VANTAGE TOWERS

Annual Financial Statements and Combined Management Report for the Financial Year from 1 April 2020 to 31 March 2021

Vantage Towers AG

(formerly from 16 July 2020 to
26 January 2021: Vantage Towers GmbH,
from 5 December 2019 to 15 July 2020:
Vodafone Towers Germany GmbH),
Düsseldorf

Combined Management Report

Company Profile

Fundamentals of the Group

We are a leading towers company in Europe with approximately 82,000 macro sites and approximately 7,100 micro sites across ten markets, in nine of which we rank either first or second by number of sites. 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 2021, Vantage Towers employed 327 people, excluding our equity accounted investments in INWIT and Cornerstone, and its headquarters are located in Duesseldorf, Germany.

Establishment of the Vantage Towers Group

In order to create Vantage Towers, Vodafone Group separated its European tower infrastructure assets in Germany, Spain, Greece, Portugal, the Czech Republic, Hungary, Romania, and Ireland into a new stand-alone tower infrastructure business – both legally and operationally. In order to achieve a complete separation of these tower infrastructure assets from the other parts of the Vodafone Group, the tower infrastructure assets in each relevant market were grouped into a business unit within the Vodafone operating company in the respective market and then carved out of the operating company into a separate legal entity controlled by Vodafone in a first step – either by way of a hive-down, a demerger or otherwise. In a second step, each of these entities, except for the German Towers Business which was assumed by the Company by way of the German hive-down, was transferred to Central Tower Holding Company BV (CTHC), an indirect, wholly-owned subsidiary of Vodafone Group, via a share-for-share exchange.

In Greece, Vodafone Group and Crystal Almond Sarl, the controlling shareholder of Wind Hellas, agreed to demerge and subsequently contribute their towers businesses into Vantage Towers Greece, a jointly owned entity controlled by Vodafone Group.

The following steps completed the reorganisation of the Group:

- On 19 November 2020, Vodafone Group contributed its 33.2% shareholding in Infrastrutture Wireless Italiane SpA (INWIT) to CTHC;
- On 17 December 2020, CTHC was acquired by the Company;
- On 22 December 2020, CTHC acquired 62% of Vantage Towers Greece, followed by the remaining 38% on 25 March 2021; and
- On 14 January 2021, CTHC acquired the 50% shareholding in Cornerstone, at which point the process of establishing the Vantage Towers Group was completed.

IPO

On 18 March 2021, Vantage Towers AG was successfully listed on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange. In total, 92,372,558 shares from the holdings of Vodafone GmbH were placed with investors (after the partial exercise of the greenshoe option) at the offer price of €24.00, raising gross proceeds of approximately €2.2 billion for the selling shareholder. The implied free float for Vantage Towers is 18.3%.

Business model

Our business model combines four key factors:

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

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

Our portfolio of assets includes towers, masts, rooftop sites, DAS and small cells. By building, operating and leasing this passive infrastructure to Vodafone and other network operators, 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, the leading MNO in Europe by number of mobile subscribers (source: Fitch Solutions). 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.

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 customers looking to expand or densify their networks.

Business Segments

Vantage Towers has four reporting segments, comprising Germany, Spain, Greece and Other European Markets. These reporting segments reflect the basis on which we manage our business and are reconciled to the Group's consolidated financial statements for the twelve months ended 31 March 2021 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

Vantage Towers is the second largest telecommunications tower company in Germany by number of sites. As our largest market, Germany comprises 42% of our total macro sites and 37% of our tenancies in our consolidated markets as of 31 March 2021.

Our site portfolio in Germany is well-balanced. The sites have capacity to co-locate additional tenants, and a significant proportion does not have competitors' sites in the vicinity. As of 31 March 2021, Vantage Towers Germany's portfolio comprised approximately 19,400 macro sites.

As of 31 March 2021, the tenancy ratio amounted to 1.2x on our macro sites in Germany.

Spain

Vantage Towers is the second largest telecommunications tower company in Spain by number of sites. Spain represents our second largest market, comprising 19% of our macro sites and 23% of our tenancies in our consolidated markets as of 31 March 2021.

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 8,700 macro sites as of 31 March 2021.

The Group's overall tenancy ratio in Spain amounted to 1.7x as of 31 March 2021.

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 2021.

Our portfolio comprises approximately 4,800 macro sites in Greece as of 31 March 2021.

As of 31 March 2021, we recorded a tenancy ratio of 1.7x regarding our sites in Greece.

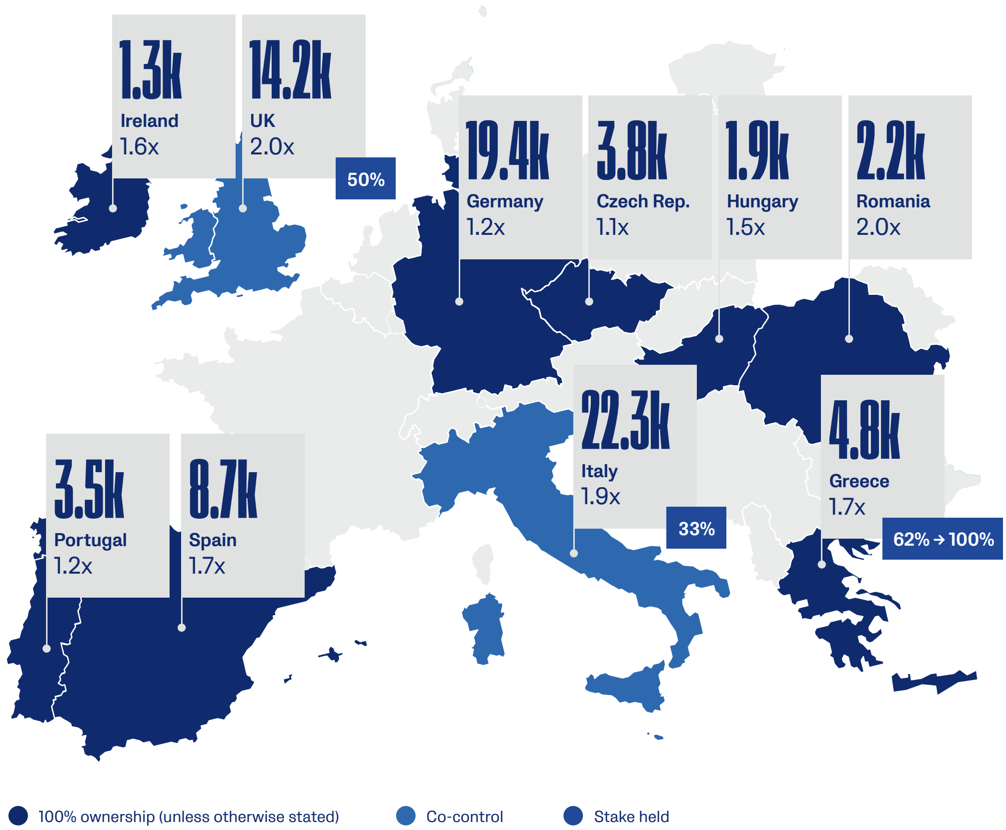
Other European Markets

The Group's Other European Markets segment includes its operations in Portugal, the Czech Republic, Hungary, Ireland, and Romania. We rank second in the market by number of sites in the Czech Republic, Ireland, Portugal, and Hungary and fourth in Romania (source: Company Market Position Assessment). Across these markets, the Group operated a total of approximately 12,700 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 2021.

Co-controlled joint ventures and joint operations

The Group's co-controlled joint ventures and joint operations include INWIT and Cornerstone. INWIT and Cornerstone rank first in their respective markets by number of sites in Italy and the UK (source: Company Market Position Assessment). INWIT operates approximately 22,300 macro sites with a tenancy ratio of 1.9x. Cornerstone operates approximately 14,200 macro sites with a tenancy ratio of 2.0x.

The following map sets out a breakdown of the Group's site portfolio by market, including the portfolios of its co-controlled joint ventures, showing number of macro sites as of 31 March 2021.



Research & Development

Vantage Towers does not have a traditional research and development (R&D) department. However, we constantly strive to make our products and services better, as well as to offer our customers new **innovative** products and solutions with the **highest efficiency**, which will 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. In response, the Company is working on various innovations to create a sustainable and digital society, as well as to develop new solutions for a world that is rapidly changing with 5G.

In the reporting year, we have initiated the development of the following projects in joint collaboration between the Commercial and Technology teams (which includes an innovation team):

- **Digitisation** is a **key technological initiative for Vantage Towers** and is going to be approached by three aspects: (i) Digitisation of the Customer Journey aiming to change the existent TowerCo customer life cycle; (ii) Digitisation of our assets to have a complete inventory and reporting (e.g. towers, energy, and other operational KPIs); and (iii) Digitisation of our internal Operational Model to obtain operational efficiencies. Below you can see some examples of digitisation initiatives:
  - **Digital Twin:** a 3D digital representation of sites to enable the relevant stakeholders to perform site activities remotely, thereby reducing the need for site visits. It will also enable the Group to digitise its site offering, site design, site construction, and site operations to further **increase operational efficiency and reduce time-to-market**.
  - **Smart sites:** implement a solution to capture real-time data and enable remote controls (e.g. site access, energy management, remote sensors, and energy meters). The Group is implementing these solutions on a **limited number of sites** while evaluating the business case for wider roll out, with a view to improve the operational efficiency, incentivise energy savings, provide energy cost assurance, and lead to a better service to our customers (e.g. the energy meters will be used to identify opportunities to optimise the energy efficiency of the power assets, such as power supply units and cooling systems – to optimise energy efficiency we need to measure it).
  - **EMF:** implement **tools** to assess the site lease up potential and improve the overall performance of the processes, which will allow a **maximisation** of EMF space in rooftop sites, **promoting efficiencies** on site design and thus **increasing tenancy ratios**.

- **Develop new technologic solutions** to create new services based on our assets and specific requirements for Public Administrations, Touristic Environments, Industrial Areas, Smart Cities Solutions, Agriculture, Healthcare & Life Sciences, and Commerce & Retail.

- **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 Vantage Towers' Towers. Vantage Towers is currently working on upgrading energy technology using energy-efficient rectifiers, free cooling systems, and migrating its energy model onto a smart site using fully remote monitoring and metering system. In addition, the Group is also experimenting new materials for the construction of new towers (e.g. towers, rooftop poles, small cells on lamp poles).
- **Becoming a leading 5G host:** The Group 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 a **leading** digital enabler.
- **Open RAN:** New technology to improve mobile services deployment based on general-purpose vendor-neutral hardware, open interfaces, and software. Moreover, we are a member of the TIP and ORAN organisations in order to influence the Open RAN evolution.

Financial Performance System

Key Performance Indicators (KPIs)

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

Financial Performance Indicators

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

- Revenue (excl. pass through): Total revenue excluding pass-through recharged capital expenditure. Recharged capital expenditure revenue represents direct recharges to Vodafone of capital expenditure in connection with upgrades to existing sites.
- Consolidated adjusted EBITDAaL: Adj. EBITDA on Group level less recharged capital expenditure revenue, and after depreciation on lease-related right-of-use assets and deduction of interest on leases.

- Consolidated Recurring Free Cash Flow (RFCF): Adj. EBITDAaL less recharged capital expenditure revenue, cash lease costs, 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 (maintenance capital expenditure).
- Leverage: Net Financial Debt divided by adj. EBITDAaL.

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

Non-financial Performance Indicators

Vantage Towers' results of operation and financial condition are subject to a range of influences that in turn depend on a number of factors. In order to measure the economic success of business activities, we use non-financial performance indicators in addition to the above-stated financial performance indicators. The current key non-financial performance indicators are:

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

Economic Report

Economic conditions

Macroeconomic situation

In 2020, the **global economy** shrank for the first time since the 2009 financial crisis as a result of the Covid-19 pandemic. According to the International Monetary Fund (IMF), the global gross domestic product (GDP) decreased by 3.5% compared to the previous year.[1]

Central banks and governments around the world countered with comprehensive and unusually expansionary measures to mitigate the consequences of this enormous decline in economic activity for businesses and jobs. Thanks to this support, over the course of the year the global economic low point was already passed in the second quarter, when national “lockdowns” in almost all major economies significantly restricted economic activity in large parts. With the subsequent successive easing, a dynamic recovery initially set in, which, however, noticeably lost momentum towards the end of the year due to a renewed rapid increase in infection rates in some regions. World trade also shrank significantly in the face of the recession and the restrictions associated with the Covid-19 pandemic, which further slowed growth particularly in export-dependent economies.[1]

The economies of the industrialised countries were hit hard by the Covid-19 pandemic. Thus, the **Eurozone** also plunged into a deep recession as a result of the pandemic and the corresponding containment measures in the first half of the year, which affected industrial and service sectors alike.[1] However, the decline was quite uneven across member states and was determined not only by the infection rates but also by the reliance on economic sectors such as tourism and hospitality, which were particularly hard hit during the crisis. With the easing of restrictions, economic activity picked up significantly over the summer, but was hit again by renewed restrictions in the wake of a pronounced second wave of infections from the autumn onwards. As a result, the GDP recorded a decline of around 7.0% in 2020 as a whole.[1] Effects on the labour market were countered by instruments such as short-time work. The German economy shrank by an estimated 5.0% in this environment.[2]

Industry environment

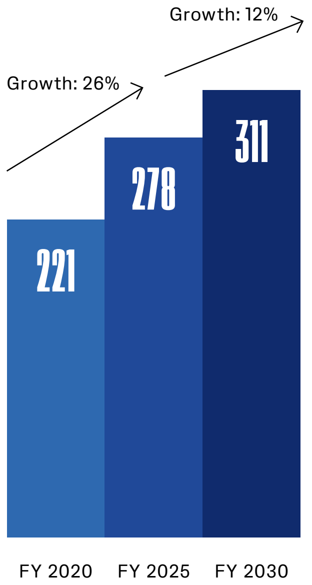
The Covid-19 crisis has clearly shown the important role telecommunication play in our society and economy. The pandemic has changed our everyday lives and the world of work: the use of digital solutions for work, leisure, and shopping has increased further and accelerated numerous digital developments. Connectivity in particular has proven to be an important component of a functioning daily life.

The European telecommunications tower infrastructure market has substantial potential for growth through an increase in the number of sites and points of presence (PoPs). The expected growth is led by the mobile network operators. Coverage as well as densification requirements are generating demand for existing and new sites.

[1] Source: IMF, World Economic Outlook Update, January 2021, https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update

[2] Source: Bundesministerium für Wirtschaft und Energie (BMWi): Pressemitteilung Wirtschaftliche Entwicklung (published 14 January 2021), https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/Wirtschaftliche-Lage/2021/20210114-die-wirtschaftliche-lage-in-deutschland-im-januar-2021.html

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



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

Mobile data traffic in Western, Central, and Eastern Europe is expected to grow at a CAGR (compound annual growth rate) of 26% from 2019 through 2024 (source: Analysys Mason, per chart below), as larger screens, better cameras, faster processors, and innovative applications drive rates of data consumption. As consumers demand faster communication speeds and higher bandwidth, MNOs will be looking to compete on network quality.

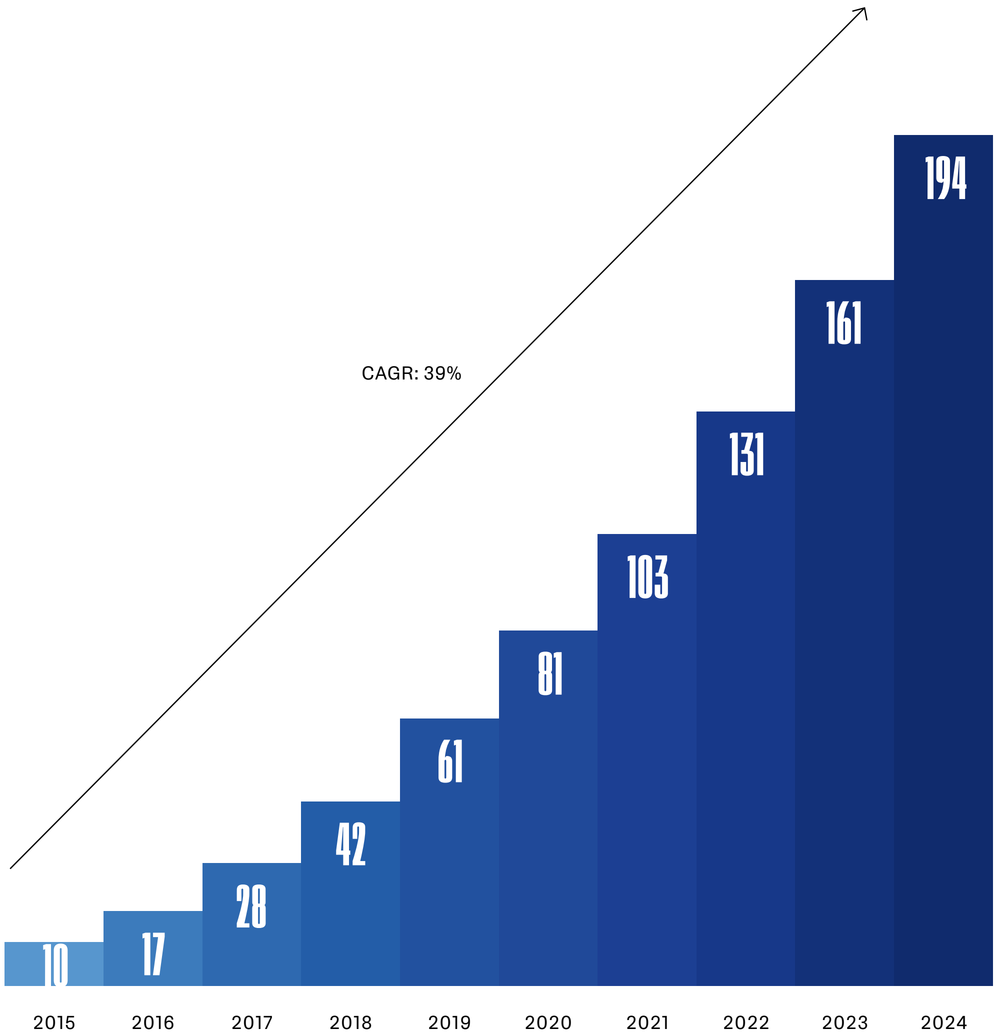
With the roll-out of each new generation of mobile technology, users have consumed more data. Data usage in Europe continues to grow rapidly in response to the increasing adoption of smartphones and internet-based applications. Between 2020 and 2024, mobile data consumption in Western Europe is expected to grow from 40,000 PB (Petabyte) per year to 96,000 PB per year (source: Company Internal Analysis).

In order for MNOs to expand their networks, and improve quality as subscribers and data usage increase, they must maintain effective capacity to ensure network stability and a lack of congestion, i.e. coverage and speed. This in turn requires that MNOs densify their networks by increasing their tenancies, because existing network cells have capacity limits and as data usage increases, the effective size of network cells typically decreases. Network densification is further required to support the range and capacity requirements of the high-frequency spectrum used by the 5G networks that MNOs are rolling out across Europe following national 5G spectrum auctions.

Between 2020 and 2024, 5G mobile connections in Western Europe are projected to increase from 2% of total connections to approximately 42% of total connections following the allocation of high band spectrum in certain European markets, including Germany (source: Company Internal Analysis). The higher use of data during the Covid-19 pandemic has also led the EU and individual European governments to take actions to support data demand, including the EU's €750 billion Next Generation recovery fund to invest in better connectivity through the rapid deployment of 5G networks and funds to support 5G network expansion in the German Government's €130 billion stimulus package.[1]

[1] Source: Company information

Mobile Data Traffic
(000s of PB/year, Western, Central and Eastern Europe)



Source: Analysys Mason

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

[1] Source: Company information

Results of operations – IFRS Consolidated Group

Introduction

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

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

Demand for Mobile Telecommunication Services

Demand for new sites and additional tenancies on our sites is primarily driven by densification requirements and coverage obligations which are in turn impacted by consumer and enterprise demand for mobile voice and data services as well as advances in technology such as the roll out of 5G. For an MNO to expand its network and improve quality as subscribers and data usage increase, it must maintain effective capacity to ensure network stability and a lack of congestion. This in turn requires that MNOs increase their tenancies by locating additional antennae equipment on existing sites, contracting to build new sites to ensure greater network coverage and density, or entering into sharing arrangements with other MNOs. Mobile data usage in Europe continues to grow rapidly given increasing smartphone use and the growing adoption of internet-based applications. In response to this growth, MNOs are deploying additional equipment on existing networks while also rolling out more advanced 5G mobile networks to address coverage and capacity needs. We estimate that this roll out will result in the percentage of total mobile connections in Western Europe that are 5G connections increasing from 2% in 2020 to 42% in 2024.[1]

Additional drivers in demand are expected to include increased mobile data consumption which will drive the need to densify networks in order to meet the range and capacity requirements of the high-frequency spectrum used to deliver full 5G. We also expect that MNOs will increasingly need further tenancies to address short- to medium-term coverage obligations. In a number of our principal markets, as well as those of INWIT and Cornerstone, national regulators have established coverage obligations that require MNOs to provide network coverage of certain quality over certain areas.[2]

Revenue from our relationship with Vodafone

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

[1] Source: Analysys Mason; 5G Observatory, company press releases "Data for Western Europe (defined as Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and UK)"
[2] Source: Analysys Mason; 5G Observatory, company press releases

The Vodafone MSAs have been entered into for an initial term of eight years (until November 2028), and renew automatically following the expiration of their initial term for three additional eight-year terms, subject to the Vodafone Operator's right, at the end of each term, not to extend the agreement. Under the terms of the Vodafone MSAs, we charge a tenant fee to Vodafone for use of our sites and related services. This includes a base service charge and additional service charges. The additional service charges include charges for services provided on sites that Vodafone has designated as strategic sites (if applicable), sites that Vodafone has designated as critical sites and sites subject to Active Sharing Arrangements. If a tenancy is added to a site, the Vodafone Operator receives an additional tenant discount to its base service charge unless the tenant was colocating on the site at the effective date of the Vodafone MSA and is installing more Active Equipment or renewing its site agreement. Other than in Greece (where the discount does not apply) and within certain Central and Eastern European markets (where the discount is lower), the additional tenant discount is 15% of the original anchor fee. This additional tenant discount does not apply to Vodafone's partners, Deutsche Telekom and Telefónica Deutschland, sharing on German "white spot" sites or to additional active sharing counterparties on any site. Over the medium-term, the Company expects the impact of anchor tenant discounts on revenue to be less than €10 million per year.

A "strategic site" is a site that is of strategic importance to a Vodafone Operator from a network management perspective. Vodafone has consent rights over other MNOs colocating on strategic sites. As of 31 March 2021, approximately 3% of our sites were designated as strategic sites.[1]

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

For the year ended 31 March 2021, we generated revenue of €487.4 million from Vodafone. For the year ended 31 March 2021, revenue from Vodafone principally comprised macro site revenue in Germany.

As part of the Vodafone BTS Commitment, Vodafone has also committed to contract for the construction of approximately 6,850 new BTS sites from Vantage Towers that we believe provides us with additional visibility on future revenue growth. The pricing of new standard configuration BTS sites under the Vodafone BTS Commitment is expected to be in line with existing anchor fees for standard configuration macro sites under the Vodafone MSAs, except in the case of the approximately 2,000 macro sites to be built in remote "white spot" areas in Germany on which a single fee representative of one anchor fee and one third-party fee is expected to be charged. Such a "white spot fee" will be higher than our other fees due to three tenants being colocated on each macro site and these macro sites having higher construction costs.

[1] Source: Company information

There is built-in protection for Vantage Towers if new BTS site capital expenditure costs exceed certain thresholds in the form of a recharge back to Vodafone. We have preferred supplier status under the terms of the Vodafone MSAs for any Vodafone sites over and above the Vodafone BTS Commitment.

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.

