous year: €6,931 thousand), trade tax of €21,918 thousand (previous year: €11,065 thousand), and the reversal of the deferred tax liabilities recognised last year in the amount of a credit of €(4,168) thousand (previous year: charge €4,186 thousand).

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.[1]	Capelle aan den Ijssel, Netherlands	114,151	100%	86,324

Company name	Registered office	Equity €k	Equity interest %	Net income/(loss) in the past financial year €k
Vantage Towers Erste Verwaltungsgesellschaft mbH	Duesseldorf, Germany	25	100%	–
Vantage Towers Zweite Verwaltungsgesellschaft mbH	Duesseldorf, Germany	25	100%	–
B. Indirectly held interests				
Vantage Towers. S.L.U.[1]	Madrid, Spain	154,205	100%	101,184
Vodafone Towers Portugal S.A.[1]	Lisbon, Portugal	293,109	100%	11,795
Vantage Towers S.R.L.[1]	Bucharest, Romania	129,307	100%	19,870
Vantage Towers s.r.o.[1]	Prague, Czech Republic	74,924	100%	10,879
Vantage Towers Zrt.[1]	Budapest, Hungary	58,421	100%	12,690
Vantage Towers Limited[1]	Dublin, Ireland	169,740	100%	11,841
Vantage Towers Single Member SA[1]	Athens, Greece	891,998	100%	15,236
Cornerstone Telecommunications Infrastructure Limited[2]	Theale, United Kingdom	518,332	50%	(6,762)
Infrastrutture Wireless Italiane S.p.A.[3]	Milan, Italy	4,466,445	33%	293,340

[1] Results for the period 01/04/2022 – 31/03/2023 according to IFRS
[2] Financial year 01/04/2021 – 31/03/2022
[3] Financial year 01/01/2022 – 31/12/2022

The carrying amount of the equity interest in CTHC was €9,004,727 thousand (previous year: €9,004,727 thousand) on the reporting date.

Receivables and other assets

As at 31 March 2023, the receivables and other assets amounted to €533,958 thousand (previous year: €753,919 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 €284,385 thousand (previous year: €711,058 thousand). These include trade receivables in the amount of €4,397 thousand (previous year: €160,960 thousand), loans issued in the amount of €279,988 thousand (previous year: €548,423 thousand) with residual terms of up to three years. As a result of the completion of the Oak transaction on 23 March 2023 receivables from Vodafone Group companies are not anymore subsumed in receivables from affiliated companies.

The other assets in the amount of €75,369 thousand (previous year: €40,819 thousand) include tax receivables of €65,104 thousand (previous year: €40,066 thousand). The tax reveivables includes €63,153 thousand (previous year: €39,491 thousand) is attributable to taxes on income and €1,951 thousand (previous year: €0 thousand) to value added tax. The other assets includes also other receivables in the amount of €10,265 thousand (previous year: €753 thousand).

Prepaid expenses

Prepaid expenses in the amount of €61,672 thousand (previous year: €70,205 thousand) primarily include advance rent payments for tower sites in the amount of €55,688 thousand (previous year: €53,826 thousand) and the discount from bonds issued of €993 thousand (previous year: €10,517 thousand). The significant decrease is mainiy caused by the early redemption of the bonds on 26th of May 2023.

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 €6,705,114 thousand (previous year: €6,684,055 thousand). In accordance with section 272, paragraph, no. 4 HGB, €0 thousand was withdrawn from the capital reserves (previous year: €100,970 thousand) in the financial year and allocated to net retained profits. In accordance with section150 AktG a statutory reserve increase of €5,602 thousand is reported under the item of retained earnings.

Equity

	As at 31/03/2022	Contribution €k	Withdrawal €k	**31/03/2023 €k**	31/03/2022 €k
I. Subscribed capital	505,782	–	–	505,782	505,782
II. Capital reserves as per section 272, paragraph 2, nos. 1-4 HGB:	6,684,055	21,059	–	6,705,114	6,684,055
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	3520	–	5,012	1,492
3. The amount of additional shareholder payments to equity	6,649,043	17,539	–	6,666,582	6,649,043
III. Retained earnings	11,456	5,602	–	17,058	11,456
1. Legal reserve	11,456	5,602	–	17,058	11,456
IV. Net retained profits	318,643	377,062	(318,643)	377,062	318,643
Total equity	**7,519,936**	**403,723**	**(318,643)**	**7,605,016**	**7,519,936**

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.