Approximately one-third of our contracts with other MNO customers are linked to inflation and we aim to include CPI escalators in our customer contracts as they expire and are renegotiated. In Greece, as part of their contractual arrangements with us, Wind Hellas has committed to contract for the construction of 250 new BTS sites and to use Vantage Towers Greece as its preferred supplier for sites, subject to certain limited exceptions, providing further visibility on our revenue growth.

Between 1 April 2020 and 31 March 2021, we added approximately 1,300 non-Vodafone tenancies, of which approximately 860 were tenancies from the Active Sharing Arrangement in Spain. For the year ended 31 March 2021, we generated revenue of €57.6 million from customers other than Vodafone. For the year ended 31 March 2021, revenue from customers other than Vodafone principally comprised macro site revenue.

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

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

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

In the medium-term, we are targeting a tenancy ratio of over 1.50x, with BTS commitments and white spot obligations (as described below) expected to represent a significant portion of tenancy growth and key potential upsides coming from colocating new tenants on German RTT sites. We aim to reach our medium-term tenancy ratio target through a combination of the over 13,400 tenancies for which we had commitments in November 2020 and uncommitted market tenancies. Of committed tenancies, we expect to add approximately 7,700 new tenancies by 31 March 2026 and approximately 7,100 tenancies on new BTS sites built in response to BTS site commitments. One of the principal drivers of growth in our physical tenancies is expected to be the plan between Vodafone, Deutsche Telekom, and Telefónica Deutschland to coordinate the set-up and operation of 6,000 sites in “white spot” areas across rural areas and transportation routes in Germany.

Under Active Sharing Arrangements between Vodafone and Orange in Spain, we apply a portfolio fee structure instead of the per site fee structure used in almost all of our other Consolidated Markets. While we expect to decommission sites as a result of the Active Sharing Arrangements in Spain, we also expect an offsetting increase of more than 1,900 tenancies upon the full implementation of these arrangements, resulting in around 1,000 net secured tenancies in Spain and an overall increase in revenue in the medium-term. After accounting for other site decommissionings in Spain that are unrelated to active sharing, the remaining committed tenancies result from Active Sharing Arrangements in Other European Markets (net of decommissioned sites). As at 31 March 2021, there were approximatively 64,000 total tenancies and we remain on track to meet the medium guidance tenancy ratio target of over 1.50x.

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

Markets by segment	As of 31 March 2021
	€m
Germany	1.2x
Spain	1.7x
Greece	1.7x
Other European Markets	1.4x
Total	**1.4x**
Co-Controlled Joint Ventures	
Italy	1.9x
United Kingdom	2.0x

Number of sites

Our results are impacted by the number of sites in the portfolio. In addition to generating revenue from providing space on sites and related services, we also receive revenue from new sites. New sites constructed during the course of a financial year earn revenue from the point of commissioning, meaning that a site typically does not generate full run-rate revenue until the financial year after it is commissioned. As of 31 March 2021, our site portfolio, including those of INWIT and Cornerstone, comprised approximately 82,200 macro sites. We have a total of approximately 7,100 committed new BTS sites across our markets. Of the total committed sites, the Vodafone Group has committed to contract for the construction of approximately 6,850 new BTS sites, as part of the Vodafone BTS Commitment. Approximately 5,500 of these sites are expected to be located in Germany, of which approximately 2,000 are expected to provide coverage as part of the plan between Vodafone, Deutsche Telekom, and Telefónica Deutschland to coordinate the set-up and operation of 6,000 sites in “white spot” areas. Roll out is expected to reach run-rate during the twelve months ending 31 March 2023, and construction of the committed new BTS sites is expected to be completed by 31 March 2027.

Ground lease optimisation initiatives

Ground leases (calculated as the sum of depreciation on the right-of-use assets and interest on lease liabilities) are our largest efficiency opportunity, representing approximately 56% of our costs (total costs excluding taxation and one-off and other items) during the year ended 31 March 2021. To optimise ground lease costs, we have established dedicated internal teams in each market to identify potential buy-out targets and to oversee our leases and landlord management.

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

We assess land or long-term RoU acquisitions based on internal rates of return and return on capital employed alongside other factors, including the strategic nature of the sites and the ability to unlock active sharing and passive sharing opportunities. We have budgeted for at least €200 million of ground lease capital expenditure over the medium-term, subject to achieving appropriate returns. The first phase of the ground lease optimisation programme is being rolled out over the next five financial years and targets approximately 10% of our current sites. We have identified approximately 900 initial priority sites in key markets for the ground lease optimisation programme. In addition to acquiring land or RoU assets, we have also begun to optimise our lease portfolio through the active renegotiation of leases where possible and advantageous to do so, in some cases offering landlords longer lease terms in exchange for reduced rental costs.

Capital Expenditure

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

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

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

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

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

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

Inflation

We have contractual escalators linked to CPI in each of the Vodafone MSAs, which provide stable margins. While the majority of our contracts with other MNO customers are not currently linked to inflation, we aim to include CPI escalators in our customer contracts as they expire and are renegotiated. Our results of operations are therefore protected to a large degree from the impact of inflation and deflation, which helps it better predict future cash flows.

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

The base service charges and the additional service charges vary annually by reference to an agreed consumer price index that typically has a floor of 0% (other than in Germany where the floor is negative 2% to comply with legal requirements) and a cap of 2% (other than Hungary where the cap is 3%). The following table sets out the Vodafone MSA CPI escalators for the twelve months ending 31 March 2021 and 2022, respectively.

Inflation	As of 31 March 2021
	%
Germany	1.5
Spain	0.6
Greece	0.2
Other European Markets	1.1

Overall assessment by the Management Board of the current situation

Highlights during the year ended 31 March 2021 include:

- The carve-out from the Vodafone Group to create Vantage Towers as an independent company;
- Commercialising co-control of UK Tower operations, with Cornerstone entering into long-term Master Services Agreements with Vodafone Group and Telefonica;
- The successful IPO at the Frankfurt Stock Exchange;
- The successful combination of Vantage Towers Greece and Wind Hellas tower assets; and
- The successful issuance of a €2.2 billion triple tranche debut bond.

We have fully achieved our FY21 guidance and confirm our outlook for FY22. With an outstanding and committed team, and our strong financial position we look forward to the opportunities that lie ahead of us as we pursue the considerable growth opportunities in Europe.

Results of operations of the Group
Based on the timing and nature of the carve-out of the European tower infrastructure and formation of the Group assets two key facts are relevant to consider when reviewing the results of operations of the Group:

- In accordance with IFRS 10 Vantage Towers has not included the financial information of the tower assets prior to the date it obtained control. Accordingly, the analysis contained herein the economic report does not contain any comparisons to prior periods;
- The consolidated financial performance of the Group reflects the inclusion of a) the Company from 25 May 2020, and as such the results of the German operations; b) the Spain, Portugal, the Czech Republic, Hungary, Romania, and Ireland markets, and the 33.2% interest in INWIT from 17 December 2020 following the acquisition of CTHC; c) Vantage Towers Greece from 23 December 2020; and d) the 50% holding in Cornerstone from 14 January 2021.

Note that rounding differences may occur.

Summarised Group performance

	Twelve months ended 31 March 2021
	€m
Revenue (ex. pass through)	**541.6**
Capex recharge revenue	3.4
Revenue	**545.0**
Maintenance costs	(25.4)
Staff costs	(19.4)
Other operating expenses	(37.2)
Adj. EBITDA	**463.0**
margin	85%
Capex recharge revenue	(3.4)
Ground lease expense	(147.4)
Adj. EBITDAaL	**312.2**
margin	57%

Revenue and profitability

Revenue disaggregation	Twelve months ended 31 March 2021
	€m
Macro site revenue	514.1
Other rental revenue	11.6
Energy and other revenue	15.9
Recharged capital expenditure	3.4
Consolidated	**545.0**

Revenue by segment	Twelve months ended 31 March 2021
	€m
Germany	403.4
Spain	46.5
Greece	35.0
Other European Markets	60.1
Consolidated	**545.0**

During FY21, we generated revenues of €545.0 million, which is comprised of €514.1 million (94.3%) macro site revenue, €15.9 million (2.9%) energy and other revenue, €11.6 million (2.1%) other rental revenue and €3.4 million (0.6%) of recharged capital expenditure. Macro site revenue is primarily driven by new tenancies and macro sites. In FY21, c.1,300 new non-Vodafone tenancies have been added, of which approximately 860 were tenancies from the Active Sharing Arrangement in Spain. Revenue from customers other than Vodafone principally comprised macro site revenue. During FY21, we generated revenue of €58 million from customers other than Vodafone.

Germany is our largest segment earning total revenue of €403.4 million, reflecting the inclusion of operations from 25 May 2020. The other reporting segments Spain and Greece earned total revenue of €46.5 million and €35.0 million, respectively, with the Other European Markets earning €60.1 million.

Adjusted EBITDAaL by segment	Twelve months ended 31 March 2021
	€m
Germany	249.2
Spain	18.4
Greece	11.8
Other European Markets	32.8
Consolidated	**312.2**

Adjusted EBITDAaL, i.e. EBITDA adjusted for depreciation of right-of-use assets and for interest expenses on recognised lease liabilities, amounted to €312.2 million and results from operations in Germany (€249.2 million or 79% of total EBITDAaL), Spain (€18.4 million or 6%), Greece (€11.8 million or 4%), and Other European Markets (€32.8 million or 11%).

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	Twelve months ended 31 March 2021
	€m
Germany	(88.9)
Spain	(21.9)
Greece	(17.8)
Other European Markets	(18.8)
Consolidated	**(147.4)**

Ground lease expenses comprise the depreciation on lease-related right-of-use assets, amounting to €119.8 million and the interest on lease liabilities, amounting to €27.6 million.

Ground lease costs comprise the rents that we pay to landlords to locate telecommunications infrastructure on the landlords' property, accounted for under IFRS 16: "Leases". GBTs typically have lower ground lease costs than rooftop towers (RTTs) due to the over-representation of RTTs in urban areas with less availability and more demand. A significant portion of our ground leases are linked to an inflation index. In addition, some of our ground leases, including in Germany, include adjustment provisions for certain events. The majority of these leases have a duration of more than five years, excluding rolling leases, providing us with visibility over medium-term ground lease costs. We are partially protected against increases in rental fees at certain sites by provisions in the Vodafone MSAs that pass a portion of rental increases over prescribed thresholds through to the Vodafone Group.

Maintenance costs
Maintenance costs for the year ended 31 March 2021 amounted to €25.4 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 2021 of €19.4 consisted of wages and salaries (€15.5 million), social security contributions (€1.6 million), other pension costs (€0.6 million), share based payment expense (€0.8 million), and other costs (€1.0 million). €15.1 million or 78% of staff costs were incurred in Germany.

Staff costs include wages and salaries, social security contributions, accruals related to share based payments, retirement benefits and other contingencies, commitments, or personal expenses. Staff costs also include head office costs and other general costs. We are considering opportunities to increase staff cost efficiencies as we continue to establish the business' stand-alone capabilities within an efficient and flexible organisational structure.

Other operating expenses
We incurred other operating expenses of €37.2 million and these were primarily made up of energy costs, transitional services agreements, long-term services agreements and our support agreements. As outlined during our Capital Markets Day and in our IPO Prospectus, we are implementing a number of efficiencies to lower energy consumption and costs including upgrading energy technology using energy-efficient rectifiers, free cooling systems and green solutions such as solar power installations at our sites whilst also migrating our energy model onto a fully remote monitoring and metering system.

Share of results of equity accounted joint ventures
The share of profit from equity accounted joint ventures was €10.1 million, with INWIT (Vantage Towers share of profit €15.4 million) and Cornerstone (Vantage Towers share of profit €4.1 million) offset by the amortisation of €9.0 million relating to the associated intangible assets.

INWIT added 1,000 new tenants and 200 new small cell sites during Q4. The INWIT renegotiation and land acquisition programme is underway with 600 agreements executed. The guidance provided on the INWIT dividend was delivered with CY20 dividend of €0.30 per share, with a Vantage Towers share of €96 million. Cornerstone performance was in line with expectation with good operational performance.

Operating Profit
Operating profit for FY21 amounted to €287.1 million.

Other expenses
Other non-operating expenses of €33.1 million were incurred in the initial set-up.

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 308.8 million shares as of 31 March 2021. This resulted in an earnings per share of 51.2 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 309.2 million shares as of 31 March 2021. This resulted in a diluted earnings per share of 51.2 eurocents.

Assets and liabilities in the Group

Assets	31 March 2021
	€m
Non-current assets	
Goodwill	3,316.4
Other intangible assets	234.6
Property, plant and equipment	2,880.4
Investments in joint ventures	3,315.8
Deferred tax assets	24.2
Trade and other receivables	15.0
	9,786.4
Current assets	
Receivables due from related parties	435.6
Trade and other receivables	41.4
Cash and cash equivalents	22.1
	499.1
Total Assets	**10,285.5**

Equity and liabilities	
Equity	
Share capital	505.8
Share premium	6,876.6
Merger reserve	(2,007.4)
Other reserves	20.0
Retained earnings	(100.7)
Total equity attributable to shareholders of the parent	**5,294.3**
Non-current liabilities	
Long-term borrowings	2,187.1
Lease liabilities	1,774.4
Provisions	319.1
Post employment benefits	1.3
Deferred tax liabilities	70.5
Trade and other payables	33.9
	4,386.3
Current liabilities	
Lease liabilities	242.0
Current income tax liabilities	8.6
Provisions	16.2
Payables due to related parties	118.8
Trade and other payables	219.3
	604.9
Total liabilities	**4,991.2**
Total equity and liabilities	**10,285.5**

Non-current Assets
Non-current assets amounted to €9.8 billion (or 95% of total assets) as of 31 March 2021 and comprised mainly goodwill, investments in associated undertakings and property, plant and equipment.

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

Other intangible assets of €235 million related in particular to the acquisition of customer relationships in Greece amounting to €200.0 million (anchor fees of €198.1 million and third-party fees of €1.9 million), arising on the acquisition of Wind Hellas Towers and represent the customer relationship with Wind Hellas and ongoing revenues that will be generated.

Property, plant and equipment of €2.9 billion consisted of lease-related right-of-use-assets (€2.1 billion), which are being depreciated over their reasonably certain lease terms, and other property, plant and equipment (€825.2 million) of which €104.6 million related to land and buildings and €720.6 million to other property, plant and equipment.

Investments in associated undertakings of €3.3 billion solely related to the investments in INWIT (€2.9 billion) and CTIL (€396.1 million), representing the carrying value in the Vodafone Group books on the date transferred to Vantage Towers.

Deferred tax assets amounted to €24.2 million and related mainly to the Czech Republic with €15.6 million or 64%.

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

Current Assets
Current assets of €499.1 million (or 5% of total assets) consisted of receivables due from related parties (€435.6 million), such as the amounts receivable from Vodafone Group under the terms of the MSA, trade and other receivables (€41.4 million) and cash and cash equivalents (€22.1 million).

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

Trade and other receivables of €41.4 million were mainly comprised of €16.7 million accrued income, €3.4 million prepayments, €2.2 million tax receivables (solely related to the Czech Republic), €12.3 million other receivables, and €6.8 million of trade receivables.

Cash and cash equivalents of €22.1 million mainly related to balances held in Greece, other balances are on deposited with the Vodafone Group and classified as current receivables.

Equity
Equity amounted to €5.3 billion (or 51% of total assets) as of 31 March 2021 and was mainly comprised of share capital (€505.8 million), share premium (€6.9 billion, almost entirely relating to Germany) and a negative merger reserve (€2.0 billion). For further details refer to the Consolidated Statement of Changes in Equity.

Non-current Liabilities
Non-current liabilities of €4.4 billion (or 43% of total assets) consisted of long-term borrowings, lease liabilities, provisions, post-employment benefits, deferred tax liabilities, payables due to related parties and trade and other payables.

On 24 March 2021, we issued a bond amounting to €2.2 billion in three tranches (€750.0 million due in 2025 with 0.0% interest p.a., €750.0 million due in 2027 with 0.375% interest p.a. and €700.0 million due in 2030 with 0.75% p.a.).

Non-current lease liabilities amounted to €1.8 billion and mainly related to Germany (€710.7 million or 40%), Spain (€402.0 million or 23%) and Greece (€267.0 million or 15%).

Provisions of €319.1 million related almost entirely to asset retirement obligations.

Post employment benefits of €1.3 million solely related to Germany.

Deferred tax liabilities amounted to €70.5 million and are almost entirely from the acquired intangible assets in Greece (€61.9 million or 88%).

Non-current trade and other payables of €33.9 million were entirely comprised of non-current deferred income.

Current Liabilities
Current liabilities of €604.9 million (or 12% of total liabilities) consisted of short-term borrowings, lease liabilities, provisions, payables due to related parties (including a corporate income tax liability of €16.8 million towards Vodafone Spain due to continued membership in Spanish tax group), trade and other payables and overdrafts.

Current lease liabilities amounted to €242.0 million related mainly to Germany (€82.3 million or 33%), Spain (€61.5 million or 25%), and Greece (€50.4 million or 20%).

Current income tax liabilities of €8.6 million mainly resulted from Greece, Czech Republic, and Romania.

Current provisions of €16.2 million related in particular to asset retirement obligations (€11.6 million). Other current provisions amounted to €4.6 million.

Current trade and other payables of €219.3 million comprised accruals (€111.1 million), trade payables (€61.8 million), deferred income (€31.3 million), other taxation and social security (€7.8 million), and other payables (€7.3 million).

Cash flow and capital expenditure analysis

Summary Consolidated Statement of Cash Flows	Twelve months ended 31 March 2021
	€m
Operating profit	**287.1**
Adjustments for:	
Share of results of equity accounted joint ventures	(10.1)
Share-based payments and other non-cash charges	1.2
Depreciation of other property, plant and equipment	64.1
Depreciation of lease-related right-of-use assets	119.8
Amortisation of intangible assets	1.6
Increase in trade receivables from related parties	(152.9)
Increase in trade payables to related parties	43.4
Increase in trade and other receivables	(8.5)
Decrease in trade and other payables	(17.0)
Cash generated by operations	**328.7**
Net tax paid	(15.7)
Net cash from operating activities	**313.0**
Investing activities	
Purchase of interests in subsidiaries, net of cash acquired	(8,550.9)
Purchase of joint ventures	(1,213.2)
Purchase of intangible assets	(6.5)
Purchases of property, plant and equipment	(104.6)
Net cash used in investing activities	**(9,875.2)**
Financing activities	
Issue of ordinary share capital	7,107.4
Proceeds from issue of long-term borrowings	2,187.1
Proceeds from related party borrowings	2,290.0
Repayment of borrowings	(2,377.5)
Repayment of lease liabilities including interest	(131.1)
Net movements in cash management activities with related parties	514.6
Interest paid	(6.2)
Net cash used in financing activities	**9,584.3**
Net increase in cash and cash equivalents	**22.1**
Effect of foreign exchange rates	–
Cash and cash equivalents at beginning of period	–
Cash and cash equivalents at end of period	**22.1**

Cash generated by operations

Cash generated by operations for the year ended 31 March 2021 was €328.7 million with net cash generated by operations being €313.0 million, after the net tax paid of €15.7 million.

Cash used in investing activities

Cash used in investing activities (€9,858.1 million) consisted primarily of the purchase of interests in subsidies (€8,550.9 million) to form Vantage Towers and the purchase of the Vodafone Group's shares in Cornerstone and INWIT (€1,213.2 million).

Cash generated by financing activities

Net cash used in financing activities for the year ended 31 March 2021 was €9,584.3 million, this included the proceeds from issue of long-term borrowings €2,187.4 million.

Consolidated Recurring Free Cash Flow

	Twelve months ended 31 March 2021
	€m
Adj. EBITDA	**463.0**
Capex recharge revenue	(3.4)
Cash lease costs	(131.1)
Maintenance capex	(13.3)
Recurring OpFCF	**315.2**
Cash conversion	96%
(–) Tax paid	(15.7)
(–) Interest	(6.2)
(–) Changes in operating working capital	(135.0)
Recurring Free Cash Flow (RFCF)	**158.3**

Recurring free cash flow for the year ended 31 March 2021 was €158.3 million.

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

Maintenance capital expenditure

	Twelve months ended 31 March 2021
	€m
Germany	(5.2)
Spain	(2.8)
Greece	(1.9)
Other European Markets	(3.4)
Consolidated	**(13.3)**

Maintenance capital expenditure of €13.3 million comprises of €5.2 million (55%) in Germany, €2.8 million (16%) in Spain, €1.9 million (11%) in Greece and €3.4 million (19%) in Other European Markets.

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

Financing and liquidity analysis

Financing

We successfully priced our €2.2 billion inaugural bond. The bonds settled on 31 March 2021 and are rated Baa3 by Moody's and BBB– by S&P. The transaction was a drawdown from Vantage Towers' newly established Debt Issuance Programme.

Leverage
Leverage, defined as Net Financial Debt to Adjusted EBITDAaL 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 consolidated position is not applicable for the year ended 31 March 2021 given there is not a twelve-month period of the full Group's consolidated financial performance.

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

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

Going forward, we intend to report return on capital employed for new sites.

Results of operations – Vantage Towers AG

Position of Vantage Towers AG

The primary business of Vantage Towers AG (hereinafter also referred to as "the Company") is the acquisition, leasing, construction, maintenance and management of passive network infrastructure for mobile communications. The Company holds the assets and the operations for Germany and the investment in 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. The income statement is therefore not comprised of a full twelve-month period of trading. The balance sheet at 31 March 2020 was comprised of an equity and cash position of €25 thousand only.

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

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

Results of operations of the Company

Income Statement	FY 2020	FY 2021
		€m
1. Revenue	–	408.2
2. Own work capitalised	–	5.6
3. Other operating income	–	81.3
4. Cost of materials	–	(177.7)
a) Cost of raw materials, consumables and supplies and of purchased merchandise	–	(76.7)
b) Cost of purchased services	–	(101.0)
5. Personnel expenses	–	(19.1)
a) Wages and salaries	–	(17.9)
b) Social security, pensions and other benefit costs	–	(1.2)
(thereof pensions)	–	(0.0)
6. Depreciation on intangible assets and tangible assets	–	(68.9)
7. Other operating expenses	–	(272.7)
8. Operating profit	**–**	**(43.4)**
9. Other interest receivable and similar income	–	5.1
(thereof from affiliated companies)	–	5.0
10. Interest payable and similar expenses	–	(7.2)
(thereof to affiliated companies)	–	(6.1)
11. Financial result	**–**	**(2.1)**
12. Profit before tax	**–**	**(45.5)**
13. Taxes on income	–	(14.1)
14. Profit after taxes	**–**	**(59.6)**
15. Other taxes	–	–
16. Net loss for the year	**–**	**(59.6)**
17. Withdrawals from capital reserve	–	342.8
18. Balance sheet profit	**–**	**283.2**

During FY21, the Company generated revenue of €408.2 million entirely within Germany. The revenue included rental income (€388.2 million) and other revenue (€20.0 million).

Own work capitalised amounting to €5.6 million was in respect of the tower infrastructure.

Other operating income of €81.3 million was mainly comprised of energy revenue (€76.7 million) and cost transfers to affiliated companies. The cost transfers were not based on an exchange of services or goods between the Company and the affiliated companies.

Material costs of €177.7 million related to energy (€76.7 million) and purchased services (€101.0 million). Purchased services contained rental expenses for the sites (€82.0 million), maintenance and repair costs (€16.5 million), and other costs (€2.5 million).

Personnel expenses amounted to €19.1 million and included €1.2 million of social security contributions and expenses for pensions and other benefit costs.

Depreciation and amortisation amounted to €68.9 million and was almost exclusively attributable to the towers.

Other operating expenses of €272.7 million included intercompany charges/service fees amounting to €253.2 million, therein €190.2 million charged by Vodafone Germany for the so-called "Für-Rechnungs-Phase", a technical term based on the German Transformation Act for the period between the economic effective date and the legal effective date (commercial register entry) of a transformation, one-off items (€12.9 million, therein bank fees of €3.6 million and set-up costs of €2.6 million) and other costs (€6.6 million) mainly for consulting services and resulting from currency losses.

The negative operating result amounted to €43.4 million.

The negative financial result of €2.1 million consisted of other interest and similar income of €5.1 million (thereof €5.0 million from affiliated companies) and interest expenses of €7.2 million (thereof €6.1 million to affiliated companies, mainly relating to loan interest payable amounting to €4.8 million) and led to a negative profit before tax of €45.5 million.

Taxes on income amounted to €14.1 million and contained corporate income tax including a solidarity surcharge of €6.9 million and trade tax of €7.2 million.

After a withdrawal from capital reserves of €342.8 million, FY21 closed with a balance sheet profit of €283.2 million.

Net assets and financial position of the Company

Balance Sheet	31 March 2020	31 March 2021
	€m	€m
Assets		
A. Fixed assets		
I. Intangible assets	–	**10.7**
Concessions, patents, licenses, trademarks and similar rights and assets	–	10.7
II. Tangible assets	–	475.6
1. Land, leasehold rights and buildings including buildings on third-party land		21.5
2. Plant and machinery	–	391.4
3. Payment on account and assets under construction	–	62.8
III. Investments	–	9,004.7
Shares in group undertakings	–	9,004.7
Fixed assets	**–**	**9,491.0**
B. Current assets		
I. Receivables and other assets	–	629.1
1. Trade receivables	–	0.2
2. Receivables from affiliated companies	–	617.4
3. Other assets	–	11.5
II. Cash	0.03	–
Current assets	**0.03**	**629.1**
C. Prepaid expenses	**–**	**73.3**
Total assets	**0.03**	**10,193.4**
Equity and Liabilities		
A. Equity		
I. Share capital	0.03	505.8
II. Capital reserve	–	6,783.6
III. Balance sheet profit	–	283.2
Equity	**0.03**	**7,572.6**
B. Accruals		
1. Accruals for pensions and similar obligations	–	1.1
2. Tax accruals	–	–
3. Other accruals	–	251.1
Accruals	**–**	**252.2**
C. Liabilities		
1. Loans payable	–	2,200.0
2. Trade payables	–	28.5
3. Payables to affiliated companies	–	77.1
4. Other liabilities	–	0.4
(from taxes)	–	0.4
(related to social security and similar obligations)	–	–
Liabilities	**–**	**2,306.0**
D. Deferred income	**–**	**62.6**
Total equity and liabilities	**0.03**	**10,193.4**

As of 31 March 2021, the total assets of the Company amounted to €10.2 billion and mainly included financial assets of €9.0 billion and receivables and other assets (€0.6 billion). Total liabilities and equity were mainly comprised of current liabilities (€2.3 billion) and equity (€7.6 billion).

Intangible assets amounted to €10.7 million and were mainly comprised of purchased software and systems (€8.3 million) and licence fees for software (€2.3 million).

Tangible assets of €475.6 million included network infrastructure (€391.4 million) mainly relating to the tower assets, payments on account and assets under construction (€62.8 million), as well as freehold land and buildings (€21.5 million) mainly relating to owned land (€19.8 million).

Current assets amounted to €629.1 million and are comprised of trade receivables and other assets.

Receivables from affiliated companies amounted to €617.4 million and included loan receivables and receivables from cash pooling of €473.6 million and trade receivables of €143.8 million (mainly related to the Vodafone Germany MSA).

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

Other assets of €11.5 million primarily consisted of tax receivables amounting to €8.4 million.

All receivables and other assets have a maturity of less than one year.

Prepaid expenses of €73.3 million were mainly comprised of prepayments for ground lease (€59.9 million).

The share capital of €505.8 million is fully paid. After withdrawal of €342.8 million, the capital reserve amounted to €6,783.6 million and the balance sheet profit to €283.2 million.

Accruals of €252.2 million were made up of asset retirement obligations for sites (€164.9 million), energy for sites (€50.0 million), and other accruals (€37.2 million).

The bond placed on 24 March 2021 amounted to €2.2 billion and consists of three tranches (€750 million 0.000% notes due 2025, €750 million 0.375% notes due 2027, and €700 million 0.750% notes due 2030).

Trade payables from third parties of €28.5 million mainly consisted of investments in the sites (€16.6 million).

Liabilities to affiliated companies amounting to €77.1 million related to intercompany loans from cash pooling (€65.7 million, thereof Vantage Towers Spain (€41.1 million), Vantage Towers Romania (€7.1 million), Vantage Towers Portugal (€6.8 million), Vantage Towers Ireland (€5.4 million) and Vantage Towers Hungary (€5.2 million)) and trade payables (€11.4 million).

Deferred income of €62.6 million comprised of advance rental payments from affiliated companies for towers and intercompany services based on the Vodafone Germany MSA of €31.7 million.

General statement on business development

The Company's key highlights during the year ended 31 March 2021 included the hive-down of the German assets and the acquisition of CTHC, both from the Vodafone Group, and the successful IPO at the Frankfurt Stock Exchange.

The Company has fully achieved its FY21 budget with total revenue and operating profit both in line with expectations.

The total headcount increased from 58 to 175 as planned.

Overall, the Management Board believes that the Company is well positioned for its continued development as of the reporting date for FY21 and at the time of preparing this report. In order to reach this conclusion, it has assessed the net assets, financial position, and results of operations.

Proposal for the appropriation of profit

The Management Board proposes to use the retained earnings of €283.2 million for the distribution of the dividend to the shareholders.

Remuneration Report

At the beginning of FY21, Vantage Towers AG was a German limited liability company named Vantage Towers GmbH. On 26 January 2021, Vantage Towers GmbH became a stock corporation (named Vantage Towers AG) in the context of a change of legal form. In this report references to "Company" include the reference to Vantage Towers GmbH and references to "Management Board" include the reference to the managing directors of Vantage Towers GmbH, in each case unless explicitly otherwise mentioned.

Furthermore, at the beginning of FY21, Anna Dimitrova, Gerhard Mack, and Bettina Karsch served as interim managing directors of Vantage Towers GmbH. Ms. Karsch resigned from her office with effect as of 12 May 2020. Ms. Dimitrova and Mr. Mack resigned with effect as of 1 July 2020. Ms. Dimitrova, Mr. Mack, and Ms. Karsch are employees of Vodafone GmbH and did not receive any remuneration for assuming the position as managing directors of Vantage Towers GmbH. Therefore, any references to managing directors in this remuneration report are not references to Ms. Dimitrova, Mr. Mack and Ms. Karsch.

All current members of the Management Board worked exclusively for the Company in respect to its business for the entire financial year 2020/2021. They entered into service agreements with the Company with effect as of 1 April 2020 (Vivek Badrinath), 1 May 2020 (Christian Sommer) and 1 June 2020 (Thomas Reisten). From 1 July 2020 on they were formally appointed as managing directors of Vantage Towers GmbH and, with the change of legal form, as members of the Management Board of Vantage Towers AG. As regards the fixed remuneration components, this remuneration report reflects the payments with effect as of the beginning of the respective service agreements. The variable remuneration components are presented on a full financial year basis.

The Supervisory Board resolved upon a remuneration system for the Management Board. The remuneration system will be presented to the annual general meeting of Vantage Towers AG on 28 July 2021 for voting.

The current service agreements of the members of the Management Board, which are effective from 26 January 2021, fully reflect such remuneration system. In addition, the remuneration system resolved by the Supervisory Board is to a large extent in line with the remuneration concept applicable to Vivek Badrinath, Thomas Reisten, and Christian Sommer pursuant to their service agreements as managing directors of Vantage Towers GmbH, in particular:

- the non-performance based remuneration as well as the pension benefits are similar under the managing director service agreements and the service agreements applicable for them as members of the Management Board; and
- the short-term incentives award (STI) granted to Vivek Badrinath, Thomas Reisten, and Christian Sommer as managing directors remained applicable also after the change of legal form of the Company; the members of the Management Board were therefore entitled to receive the STI granted to them under their service agreements as managing directors and for the past financial year the Company did not grant an additional STI after their change of legal form.

Therefore, with respect to the non-performance based remuneration, pensions and short-term incentives, the statements in this remuneration report do equally apply to the remuneration granted to the managing directors as well as to the remuneration granted to the Management Board.

As regards the long-term incentives, the members of the Management Board participated and continue to participate in long-term incentive programmes of Vodafone Group Plc, under which awards were granted to them by Vodafone Group Plc in connection with their previous occupations at Vodafone Group in FY18/19 (Tranche 2018), 2019/20 (Tranche 2019) and 2020/21 (Tranche 2020) (only in the latter case granted to them as managing directors of the Company in a period in which the Company was a limited liability company).

Initially, the awards under these long-term incentive programmes were subject to the level of achievement of Vodafone Group related performance conditions and would have resulted in the vesting of shares in Vodafone Group Plc in approximately June 2021, June 2022 and June 2023. In order to align, where required, such long-term incentive programmes of Vodafone Group Plc with Vantage Towers AG business targets, and to avoid any conflicting incentivisation, the following applies to such legacy long-term incentive programmes:

- The Tranche 2018, which has a performance period until the end of FY21, remains unchanged. Subject to achievement of the initially agreed performance conditions, shares in Vodafone Group Plc will vest.
- The Tranche 2019 will result in the vesting of shares in Vantage Towers AG instead of Vodafone Group Plc, subject to the level of achievement of the performance conditions. Initially, the applicable performance condition for Thomas Reisen and Christian Sommer was Vodafone Group Plc Free Cash Flow. For Vivek Badrinath, the determination of performance achievement was based on Vodafone Group Plc Free Cash Flow (weighted 66.7%) and Relative Total Shareholder Return (weighted 33.3%). To avoid any conflicting incentivisation, it has been agreed that only for the first two financial years (FY19/20 and FY20/21) the initially agreed performance conditions shall apply and that for FY21/22 the Tranche 2019 will vest on-target (100%), i.e. it is assumed that the target performance has been achieved in this financial year. As a result, subject to the achievement of the performance conditions, under the Tranche 2019 the maximum number of Company's shares which may vest is 144,060 (approximately €3,551,079) for Vivek Badrinath, 21,906 (approximately €539,982.90) for Thomas Reisten and 7,961 (approximately €196,238.65) for Christian Sommer.
- The Tranche 2020 was granted in FY21 and, thus, is described in more detail in this remuneration report. Initially, also the awards under this Tranche 2020 were subject to the level of achievement of Vodafone Group related performance conditions and the Tranche 2020 would have resulted in the vesting of shares in Vodafone Group Plc. To avoid any conflicting incentivisation, it has been agreed that under the Tranche 2020 shares in the Company will vest (subject to the level of achievement of performance condition) and for the first financial year (FY20/21) of the performance period, the Tranche 2020 will vest on-target, i.e. it is assumed

that the target performance has been achieved, and that the performance conditions applicable for the Tranche 2020 in the second and third year of the performance period are the performance conditions contained in the remuneration system resolved by the Supervisory Board of the Company. See further details in the section Variable remuneration components, p. 42 under Long-term variable remuneration, p. 43.

The aforementioned amendments ensure that the long-term incentives which have not yet vested do properly incentivise the members of the Management Board. As the change of legal form and IPO of the Company were both at the end of FY21, the period in FY21 during which Vantage Towers AG was a (listed) stock corporation is negligible in relation to a three years performance period applicable to the long-term incentives. It was therefore decided that the relevant cut-off date is the end of FY21, since an alignment during a financial year would have caused an unnecessary material complexity.

As described, the long-term incentive awards were granted by Vodafone Group Plc, and Vantage Towers AG does not assume the position as grantor. However, Vantage Towers AG will reimburse Vodafone Group Plc on a pro rata basis. The relevant cut-off date for such reimbursement is 1 April 2020, i.e. the date from which the beneficiaries worked exclusively for the Company in respect to its business. With respect to the Tranche 2019, it amounts to two-thirds of the expenses of Vodafone Group Plc, and with respect to the Tranche 2020, it amounts to all of the expenses of Vodafone Group Plc, and with respect to the Tranche 2020, it amounts to all of the expenses of Vodafone Group Plc. The expenses of the Tranche 2018 will not be reimbursed by the Company.

Remuneration System for the members of the Management Board

Structure, components, and objectives of the remuneration

The remuneration granted in the reporting period is composed of three components: (1) a non-performance-related fixed remuneration which consists of a base remuneration, fringe benefits and pension benefits; (2) a performance-related short-term incentive award (STI); and (3) a performance-related long-term incentive award (LTI).

The fixed remuneration elements have been designed to ensure the Company remains competitive in the wider marketplace for talent whilst the variable incentive elements align management with the business priorities. The Management Board members are incentivised to work towards the achievement of these short-term and long-term goals.

It is the intention that approximately half of the Management Board's maximum potential short-term and long-term incentive remuneration, where linked to financial metrics, is subject to meeting guidance targets. A meaningful portion of the variable incentives is dependent on the outperformance of the guidance targets.

The short-term incentive award granted to the managing directors in a period in which the Company was a limited liability company was based on Vodafone Group Plc's remuneration system and is, thus, still subject to the achievement of Vodafone related performance conditions.

The long-term incentive award granted in FY21 shall now result in the vesting of shares in Vantage Towers AG instead of Vodafone Group Plc, and also be subject to the level of achievement of performance conditions relating to Vantage Towers AG, provided that for the first year of the performance period, i.e. FY21, it was agreed that the shares will vest on-target (100%). The achievement of the new performance conditions will be considered for the remaining two years of the performance period (see also above in the introduction as regards the amendments of the initial long-term incentive award). By defining performance conditions related to the Company's long-term success and sustainability, the long-term incentive award makes a significant contribution to the business strategy. Through the long-term variable remuneration components which also include non-financial target conditions (environmental, social and governance – ESG), it also promotes sustainable development and long-term success of the Company.

As from 26 January 2021, the Management Board members are in addition required to hold a certain percentage of their annual fixed base remuneration in shares of the Company. The share ownership obligation is set at a value equivalent to 300% of the annual fixed base remuneration (gross) for Vivek Badrinath, 100% of the annual fixed base remuneration (gross) for Thomas Reisten and 50% of the annual fixed base remuneration (gross) for Christian Sommer. The members of the Management Board have to fulfill such holding obligation no later than five years after the commencement of their appointment as member of the Company's Management Board, i.e. 26 January 2021, provided that the appointment continues until this date.

In addition to caps and maximum allocations under the variable remuneration components, as from 26 January 2021 and in accordance with Section 87a para. 1 sent. 2 no. 1 of the German Stock Corporation Act (AktG), the Supervisory Board has determined a maximum amount for the total remuneration (including fringe benefits and pension contributions), which in each case refers to the total of all payments to a Management Board member that result from the remuneration regulations in one financial year. The maximum remuneration amounts to €13,000,000 for Vivek Badrinath, and to €4,000,000, for each Thomas Reisten and Christian Sommer.If the maximum remuneration is exceeded in a financial year, the Supervisory Board shall be entitled to adjust the pay-out amount of a short-term incentive award and/or the amount of shares to be transferred under a long-term incentive award.

Fixed Base Remuneration

In FY21, each member of the Management Board of the Company received a non-performance related fixed base remuneration, paid in cash in twelve monthly instalments.

The current annual fixed base remuneration is €725,004 gross for Mr. Badrinath, €410,004 gross for Mr. Reisten and €280,008 gross for Mr. Sommer. The fixed base remuneration of Mr. Badrinath and Mr. Sommer remained unchanged in the last financial year, Mr. Reisten's monthly fixed base remuneration was increased with effect as of July 2020.

Fringe Benefits

During FY21, the members of the Management Board received certain monetary and non-monetary benefits from the Company.

These include in particular an additional (supplementary enhanced) sick pay for a period of up to twelve months, invalidity and death insurance covering accidents based on the Company's guidelines (as amended), the provision of a company car or company car allowance, subsidies for health insurance (including the costs for preventive medical examinations) and pension insurance (in each case for all members of the Management Board), as well as the entitlement to use the Vodafone corporate tax service for the preparation of their tax returns. These fringe benefits are not necessarily available to all members of the Management Board.

Vivek Badrinath and Thomas Reisten also received a transitional allowance in FY21. The transitional allowance was paid in monthly installments, €12,000 for Vivek Badrinath and €9,000 for Thomas Reisten as well as a one-time installment for Mr Reisten in an amount of €20,500.

Pensions

The members of the Management Board participate in the Vodafone pension scheme for senior executives. This scheme provides for old-age, death, and disability benefits in form of a one-time pension capital payment, however, the beneficiary may request a payment in instalments or annuity of the payment. In this case, the pension payments are increased by one percent p.a. The monthly contribution of the Company under this scheme amounts to 3% of the fixed monthly base salary up to the applicable income threshold and 16% of the fixed monthly base salary above the applicable income threshold. The members of the Management Board can make additional contributions by salary conversion on a voluntary basis to increase the benefits outlined hereinafter.

The pension contributions are invested in investment funds. In this respect, the member of the Management Board can choose between certain investment alternatives with different risk profiles. The structure of the investment is based on a life-cycle model.

The actual pension entitlement cannot be determined exactly in advance. It depends on the personal salary development, the number of years of service on the Management Board or in the Company and the return achieved. To cover pension commitments in Germany resulting from direct commitments, assets are held in trust under a so called contractual trust arrangement (CTA). This leads to additional insolvency protection for the relevant pension entitlements of Management Board members in Germany. Under the Vodafone pension scheme for senior executives, the Management Board members are entitled to old-age pension payments after reaching the age of 62 or the age of 60, respectively, if the Management Board member joined the group prior to 1 January 2012, in each case provided that a service agreement is not in place. The amount of the old-age pension benefits cannot be precisely determined since it depends on the contributions made.

Deviating from the Vodafone pension scheme for senior executives, the minimum pay-out in the case of death amounts to four times the respective annual fixed salary (gross). The survivors who have been named as beneficiaries will thus receive at least four times the annual fixed salary (gross). If the pension credit exceeds this amount, the surviving dependants also receive the excess amount. In addition, the surviving beneficiaries receive the pension benefit that the respective Management Board members financed with their own contributions (by way of salary conversion), whereby the higher value is determined between the value of the investment fund share acquired on behalf of the Management Board member and the total of the Management Board member's contributions. The minimum pay-out for invalidity (i.e. if the member of the Management Board leaves the Company due to partial or full reduction in earning capacity before the age of 62 or the age of 60, respectively, if the Management Board member joined the group prior to 1 January 2012) remains at three times the respective annual fixed salary (gross). If the pension credit is above the minimum amount, the Management Board member also receives the surplus.

Claims under the Vodafone pension scheme for senior executives vest according to the provisions of the German Company Pensions Act after three years since the pension promise was made, i.e. the Management Board member will keep any vested pension expectancy if he leaves the Company prior to a pension event.

Variable remuneration components

The variable remuneration consists of short-term incentive awards (STI) and long-term incentive awards (LTI).

Short-term variable remuneration (bonus)

The STI is used to incentivise the delivery of performance over a single financial year. The conditions and targets will be used to drive and communicate the key priorities of the business for that relevant year. The STI is a performance-based bonus with a one-year performance period. The target value of the STI for a full financial year amounts to 100% of the annual fixed salary for Vivek Badrinath, 60% for Thomas Reisten and 50% for Christian Sommer, in each case based on the annual fixed salary for the same financial year. The STI is limited to the amount of 200% of the target value and to be paid at the latest until four months after the end of a financial year for which the STI is paid.

The short-term incentive awards for the members of the Management Board for FY21 were granted in a period in which the Company was a limited liability company, indirectly wholly owned by Vodafone Group Plc. Therefore, such short-term incentive awards were subject to certain financial and non-financial key performance indicators (KPIs) relating to Vodafone Group. Beginning with FY22, the short-term incentive awards will be granted in accordance with the Vantage Towers AG's remuneration system.

The key performance indicators decisive for the calculation of the STI for FY21 are:

Description KPI	Thresholds/Target	Weighting
Adjusted EBIT means operating profit of Vodafone Group excluding share of results in associates and joint ventures, impairment losses, amortisation of customer bases and brand intangible assets, restructuring costs arising from discrete restructuring plans, lease-related interest and other income and expense. Adjusted EBIT is adjusted for the impact of M&A, foreign exchange movements, and any changes in accounting treatment.	Minimum threshold: €3.3m 100% target achievement: €4.2m Maximum threshold: €5.1m	33.3%
Adjusted Free Cash Flow (FCF) means operating free cash of Vodafone Group after cash flows in relation to taxation, interest, dividends received from associates and investments, dividends paid to non-controlling shareholders in subsidiaries, but before restructuring costs arising from discrete restructuring plans and licence and spectrum payments. Adjusted FCF is adjusted for the impact of M&A, foreign exchange movements, and any changes in accounting treatment.	Minimum threshold: €4.2m 100% target achievement: €5.0m Maximum threshold: €5.9m	33.3%
Customer Appreciation KPIs The relevant metrics were as follows: – Churn, which is defined as total gross customer disconnections in the period divided by the average total customers in the period, each in relation to Vodafone Group. – Revenue market share, which is based on the total service revenue and that of our competitors in the market Vodafone Group operate in. – Net Promoter Score for both consumer and Vodafone business partners, which is defined as the extent to which the customers would recommend the Vodafone Group.	The performance achievement is determined based on an overall assessment of the relevant customer appreciation KPIs against local market performance.	33.3%

The payout for 100% target achievement corresponds to 100% of the annual fixed base remuneration (gross) for Mr. Badrinath (i.e. €725,004), 60% of the annual fixed base remuneration (gross) for Mr. Reisten (i.e. €246,002.40) and 50% of the annual fixed base remuneration (gross) for Mr. Sommer (i.e. €140,004).

The STI has been capped at 200% of the target amount.

Long-term variable remuneration

For FY21, the Management Board members participate in the long-term incentive programme granted by Vodafone Group Plc (Tranche 2020). Following its amendment (see above in the introduction), for the Tranche 2020 the following applies:

The Tranche 2020 confers the contingent right to receive Vantage Towers AG shares (Notional Shares) following a performance period of three financial years, beginning with FY21 (Performance Period). However, it will be assumed that in the first year of the performance period the performance is "on-target". After the Performance Period, based on the relative fulfilment of the performance conditions and the non-occurrence of forfeiture events, the Supervisory Board determines the number of Notional Shares that may actually be allocated, i.e. vest and be transferred to the relevant member of the Management Board in the form of actual shares in the Company (Actual Shares). Any LTI granted as from FY21/22 will in addition provide for all members of the Management Board for a subsequent holding period. The holding period ends on the fourth anniversary of the grant date of the Notional Shares, or any later date, as determined by the Supervisory Board.

The Management Board members shall in addition participate in dividend distributions in relation to the notional shares granted on the grant date (Dividend Equivalent). In order to achieve such participation, the dividend per share paid to the shareholders during the period between the grant date and the date the Management Board members become entitled to receive Actual Shares under the LTI will be multiplied with the number of Notional Shares granted at the grant date. In FY21, the Dividend Equivalent relates to dividends paid by Vodafone Group Plc, and thereafter, it will relate to dividends paid by the Company. The euro amount of the dividends per share, multiplied with the number of Notional Shares, will be divided through the closing price of the relevant shares in the stock market on the first trading day on which the relevant company traded "ex dividend". The result of such division constitutes the (fraction of) shares that will be added to the Notional Shares. ("Dividend Equivalent Shares"). These additional Notional Shares will be treated as if granted at the grant date for the purpose of determining the number of Notional Shares which will vest. The initial number of Notional Shares granted was calculated as described below.

When the Tranche 2020 was issued, a certain number of notional shares (at that time shares in Vodafone Group Plc) was determined for each member of the Management Board. The maximum number of such notional shares, i.e. shares in Vodafone Group Plc, corresponded to 200% of the annual target amount (in each case a "Maximum Allocation"), which is the maximum number of shares that can vest in case of an assumed maximum achievement of the performance conditions. The annual target amount for the members of the Management Board corresponded to 200% of the annual fixed base remuneration (gross) for Vivek Badrinath, 100% of the annual fixed base remuneration (gross) for Thomas Reisten and 50% (until and including October 2020) respectively 70% (from November 2020 onwards) of the annual fixed base remuneration (gross) for Christian Sommer[1]. Based on such calculation, the number of notional shares in Vodafone Group Plc including Dividend Equivalent (prior to the conversion into shares in the Company) amounted to 2,146,481 shares for Vivek Badrinath, 606,930 shares for Thomas Reisten and 290,142 shares for Christian Sommer.