Against the background of share-based payments granted in the reporting period, an amount of €3,520 thousand was allocated to the capital reserve in accordance with Section 272 para. 2 sentence 2 of the German Commercial Code (HGB).

An internal controls assessment was made in the year and it was determined that assets and liabilities had not been fully allocated from Vodafone GmbH to Vantage Towers AG in the course of the original business carve-out according to the hive-down agreement. This was made in the current financial year and has led to a contribution of further assets to Vantage Towers AG at a net book value of €17,539 thousand, with a corresponding adjustment in the capital reserve.

Provisions

Provisions in the amount of €503,034 thousand (previous year: €403,607 thousand) mainly related to restoration obligations for sites with passive infrastructure in the amount of €306,397 thousand (previous year: €279,890 thousand), energy costs for sites amounting to €106,925 thousand (previous year: €64,527 thousand and for costs in connection with the change in the shareholder structure amounting to €29,093 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. In addition to an increase in the cost of purchasing energy, the increase in the provision for energy expenses is mainly attributable to a contribution during the year to the originally outsourced provision for energy expenses. The amount paid in this context is offset by a corresponding claim for reimbursement against Vodafone GmbH.

Bonds

Bonds with a nominal value equivalent of €2,200,000 thousand were in issue by the Group at 31 March 2023. These consisted of €750,000 thousand 0.000% notes due 2025, €750,000 thousand 0.375% notes due 2027 and €700,000 thousand 0.750% notes due 2030. On 23 March 2023, the Group announced the intention to redeem all of its outstanding bonds with a notional value of €2,200,000 thousand. On 27 March 2023, the Group issued a notice to bondholders setting the early redemption date to 26 May 2023. Early redemption of the bonds was also completed on this day.

To refinance the redemption of its outstanding bonds, Vantage Towers AG entered into a shareholder loan agreement in the corresponding amount of €2,200 million granted by Oak Holdings 2 GmbH, Düsseldorf, the sole shareholder of Oak Holdings GmbH, Düsseldorf.

Liabilities

Trade payables in the amount of €160,003 thousand (previous year: €76,970 thousand) resulted primarily from liabilities for investments of €86,081 thousand (previous year: €24,858 thousand) and additional trade payables in the amount of €73,922 thousand (previous year: €52,112 thousand).

The liabilities to affiliated companies in the amount of €63,442 thousand (previous year: €127,963 thousand) essentially pertain to Group-wide cash pooling liabilities of €63,227 thousand (previous year: €101,938 thousand) and trade payables in the amount of 215€ thousand (previous year: €25,671 thousand). As a result of the completion of the Oak transaction on 23 March 2023, the previously existing cash pooling agreements with the Vodafone Group were terminated and liabilities to Vodafone Group companies are not anymore subsumed in liabilities to affiliated companies.

The other liabilities in the amount of €629 thousand (previous year: €7,308 thousand) are primarily tax liabilities of €625 thousand (previous year: €7,305 thousand). The residual terms are shown in the liabilities ageing table.

Liabilities

	31/03/2023 €k	31/03/2022 €k
Bonds[1]	**2,200,000**	**2,200,000**
of which with a residual term of up to one year	*2,200,000*	–
of which with a residual term of more than one year and up to five years	–	*1,500,000*
of which with a residual term of more than five years	–	*700,000*
Trade payables	**160,003**	**76,970**
of which with a residual term of up to one year	*160,003*	*76,970*
Liabilities to affiliated companies	**63,442**	**127,963**
of which with a residual term of up to one year	*63,442*	*127,963*
Other liabilities	**629**	**7,308**
of which with a residual term of up to one year	*629*	*7,308*
of which from taxes	*625*	*7,305*
of which in connection with social security	–	–
Total liabilities	**2,424,075**	**2,412,241**
of which with a residual term of up to one year	*2,424,075*	*222,695*
of which with a residual term of more than one year and up to five years	–	*785,509*
of which with a residual term of more than five years	–	*1,404,037*

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

Deferred income

Of the €122,032 thousand (previous year: €132,593 thousand) in deferred income items existing as at 31 March 2023, €90,217 thousand (previous year: €102,080 thousand) relate to leases to Vodafone GmbH, and €31,815 thousand (previous year: €30,513 thousand) to leases to third parties.