Following approval by the Vodafone Group Plc Remuneration Committee and the Supervisory Board of Vantage Towers AG as well as an agreement by the individual Management Board Members, the Notional Shares, including Dividend Equivalent Shares, which had been granted over Vodafone shares in November 2020 were exchanged for shares in Vantage Towers AG.

[1] In future, under the current remuneration system, Christian Sommer will also receive an annual target amount of 100% of the annual fixed base remuneration (gross).

The exchange ratio was calculated using the average closing Vodafone Group Plc share price, the average currency exchange rate for GBP:EUR and the average closing Vantage Towers share price all over the period 18 March 2021 to 24 March 2021 (i.e. five trading days average following the IPO of Vantage Towers AG). The number of Notional Shares, including Dividend Equivalent Shares, currently outstanding to members of the Management Board as granted under the award amount to 134,799 shares for Vivek Badrinath, 38,115 shares for Thomas Reisten and 18,221 shares for Christian Sommer.

The awards remain subject to the Vodafone Group Plc rules which may differ in certain aspects to the approach taken under future awards granted under the Vantage Towers AG awards. In particular, the Vodafone Group Plc Remuneration Committee has, in both directions, a certain discretion in determining the number of notional shares which will vest. As this would concern remuneration to be granted to the members of the Management Board, when exercising discretion, the approval of the Supervisory Board of the Company may be required.

The number of Notional Shares vesting to the respective member of the Management Board at the end of the Performance Period is based on the achievement of the performance conditions. These include Recurring Free Cash Flow (FCF) and TSR as financial components, and an ESG component as a non-financial component, the assessment of which is set out in more detail in the table below.

As described above, to avoid any conflicting incentivisation, for the first financial year (FY20/21) of the performance period, the Tranche 2020 will vest on target, i.e. one-third of the Notional Shares granted for 100% target achievement will vest. As regards the remaining two financial years of the performance period, FY21/22 and FY22/23, the following applies: The relative weightings of the performance conditions for the Tranche 2020 are 60% Recurring Free Cash Flow, 30% TSR and 10% ESG. The achievement of the performance conditions will be calculated separately for each performance condition and the maximum number of Notional Shares which may vest with respect to a performance condition corresponds to the relative weighting of such performance condition. For each performance condition which is linked to financial metrics, a minimum, target and maximum threshold level of performance has been set. The Notional Shares vesting in relation to each performance condition will then be calculated on the basis of the actual achievement, whereas in the case of reaching the minimum threshold, 25% of the Notional Shares would vest, in the case of the achievement of the target level, 50% of the Notional Shares would vest, and in the case of reaching the maximum threshold performance, 100% of the Notional Shares would vest. In between such thresholds, the Notional Shares which will vest will be calculated linearly on a point to point basis. With respect to the ESG performance condition, in case of reaching the respective targets 100% of the Notional Shares would vest on a pro rata basis in relation to the respective weighting.

The applicable performance criteria for Tranche 2020 can be summarised as follows:

Description of performance condition	Thresholds/Target	Weighting
Recurring Free Cash Flow (FCF) means Recurring Operating Free Cash Flow of Vantage Group (as defined below) less tax paid and interest paid, excluding interest paid on lease liabilities. Recurring Operating Free Cash Flow is Adjusted EBITDAaL plus depreciation on lease-related right-of-use assets and interest on lease liabilities, less cash lease costs and maintenance capital expenditure. On a pro forma basis, cash lease costs are calculated based on the sum of depreciation on lease-related right-of-use assets and interest on lease liabilities that were incurred by the Group excluding the effects from lease reassessment of the IFRS 16 lease liability and right-of-use asset on the sum of the associated depreciation on lease-related right-of-use assets and interest on lease liabilities, which have a non-cash impact in the respective period. 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.	Minimum threshold: €786.57m 100% target achievement: €810.9m Maximum threshold: €835.23m	60%
Total shareholder returns (TSR) which means the total amount returned by an investment to the investor in Company shares, taking into account the stock price development and the dividends paid by the Company in a given period, the calculation of which will be determined by the Supervisory Board.	The Company has to achieve, on a two-years basis, a certain ranking as regards total shareholder return compared to a peer group consisting of approx. 30 (multi-)utilities and infrastructure companies across Europe: Minimum threshold: Ranking in median of peer group to be achieved 100% target achievement: Company ranking is at 62.5 Maximum threshold: Company belongs to upper quartile.	30%
ESG The ESG measures will be assessed against two quantitative ambitions: planet and people, each divided into two targets.	**Planet** Metric 1: 100% of electricity procured from renewable sources by 2021 and to be maintained during the performance period (weighted 5%) Metric 2: 66% of redundant network equipment reused, resold or recycled by 2023 (weighted 1%) **People** Metric 1: At least 25% female employees in management positions (weighted 2%) Metric 2: 0 annual recordable fatalities (weighted 2%)	10%

Malus/Clawback-Provisions

Regulations under the long-term incentive programmes of Vodafone Group Plc

With regard to the variable remuneration granted under the long-term incentive program of Vodafone Group plc, the rules of the global long-term incentive program of Vodafone Group Plc provide that the respective remuneration granted as long-term incentive award may be reduced (malus) or reclaimed (clawback) in certain situations.

Such provisions were set under the Vodafone rules and therefore may differ to the provisions set under the Vantage Towers rules (see next section).

The situations mentioned above, in respect of a reduction or reclaim of the November 2020 award grant, include: (i) a material mis-statement in the accounts, (ii) facts that have emerged which, if known at the time, would have caused the long-term incentive award to lapse, (iii) information that has emerged which would have affected the level of the long-term incentive award granted to the member of the Management Board, or (iv) gross misconduct, (v) the relevant member of the Management Board can be held responsible for a detrimental impact on the reputation of Vantage Towers entities or an insolvency or other corporate failure of a material proportion of Vantage Towers entities, or (vi) any other event the Vodafone Group Plc Remuneration Committee considers appropriate for a reduction or reclaim.

If any of the listed events occur prior to vesting, the long-term incentive award may be reduced, lapse entirely or vesting will be delayed. At any time in the two years following the vesting date, if one or more of the listed events occur, it may be decided, inter alia, that the Management Board members must (i) transfer back a number of shares determined by Vodafone Group Plc Remuneration Committee, (ii) pay to Vantage Towers AG an amount representing the value of the shares acquired under the long-term incentive award, or (iii) pay to Vantage Towers AG an amount equal to any cash payment made pursuant to the long-term incentive award.

The Vodafone rules under which this award was granted stipulate that the relevant period in which such “clawback” may occur is five years after the date the award has been granted, and, if an investigation is ongoing, until such investigation has been finalised.

Regulations for variable remuneration granted as of FY22

With regard to the variable remuneration granted in FY22 and thereafter, the variable remuneration components (i.e. STI and LTI as described above) may be reduced (malus) or reclaimed (clawback) by the Company in certain scenarios as follows:

Malus

Prior to the payment (or granting of instruments) of a variable remuneration component, whose value has been calculated on the basis of the applicable criteria (Baseline Value), the Supervisory Board will perform a review as to whether the Baseline Value has to be amended because of violations of stipulations on integrity or compliance by the Management Board members in the relevant period. The amount that results from this possible correction is paid out to the member of the Management Board whereas any instruments, in particular shares, will vest after the vesting date considering such possible correction. In the event of a relevant misconduct, the Baseline Value amount may be reduced by up to 100% at reasonable discretion of the Supervisory Board (Malus). Such misconduct can arise out of individual misconduct (i.e. intentional or grossly negligent unethical or criminal behaviour or breach of duties, including intentional or grossly negligent violation of monitoring or organisational duties) or organisational misconduct attributable to the Management Board members. In this context, in particular the following applies:

- Conduct is to be viewed as unethical if it violates the sense of decency of all persons who think justly and equitably (e.g. discrimination or harassment).
- Conduct is to be viewed as being in breach of duty if it violates principal or ancillary duties deriving from the Management Board service contracts, an assumed role in a governing body, internal rules and codes of conduct, or applicable laws.

Clawback

In the event that a relevant misconduct, which would have entitled the Company's Supervisory Board to reduce the Baseline Value or forfeit it in full, becomes known at a later date, the Company is entitled, at its reasonable discretion, to claim back the gross pay-out amount in part or in full (Clawback). The Clawback also applies in cases in which it becomes known at a later date that the key figures on which the determination of the variable remuneration was based upon were false and the variable remuneration based on the correct figures would have been lower or amounted to zero. If variable remuneration components are granted in shares, a possible Clawback includes the euro value of the shares that were transferred. The decisive factor in this respect is the closing price of the shares in the XETRA trading system (or a comparable downstream system) on the transfer date or, if the transfer date is not a stock exchange trading day, on the following trading day. This also applies if a member of the Management Board commits a relevant misconduct during a holding period (or similar restrictions).

Clawback is excluded if more than three years have passed since payment/ transfer of the variable remuneration component was made.

Further claims for remuneration of the Company against Management Board members arising from their misconduct may exist without prejudice to any Malus and Clawback.

Promised benefits for termination

Managing director service agreements

Under the managing director service agreements which ended on 26 January 2021, in case of revocation of the appointment (except for a revocation for good cause), the managing directors were entitled to monthly instalments of their gross annual base salary, and to an annual bonus – prorated if applicable – based on the target bonus applicable at the time of revocation of appointment and target attainment of 100%. Thomas Reisten would have received in the event of a non-self-initiated early termination or non-extension of the agreement at least a sum of €351,000 gross. Such provisions are not applicable anymore.

In addition, the managing directors participated in an accident insurance policy under which they were covered by an insurance policy with a sum insured of €512,000 in the event of death and €770,000 in the event of total invalidity.

Rules under the long-term incentive programmes of Vodafone Group Plc

The rules of the global long-term incentive programme of Vodafone Group Plc apply to the long-term incentive awards granted to the members of the Management Board in FY19, FY20, and FY21. Under such rules, if a member of the Management Board ceases to be an employee of a Vodafone Group Plc entity (including Vantage Towers AG) for the FY18/19 award or of Vantage Towers AG for the FY19/20 or FY20/21 awards, the long-term incentive awards granted to this member of the Management Board will lapse (termination of employment). There are a couple of exemptions from this general rule in which case the award will not lapse, but vest, and subject to the reason of the term of employment, either prematurely or upon the initially agreed vesting date. The vesting will then in general occur on a pro rata temporis basis, to be calculated as set out in more detail under the Vodafone Group Plc rules.

The applicable exemptions to the general principle that the award lapses are for example a termination of employment due to ill-health, injury or disability, retirement with the agreement of the employing company or any other reason the Vodafone Group Plc Remuneration Committee decides in general or in a particular case, provided that in each case the termination of employment occurs after the date which is six months after the end of the month in which the long-term incentive award has been granted. The Vodafone Group Plc Remuneration Committee may determine that, in case of retirement or redundancy (where the Committee has decided an award may continue in the latter scenario), the LTI will nevertheless lapse in certain circumstances, for example if the Management Board member accepts employment or takes office in a company that provides the same or similar services.

In a takeover situation that leads to a change of control in Vodafone Group Plc (as regards the FY18/19 award) or Vantage Towers AG (as regards the FY19/20 and FY20/21 awards), or in case of a court sanction under section 895 of the Companies Act 2006 or any equivalent procedure under any non-UK legislation in connection with the acquisition of shares, the granted long-term incentive award will vest, in general on a pro rata basis and with an acceleration of the vesting date. An exception applies in case an award will be exchanged under certain circumstances or if the shareholders of the acquiring company are, immediately after obtaining control, substantially the same as the shareholders of Vodafone Group Plc (as regards the 18/19 award) or Vantage Towers AG (as regards the 19/20 and 20/21 awards) before it obtained control. Furthermore, Vodafone Group Plc Remuneration may decide that these provisions do not apply in exceptional cases.

In the case of other unforeseen events, the Supervisory Board is entitled to change, cancel or adjust the performance conditions during an ongoing performance period without the Management Board members' consent if such change, cancellation or adjustment serves to take reasonable account of such unforeseen events.

Management Board service agreement

Generally, if a Management Board service agreement terminates during a financial year, the annual fixed base remuneration and the variable remuneration (beginning with the STI and LTI granted in FY22), as well as other remuneration components will be settled pro rata temporis. The target values for STI and LTI will also be set pro rata temporis. The amount of the pay-out, in respect to of the grant, will continue to be based on the originally agreed targets and criteria and will occur at the respective due date.

As regards the LTI, if the Management Board service agreement or the appointment of a Management Board member is terminated prior to the vesting of any Notional Shares, the award shall continue to be in effect, whereas, if not already reflected in the award, the number of notional shares awarded to the Management Board member shall be reduced on a pro-rata basis taking into account the period from the grant date until the termination or, if the Management Board member is released from his or her duties, until the commencement of the release period, and the remaining period until the third anniversary of the grant date unless otherwise specified in the Management Board service agreements of the Management Board members or an annex thereto. The target values for the LTI will be set pro rata temporis. The amount of the actual grant will continue to be based on the originally agreed targets and conditions and will be delivered at the respective due date.

The same applies in case of a change of control or if the listing of the Company in accordance with Section 39 (2) of the German Stock Exchange Act (BörsG) terminates (delisting), with the proviso that for the pro-rata calculation the period of the financial year until the change of control or delisting and the remaining financial year shall be decisive and with the further proviso that instead of a transfer of Company shares, the Management Board members will receive the equivalent value in cash, calculated on the basis of the stock price of the Company shares in XETRA trading on the trading day immediately prior to the date the change of control or delisting become public.

In the case of a demerger of the Company, certain distributions or certain transactions (including rights issues, issuance of free shares, and stock split), which in the opinion of the Supervisory Board would affect the current or future value of any granted Notional Shares or grant of actual shares, the Supervisory Board may (i) allow Notional Shares to vest, or (ii) adjust the number of Notional Shares or the terms of the LTI to balance the effects. In case of (i), the Notional Shares will only vest to the extent that any performance condition has been satisfied and subject to any other conditions the Supervisory Board may decide to impose. The Notional Shares will lapse as to the balance. The Supervisory Board may also decide that the number of Notional Shares which will vest will be reduced pro rata to reflect the acceleration of vesting. In case of (ii), the Supervisory Board shall determine the effect of the measure on the value of the Notional Shares and decide on either an adjustment of the number of Notional Shares Awards for which the same conditions apply and/or on an adjustment of the terms of the LTI, in particular in respect of price and term, in each case to balance the direct effects from the measure.

In the case of other unforeseen events, the Supervisory Board is entitled to change, cancel or adjust the performance conditions during an ongoing performance period without the Management Board members' consent if such change, cancellation or adjustment serves to take reasonable account of such unforeseen events.

In the event of a termination of a Management Board service agreement before the end of its fixed term described above, any severance payment to compensate the remuneration of the Management Board members (including all fringe benefits and benefits in kind) are limited to two fixed annual salaries (Severance Cap). If the remaining duration of the Management Board service contract is less than two years, the Severance Cap shall be reduced pro rata temporis. A possible severance payment will not be paid if the Company would be entitled to terminate a Management Board service contract according to Sec. 626 BGB or in case of resignation of the board member without good cause for which the Company is responsible. If the Company is entitled to terminate this Management Board service contract for good cause or in case of an unjustified resignation from office by a Management Board member, the Management Board member is not entitled to a continued payment of the annual fixed bas remuneration or the STI for the respective financial year or any future grants or future vesting under or in connection with the LTI.

In case the Company releases a Management Board member from its duties during the period between the end of the appointment of the respective Management Board member as a member of the Management Board and the termination of the Management Board service agreement, the time of release is considered for the STI, but not the LTI.

The accident insurance policy continues to apply under the Management Board service agreement and the Management Board members are covered by an insurance policy with a sum insured of €512,000 in the event of death and €770,000 in the event of total invalidity. The features of the pension and early retirement schemes in case of premature retirements have been described above under Pensions, p. 41.

Third-party benefits

As described, the members of the Management Board currently participate in long-term incentive programmes of Vodafone Group Plc granted in FY19, FY20, and FY21. Such long-term incentive programmes refer to periods in which the Management Board members were already a member of the Management Board and are granted by Vodafone Group Plc. For further details please refer to the explanation under Long-term variable remuneration, p. 43 and the general introduction to the remuneration report.

Total remuneration granted and allocated

The following tables show the remuneration paid to each member of the Management Board, including the value of the grants awarded in the reporting year. They are supplemented by the values of the LTI that can be achieved in the minimum and maximum, respectively.

Total Management Board remuneration (German Commercial Code (HGB))

Vivek Badrinath

Component	Description	Target remuneration	Grants		Payouts
		2020 €	2020 (Min) €	2020 (Max) €	2020 €
Fixed Remuneration	Fixed base remuneration	725,004			725,004
	Fringe benefits	165,414			165,414
Sum					
Variable Remuneration	Short-term incentive	725,004		1,450,008	898,280
	Long-term incentive (FY20/21 through FY22/23) (rounded)	1,827,538	609,179	3,322,795	–
Sum					
	Pension costs	96,339			96,339
Total		**3,539,299**			**1,885,037**

Thomas Reisten

Component	Description	Target remuneration	Grants		Payouts
		2020 €	2020 (Min) €	2020 (Max) €	2020 €
Fixed Remuneration	Fixed base remuneration	340,837			340,837
	Fringe benefits	138,265			138,265
Sum					
Variable Remuneration	Short-term incentive	246,002	–	492,005	304,797
	Long-term incentive (FY20/21 through FY22/23) (rounded)	516,744	172,248	939,535	–
Sum					
	Pension costs	41,050			41,050
Total		**1,282,898**			**824,949**

Christian Sommer

Component	Description	Target remuneration	Grants		Payouts
		2020 €	2020 (Min) €	2020 (Max) €	2020 €
Fixed Remuneration	Fixed base remuneration	256,674			256,674
	Fringe benefits	17,014			17,014
Sum					
Variable Remuneration	Short-term incentive	140,004	–	280,008	173,465
	Long-term incentive (FY20/21 through 22/23)	247,031	82,344	449,148	–
Sum					
	Pension costs	30,335.45	–	–	30,335.45
Total		**691,058.96**			**477,488.71**

Remuneration System for Members of the Supervisory Board

The remuneration for the Supervisory Board is governed by Article 13 of the Articles of Association, as adopted by the General Meeting of Vantage Towers AG.

The Company formed a Supervisory Board for the first time at the time of the resolution on the change of legal form. In accordance with the Articles of Association and sections 95 and 96 AktG, the Supervisory Board consists of nine members.

Three members of the initial Supervisory Board, Piere Klotz, Alexander Deacon, and Rebecca Symondson have been replaced shortly after their appointments. They have not received any remuneration for their work.

Each member of the Supervisory Board receives a fixed remuneration for each financial year as a member of the Supervisory Board. The chairman of the Supervisory Board receives €300,000.00, the deputy chairman €150,000.00, and each additional member €80,000.00.

Each chairperson of a Supervisory Board committee also receives a fixed remuneration of €15,000.00.

If the members of the Supervisory Board are members of the Supervisory Board or Chairperson or Deputy Chairperson for only part of the financial year, they shall receive remuneration in proportion to their activities.

The total remuneration of the Supervisory Board in 2021 was €95,000.00, whereby it should be noted that the Supervisory Board in its entirety only commenced its activities with the change of legal form. Furthermore, the Vodafone representatives in the Supervisory Board (Rosemary Martin, Michael Bird, Barbara Cavaleri, Johan Wibergh and Pinar Yemez) waived their rights to receive remuneration for FY21.

In summary, the members of the Supervisory Board therefore received the following remuneration:

Name/ additional function	Remuneration
	€
Rüdiger Grube Chairman of the Supervisory Board	50,000
Rosemary Martin Deputy Chairwoman of the Supervisory Board and member of the ARC Committee	waived
Michael Bird Member of the ARC Committee	waived
Barbara Cavaleri Member of the ARC Committee	waived
Katja van Doren Member and Chair of the RemCo/NomCo	15,833
Charles C. Green III Member and Chair of the ARC Committee	15,833
Terence Rhodes	13,333
Johan Wibergh Member of the RemCo/NomCo	waived
Pinar Yemez Member of the RemCo/NomCo	waived

The ARC Committee consists of at least three members. Current members of the committee are Charles C. Green III (Chairman), Michael Bird, Barbara Cavaleri, and Rosemary Martin (all since 9 February 2021).

The RemCo/NomCo consists of at least three members. Current members of the committee are Katja van Doren (Chairwoman), Johan Wibergh, and Pinar Yemez (all since 9 February 2021).

Takeover-Relevant Information

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

1 Composition of subscribed Capital

As of 31 March 2021, the Company's subscribed capital amounted to a total of €505,782,265 and is divided into 505,782,265 ordinary **registered** shares with no par value. Each share of the Company represents a notional share of €1.00 in the Company's share capital.

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

2 Restrictions affecting voting rights or the transfer of shares

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

Restrictions on share transfers
Vodafone GmbH, the former sole shareholder of Vantage Towers AG, contractually agreed in the underwriting agreement dated 8 March 2021 with the underwriters in the IPO that its shares in Vantage Towers AG are subject to a customary lock-up for a lock-up period of 180 calendar days following the first day of trading which occurred on 18 March 2021, subject to certain customary exceptions and waivers. This includes that Vodafone GmbH may not sell its shares in Vantage Towers AG without the consent of the joint global coordinators in the IPO during such lock-up period.

Digital Colony, a leading digital infrastructure investor and operator, which has been a cornerstone investor in the IPO of Vantage Towers AG, has contractually agreed to a lock-up for a period of 180 calendar days following the first day of trading which occurred on 18 March 2021 and which includes that Digital Colony may not sell its shares in Vantage Towers, subject to certain customary exceptions and waivers.

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

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

Vodafone GmbH directly holds 413,409,707 shares and thus 81.74% of the voting rights in Vantage Towers AG.

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

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

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

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

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

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

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

5 Authorisation of the Management Board to issue and repurchase shares

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

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

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

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

- to even out fractional amounts resulting from subscription ratios;
- to the extent necessary to grant holders or creditors of convertible bonds, warrant bonds or convertible profit participation rights issued by the Company and/or its direct or indirect majority-owned subsidiaries subscription rights to new shares to the extent to which they would be entitled after exercising their conversion or option rights or after fulfilling their option exercise or conversion obligations;
- to issue them to employees and/or retired employees of the Company, as well as to employees and/or retired employees of its affiliated companies within the meaning of section 15 et seq. AktG. They may also be used for the issue to selected employees in managerial and/or key positions in the Company, as well as to members of the Management Board of the Company and/or selected employees in managerial and/or key positions or the management at its affiliated companies within the meaning of sec. 15 et seq. AktG;

- in the case of capital increases against cash contributions, if the issue price of the new shares is not significantly lower than the stock market price of the Company's shares already listed. The proportionate of the share capital attributable to the new shares issued under exclusion of subscription rights in accordance with sec. 186 para. 3 sent. 4 of the German Stock Corporation Act (AktG) must not exceed 10% of the share capital. The share capital at the time this authorisation takes effect or – if this value is lower – at the time this authorisation is exercised shall be decisive. Shares which during the term of this authorisation until its exercise are issued or sold in direct or analogous application of sec. 186 para. 3 sent. 4 of the German Stock Corporation Act (AktG) are to be taken into account when calculating the limit. Rights issued during the term of this authorisation until its utilisation in analogous application of sec. 186 para. 3 sent. 4 of the German Stock Corporation Act (AktG) and which enable or oblige to the subscription of shares of the Company shall also count towards this 10% limit. Any crediting in accordance with the aforementioned sentences shall cease to apply with effect for the future if and to the extent that the respective authorisation, the exercise of which led to the crediting, is granted again by the General Meeting.
- for the purposes of granting shares in return for contributions in kind, in particular, with the aim to undertake mergers, acquiring enterprises, parts of enterprises or interests in enterprises, or of other assets.
- to implement a so-called scrip dividend, whereby shareholders are offered the option of contributing their dividend claim (in whole or in part) to the Company as a contribution in kind in exchange for the granting of new shares from the Authorised Capital 2021.

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

Authorisation to acquire and use treasury shares pursuant to Sec. 71 para. 1 no. 8 AktG and on the exclusion of subscription rights

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

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

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

- If the acquisition is conducted through a stock exchange, the consideration to be paid by the Company for each share of the Company (not including incidental acquisition costs) may not exceed the price of one share of the Company in the Xetra trading system (or a comparable successor system), determined in the opening auction on the relevant trading day, by more than 10% and may not fall below such price by more than 10%. The Management Board of the Company shall determine the details of the acquisition.
- If the acquisition is conducted through a public offer or a public solicitation to submit offers, the offered acquisition price, or the threshold values limiting the acquisition price range, per share (in each case not including incidental acquisition costs) may not exceed the average of the prices in the Xetra trading system (or a comparable successor system) on the three trading days preceding the day on which the offer or a public solicitation to submit offers is published by more than 20% and may not fall below this average by more than 20%. The offer or a public solicitation to submit offers may be adjusted if, after its publication, significant deviations between the aforementioned reference price and the offered acquisition price, or the values limiting the acquisition price range, occur. In that case, the average of the three trading days preceding the publication of the respective adjustment will be decisive, and the aforementioned 20% limits will be applied to this average price. The volume of the public offer or a public solicitation to submit offers may be limited. If, in the event of a public offer or a public solicitation to submit offers, the volume of the offered shares exceeds the applicable repurchase volume, the repurchase may be carried out, by partially excluding the respective tender rights, in proportion to the number of offered shares (quota based on offered shares) instead of in proportion to the size of the offering shareholders’ shareholding in the Company (quota based on participation). Furthermore, in that case, by partially excluding the respective tender rights, a preferred acceptance of small offers of up to a maximum of 100 shares per shareholder, as well as a commercial rounding in order to avoid fractional numbers of shares, may be provided for. The Management Board of the Company shall determine the details of the acquisition.
- If the acquisition is conducted by means of an Exchange Offer, the Company can determine either an exchange ratio or a respective exchange range at which it is willing to acquire the shares of the Company. In this regard, a cash consideration may be provided for as supplementary purchase price payment or as compensation for fractional amounts. The exchange ratio or a respective exchange range (not including incidental acquisition costs,

but including any fractional amounts) may not exceed the relevant value of a share of the Company by more than 20% and may not fall below such value by more than 20%. The basis of the calculation of the exchange ratio or the exchange range, respectively, is the average of the closing prices of the shares of the Company and the Exchange Shares in the Xetra trading system (or a comparable successor system) on the three trading days preceding the day on which the offer is published. The exchange ratio or the exchange range may be adjusted if, after the publication of the offer, significant deviations of the relevant prices of the shares of the Company or the Exchange Shares occur. In that case, the average of the three trading days preceding the publication of the respective adjustment will be decisive, and the aforementioned 20% limits will be applied to this average price. The volume of the Exchange Offer may be limited. If the offer is oversubscribed, the acquisition may be carried out, by partially excluding the respective tender rights, in proportion to the number of offered shares (quota based on offered shares) instead of in proportion to the size of the offering shareholders' shareholding in the Company (quota based on participation). Furthermore, in that case, by partially excluding the respective tender rights, a preferred acceptance of small offers of up to a maximum of 100 shares per shareholder, as well as a commercial rounding in order to avoid fractional numbers of shares, may be provided for. The Management Board of the Company shall determine the details of the acquisition.

- If the acquisition is conducted by means of granting tender rights to shareholders, these tender rights can be granted to shareholders on the basis of Company shares held. In proportion to the relation between the Company's overall share capital and the volume of shares to be repurchased by the Company, a defined number of tender rights carries the right to sell one share to the Company. Tender rights may also be granted in a way that one tender right is granted for a defined number of shares, with the latter number being calculated based on the relation between the Company's overall share capital and the volume of shares to be repurchased by the Company. Fractions of tender rights will not be granted; the corresponding partial tender rights are excluded. The price for which, by exercising a tender right, one share can be sold to the Company, or the values limiting the price range (in each case not including incidental acquisition costs) is determined, and can be adjusted, as set out under the second bullet above. In case of granting tender rights, however, the relevant day is the day on which the offer to repurchase shares by means of granting tender rights is published, or, if applicable, the day on which an adjustment is published. The Management Board of the Company shall determine the further details of the tender rights, in particular their conditions, term or expiration date and, if applicable, their tradability.

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

- The shares may be used to satisfy conversion and/or option rights or obligations under convertible bonds, warrant bonds, profit participation rights or participating bonds issued by the Company or a company in which the Company holds a direct or indirect majority interest.
- The shares may be used to the extent necessary to grant holders or creditors of convertible bonds, warrant bonds or convertible profit participation rights issued by the Company and/or its direct or indirect majority-owned subsidiaries subscription rights to new shares to the extent to which they would be entitled after exercising their conversion or option rights or after fulfilling their option exercise or conversion obligations.
- The shares may be sold for consideration in kind, in particular as (partial) consideration in connection with the acquisition of or merger with enterprises, parts of enterprises and participations in enterprises or any other assets.
- The shares may be sold in other ways than through a stock exchange or by means of an offer directed to all shareholders if the shares are sold against cash consideration at a price that is not significantly lower than the stock exchange price of the Company's shares of the same class. This authorisation is, however, subject to the proviso that the shares sold under the exclusion of shareholders' subscription rights in accordance with sec. 71 para. 1 no. 8 sent. 5 in connection with sec. 186 para. 3 sent. 4 AktG do not in the aggregate exceed 10% of the Company's share capital existing as at the date on which this authorisation enters into effect or – if that amount is lower – the share capital existing as at the date of its exercise. To the extent that during the term of this authorisation until its utilisation, other authorisations to issue or sell shares or to issue rights or obligations enabling or obliging the subscription of shares, are exercised and the respective subscription rights are excluded pursuant to or in accordance with sec. 186 para. 3 sent. 4 AktG, this shall be applied toward the aforementioned 10% limit. Any crediting in accordance with the aforementioned sentence shall cease to apply with effect for the future if and to the extent that the respective authorisation, the exercise of which led to the crediting, is granted again by the General Meeting.
- The shares may be issued to employees and/or retired employees of the Company, as well as to employees and/or retired employees of its affiliated companies within the meaning of sec. 15 et seq. AktG.
- The shares may be used for the implementation of a scrip dividend, in particular by offering the shareholders to contribute their dividend right, either in whole or in part, to the Company in return for the granting of treasury shares.

- The shares may be cancelled, without such cancellation on a separate shareholders' resolution. The shares may also be cancelled in the simplified procedure, without a reduction of the share capital, by way of adjusting the pro rata share capital amount represented by each remaining no-par value share. The cancellation may also be limited to a certain proportion of the repurchased shares. The authorisation to cancel shares may be exercised on one or more occasions. If the cancellation is carried out in the simplified procedure, the Management Board is authorised to adjust the number of no-par value shares in the Articles of Association. The cancellation may be carried out in connection with a share capital reduction; in that case, the Management Board is authorised to reduce the share capital amount by the pro rata share capital amount represented by the cancelled no-par value shares and to adjust accordingly the number of shares and the share capital amount in the Articles of Association.

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

The aforementioned authorisations regarding the use of acquired treasury shares also apply to the use of Company shares acquired on the basis of sec. 71d sent. 5 AktG.

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

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

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

Authorisation to use derivatives to acquire treasury shares in accordance with sec. 71 para. 1 no. 8 AktG and to exclude subscription rights

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

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

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

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

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

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

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

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

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

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

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

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

Conversion right/conversion obligation; conversion ratio

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

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

Option right/option obligation

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

Conversion and Option price

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

Further determinations in the terms and conditions

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

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

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

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

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

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

Subscription right; exclusion of subscription right

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

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

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

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

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

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

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

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

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

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

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

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

The revolving credit facility has a borrowing availability of up to €300 million available immediately and a term of three years, subject to two twelve-month extensions. The Company has not yet drawn down proceeds under this revolving credit facility.
The facilities agreement in relation to the revolving credit facility contains customary change of control provisions pursuant to which, if any person (other than a member of the Vodafone Group) or group of persons acting in concert, gains control of the Company, each bank may cancel its available commitment and declare its participation in all loans to be due and payable.

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

7 Other takeover-relevant information

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

Risks & Opportunities

Overview of risk and opportunity management system and reporting

Vantage Towers' risk and opportunity policy is informed 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 risk and opportunity management system and principles provide the framework for our Company to operate in a well-controlled environment.

Risk and opportunity management principles

The primary objective of risk and opportunity management is to:

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

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

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

Risk and opportunity management system

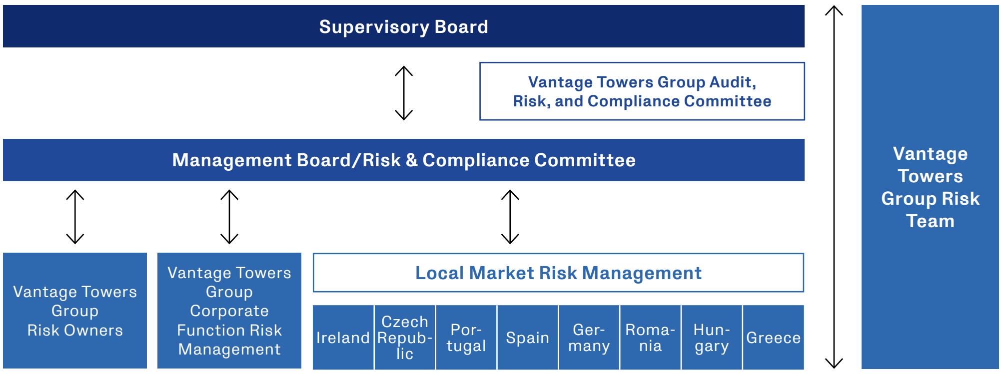
As a newly listed tower company, we are subject to all kinds of uncertainties and change. In order to operate successfully in this ongoing volatile environment, we must anticipate developments at an early stage and systematically identify, assess, and manage the resulting risks. It is equally important 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 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 ARC Committee undertake these duties. Working independently of all other functions of the organisation, the Internal Audit department provides objective assurance to the Vantage Towers Management Team and the ARC Committee regarding the adequacy and effectiveness of the company's risk and opportunity management system on a regular basis.

Our risk and opportunity management system is based upon established frameworks for Risk Management, leveraging best practice and experience gathered over time. It is adapted to fulfil the needs and size of Vantage Towers. 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 (AktG). As required by the German Stock Corporation Act (AktG), the Vantage Towers ARC Committee will monitor the effectiveness of the Internal Control System and the Risk Management System.

Governance Structure



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, followed by a detailed breakdown.

Risk Identification

Vantage Towers continuously monitors the macroeconomic environment and developments in the industry. This is complemented by internal processes identifying risks and opportunities as early as possible.

At least once a year (or more frequently in the event of a major change or impact to the core business operation), the Vantage Towers Group Risk Team hold discussions with members of the Vantage Towers Management Team and other senior leaders from across the business. 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. 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 come under consideration. Further to this, any emerging risk areas that could impact the strategy in the future, and any risks that originate from a local Vantage Towers operating company that may prevent it from achieving its strategic objectives, are taken into consideration.

Risk Measurement

It is important to assess all risks on a consistent basis to ensure equal comparison and prioritisation, allowing management to clearly focus on the most important risks to Vantage Towers. We assess identified risks and opportunities individually according to our own systematic evaluation methodology. This allows adequate prioritisation as well as allocation of resources. Risk and opportunity evaluation is part of the responsibility of the Group Risk Team, which is supported by senior Risk Owners, subject matter experts as well as internal and external data. The Group Risk Team also conducts workshops 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 is always carried out in the context of potential existence-threatening developments. Risks and opportunities are then evaluated by looking at two dimensions:

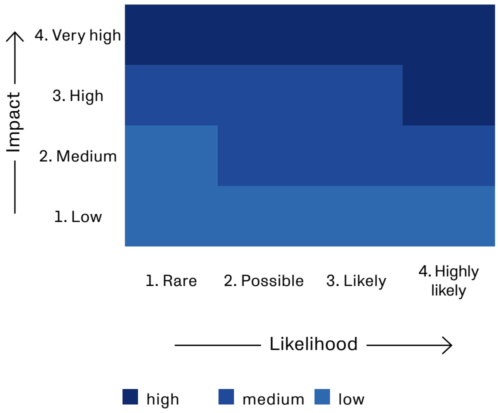
1. the potential impact; and
2. the likelihood that this impact materialises.

Risks are also rated at a net risk level (the impact and likelihood of each risk after considering existing mitigations) on the following scale:

- Emerging
- 1 – Rare
- 2 – Possible
- 3 – Likely
- 4 – Highly likely

A weighting order is then used for prioritisation of any risks that are not classified as emerging. This gives a greater weighting to impact than likelihood. The information captured on how the risk is being treated and the results of related assurance activities must therefore be considered when measuring the risk.

Risk evaluation categories



When evaluating risks and opportunities, we also consider the speed of materialisation or velocity. We also measure the actual financial impact of principal risks and opportunities once materialised. This approach will enable the continuous monitoring of the accuracy of risk and opportunity evaluation across the Group, which will enable us to continuously improve evaluation methodology based on our findings.

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 considers the costs in relation to the benefit of any planned mitigating action if applicable. The Group Risk Team works closely with 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 so Vantage Towers is better prepared for the future.

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

Initially, it may be difficult to apply the Vantage Tower's risk assessment criteria. In many cases, not enough will be known about the emerging risk to make an accurate measurement. To compensate for these unknown factors, the Group Risk Team monitors each emerging risk until the point it is identified and formally recognised. This is when 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 2021 and beyond. At this stage, we do not consider risks related to the coronavirus pandemic material to the success of our company. In this report, we therefore present a holistic assessment of the Principal Risks the business is proactively addressing. The risks overview table details these Principal Risks below:

Risk Category	Risk Title	Risk Description
Strategic	Primary Client Dependency	Adverse business impact as a result of overreliance on primary tenant
	Market Disruption	Market disruption by new entrants who reduce market share or adversely impact price and margin
	Disruptive Technology and Business Models	Loss of customer relevance due to disruptive technology by unconventional players
	Asset and Inventory Management	Failure to strategically manage the condition and capacity across the portfolio
	Adverse Site Leasing Conditions	Renegotiation of lease conditions leads to increase in cost impacting profitability
	Infrastructure Resilience	Service interruption causing outages on customer networks
	Adverse Political and Regulatory Measures	Adverse decisions by regulators impact our strategy and bottom-line profitability
Financial	Dependency on third-party Services	An overreliance on third-party services creates issues for Vantage Towers
	Geo-political Risk in Supply Chain	Global trade wars impact our ability to obtain quality products and services on time
	Associated third-party Risk	Failure to align shareholder interests in associated companies
	Global Economic Disruption	Economic disruption and global instability may potentially affect the success of the business
Operational	Breach of Laws and Regulation	Non-compliance with applicable laws and regulations
	Electromagnetic Field (EMF)	Negative public perception EMF and/or failure to monitor and report on radio frequency emissions by site
	Health and Safety	Failure to manage health and safety of staff and contractors
	People and Workforce Challenges	Ability to attract and retain the right talent and drive culture shift in workforce
	Extreme Weather Events	Failure to manage climate-related risks and opportunities
Technological	Cybersecurity Threats	Malicious external or internal attack resulting in service unavailability
	IT Process Implementation	Failure to successfully implement key IT platforms

Strategic

Primary Client Dependency

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

Market Disruption

The Group's success will depend on its ability to compete against a variety of other telecommunications infrastructure companies. The Group may experience increased competition in certain areas of activity from established and new competitors, including independent tower companies that may enter its markets. In particular, market disruption by new entrants who reduce market share or adversely impact price and margin, however Vantage Towers currently expects to continue to depend on a primary tenant across its markets for a significant percentage of its revenue. Should Vantage Towers be unable to compete effectively, this may adversely affect its ability to capture new tenancies in its markets and grow its customer base, which in turn would put pressure on the Group's revenue, profitability, and cash flows in future periods.

Disruptive Technology and Business Models

New technologies and shorter innovation cycles increase the potential of new technologies superseding existing technologies. A loss of customer relevance due to disruptive technology by unconventional players could reduce the use of site-based mobile services and could make the Group's business less desirable to, or necessary for, customers. If the Group fails to acquire or develop the necessary capabilities and expertise to match its customers' changing needs, a loss in customers, and a reduction in the Group's revenue, profitability, and cash flows could occur. This could have a material adverse effect on the Group's business, financial condition, and results of operations.

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, 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.

Asset and Inventory Management and Infrastructure Resilience

The Group is required to strategically manage the condition and capacity of its assets across the portfolio. The unknown condition of inherited assets and a lack of clarity around the space available to rent across the portfolio may limit capacity and lead to an uncertainty in the Group's ability to grow and diversify its customer base.

The Group is also required to maintain business continuity management (BCM) and disaster recovery plans at its sites to address service interruptions causing outages to customer networks, allowing for the rapid restoration of services if they are disrupted by a disaster. There is a risk that such back up sources could prove insufficient in the event of a sustained power blackout, which could lead to a loss of customers if not managed appropriately. Furthermore, the Group supplies power to its customers' Active Equipment through a connection to third party owned energy transport and distribution networks. Any energy network outage could result in significant additional costs for the Group or significantly impair its ability to provide service continuity to its customers, negatively impacting its reputation in the market. Any of these occurrences could have a material adverse effect on the Group's business, financial condition, and results of operations.

Adverse Political and Regulatory Measures

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

Financial

Associated third-parties Risk and Dependency on third-party Services

The Group engages third-party contractors to provide various services in connection with site construction, power management, access management, security, and the maintenance of sites.

An overreliance or lack of control on third-party services has the potential to create issues for Vantage Towers. The Group is therefore exposed to the risk that the services rendered by its third-party contractors will not always be satisfactory or will not match the Group's and/or its customers' targeted quality levels, standards, and operational specifications. As a result, the Group's customers may be dissatisfied with its services. This could adversely affect the Group's reputation, business, financial condition, and results of operations. Furthermore, if the Group's suppliers are unable to continue to provide timely and reliable services or key products, the Group could experience interruptions in the delivery of its services. If the Vantage Towers Group is required to undertake this work itself, it would require time and attention from the Group's management and lead to increased future operating costs while the work is carried out, which could in turn materially adversely affect its business, financial condition, and results of operations.

Geopolitical Risk in Supply Chain

Global trade wars impact our ability to obtain quality products and services on time. Regulation may also limit or prohibit MNOs using certain brands of technology in the development of their mobile communications networks, thereby causing changes to their supply chain and delays to their growth plans. This may influence the short-term demand for tenancies on the Group's sites.

Global Economic Disruption

As an international corporation, we operate in several countries. A weak or uncertain economic environment in the markets in which the Group operates, including related fluctuations in 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 adversely affect our access to the capital markets. Exchange rate fluctuations could further impact on our earnings.

Operational

Breach of Laws and Regulations

The Group's business, and that of its customers, is subject to evolving laws and regulations, which could restrict the Group's ability to operate its business. Non-compliance with applicable laws and regulations, including environmental and tax laws, could restrict the growth of the business and adversely impact the reputation of Vantage Towers.

EMF

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

Health and Safety

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

People and Workforce Challenges

Our people play a crucial role in Vantage Towers. Their skills are a key factor to our business success. The general high demand on the labour market, in particular for specialists in highly relevant areas such as IT, makes it difficult to recruit new employees. An inability to attract and retain the right talent would have a negative impact on our business in the future, both in terms of capability but also in embedding the Vantage Towers culture. Any deterioration in the Group's relationships with its employees, their trade unions and/or employee representative bodies could impact the Group's business and reputation.

Extreme Weather Events

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

Technological

Cybersecurity threats

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

Risks related to IT Process Implementation

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

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 82,000 macro sites and approximately 7,100 micro sites across ten markets, in nine of which it ranks either first or second by number of sites (source: Company Market Position Assessment).

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, its largest customer, 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.

Key drivers of growth as opportunities

Vantage Towers is, as a tower company, well positioned to monetise several opportunities arising from technological advancement and new types of customers and services.

The key drivers of growth are:

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

Strong data usage

The increasing use of mobile devices such as smartphones and tablets and ever-growing adoption of internet-based applications are expected to drive significant growth in data usage, supporting strong demand for mobile bandwidth.

Mobile data traffic in Western, Central, and Eastern Europe is expected to grow at a compound annual growth rate (CAGR) of 26% from 2019 through 2024 (source: Analysys Mason), as larger screens, better cameras, faster processors, and innovative applications drive rates of data consumption. As consumers demand faster communication speeds and higher bandwidth, MNOs will be looking to compete on network quality.

As existing network cells have a technological limitation on the amount of data they can transmit, roll out of new macro sites and/or outdoor small cells will likely be required to provide consistent coverage and meet rising demand. It is not always possible to provide the network capacity needed using traditional macro sites, particularly in markets with stricter EMF regulations.

Acceleration of 5G roll out

The roll out of new generations of mobile networks, such as 5G, is further expected to drive site demand. From a technical perspective, to deliver the promised ultra-high-speed data, beyond 1 gigabyte per second, 5G will need to be deployed in higher frequency bands which require an increase in network densification. While this trend is expected to drive additional demand for sites, that demand may also be tempered by recent developments in beam forming technologies. Additionally, MNOs may need to resort to increasing the number of PoPs in order to ensure adequate network coverage and capacity. In Western Europe, 5G mobile connections' share of total mobile connections is forecast to grow by approximately 40 percentage points over the period from 2020 to 2024 (source: Analysys Mason). 5G presence and the associated consumer demand for reliable 5G access is therefore expected to be a material lever of growth for the Group's services.

Regulatory requirements

The Group's markets are supported by a strong regulatory backdrop, with governments imposing stringent coverage obligations with 5G spectrum auctions that are expected to lead to greater demand for the Group's sites and services.

The European Commission and respective European governments have been focused on: (i) increasing coverage in rural areas in order to provide good voice and data services across less populated areas; (ii) prioritising coverage of major terrestrial paths such as national roads and rail transport routes; and (iii) ensuring minimum mobile data connection speed targets contained in national and European directives are met. Further to this, in some of the Group's markets, national governments are using the 5G spectrum auctions to encourage new mobile providers into the market. This will further drive demand for the Group's sites.

In addition to coverage obligations, in some of the Group's markets, the regulator also imposes quality of service obligations on MNOs, which present opportunities for tower companies as MNOs need to deploy more sites to improve quality and coverage.

Demand from non-MNO customers

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.

Growth beyond the core

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. Given the increased amount of data handled through the 5G network, macro sites and small cells will rely heavily on fibre-cabled connections for the backhaul portion of the network. Sites connected through fibre are anticipated to increase by 15% per year in the next five years, representing more than 65% of total backhaul expenditure (source: Omdia 2019–2024 Forecast).

Passive Infrastructure sharing by investing and providing IoT network equipment for a recurring fee and/or connectivity revenue share, presenting a lucrative service opportunity. 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.

Clear focus on strategic growth and opportunities through investment beyond the core business and Mergers & Acquisitions (M&A)

Vantage Towers has a clear strategy with multiple levers for growth. This strategy prioritises expanding and evolving the Group's product portfolio and relationships with existing and new customers to maximise the utilisation of its assets. Vantage Towers believes there is additional value creation potential from investment beyond the core business and diversifying into areas such as fibre backhaul, IoT, and edge computing. The Group is also exploring growth through incremental organic investments beyond the business and/or strategic M&A. Any strategic M&A would be focused on opportunities to expand the Group's site portfolio as it pursues its goal of becoming a 5G "super-host" and a key enabler of Europe's digital future.