Other financial commitments

As at the 31 March 2023 reporting date there were other financial commitments for lease agreements in the amount of €997,045 thousand (previous year: €878,572 thousand). There were also open orders from investments amounting to €285,310 thousand (previous year: €206,209 thousand) and open orders for expenses of €18,722 thousand (previous year: €10,004 thousand).

Contingent liabilities

There were no contingent liabilities in the 2022/23 financial year.

Other disclosures

Breakdown of the number of employees

Average number of employees (salaried staff)	310
Of which senior executives	7

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.

Total Management Board remuneration

Component	Description	2022/23 €	2021/22 €
Fixed remuneration	Variable remuneration	1,449,828	1,415,016
	Additional benefits	257,956	222,000
Variable remuneration	Short-Term Incentive	1,742,687	1,742,685
	Long-Term Incentive (FY 2021/22 to 2023/24) (rounded)	882,209	1,949,277
	Pension costs	198,684	195,862
Total		**4,531,364**	**5,524,840**

The following Notional Shares were granted to the Management Board members for the financial year 2022/23:

LTI - Tranche 2022/23 Grant

	Target amount €	Maximum target achievement	Share price at effective date[1]	Granted Notional Shares
Vivek Badrinath	1.450.008	200%	26,6 €	54.511
Thomas Reisten	410.004		–	15.413
Christian Sommer	314.820		–	11.835

[1] Closing price at Frankfurt Stock exchange on 23 June 2022

Total Supervisory Board remuneration

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

The Company is ultimately and indirectly co-controlled by (i) Vodafone Group Plc ("Vodafone"), a company incorporated and domiciled in England and Wales, with a registered address of Voda-fone House, The Connection, Newbury, Berkshire, RG14 2FN, England and (ii) GIM Participation Fund Holding GP, Limited, KKR SP Limited and KKR Management LLP (the companies mentioned under this (ii) also executing co-control). The Company's immediate parent is Oak Holdings GmbH.

Post-reporting-date events

The Oak transaction completed on 23 March 2023, by when Oak Holdings GmbH, Düsseldorf, held 89.3% of the shares in Vantage Towers. This triggered further transactions and subsequent events after 31 March 2023, summarised below.

Public delisting tender offer

On 20 March 2023, Oak Holdings GmbH, Düsseldorf, and Vantage Towers announced that they had entered into a delisting agreement to withdraw from the stock exchange ("delisting"). On 5 April 2023, Oak Holdings made a delisting offer to all shareholders of Vantage Towers at a price of €32 per share. The offer expired on 3 May 2023 with a final acceptance rate of 0.05% and the company was delisted from the regulated market of the Frankfurt Stock Exchange under ISIN DE000A3H3LL2 and simultaneously on the sub-segment of the regulated market of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard) on May 9, 2023.

As a consequence of the delisting, which completed between the year ended 31 March 2023 and the date of publication of these accounts, the Company has determined that certain reporting obligations are no longer required, including those related to the European Single Electronic Format (ESEF) reporting.

Domination and Profit and Loss Transfer Agreement

On November 9, Oak Holdings GmbH, a Joint Venture between Vodafone and a consortium of long-term infrastructure investors led by GIP and KKR, submitted a voluntary public takeover offer for all outstanding shares of Vantage Towers AG. The transaction completed on 23 March 2023, by when Oak Holdings GmbH, Düsseldorf, held 89.3% of the shares in Vantage Towers. This triggered further transactions and subsequent events after 31 March 2023, summarised below.

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As a consequence of the delisting, which completed between the year ended 31 March 2023 and the date of publication of these accounts, the Company has determined that certain reporting obligations are no longer required, including those related to the European Single Electronic Format (ESEF) reporting.