Cost management opportunities

As part of its strategy and effective fiduciary oversight, the Group will aim to enhance its margins by reducing its ground lease, maintenance, and energy costs. The Group operates a ground lease optimisation programme. This programme seeks to reduce ground lease costs by selectively acquiring either the land on which certain of its sites are located or the long-term rights of use of land, or property on margin accretive terms. The ground lease optimisation programme 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 regular risk and opportunity assessment process. Results from this process are analysed and reported to the Vantage Towers Management Team accordingly.

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

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

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

Subsequent Events

There have been no significant changes in the Group's situation or market environment since the end of the reporting period.

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 FY21 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

Economy and Industry

In its economic forecast of January 2021, the IMF assumes that the global economy will grow by 5.5% again in 2021[1] after the historic slump in 2020, whereas the IfW anticipates an increase of 6.1% compared to the previous year[2].

The economy of the European Monetary Union is expected to remain impacted by the coronavirus pandemic in 2021 but should increasingly gain momentum as the year progresses. This should be supported both by the recovery in global trade and by improved prospects for domestic demand as restrictions on economic activity are gradually eased or lifted. In addition, the European Central Bank's monetary policy is likely to remain very expansionary and support the economic recovery. Investment activity in the Eurozone should also benefit from the start of implementation of the EU Recovery Fund. According to IMF the GDP in the euro area is expected to grow by 4.2%.[3]

We expect a noticeable economic recovery for our core markets in 2021.

The European telecommunications tower infrastructure market is expected to grow in 2021 and also over the medium-term, see Industry environment, p. 10.

The key drivers of growth for the tower infrastructure are:

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

Group outlook

For FY22, Vantage Towers will continue to build on the successes of FY21 by driving growth in accordance with our business plan. We will leverage our strong infrastructure network and our programmes to execute the BTS strategy and attract incremental third-party tenants. This will translate into continued growth opportunities and expected revenue (exc. pass-through revenues) of €995 to 1,010 million in FY22. This positive trend is expected to deliver mid-single digit revenue growth in line with our previous medium-term guidance.

[1] Source: IMF, World Economic Outlook Update, January 2021, https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update
[2] Source: IfW Kiel Institute for the World Economy, Kiel Institute Economic Outlook, World Economy Winter 2020, 16 December 2020, https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/deutsch/2020/KKB_73_2020-Q4_Welt_EN.pdf
[3] Source: IMF, World Economic Outlook Update, January 2021, https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update

Our FY22 revenue growth is expected to generate a broadly stable EBITDAaL margin with FY21PF. The Group's expectation to achieve an adjusted EBITDAaL margin in the medium-term in high fifties percent through operating leverage and optimisation initiatives remains unchanged. As previously stated in our Q3 Results, these initiatives are expected to have an increasing effect over time, but limited impact in FY22.

Furthermore, the Group's ability to generate strong cash flows is expected to improve, with Recurring Free Cash Flow (RFCF) expected to be in the range of €390 to 400 million in FY22. In the medium-term, we expect that the Group's RFCF growth rate will be a mid-to high-single-digit, in line with our previous medium-term guidance.

For Vantage Towers AG, the Management Board expects both statutory revenue and profitability to increase strongly in FY22 as a result of a full year of trading and the exclusion of one-off set up costs incurred during FY21. The Company profit and reserves is anticipated to be sufficient to fund the distribution of a dividend in FY22 corresponding with the Company's dividend policy.

Measure	FY22 guidance	Medium-term Targets[1]
Tenancy Ratio for Consolidated Vantage Towers	–	>1.50x
Revenue (ex. pass through)	€995–1,010m	Mid-single digit CAGR
Adj. EBITDAaL	EBITDAaL margin broadly stable with FY21PF	High 50s percentage margin (based on revenue (ex. pass through))
Recurring Free Cash Flow (RFCF)[2]	€390–400m	Mid- to high-single digit CAGR
Net Financial Debt to Adjusted EBITDAaL	–	Flexibility to exceed for growth investment
Net Financial Debt	–	€1bn leverage capacity

[1] Medium-term guidance on actuals; excluding the UK and Italy.
[2] For the purposes of RFCF in the twelve months ended 31 March 2021 on a pro forma basis, no pro forma cash flow statement has been produced and therefore cash cost of leases, tax paid and interest paid have been calculated based on the respective income statement amounts. From FY22 onwards, actual cash paid amounts will be available and used for the calculation of RFCF.

Corporate Governance Statement

Corporate governance is a material framework for Vantage Towers' business. The Management Board's and Supervisory Board's work and efforts are dedicated to implementing a good corporate governance, to responsibly lead and control the Company and the Group and to ensure a long-term success on a sustainable foundation. For the Company it is essential to take a truly 360-degree approach to the evolution of its business – and Europe – in the coming years.

The Management Board and Supervisory Board report on the basic facts of corporate governance at Vantage Towers AG (the "Company") in this statement in accordance with sec. 289f of the German Commercial Code (HGB) and for Vantage Group in accordance with Section 315d of the German Commercial Code (HGB). Pursuant to sec. 317 para. 2 sent. 6 of the German Commercial Code (HGB), the independent auditor's review of the disclosures in the Declaration on Corporate Governance is to be limited to ascertaining whether the disclosures have been made.

Declaration of conformity in accordance with the German Corporate Governance Code

The Management Board and Supervisory Board of the Company approved the following declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) stating to what extent the Company has followed and intends to follow in the future the recommendations of the Government Commission on the German Corporate Governance Code. The Management Board and Supervisory Board of the Company have published the following declaration of conformity as of 31 March 2021:

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

Vantage Towers AG shares have been listed on the stock exchange since 18 March 2021. As of this date, Vantage Towers AG became a publicly traded stock corporation to which the recommendations of the Government Commission on the German Corporate Governance Code in the version dated 16 December 2019 (Code), published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette on 20 March 2020, apply.

Since 18 March 2021, Vantage Towers AG complies with all recommendations of the Code and will continue to comply with them in the future, apart from the following exceptions:

Long-term succession planning regarding the Management Board (recommendation B.2), age limit of Management Board members (recommendation B.5) and specific objects of the composition and profile of skills of the Supervisory Board (recommendation C.1)

- According to **recommendation B.2** (long-term succession planning regarding the Management Board), the Supervisory Board shall ensure, together with the Management Board, that there is a long-term succession planning in relation to the Management Board.

  Pursuant to **recommendation B.5** (age limit of Management Board members), an age limit shall be specified for members of the Management Board and disclosed in the Corporate Governance Statement.

  According to **recommendation C.1** (specific objects of the composition and profile of skills of the Supervisory Board), the Supervisory Board shall determine specific objectives regarding its composition and shall prepare a profile of skills and expertise for the entire Board while taking the principle of diversity into account.

  The formal resolution of the Supervisory Board regarding the principles of a long-term succession planning, including the resolution on an age limit for members of the Management Board, only took place on 31 March 2021, subsequent to previous detailed discussions in this regard. On the same date, the Supervisory Board also formally resolved on the previously discussed specific objectives regarding its composition and a profile of skills and expertise for the entire Supervisory Board, taking into account the principle of diversity.

  Vantage Towers AG therefore formally did not comply with above mentioned recommendations in the interim period between 18 March 2021 and 31 March 2021. However, from 31 March 2021 on, Vantage Towers AG complies and will continue to comply in future with such recommendations.

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 three other supervisory board mandates at listed companies (Hamburger Hafen- und Logistik AG, Vossloh AG and RIB Software SE); he serves as chairperson in two of these supervisory boards (Hamburger Hafen- und Logistik AG and Vossloh AG). Furthermore, he is a member of the supervisory boards of Deufol SE and Alstom/Bombardier Transportation Germany GmbH. The latter two mandates may be considered a “comparable function” within the meaning of recommendation C.4.

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

Publication of Rules of Procedure (recommendation D.1)

- According to **recommendation D.1** (publication of Rules of Procedure), the Supervisory Board shall adopt its own Rules of Procedure and shall publish these on the Company’s website.

  Due to technical problems the Rules of Procedure of the Supervisory Board were without restrictions only accessible as of 1 April 2021. Thus, formally Vantage Towers AG did not, comply with recommendation D.1 in the interim period between 18 March 2021 and 1 April 2021. However, from 1 April 2021 on, Vantage Towers AG will continue to comply in future with this recommendation.

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

- According to **recommendation G.10 sent. 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 granted to them in connection with their previous occupations at Vodafone Group in FY19, FY20, and FY21, respectively. Such awards do not provide for a minimum period of four years until they are accessible to the beneficiaries and will become due beginning of financial year 2021/22, 2022/23, and 2023/24, respectively.

  For the long-term incentive awards which will become due in FY23 and FY24, it is currently being reviewed whether the shares granted under these awards can be amended such that they provide for a vesting of shares in Vantage Towers AG instead of Vodafone Group Plc. In addition, it is being reviewed to what extent the performance criteria can be aligned with targets applicable for Vantage Towers AG’s business targets.

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

Duesseldorf, 31 March 2021

For the Supervisory Board

Dr. Rüdiger Grube

For the Management Board

Vivek Badrinath

The declaration of conformity can be found on the following Company's website at www.vantagetowers.com/investors/leadership-and-governance.

Relevant disclosures in respect of corporate governance practices

Code of Conduct

For the Company it is essential to maximise the positive impact of better connectivity. Therefore, Vantage Towers AG has therefore built its ambition-led strategy around three key pillars: People, Planet, Performance. The Code of Conduct serves as a mandatory guideline for all employees of Vantage Towers Group to act with integrity, responsibility for the environment and society and in compliance with all applicable laws and regulations. The Company has also issued key policies to support the implementation of the Code of Conduct principles, including all relevant high-risk policies, which are: Anti-bribery, Business Continuity Management, Business Resilience Framework, Competition Law, Cyber and Information Security, Economic Sanctions, Health and Safety Framework, Infrastructure Resilience, Privacy Management and Regulatory Compliance as well as additional business critical policies. Corporate responsibility and sustainability are integral goals of the Company's business. Our ambition is one for truly sustainable connectivity, one that brings social, environmental and business benefits for all – both within Europe and in the role Europe plays in a wider, global context. Further information on this topic can be found under www.vantagetowers.com/our-ambition.

General Meeting

Decisions of the shareholders of the Company are taken in the General Meeting. The General Meeting takes place at least once a year and resolves in particular upon the use of the distributable profits, the ratification of the acts of the Management Board and Supervisory Board, and the election of the Company's auditor. Shareholders may exercise their voting rights in person or by proxy. To facilitate the exercise of shareholders' rights, the Company nominates a proxy which acts upon their instructions and who is also available during the General Meeting. Shareholders may cast their vote also by means of electronic communication in accordance with the provisions of the convening notice. The reports, documents and information to be published by law in the context of a General Meeting will be available on the Company's website under www.vantagetowers.com/investors/annual-general-meeting-en. The shareholders are able to follow the General Meeting in full via the internet.

Reporting

The Company informs the shareholders, analysts, media, and the general public quarterly about the business developments and the business situation. Furthermore, the Company features regularly analyst and investor conferences. Major publications such as annual reports, interim reports and quarterly statements are available on the Company's website under www.vantagetowers.com/investors/results-report-and-presentation. This comprises also the financial calendar which includes the dates of significant financial communications and of the General Meeting.

Beside the regular reporting, the Company also issues ad-hoc announcements to make known information that is not public and which, if disclosed, could significantly effect on the stock price of the Company's financial instruments (inside information).

The Company has established a Disclosure Committee which comprises of members of the Management Board, as well as representatives of the finance, accounting, investor relations, communications, and legal department. The Disclosure Committee monitors and assesses information as regards their potential qualification as inside information, decides upon the immediate disclosure of inside information, and also reviews the financial reporting and other material disclosures of the Company.

Members of the Management Board, the Supervisory Board or other persons within Vantage Towers AG discharging managerial responsibilities, as well as persons closely associated to them, are obliged to notify Vantage Towers AG as well as the Federal Financial Supervisory Authority (BaFin) of their own transactions involving financial instruments of the Company if such transactions reach or exceed in total €20,000 in a calendar year. Vantage Towers AG publishes such notifications in appropriate media in the European Union as well as on its website under www.vantagetowers.com/investors/regulatory-news/english and has them registered in the company register.

Compliance and Risk Management

The Group has compliance and risk and opportunity management systems in place to observe all applicable legal regulations on an ongoing and sustainable basis. The Group continuously seeks to reduce the likelihood and/or potential impact of the various risks to which it is exposed. Therefore, the Group has implemented a compliance system which includes, inter alia, anti-corruption, anti-money laundering, antitrust regulations, and data protection in order to prevent, detect and respond to potential violations. The compliance, risk, and opportunity management system operates Group-wide and is a fundamental part of its corporate governance system.

Compliance

High standards of compliance with the Group's statutory and regulatory obligations form the basis for its decision-making, sets the tone for company culture and instills values across the Group.

Compliance creates the framework for the Group's business actions and serves to safeguard the Group's long-term business success. Vantage Towers AG ensures that compliance is an integral component of each business process. Antitrust law and corruption prevention training programmes are carried out as well as compliance advice given on business needs and obligation. Employees are informed about compliance requirements, risks, and possible sanctions. The requirements are based on law and Group-wide policies and serve to implement international standards.

Vantage Towers AG keeps all of its employees informed about compliance measures and new developments through various forms of communication adapted to target groups and content.

The Group's compliance officers also advises the operating units on integrating compliance into their business processes. Vantage Towers AG regularly reviews critical business operations based on a risk-oriented, structured audit process. An additional element is the identification of compliance risks through the Group's whistleblowing system. Alongside the options of directly contacting a supervisor or the compliance department, this system provides employees with a further channel for reporting possible infringements of laws or policies without revealing their identity. The Group investigates all reports of legal violations. Any violations identified are sanctioned as necessary, regardless of the name and function of the person involved.

The Group's legal function led by the general counsel and company secretary is responsible for ensuring statutory and regulatory compliance. Substantive compliance responsibility in these areas remains with the competent corporate functions and business units.

Risk Management

The Group's risk and opportunity strategy is focused on supporting management in pursuit of strategic and operational objectives whilst safeguarding the critical assets of the business. The Group's business success requires opportunities to be recognised and associated risk to be identified and suitably managed in line with the Group's appetite for risk. The Group's risk and opportunity strategy dictates that business risks should be entered into consciously and responsibly and managed proactively by all employees.

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

The effectiveness of the risk and opportunity management system is assessed through a coordinated systemic three-lines approach, consisting of (i) risk ownership and management, typically undertaken by business operations, (ii) risk monitoring and functional oversight, typically undertaken by the Group's oversight bodies and specialist functions, and (iii) independent challenge and assurance, typically undertaken by the Group's internal audit function, external auditors, and other independent assurance providers. The purpose of this approach is to integrate activities across all three lines to ensure that mitigations are in place and operating effectively, and to provide line of sight to management on the status of the current risk and opportunity profile. The design of various risk management instruments ensures that the sub-processes are integrated in 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 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 Group's standard process provides a framework. Once risks and opportunities have been identified, the Group moves on to analyse and assess them in more detail. It is then decided 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. Ad-hoc risks are communicated immediately to the risk management officers and are also documented via the established reporting channels.

Risks are also further evaluated by the ARC Committee of the Supervisory Board on a regular basis. These standardized risk management processes ensure that the Management Board and Supervisory Board are informed promptly and in a structured way about the Group's current risk situation.

Description of the mode of operation of the Management Board and the Supervisory Board and the compositions and mode of operation of their committees

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

Management Board

Mode of operation 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 General Meeting and of the Supervisory Board and its Rules of Procedure as well as the principles and recommendations of the German Corporate Governance Code pursuant to the declaration of conformity of the Company. In doing so, the members of the Management Board take into account the interests of shareholders, employees and other stakeholders.

The members of the Management Board are responsible for developing and implementing the Company's strategy. They decide upon the material issues of the business, the annual plan and budget as well as the multi-year planning and the financial steering and reporting. They prepare the annual, interim and quarterly (consolidated) financial statements and reports and the combined management report. The Management Board's managing obligations also comprise the management of the direct and indirect subsidiaries of the Company. Significant transactions or business decisions are subject to the approval of the Supervisory Board.

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

The Management Board members are jointly responsible for the conduct of the overall business. Notwithstanding such joint responsibility, the members act on their own responsibility 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 overall benefit of the Company. The current allocation of areas of responsibility is attached to the Rules of Procedure of the Management Board and set out under Composition of the Management Board, p. 97.

The Management Board in its entirety shall resolve upon matters which are to be resolved 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 its meetings which are convened by the Chairperson of the Management Board. Each member of the Management Board may request that a meeting is held, specifying the issues to be dealt thereat. The resolutions of the Management Board are taken with a simple majority of the votes cast, outside meetings with a simple majority of its members, in each case unless otherwise required pursuant to mandatory law, the Articles of Association of the Company or the Rules of Procedure of the Management Board. In principle, the Management Board passes its resolutions in meetings, which may also be held with the participation of individual members via telephone or video conference. In urgent cases or if no member of the Management Board immediately objects to such procedure, resolutions may also be passed 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 legally represented vis-à-vis third parties and in court proceedings by two members of the Management Board or by one member of the Management Board together with an authorised representative.

Members of the Management Board are subject to a prohibition of competitive activity. Furthermore, they must not use the Company's business relationships with other companies and persons to demand or be granted advantages for themselves or for other persons that are objectively suited to work to the detriment of the Company or to damage the reputation or interests of the Company. Management Board members require an approval of the Supervisory Board prior to assuming sideline activities, particularly supervisory board mandates outside the Company's Group. Each member of the Management Board shall without undue delay notify the Chairperson of the Supervisory Board and the other members of the Management Board of any conflicts of interest arising from his or her activities.

During the reporting period, no conflicts of interests arose in relation to the Management Board members.

Cooperation with the Supervisory Board
The Chairperson of the Management Board represents the Management Board vis-à-vis the Supervisory Board. He informs the Supervisory Board regularly on the business policy, other fundamental matters of corporate planning, the Company's and Group's profitability, 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. In addition, the Chairperson of the Management Board shall inform the Chairperson of the Supervisory Board on all matters of particular importance for the Company or the Group without undue delay and request the consent of the Supervisory Board in the cases provided for by applicable law, 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 to act as Chairperson of the Management Board and another member as vice Chairperson.

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

The Management Board consists of the following members:

Name	Position	Areas of responsibility	Memberships on Supervisory Boards and memberships in comparable supervising bodies
Vivek Badrinath (born in 1969)	Chairperson/ CEO (first appointed in 2021; appointed until 31 Dec 2023)	– Development of 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 – Perform portfolio manager activity for joint ventures – Drive the standardisation of tower infrastructure – Drive efficiency initiatives incl. energy – Technical reporting and KPIs/ Performance management – Drive standardisation and optimisation of deployment processes – Lead the technology to support the business	Atos SE (France) 3/3

Name	Position	Areas of responsibility	Memberships on Supervisory Boards and memberships in comparable supervising bodies
Thomas Reisten (born in 1972)	CFO (first appointed in 2021; appointed until 31 Dec 2023)	– Drive performance in overall Vantage Towers Group – Budgeting, capital management and allocation – Financial planning, control and optimisation – Financial operations – Investor relations, M&A, Treasury, Tax – Listed company reporting obligations – Group Technical Accounting – Supply Chain Management for Vantage Towers Group	Indus Towers Ltd (India)
Christian Sommer (born in 1967)	General Counsel and Company Secretary (first appointed in 2021; appointed until 31 Dec 2023)	– Company Secretarial obligations and adherence to corporate governance requirements – Ensure statutory and regulatory compliance – Define standard framework agreements and terms for local adoption – Litigation – External affairs (including external communications) – Data Protection	None

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

Supervisory Board

Mode of operation of the Supervisory Board

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

The Supervisory Board reviews the financial statements, the consolidated financial statements, and the combined management report. It decides upon the adoption of the financial statements, the approval of the consolidated financial statements, and the combined management report, in each case by taking into account the auditor's report and explanations. The Supervisory Board also reviews the Management Board's proposal for the use of the distributable profits and decides upon submission of a respective proposal, together with the Management Board, to the General Meeting for resolution. The Supervisory Board also proposes to the General Meeting, based on a reasoned recommendation of its ARC Committee, an auditor for election by the General Meeting.

In addition, with the support of the RemCo/NomCo, 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 remuneration system for the Management Board and the specific remuneration of each Management 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 the Supervisory Board's approval.

The Chairperson of the Supervisory Board coordinates the activities of the Supervisory Board, attends to the affairs of the Supervisory Board externally, and Chairs the meetings of the Supervisory Board. He or she 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 fulfils its information and reporting obligations. In this context, he or she is in regular contact with the Management Board, in particular with the Chairperson of the Management Board, and discusses issues of strategy, business development, the risk situation, risk management, and compliance of the enterprise. As far as the Chairperson of the Supervisory Board is informed by the Management Board about important events that are essential for the assessment of the Company's situation, its development, and its management, he or she briefs the Supervisory Board and, if necessary, convenes an extraordinary meeting.

Meetings of the Supervisory Board shall be held once each calendar quarter and must be held at least twice each calendar half-year. Due to the Covid-19 pandemic, meetings were held mainly virtually, however, in the future, in line with the German Corporate Governance Code this shall be an exception and not the rule. Absent members of the Supervisory Board may participate in the passing of a resolution by having another member hand over their written vote. The resolutions of the Supervisory Board may also be passed outside meetings in writing, by telephone, by video conference or by other means of electronic communication(s), as well as by way of a combination of a meeting and votes cast by members of the Supervisory Board not participating in the meeting. The Supervisory Board has a quorum if at least half of the total number of members of which it has to be composed of participate in the adoption of the resolution. Unless otherwise provided 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 by the Company's best interest. No member of the Supervisory Board may pursue personal interest when taking his or her decisions or exploit business opportunities intended for the Company or any of its affiliates for his or her own benefit. Every Supervisory Board member shall 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 shall report on any conflicts of interests arising and how these have been dealt with. Any substantial and not merely temporary conflicts of interest on the part of any member of the Supervisory Board shall result in a termination of that member's mandate. During the reporting period, no conflicts of interests arose in relation to the Supervisory Board members.

The Supervisory Board will assess, at regular intervals, how effective the Supervisory Board as a whole and its committees fulfil their tasks. The first assessment is planned for FY21 due to the fact that the Supervisory Board was only established in the last quarter of the reporting period.

Details regarding the work of the Supervisory Board can be found under Report of the Supervisory Board, p. 14. The curricula vitae of the members of the Supervisory Board are published under www.vantagetowers. com/investors/leadership-and-governance/our-leadership.

Composition of the Supervisory Board
In accordance with the Articles of Association and Sections 95 and 96 of the German Stock Corporation Act (AktG), the Supervisory Board consists of nine members. All members are elected by the General Meeting. Further, the General Meeting may appoint substitute members to replace a member of the Supervisory Board in case the member retires before the expiration of his or her term without a successor having been elected. The term of office of such substitute member is to expire upon the conclusion of the General Meeting at which a successor is appointed and at the latest at the end of the term of office of the leaving member.

The Supervisory Board has to elect a Chairperson and one or several deputy Chairpersons from among its members to serve for the duration of those members' terms of office as members of 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 General Meeting that resolves on the ratification of the acts of the Supervisory Boards in the fourth financial year following the beginning of their term of office unless a shorter term of office is determined by General Meeting. For purposes of calculation, the financial year in which the term of office commences shall be disregarded. The members of the Supervisory Board may be removed by a resolution of the General Meeting if such resolution is approved by at least a majority of the votes cast.

Currently, the Supervisory Board consists of the following members:

Name/function	Membership on the Supervisory Board	Principal occupation	Memberships on other Supervisory Boards and memberships in comparable Supervising Bodies
Rüdiger Grube (born in 1951) Chairman	Member of the Supervisory Board (since 18 January 2021, appointed until 2025)	Business Consultant	– DEUFOL SE – Hamburger Hafen und Logistik AG HHLA – RIB-Software SE – Vossloh AG – Alstom/Bombardier Transportation Germany GmbH
Rosemary Martin (born in 1960) Deputy Chairwoman	Member of the Supervisory Board (since 18 January 2021, appointed until 2025)	General Counsel and Company Secretary, Vodafone Group Plc	– Vodafone Corporate Secretaries Ltd – Vodafone Foundation – Lloyds Register Foundation – Panel on Takeovers and Mergers (UK) – University of Sussex
Michael Bird (born in 1982) Member	Member of the Supervisory Board (since 18 January 2021, appointed until 2025)	Group M&A Director, Vodafone Group Plc	None
Barbara Cavaleri (born in 1969) Member	Member of the Supervisory Board (since 18 January 2021, appointed until 2025)	Finance Director, Vodafone Italy	– Vodafone Italia SpA – VEI Srl – VND SpA
Katja van Doren (born in 1966) Member and Chair of Remuneration 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 SE – Société Électrique de l'Our SA, Luxembourg – Großkraftwerk Mannheim AG
Charles C. Green III (born in 1946) Member and Chair of Audit and Risk Committee	Member of the Supervisory Board (since 8 February 2021, appointed until 2025)	Non-Executive Director and Advisor, edotco Group Sdn Bhd Non-Executive Director, Frontier Tower Associates	– Pinnacle Towers Pte Ltd – edotco Group Sdn Bhd
Terence Rhodes (born in 1955) Member	Member of the Supervisory Board (since 8 February 2021, appointed until 2025)	Professional Board Member	None
Johan Wibergh (born in 1963) Member	Member of the Supervisory Board (since 18 January 2021, appointed until 2025)	Head of IT and Networks, Vodafone Group Plc	– Trimble Inc.
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

Details regarding the changes in the composition of the Supervisory Board can be found under Report of the Supervisory Board, p. 20.

Supervisory Board committees
Currently, the Supervisory Board has two committees: the RemCo/NomCo and the ARC Committee. The Chairpersons of the committees report to the Supervisory Board on the activities of the committees on a regular basis.

The mode of operation and composition of the committees fulfil the requirements of the German Stock Corporation Act (AktG) as well as the German Corporate Governance Code.

The **ARC Committee** assists the Supervisory Board in fulfilling its responsibilities to oversee the accounting and financial reporting processes. It shall meet at least four times a year.

The responsibilities of the ARC Committee include, among others, the examination of the financial statements, including the consolidated financial statements, the Group management report (including CSR reporting), financial information during the year and the separate financial statements in accordance with the German Commercial Code (HGB), the monitoring of the accounting process, the review of the effectiveness of the internal control system, the internal risk management and risk management system as well as the internal audit and the internal audit system. The committee furthermore discusses the semi-annual, quarterly and other financial announcements during the financial year 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 use of distributable profits.

The ARC Committee is also responsible for the Company's relationship with the auditor. It submits to the Supervisory Board a reasoned recommendation for the appointment of the auditor for the proposal to the General Meeting. In cases where the audit is to be re-tendered, the recommendation must contain at least two proposals for the audit mandate. The committee shall state its preference for one of the two proposals, stating its reasons. The ARC Committee also monitors the quality of the audit on a regular basis, but at least every two years. The engagement of the auditor for non-audit services requires the approval of the committee.

Furthermore, the ARC Committee monitors the compliance of the Company and the Group applicable law, governmental regulations, and internal policies. It regularly discusses the existing policy framework and makes recommendations regarding the implementation of new or amendment of existing policies and supports the Supervisory Board with respect to compliance with applicable law, governmental regulations and internal policies.

The ARC Committee consists of at least three members. Current members of the committee are Charles C. Green III (Chairman), Michael Bird, Barbara Cavaleri and Rosemary Martin (all since 9 February 2021).

Section 107 para. 4 of the German Stock Corporation Act (AktG) requires the Company to have at least one member of the audit committee with expertise in the fields of accounting and auditing within the meaning of Section 100 para. 5 of the AktG. The following members of the ARC Committee are considered to possess the respective experience: Michael Bird, Barbara Cavaleri, and Charles C. Green III.

The **RemCo/NomCo** will submit recommendations to the Supervisory Board for its proposal to the General Meeting for the election of members of the Supervisory Board and suggest to the Supervisory Board suitable candidates for the appointment as members of the Management Board. It has also been conferred with the duty to prepare the remuneration system for the Management Board remuneration and to prepare the annual remuneration report. The committee also regularly, 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 adjustment.

The RemCo/NomCo consists of at least three members. Current members of the committee are Katja van Doren (Chairwoman), Johan Wibergh and Pinar Yemez (all since 9 February 2021).

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

The Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector assigns to the Supervisory Board the task and duty of setting targets for the proportion of women on the Supervisory Board and the Management Board and to specify a period within which the target is to be achieved. If the proportion of women is below 30% when the target is set, the target may not fall below the status quo. In addition to the targets set for the Supervisory Board and the Management Board, the law further provides that targets shall be set for the two management levels below the Management Board, which are to be set by the Management Board.

The target achievement in the governing bodies and in the management levels below the management board is set out in the following table:

Gender Diversity Targets

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

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

Description and goals of the diversity concept

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

The Company has set itself the task of creating a working environment that is geared towards diversity. The diversity concept is based on diversity in both professional and personal terms. The aim is to consciously use the advantages of diversity and to consciously promote society through the diversity of the staff.

When evaluating, selecting, and filling Management Board positions, the Supervisory Board always keeps the interests of the Company in mind. The decisive factor here is, in particular, professional and personal suitability. The Supervisory Board ensures that the Management Board as a whole has the necessary qualifications to fulfil its tasks in the best possible way.

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 ability in general.

Age

The Supervisory Board has followed recommendation B.5 of the GCGC and set an age limit for the Management Board. Accordingly, the age limit for members of the Management Board is seventy years.

Gender

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

Internationality

The Company aims to power Europe's digital transformation by accelerating infrastructure deployment and making it easier to connect. With this Europe-wide focus, and subsidiaries in various European countries, the Company's focus lies on internationality. To address the needs that come with the internationality, the Management Board shall have an international focus. However, internationality should not only be limited to nationality, but also take into account intercultural backgrounds and experience. Due to the international environment and strategic orientation of the Company, the Supervisory Board ensures that the Management Board is composed in such a way that intercultural openness and intercultural understanding ensure that international issues and contexts are adequately addressed.

Professional skills and experience, educational background

For the Company, it is essential and indispensable that the Management Board, as a collegial body, has the 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. Thereby, the individual members of the Management Board may have different professional qualifications. For the Company, the focus lies on ensuring that the competences on the Management Board are as broad as possible. This is to ensure that the various needs of the Company, the customers and the investors are sufficiently taken into account. In particular, the members of the Management Board should have experience in the areas of telecommunications services, personnel and organisational responsibility, strategic competence, financial competence as well as in the areas of good corporate governance, including ESG, regulatory requirements, law and compliance.

Current implementation of the diversity concept

The current Management Board fulfils the requirements of the diversity concept with one exception only. According to current planning, the increase in the proportion of women on the Management Board should be fulfilled until 1 April 2021.

Long-Term Succession Planning

In accordance with recommendation B.2 of the Code, the Supervisory Board determines the following long-term succession planning regarding the Management Board.

The long-term succession planning regarding the Management Board shall enable the Supervisory Board to deal with the filling of Management Board seats in the long-term, to develop a profile of qualification requirements and to be able to react quickly to short-term changes, e.g. an unexpected resignation of a Management Board member.

Timing

The Supervisory Board will regularly assess when a vacancy with respect to positions in the Management Board may occur. In such context, it will in particular discuss with the current Management Board members their future plans and whether they are in general available for subsequent office terms.

Given the maximum term of office in a stock corporation is five years, the "long-term" succession planning will be aligned with this period, i.e. the planning of the Supervisory Board has in general a time horizon of five years.

Qualification requirements
The qualification profile used in the context of the appointment of the current members of the Management Board shall also be used for future appointments. The decisive factor here is, in particular, professional and personal suitability. The Supervisory Board ensures that the Management Board as a whole has the necessary qualifications to fulfil its tasks in the best possible way. In addition, each prospective candidate shall have sufficient skills and expertise to fulfil the duties assigned to the board position for which the prospective candidate is a candidate, each as determined by the Supervisory Board and included in the allocation of areas of responsibility attached to the Rules of Procedure of the Management Board. The RemCo/NomCo will regularly assess whether such qualification profile should be updated.

Candidates list
Following the initial phase of the Company as a listed stock corporation, the RemCo/NomCo will establish a list of candidates which may be considered as prospective members of the Management Board (internal and external candidates). In order to be able to ensure the identification of suitable internal candidates, the Management Board will regularly inform the RemCo/NomCo on persons which, in the Management Board's view, are suitable candidates. The RemCo/NomCo will closely monitor, together with the Supervisory Board if required, the development of such candidates and undertake its own assessment.

The RemCo/NomCo aims to identify at least one alternative member for each current member of the Management Board which could succeed a current member on short notice.

In addition, the Supervisory Board, supported by the RemCo/NomCo, will regularly discuss potential candidates. The Chairperson of the Management Board shall be involved in such discussions unless the discussions are about his or her succession.

Actual vacancies
In case of (imminent) vacancies, the RemCo/NomCo will prepare, based on the general qualification profile mentioned above, a detailed qualification profile applicable to the vacant position and select suitable candidates on that basis. After interviewing the candidates, the RemCo/NomCo makes a proposal to the Supervisory Board for resolution.

Diversity
The composition of the Management Board shall consider sufficient diversity with respect to age, gender, professional or educational background, internationality and personality (see also diversity concept above).

Regular assessment
The Supervisory Board will regularly discuss the succession planning with the Management Board. It will also regularly assess, in consultation with the Management Board and at least once a year or without undue delay in case of changes in the structure of the Management Board, the current system of succession planning and make amendments if required.

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

The Supervisory Board has set concrete targets for its composition and developed a profile of skills and expertise of the entire Supervisory Board which also includes the diversity concept.

The aim of the standards and regulations laid down is to fulfil the advisory and supervisory tasks assigned to the Supervisory Board by law, the Articles of Association and the Rules of Procedure in the best possible way. For the appointment to the Supervisory Board, candidates shall be proposed to the General Meeting for resolution who have sufficient personal and professional experience. It shall further be ensured that the Supervisory Board is diverse. Both, the targets for the Supervisory Board's composition and the profile of skills and expertise for the entire Supervisory Board, take into account diversity and, thus, form the diversity concept. The Supervisory Board's diversity concept is in particular based on internationality, professional skills and educational background, a balanced age distribution, and an appropriate proportion of women. This comprehensive diversity forms the starting point for the composition of the Supervisory Board and shall also be the benchmark for its future composition.

Targets for the composition of the Supervisory Board

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

Independence, conflict of interest
The Supervisory Board in its entirety shall be sufficiently independent. The Supervisory Board considers that the appropriate number of its members who should be independent from the Company, the Management Board of the Company, as well as its controlling shareholder, each as in the meaning of the Code, is three.

More than half of the shareholder representatives shall be independent from the Company and the Management Board. Supervisory Board members are to be considered independent from 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 substantial – and not merely temporary – conflict of interest.

The Chairperson of the Supervisory Board, the Chairperson of the ARC Committee, as well as the Chairperson of the RemCo/NomCo shall be independent from the Company and the Management Board. The Chairperson of the ARC Committee shall also be independent from the controlling shareholder. These requirements are met by the current Supervisory Board members who hold these positions.

In the performance of their duties, the individual members of the Supervisory Board must always put the interests of the Company first. The Supervisory Board strives to avoid potential conflicts of interest to the greatest possible extent. Existing conflicts of interest shall be disclosed to the Supervisory Board by the respective member without delay. The members of the Supervisory Board shall have no permanent conflicts of interest.

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

Supervisory Board members shall not be members of governing bodies of, or exercise advisory functions at, significant competitors of the Company, and shall not hold any personal relationships with a significant competitor.

Age and duration of term
Subject to exceptional circumstances, only persons who have not attained the age of seventy-five years shall be proposed for election as a member of the Supervisory Board. The Supervisory Board members shall not serve more than twelve years as members of the Supervisory Board.

Professional skills and experience, educational background, and availability
The Supervisory Board shall be composed in a way that ensures that its members jointly possess the necessary personal integrity, expertise, time and professional experience to execute their office duties. The members of the Supervisory Board as a whole must also be familiar with the sector in which the Company pursues its activities. The Supervisory Board shall also include members who have experience in the leadership or oversight in medium-sized or large companies.

Members of the Supervisory Board shall have a diverse professional and educational background and different professional educations shall be represented in the Supervisory Board.

In addition, each member of the Supervisory Board must be sufficiently available and willing to devote the necessary time resources to the Supervisory Board mandate. In addition to the regular meetings, the Supervisory Board member shall also invest time in preparatory activities, i.e. each Supervisory Board member shall familiarise himself or herself in detail with the items on the agenda and any corresponding documents or materials. Supervisory Board members shall also attend extraordinary meetings of the Supervisory Board and prepare themselves accordingly. For members of the committees, this applies accordingly to the respective committee meetings.

Internationality
Due to the Company's focus on internationality, not only the composition of the Management Board shall focus on internationality but also the composition of the Supervisory Board. As described above, internationality is not limited to nationality, but rather takes into account intercultural backgrounds and experience. Due to the international environment and strategic orientation of the Company, the Supervisory Board shall be composed in a way to encourage intercultural openness and intercultural understanding and to ensure that international issues and contexts are adequately addressed. It shall be therefore ensured that members of the Supervisory Board should be persons with a significant international background (non-German citizenship or several years of professional experience outside of Germany).

Profile of skills and expertise of the entire Supervisory Board

In accordance with recommendation C.1 of the Code, the Supervisory Board determines the following intended profile of skills and expertise for the entire Supervisory Board which shall be taken into account when proposing to the General Meeting nominees for election as members of the Supervisory Board:

- expertise in the area of telecommunication, mobile communication or other business areas or industries which are of material importance for the Company;
- expertise in the fields of accounting or auditing as well as risk management;
- expertise in the fields of law and compliance;
- expertise in the field of capital markets;
- expertise in the field of marketing and sales;
- expertise in the field of human resources;
- expertise in the field of IT/technology; and
- expertise in the field of passive infrastructure (towers) and/or real estate.

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

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

In particular, the Chairman of the Supervisory Board, the Chairman of the ARC Committee, as well as the Chairwoman of the RemCo/NomCo are independent from the Company, the Management Board, and the controlling shareholder.

Furthermore, the Supervisory Board consists of at least five members who are independent from the Company and the Management Board and of at least three members, who are in addition independent from the controlling shareholder. As regards the latter, of the nine members of the current Supervisory Board, the following four members are independent from 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 shows a broad diversity in multiple dimensions. The Board consists of five representatives from Vodafone and four independent members and currently shows a proportion of female Board members of 44%. It is based on a broad range of experience covering the following disciplines: In-depth knowledge and experience of the German industry and market environment, professional supervisory board work, financial and human resources management experience, legal and valuation expertise, and technology and IT business management expertise.

Duesseldorf, 4 June 2021

Vantage Towers AG

The Board of Management

Vivek Badrinath | Thomas Reisten | Christian Sommer

Annual Financial Statements

Statement of Financial Position

Twelve-month period ended 31 March

Assets	31/03/2020	31/03/2021
	€k	€k
A. Fixed assets		
I. Intangible fixed assets	–	10,693
Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	–	10,693
II. Tangible fixed assets	–	475,637
1. Land, land rights and buildings including buildings on third-party land	–	21,509
2. Technical equipment and machinery	–	391,366
3. Prepayments and assets under construction	–	62,762
III. Long-term financial assets	–	9,004,677
Shares in affiliated companies	–	9,004,677
Fixed assets	**–**	**9,491,007**
B. Current assets		
I. Receivables and other assets	–	629,086
1. Trade receivables	–	233
2. Receivables from affiliated companies	–	617,388
3. Other assets	–	11,465
II. Cash-in-hand and bank balances	25	–
Current assets	**25**	**629,086**
C. Prepaid expenses	**–**	**73,320**
	25	**10,193,413**

Equity and liabilities	31/03/2020	31/03/2021
	€k	€k
A. Equity		
I. Subscribed capital	25	505,782
II. Capital reserves	–	6,783,533
III. Net retained profits	–	283,238
Equity	**25**	**7,572,553**
B. Provisions		
1. Provisions for pensions and similar obligations	–	1,085
2. Other provisions	–	251,157
Provisions	**–**	**252,242**
C. Liabilities		
1. Bonds	–	2,200,000
2. Trade payables	–	28,491
3. Liabilities to affiliated companies	–	77,130
4. Other liabilities	–	423
(of which from taxes)	–	423
Liabilities	**–**	**2,306,044**
D. Deferred income	**–**	**62,574**
	25	**10,193,413**

Income Statement

Twelve-month period ended 31 March

		01/01/2020–31/03/2020	01/04/2020–31/03/2021
		€k	€k
1.	Revenue	–	408,240
2.	Other own work capitalised	–	5,618
3.	Other operating income	–	81,318
4.	Cost of materials	–	-177,735
	a) Cost of raw materials, consumables and supplies, and of purchased merchandise	–	-76,748
	b) Cost of purchased services	–	-100,988
5.	Personnel expenses	–	-19,130
	a) Wages and salaries	–	-17,900
	b) Social security, post-employment, and other employee benefit costs	–	-1,230
	(of which post-employment benefits)	–	-3
6.	Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	–	-68,945
7.	Other operating expenses	–	-272,733
8.	**Operating result**	**–**	**-43,368**
9.	Other interest and similar income	–	5,086
	(of which from affiliated companies)	–	5,018
	of which from discounting	–	59
10.	Interest and similar expenses	–	-7,232
	(of which to affiliated companies)	–	-6,086
	of which from interest accruing	–	-367
11.	**Financial result**	**–**	**-2,146**
12.	**Earnings before taxes**	**–**	**-45,515**
13.	Taxes on income	–	-14,089
14.	**Earnings after taxes**	**–**	**-59,603**
15.	**Net loss for the year**	**–**	**-59,603**
16.	Withdrawals from capital reserves	–	342,841
17.	**Net retained profits**	**–**	**283,238**

Statement of Changes in Fixed Assets

Twelve-month period ended 31 March

	Cost			
	Balance carried forward 01/04/2020	Addition from migration	Reclassi-fications	Additions
	€	€	€	€
I. Intangible fixed assets				
Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets	–	–	–	10,755,976
	–	**–**	**–**	**10,755,976**
II. Tangible fixed assets				
1. Land, land rights and buildings including buildings on third-party land	–	20,049,686	–	1,500,000
2. Technical equipment and machinery	–	369,094,470	21,934,114	71,701,253
3. Prepayments and assets under construction	–	45,997,015	-21,934,114	38,699,131
	–	**435,141,171**	**–**	**111,900,384**
III. Long-term financial assets				
Shares in affiliated companies	–	–	–	9,004,677,400
	–		**–**	**9,004,677,400**
Total	**–**	**435,141,171**	**–**	**9,127,333,760**

	Cost		Accumulated depreciation, amortisation and write-downs					
	Disposals	Balance as at 31/03/2021	Balance carried forward 01/04/2020	Additions	Disposals	Balance as at 31/03/2021	Carrying amounts as at 31/03/2021	Carrying amounts as at 31/03/2020
	€	€	€	€	€	€	€	€
	–	10,755,976	–	-63,340	–	-63,340	10,692,636	–
	–	**10,755,976**	**–**	**-63,340**	**–**	**-63,340**	**10,692,636**	**–**
	–	21,549,687	–	-40,345	–	-40,345	21,509,343	–
	-2,522,371	460,207,465	–	-68,841,406	–	-68,841,406	391,366,060	–
	–	62,762,032	–	–	–	–	62,762,032	–
	-2,522,371	**544,519,185**	**–**	**-68,881,750**	**–**	**-68,881,750**	**475,637,434**	**–**
	–	9,004,677,400	–	–	–	–	9,004,677,400	–
	–	**9,004,677,400**	**–**	**–**	**–**	**–**	**9,004,677,400**	**–**
	-2,522,371	**9,559,952,561**	**–**	**-68,945,091**	**–**	**-68,945,091**	**9,491,007,470**	**–**

Notes

Preliminary remarks

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

These annual financial statements were prepared pursuant to section 242 et. seq. and section 264 et. seq. of the German Commercial Code (Handelsgesetzbuch, "HGB") as well as the pertinent provisions of the German Stock Corporation Act (Aktiengesetz, "AktG").

The annual financial statements are prepared in euros. Rounding may result in differences to the exact mathematical figure.

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

In order to enhance the clarity of presentation in the statement of financial position and income statement, these notes contain disclosures on items included in other accounts and individual "of-which" notes. In addition, disclosures are provided on the date of the hive-down. With the exception of equity of €25 thousand and bank balances of €25 thousand, there was no other business activity in the previous year.

General disclosures

The Company's annual financial statements cover the financial year from 1 April 2020 through 31 March 2021.

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

The income statement was prepared using the nature of expense method in accordance with section 275 (2) HGB.

Change in legal form

The legal form of the Company was changed from a German limited liability company (Gesellschaft mit beschränkter Haftung, "GmbH") to a German joint stock company (Aktiengesellschaft, "AG") on 26 January 2021. As part of this change, the share capital of the GmbH was converted into an identical amount of share capital of the AG. Due to the identity-preserving character of the change in legal form, there were no further effects on the recognised assets, liabilities, or equity.

Transfer of the "Tower" sub-operation by Vodafone GmbH and additional capital measures

On 25 May 2020, the (at the time) sole shareholder, Vodafone GmbH, Düsseldorf, (hereinafter referred to as Vodafone GmbH) contributed the "Tower" sub-operation to the then Vodafone Towers Germany GmbH (now Vantage Towers AG) by way of a hive-down for purposes of absorption in exchange for a capital increase. Prior to this date, the Company had no business activities, but only cash and equity in the amount of €25 thousand. For economic purposes, the hive-down of the Tower activities was made with retroactive effect to 1 October 2019.

On 13 October 2020, the Non-Enterprise Distributed Antenna System ("NE DAS") was transferred in its entirety by way of a spin-off for purposes of absorption without the granting of new shares, also with retroactive effect to 1 October 2019 to the then Vantage Towers GmbH (now Vantage Towers AG). NE DAS sites are generally locations that are open to the public such as stadiums, airports, train stations and shopping centres, where distributed antenna systems are used to improve mobile network coverage.

By way of hive-down and spin-off (migration), assets in the amount of €633,203 thousand (of which fixed assets of €435,141 thousand, current assets of €144,308 thousand, and prepaid expenses of €53.754 thousand) and liabilities of €298,712 thousand (of which other provisions of €200,689 thousand, other liabilities of €58,549 thousand, and deferred income of €39,475 thousand) were technically transferred to the Company's financial accounting system.

In the course of executing the hive-down the share capital was increased from €25 thousand to €275,000 thousand by creating new shares in the amount of €274,975 thousand. The net assets taken over by Vantage Towers AG, measured at carrying amounts in the HGB annual financial statements of Vodafone GmbH as at the hive-down date (1 October 2019), exceeded the share capital increase by the amount of €33,521 thousand. In accordance with the hive-down agreement this amount was allocated to the capital reserves pursuant to section 272 (2) no. 1 HGB. Furthermore, in accordance with section 272 (2) no. 4 HGB, the spin-off of the NE DAS increased the capital reserves by 11,257 thousand.

From 1 October 2019 until the entry of the hive-down in the commercial register, all transactions related to the "Tower" sub-operation were conducted for the account of Vantage Towers AG ("for-the-account-of phase"). The full amount of the net result of the for-the-account-of phase is included in the income statement for the current financial year. The loss of the for-the-account-of phase of the hive-down of the Tower activities for the period from 1 October 2019 through 24 May 2020 amounts to €180,416 thousand. The loss is recognised in the other operating expenses of the current financial year.

The loss of the for-the-account-of phase of the spin-off (NE DAS) for the period from 1 October 2019 through 12 October 2020 amounts to €9,800 thousand. The loss is recognised in the other operating expenses of the current financial year.