Domination and Profit and Loss Transfer Agreement

Following the completion of the Oak transaction the Management Board, with the approval of the Supervisory Board, approved the conclusion of a domination and profit and loss transfer agreement pursuant to Sections 291 et seq. of the German Stock Corporation Act (AktG) between Vantage Towers AG as the controlled company and Oak Holdings GmbH as the controlling company on the basis of a draft agreement agreed between the parties. On 5 May 2023, the Company's Extraordinary General Meeting approved the draft of a domination and profit and loss transfer agreement.

The domination and profit and loss transfer agreement became effective on 13 June 2023 through registration on the commercial register.

After the conclusion and effectiveness of the domination and profit and loss transfer agreement, Oak Holdings GmbH, Düsseldorf, will, at the request of any outside shareholder of Vantage Towers AG, acquire the shares of Vantage Towers AG for a cash consideration pursuant to Section 305 of the German Stock Corporation Act (AktG) in the amount of € 28.24 per share. The annual compensation payment for outside shareholders pursuant to Section 304 of the German Stock Corporation Act will amount to € 1.63 gross (€ 1.52 after deduction of corporate income tax (in-cluding solidarity surcharge)) per Vantage Towers AG share.

Borrowings

On 23 March 2023, the Group announced its intention to redeem all outstanding bonds with a nominal value of €2,200 million. On 27 March 2023, the Group issued a notice to holders of the Notes setting the date for early redemption at 26 May 2023. In order to finance the repayment of its outstanding bonds, Vantage Towers AG entered into an agreement with Oak Holdings 2 GmbH, the sole shareholder of Oak Holdings GmbH, Düsseldorf, for a shareholder loan in the corresponding amount of €2,200 million. On 26 May 2023, the full early redemption of the bonds was made.

Changes in the composition of the Management Board and Supervisory Board

On 22 May 2023, CFO Thomas Reisten took over as Interim CEO from CEO Vivek Badrinath, who had already announced in February 2022 that he would not be available for an extension of his contract ending on 31 December 2023, for personal reasons. On June 6, 2023, the Supervisory Board appointed Christian Hillabrant as the new CEO. The appointment is expected to take effect in about two months after his appointment, until then Interim CEO and CFO Thomas Reisten will lead the company.

Further changes to the Supervisory Board will take place in the near future. It is planned to re-solve to amend the Company's articles of association at the annual general meeting on 27 July 2023 and to reduce the number of Supervisory Board members from currently nine to six. Oak Holdings GmbH had already announced the corresponding intention in its offer document for the voluntary public takeover offer on 13 December 2022. In this context, the majority shareholder had also announced that the composition of the Supervisory Board should be identical to that of the shareholders' committee of Oak Holdings 1 GmbH. For this reason, the Supervisory Board members Dr. Rüdiger Grube, Katja van Doren, Pinar Yemez, Amanda Nelson, Terence E. Rhodes und Charles Green have handed in their resignation letters mid-June 2023 and they will resign from office with effect from the end of the next annual general meeting.

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 balance sheet profits of €377.1 million in a partial amount of €20.2 million for the distribution to the shareholders and that the remaining amount of €356.9 million be transferred to retained earnings.

Supervisory Board

The Supervisory Board of Vantage Towers is composed of nine members, all of whom are elected by the General Meeting. Meanwhile, the Supervisory Board has nine members again. Rosemary Martin and Johan Wibergh had resigned as members of the Supervisory Board with effect from 31 December 2022. At the Extraordinary General Meeting on 5 May 2023, Pierre Klotz and Alberto Ripepi were elected as successors to the Supervisory Board. The Supervisory Board has extensive expertise in the field of towers and the telecommunications industry as a whole.

Professor Rüdiger Grube[21]**
Chairperson
Business Consultant, former CEO and Chairman of the Management Board of Deutsche Bahn AG

Current mandates:

- Deufol SE*[2]
- Hamburger Hafen und Logistik AG (HHLA)*
- Vossloh AG*
- Alstom/Bombardier Transportation Germany GmbH

Rosemary Martin
Deputy Chairperson (until 31. December 2022)
General Counsel and Company Secretary, Vodafone Group Plc

Most recently held mandates:

- Vodafone Corporate Secretaries Ltd.
- Vodafone Foundation
- Lloyds Register Foundation
- Panel on Takeovers and Mergers (UK)
- University of Sussex

Michael Bird
Group M&A Director, Vodafone Group Plc

Current mandates:

- None

Katja von Doreen**
Chairperson of the Remuneration and Nominating Commitee
Chief Financial Officer and Chief Human Resources Officer, RWE Generation SE

Curent mandates:

- RWE Generation NL B.V.
- Société Électrique de l'Our S.A., Luxembourg

Charles C. Green III**
Chairperson of the Audit, Risk and Compliance Committee
Non-Executive Director,
Frontier Tower Associates

Current mandates:

- Pinnacle Towers Pte. Ltd.
- Delmec Engineering Ltd.
- Amane Towers SA
- PowerX Technology Ltd.

Pierre Klotz
(since 5 May 2023)
Group Corporate Finance Director of Vodafone Group Plc

Current seats

- Vodacom Group Limited, Southafrica*
- TPG Telecom Limited, Australia*

Amanda Jane Nelson
(since 28 July 2022)
CEO Vodafone Ireland Ltd

Current seats

- None

Terence Rhodes**
Professional Supervisory Board Member

Current mandates:

- none

21 All members of the Supervisory Board marked with ** are independent within the
meaning of recommendation C.6 of the GCGC.

2 All companies marked with an * are listed companies.

Alberto Ripepi
(since 5 May 2023)

Group Chief Network Officer and member of the Executive Committee of Vodafone Group Plc

Current mandates:

- Vodafone Italia S.p.A., Board Director
- Vodafone Servizi E Tecnologie S.R.L., Board Director

Johan Wibergh
(until 31 December 2022)

Chief Technology Officer, Vodafone Group Plc

Current mandates:

- Trimble Inc.*

Pinar Yemez

Human Resources Director, Vodafone Business and Group Functions

Current seats

None

Management Board

Thomas Reisten, Düsseldorf
Interim CEO and CFO

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

Vivek Badrinath, Düsseldorf
Board member

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

Christian Sommer, Düsseldorf
Chief Legal Officer

Memberships of Supervisory Boards and comparable supervisory bodies: None

Duesseldorf, 16 June 2023

The Management Board

Thomas Reisten Interim CEO and CFO	Vivek Badrinath Board member	Christian Sommer Chief Legal Officer

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the net assets, financial position, and results of operations of Vantage Towers AG, and the management report, which is combined with the management report of Vantage Towers Group, includes a fair review of the development and performance of the business and the position of Vantage Towers Group and Vantage Towers AG, together with a description of the principal opportunities and risks associated with the expected development of Vantage Towers Group and Vantage Towers AG.

Duesseldorf, 16 June 2023

Vantage Towers AG

The Board of Management

Thomas Reisten Vivek Badrinath Christian Sommer

Independent auditor's report

To Vantage Towers AG

Opinions

We have audited the annual financial statements of Vantage Towers AG, Düsseldorf, which comprise the statement of financial position as at 31 March 2023, and the income statement for the fiscal year from 1 April 2022 to 31 March 2023, 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 2022 to 31 March 2023, 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, named "Relevant Disclosures on Corporate Governance Practices".

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 2023 and of its financial performance for the fiscal year from 1 April 2022 to 31 March 2023 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. We do not express an opinion on the group statement on German Corporate Governance Code and the content of 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 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 German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the combined management report.

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. 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

- sections „Key data Vantage Towers", „FY 2023 Highlights" and "Who we are";
- section „Letter from our CEO";
- the „report of the supervisory board";
- the responsibility statement of the management board on annual financial statements and the management report, which is combined with the group management report

but not the annual financial statements, those sections of the combined management report, which have been subject to the audit and not our related audit opinion.

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 (i.e., fraudulent financial reporting and misappropriation of assets) 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 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 the risk of not detecting a material misstatement 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.

Cologne, 20 June 2023

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Ueberschär Hillebrand

Wirtschaftsprüfer Wirtschaftsprüferin

[German Public Auditor] [German Public Auditor]