In accordance with section 272 (2) no. 4 HGB, the compensation claim of €169,520 thousand (resulting from the payments made by Vodafone GmbH for the account of Vantage Towers AG during the for-the-account-of phases) was allocated to the capital reserves of Vantage Towers AG. In addition, the capital reserves were increased by an additional €35,433 thousand in accordance with section 272 (2) no. 4 HGB by an exemption declaration of Vodafone GmbH for energy costs.

In addition to these asset transfers, Vodafone GmbH made additional payments to increase equity. These concerned cash contributions in the amount of €230,782 thousand as part of an additional capital increase, which increased the subscribed capital, and other additional payments in the amount of €6,876,644 thousand, which were recognised directly to equity in the capital reserves in accordance section 272 (2) no. 4 HGB.

Accounting policies

Fixed assets

Purchased intangible fixed assets are recognised at cost and reduced by straight-line amortisation. Intangible fixed assets are amortised over useful lives of three to eight years. The option to recognise internally-generated non-current intangible fixed assets pursuant to section 248 (2) HGB is not exercised.

In accordance with section 255 HGB, tangible fixed assets are measured at 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. They are depreciated on a straight-line basis over the expected useful lives of the respective asset 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 (2) sentences 1 and 2 HGB, cost includes the direct and overhead costs. Vantage Towers AG exercises the option to retain the previous carrying amounts pursuant to Art. 67 (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 also combined into a summary account under commercial law and depreciated over five years.

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 (2) sentence 2 and section 253 (1) HGB in conjunction with section 255 (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, respectively, for a certain period after the reporting date are presented as deferred income or prepaid expenses.

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 taken into account 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 positive 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 based on a current combined tax rate of 30.805%. In addition to the corporate income tax of 15.0%, plus the 5.5% solidarity surcharge attributable thereon, the company-specific municipal trade tax rate of 14.98% was taken into account.

In the reporting period this resulted in a surplus of deferred tax assets. The option pursuant to section 274 (1) sentence 2 HGB to recognise surplus deferred tax assets is not exercised.

Offsetting of assets and liabilities

To satisfy 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., Düsseldorf. In accordance with section 253 (1) HGB in conjunction with section 255 (4) HGB, they are measured at fair value. This fair value is offset against the respective underlying obligations in accordance with section 246 (2) sentence 2 HGB. If there is a surplus of obligations, this 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.

Provisions

Provisions for pensions and similar obligations are measured using the projected unit credit method. In this method the actuarial calculation of pension provisions takes into account expected future wage and salary increases of 2.75% p.a., pension benefit increases of 1.40% p.a., and the expected staffing development (employee turnover). Age- and gender-dependent employee turnover probabilities are used when taking turnover into account. The Klaus Heubeck "2018G mortality tables" are used as biometric actuarial bases. In accordance with section 253 (2) HGB, a 10-year average interest rate is used as the discount rate. The applicable interest rate was determined to be 2.19%. 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 (2) sentences 2 and 3 HGB.

Other provisions are recognised in the settlement amount that is deemed necessary based on prudent business judgement. Other 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 used was that published as at 31 March 2021, which ranged from 0.40% to 0.68% for the 2020/21 financial year, depending on the residual term. The effect of an interest rate change on the measurement of obligations is presented under the item "net interest income".

Liabilities

Liabilities are recognised using their settlement amount.

Currency translation

The assets and liabilities denominated in foreign currency are translated using the average spot rate as at the 31 March 2021 reporting date. In the event assets and liabilities have a residual term of more than one year, the realisation principle and the imparity principle are observed.

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

Income statement disclosures

Revenue

The Company generated revenue in the amount of €408,240 thousand in the financial year, mainly from the leasing of towers. All revenue is generated in Germany. Revenue includes proceeds from the leasing of sites to the passive infrastructure to the main tenant (Vodafone GmbH), to third parties (mobile communications operators, broadcasters, emergency services, cooperation partners), and the related energy revenues resulting from the leasing. 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. Revenues are broken down into rental income, energy revenues, and other.

Revenue	01/04/2020–31/03/2021
	€k
Rental income from the main tenant	342,510
Energy revenue from the main tenant	8,461
Rental income from other tenants	45,664
Other revenue from the main tenant	5,604
Other revenue	6,001
Total revenue	**408,240**

Other own work capitalised

The majority of own work capitalised in the amount of €5,618 thousand resulted from project-related work and employee activities.

Other operating income

The other operating income of €81,318 thousand includes energy revenue for the active equipment in the amount of €68,287 thousand, costs recharged to affiliated companies in the amount of €10,681 thousand, income from foreign currency measurement in the amount of €1,072 thousand, and income from the reversal of the provision for restoration in the amount of €1,278 thousand. The recharged costs were not based on an exchange of goods or services between the Company and the affiliated companies.

Cost of materials

In addition to the rental expenses for the sites, the cost of materials in the amount of €177,735 thousand also encompasses the expenses for the maintenance and servicing of the radio towers as well as energy costs.

Cost of materials	01/04/2020–31/03/2021
	€k
Cost of raw materials, consumables and supplies, and of purchased goods	–76,748
Energy costs	–76,748
Cost of purchased services	–100,988
Rental & leasing costs	–82,050
Service and maintenance costs	–16,465
Other costs	–2,473
Total cost of materials	**–177,735**

Other operating expenses

The other operating expense in the amount of €272,733 thousand consists of the following:

Other operating expenses	01/04/2020–31/03/2021
	€k
Intercompany settlements and service fees	–252,192
of which “one-off” expenses (for-the-account-of phase)	–190,216
Restructuring costs	–12,861
Consulting costs	–2,198
Currency losses	–1,836
Other overheads	–1,297
Costs for professionals	–993
Advertising costs	–431
Travel expenses	–229
Office costs	–58
Miscellaneous	–639
Total other operating expenses	**–272,733**

The intercompany settlements and service fees include the loss in the for-the-account-of phase for the period from 1 October 2019 through 31 May 2020 in the amount of €190,216 thousand as “one-off” prior-period expenses.

Taxes on income and other taxes

The taxes on income during the financial year concern corporate income tax and solidarity surcharge of €6,878 thousand and trade tax of €7,211 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 are comprised of the following:

Company name	Registered office	Equity	Equity interest	Net income/ loss of the last financial year
		€k	%	€k
A. Directly held interests				
Central Tower Holding Company B.V.	Capelle aan den Ijssel, The Netherlands	9,209	100	-937
B. Indirectly held interests				
Vantage Towers. S.L.U.	Madrid, Spain	100,323	100	10,900*
Vodafone Towers Portugal S.A.	Lisbon, Portugal	280,695	100	2,108*
Vantage Towers S.R.L.	Bucharest, Romania	85,502	100	6,121*
Vantage Towers S.R.O.	Prague, Czech Republic	70,580	100	2,838*
Vantage Towers Zrt.	Budapest, Hungary	35,219	100	3,937*
Vantage Towers Limited	Dublin, Ireland	168,443	100	5,397*
Vantage Towers Single Member SA	Athens, Greece	845,965	100	-2,042**
Crystal Almond Towers Single Member SA	Athens, Greece	54,573	100	815**
Vodafone Greece Towers SA	Athens, Greece	-48,782	100	-15,192**
Cornerstone Telecommunications Infrastructure Limited	Theale, United Kingdom	365,554	50	-121,735***
Infrastrutture Wireless Italiane S.p.A.	Milan, Italy	4,580,481	33	156,667****

*Results for the period 17 December 2020 – 31 March 2021 according to IFRS
**Results for the period 23 December 2020 – 31 March 2021 according to IFRS
***Financial year 1 April 2019 – 31 March 2020
****Financial Year 1 January 2020 – 1 December 2020

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

Receivables and other assets

As at 31 March 2021, the receivables and other assets amounted to €629,086 thousand. The trade receivables and other assets have a residual term of less than one year.

The receivables from affiliated companies amounted to €617,388 thousand. These include trade receivables in the amount of €143,771 thousand (residual term of less than one year) and loans issued in the amount of €473,617 thousand (residual term of up to five years).

The other assets in the amount of €11,465 thousand include tax receivables of €8,307 thousand (of which €958 thousand is attributable to taxes on income and €7,349 thousand to value added tax) and other receivables of €3,158 thousand.

Prepaid expenses

The prepaid expenses in the amount of €73,320 thousand primarily include advance rent payments for tower sites in the amount of €59,930 thousand and the discount from bonds issued of €12,909 thousand.

Cash-in-hand and bank balances

The Company participated in the Group-wide cash pooling process in the 2020/21 financial year.

Equity

The Company's subscribed capital amounts to €505,782 thousand and is fully paid in. The capital reserves as at the reporting date amounted to €6,784,533 thousand. In accordance with section 272 (2) no. 4 HGB, €342,841 thousand was withdrawn from the capital reserves in the financial year and allocated to net retained profits.

Equity	31/03/2020	Contribution	Withdrawal	31/03/2021
	€k	€k	€k	€k
Subscribed capital	25	505,757	–	505,782
Capital reserves as per section 272 (2) HGB nos. 1–4:				
1. The amount received on the issuance of shares, including pre-emptive rights, in excess of par value or, if there is no par value, the notional value	–	33,520	–	33,520
4. The amount of additional shareholder payments to equity	–	7,092,854	-342,841	6,750,013
Net retained profits	–	283,238	–	283,238
Total equity	**25**	**7,915,370**	**-342,841**	**7,572,553**

The Company was founded with an original share capital of €25 thousand in return for cash contributions on 28 February 2019.

On 4 May 2020, the shareholders' meeting of the Company resolved to increase the share capital by €274,975 thousand, from €25 thousand to €275,000 thousand by issuing 274,975,000 new shares of the Company. This first capital increase was executed by way of a contribution in kind. Vodafone GmbH received 274,975,000 new shares in the Company as consideration. The execution of this first capital increase was registered in Vodafone GmbH's entry in the commercial register on 25 May 2020.

On 17 November 2020, the Company's annual general meeting resolved to further increase the subscribed capital of €275,000 by €189,504 thousand to €464,504 thousand by issuing 189,504,358 new shares of the Company. This second capital increase was executed by the payment of €189,504 thousand in cash by Vodafone GmbH to the Company. Vodafone GmbH received 189,504,358 new shares in the Company as consideration. The execution of this second capital increase was entered in the commercial register on 4 December 2020.

On 7 January 2021, the Company's annual general meeting resolved to further increase the share capital of €464,504 by €41,278 thousand to €505,782 thousand by issuing 41,277,907 new shares of the Company. This third capital increase was executed by the payment of €41,278 thousand in cash by Vodafone GmbH to the Company. Vodafone GmbH received 41,277,907 new shares in the Company as consideration. The execution of this third capital increase was entered in the commercial register on 14 January 2021.

Provisions

Provisions in the amount of €252,242 thousand mainly related to restoration obligations for sites with passive infrastructure in the amount of €164,869 thousand, energy costs for sites amounting to €50,030 thousand, and other provisions in the amount of €37,343 thousand.

Bonds

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

Liabilities

The trade payables in the amount of €28,491 thousand resulted primarily from liabilities for investments of €16,621 thousand and additional trade payables in the amount of €11,870 thousand.

The liabilities to affiliated companies in the amount of €77,130 thousand essentially concern loan liabilities of €65,662 thousand and trade payables in the amount of €11,397 thousand. The Company entered into one foreign currency swap with Vodafone Group Plc as the counterparty in order to hedge the loan granted to Vantage Towers s.r.o for CZK 2,825,000 for a period of one month from 1 March 2021 to 1 April 2021. The contingent loss from the pending transaction on the reporting date is recognised through profit or loss. The carrying amount as at 31 March 2021 of €71 thousand is reported under liabilities to affiliated companies and is equivalent to the fair value. The liability is measured using a discounted cash flow model.

The other liabilities in the amount of €423 thousand resulted from tax liabilities. The residual terms may be found in the maturity structure of liabilities.

Liabilities	31/03/2020	31/03/2021
	€k	€k
Bonds	**–**	**2,200,000**
(of which with a residual term of up to one year)	–	10,454
(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
Trade payables	**–**	**28,491**
(of which with a residual term of up to one year)	–	28,491
Liabilities to affiliated companies	**–**	**77,130**
(of which with a residual term of up to one year)	–	77,130
Other liabilities	**–**	**423**
(of which with a residual term of up to one year)	–	423
(of which from taxes)	–	423
(of which relating to social security and similar obligations)	–	–
Total liabilities	**–**	**2,306,044**
(of which with a residual term of up to one year)	–	116,498
(of which with a residual term of more than one and less than five years)	–	785,509
(of which with a residual term of more than five years)	–	1,404,037

Deferred income

Of the €62,574 thousand in deferred income items existing as at 31 March 2021, which consist mainly of lease prepayments for towers, €31,711 thousand relate to leases to affiliated companies, and €30,863 thousand relate to leases to third parties.

Other financial commitments

As at the 31 March 2021 reporting date there were other financial commitments for lease agreements in the amount of €875,359 thousand. There are also open orders from investments amounting to €80,085 thousand and open orders for expenses of €9,442 thousand in existence as of the reporting date.

Contingent liabilities

There were no contingent liabilities in the 2020/21 financial year.

Other disclosures

Breakdown of the number of employees

Average number of employees (salaried staff)	112
Of which senior executives	14

Total remuneration of the Management Board and the Supervisory Board

The following tables show the compensation of the individual Executive Board members including the value of the benefits granted in the reporting year. They are supplemented by the minimum and maximum achievable values of the LTI (long-term incentive programme). A detailed description of the main features of the compensation system and an individualised presentation of the compensation paid to the members of the Executive Board and Supervisory Board is provided in the compensation report.

Total Management Board remuneration

Vivek Badrinath

Component	Description	Target remuneration	Benefits granted		Amounts paid out
		2020 €	2020 (min.) €	2020 (max.) €	2020 €
Fixed remuneration	Fixed base pay	725,004	–	–	725,004
	Fringe benefits	165,414	–	–	165,414
Variable remuneration	Short-term bonus	725,004	–	1,450,008	898,279
	Long-term bonus (FY2020/21 to 2022/23) (rounded)	1,827,537	609,179	3,322,795	–
	Pension costs	96,338	–	–	96,338
Total		**3,539,298**			**1,885,037**

Thomas Reisten

Component	Description	Target remuneration	Benefits granted		Amounts paid out
		2020 €	2020 (min.) €	2020 (max.) €	2020 €
Fixed remuneration	Fixed base pay	340,837	–	–	340,837
	Fringe benefits	138,265	–	–	138,265
Variable remuneration	Short-term bonus	246,002	–	492,004	304,796
	Long-term bonus (FY2020/21 to 2022/23) (rounded)	516,744	172,248	939,534	–
	Pension costs	41,049	–	–	41,049
Total		**1,282,898**			**824,948**

Christian Sommer

Component	Description	Target remuneration	Benefits granted		Amounts paid out
		2020 €	2020 (min.) €	2020 (max.) €	2020 €
Fixed remuneration	Fixed base pay	256,674	–	–	256,674
	Fringe benefits	17,014	–	–	17,014
Variable remuneration	Short-term bonus	140,004	–	280,008	173,464
	Long-term bonus (FY2020/21 to 2022/23) (rounded)	247,031	82,343	449,147	–
	Pension costs	30,335	–	–	30,335
Total		**691,058**			**477,487**

Total remuneration Supervisory Board

Name/function	Remuneration
	2020 €
Rüdiger Grube Chair of the Supervisory Board	50,000
Rosemary Martin Deputy Chair of the Supervisory Board and member of the Audit, Risk, and Compliance Committees	waived
Michael Bird Member of the Audit, Risk and Compliance Committees	waived
Barbara Cavaleri Member of the Audit, Risk and Compliance Committees	waived
Katja van Doren Member of the Remuneration and Nominating Committees	15,833
Charles C. Green III Member and Chair of the Audit, Risk and Compliance Committees	15,833
Terence Rhodes	13,333
Johan Wibergh Member of the Remuneration and Nominating Committees	waived
Pinar Yemez Member of the Remuneration and Nominating Committees	waived

The three members of the Supervisory Board appointed during the year (Pierre Klotz, Rebecca Symondson and Alexander Deacon) waived remuneration.

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 charged for the financial year is not disclosed because the disclosure is included in the consolidated financial statements of Vantage Towers AG.

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

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

Report on post-reporting-date events – events after the closing of the financial year

There were no further material events or noteworthy changes in the general conditions after the closing of the 2021 financial year. There was no change in the economic environment to an extent that it had a material impact on business activities, nor was the industry situation materially different from as at 31 March 2021.

Corporate governance

The declaration of compliance 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

Management proposes to use the net retained profits in the amount of €283,238 thousand for the planned distribution of dividends to the shareholders in July 2021.

Supervisory Board

The Supervisory Board of Vantage Towers AG consists of nine members with the independent Chair, Dr Rüdiger Grube (Deputy Chair: Rosemary Martin). The Supervisory Board has in-depth expertise in the field of towers and the telecommunications industry as a whole.

Dr Rüdiger Grube

- Chairman of the Supervisory Board of Vantage Towers AG
- Appointed from 18 January 2021 to 2025
- Additional memberships: DEUFOL SE, Hamburger Hafen und Logistik AG HHLA, RIB-Software SE, Vossloh AG, Alstom/Bombardier, Transportation Germany GmbH

The other members of the Supervisory Board are:

- Katja van Doren: RWE Generation SE, Société Électrique de l'Our SA, Luxembourg, Großkraftwerk Mannheim AG (appointed from 8 February 2021 to 2025)
- Charles C. Green III: Co-founder and former Executive Chairman of Helios Towers, a leading independent tower company in Africa (appointed from 8 February 2021 to 2025)
- Terence Rhodes: A co-founder and former CEO of Eaton Towers, a pan-African tower company (appointed from 8 February 2021 to 2025)
- Rosemary Martin (Deputy Chair): Vodafone Corporate Secretaries Ltd, Vodafone Foundation, Lloyds Register Foundation, Panel on Takeovers and Mergers (UK), University of Sussex (appointed from 18 January 2021 to 2025)

- Johan Wibergh: Vodafone Group Chief Technology Officer, was previously Executive Vice President and Head of the Networks at Ericsson and currently a member of the management board of NASDAQ-listed Trimble Inc (appointed from 18 January 2021 to 2025)

- Michael Bird: Vodafone Group M&A Director, Wirtschaftsprüfer (German Public Auditor) and former investment banker (appointed from 18 January 2021 to 2025)

- Barbara Cavaleri: Vodafone Italia SpA, VEI Srl, VND SpA (appointed from 18 January 2021 to 2025)

- Pinar Yemez: Human Resources Director, Vodafone Group Functions and Vodafone Business (appointed from 18 January 2021 to 2025)

Members of the Supervisory Board during the financial year:

- Pierre Klotz, Rebecca Symondson and Alexander Deacon served as interim members of the Supervisory Board (appointed on 18 January 2021) and stepped down from their positions on the Supervisory Board of Vantage Towers AG effective as at the end of the extraordinary general meeting of Vantage Towers AG on 8 February 2021.

Management Board

Vivek Badrinath, Düsseldorf
Chairman of the Management Board

Membership in supervisory boards and membership in comparable supervisory bodies:
Atos SE (France) 3/3

Thomas Reisten, Düsseldorf
Chief Financial Officer

Membership in supervisory boards and membership in comparable supervisory bodies:
Indus Towers Ltd (India)

Christian Sommer, Düsseldorf
General Counsel

Membership in supervisory boards and membership in comparable supervisory bodies:
None

4 June 2021

Duesseldorf

Vivek Badrinath	Thomas Reisten	Christian Sommer
CEO	CFO	General Counsel

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, 4 June 2021

Vantage Towers AG

The Board of Management

Vivek Badrinath | Thomas Reisten | Christian Sommer

Auditor's Report

Independent auditor's report

To Vantage Towers AG (since 16 July 2020 until 26 January 2021: VantageTowers GmbH; until 15 July 2020: Vodafone Towers Germany GmbH)

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

Opinions

We have audited the annual financial statements of Vantage Towers AG (since 16 July 2020 until 26 January 2021: Vantage Towers GmbH; until 15 July 2020: Vodafone Towers Germany GmbH), Düsseldorf, which comprise the statement of financial position as at 31 March 2021, and the income statement for the fiscal year from 1 April 2020 to 31 March 2021, 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 2020 to 31 March 2021, which is combined with the group management report. In accordance with the German legal requirements we have not audited the content of section "Corporate Govenance Statement" in the combined management report.

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 2021 and of its financial performance for the fiscal year from 1 April 2020 to 31 March 2021 in compliance with German legally required accounting principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of section "Corporate Govenance Statement".

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

Basis for the opinions

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

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from 1 April 2020 to 31 March 2021. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

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

1. Valuation of investments in affiliated companies

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

Investments in affiliated companies represent a significant part of the assets in the annual financial statements of Vantage Towers AG. The investments in affiliated companies amount to EUR 9,005 million as of the balance sheet date and thus represent approx. 88% of the balance sheet total. The shares in affiliated companies represent the participation in Central Tower Holding Company BV, Capelle aan den Issel, The Netherlands. This holding company holds stakes in other affiliated companies of Vantage Towers AG in nine countries. The value of the holding company is determined solely by the value of its subsidiaries. As of 31 March 2021, Vantage Towers AG carried out an impairment test in accordance with IDW RS HFA 10 for the investments in affiliated companies. For the indirect investments, this was based on a valuation model using the discounted cash flow method.

Against the background of the associated complexity and discretion, the impairment test for the investments in affiliated companies was one of the key audit matters in our audit. The impairment test is based on assumptions that are derived from corporate planning and that are influenced by expected future market and economic conditions. The fair value of the investments in affiliated companies depends in particular on the future cash flows in the medium-term planning of the respective affiliated companies as well as the assumed discount rates and growth rates. The definition of these parameters is the responsibility of the legal representatives and is subject to estimations. There is a risk that changes to these estimations will result in significant changes in the impairment tests of the respective investments in affiliated companies.

Auditor's response

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

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

Reference to related disclosures

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

2. New Master Service Agreement with Vodafone GmbH

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

Vantage Towers AG generates the vast majority of its revenues in Germany with Vodafone GmbH. Approximately 88% of the sales for so-called macro sites (physical infrastructure for the operation of mobile communication systems, which is installed either close to the ground or on the roof of a building) is achieved by the Company in Germany with Vodafone GmbH for the leasing of these locations or with other services for these locations. The contractual basis is the so-called Master Service Agreement with Vodafone GmbH in Germany, which was newly concluded and applied for the first time in the financial year. Against the background of the importance of the Master Service Agreement, both with regard to the total share of the Company's revenues and the complexity of the contracts and the first-time application, these are subject to a particular risk of incorrect accounting. We have therefore classified the recording of these revenues as one of the key audit matters for our audit of the annual financial statements.

Auditor's response

As part of our audit activities, we dealt with the process established by the Company for recording and deferring revenues. In order to understand the correctness of the revenue recognition on the balance sheet date, we audited key contracts, reconciled them to the expenses and liabilities of Vodafone GmbH and carried out a reconciliation to the respective locations. We formed our expectations on the basis of the number and characteristics of macro and micro sites and the existing Master Service Agreements and compared these with the results of the respective evaluation for the locations. The results of these audit procedures were in line with our expectations. Furthermore, we assessed the revenues based on the contractual basis to determine whether they can be correctly reported as such against the background of an existing or non-existent provision of services. The risk of manual sales postings initiated by management in addition to the standardized revenue process was countered by relying on detailed interviews of the legal representatives and the use of data analysis tools for our audit opinion.

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

Reference to related disclosures

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

Other information

The supervisory board is responsible for the report of the supervisory board in section "To our Shareholders" in the annual report. The supervisory board and the management board are responsible for the group statement on corporate governance following Sec. 161 AktG which is part of the Statement of "Corporate Governance" 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

- the responsibility statement of the management board on consolidated financial statements and the combined management report in section "Further Information"
- the report of the supervisory board in section "To our Shareholders"
- the voluntary non-financial report in section "Voluntary Non-Financial Report"
- the discussion of Group pro forma performance in sections "Financial Performance" and "Further information"

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this combined management report.

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

- Identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances,

but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

Other legal and regulatory requirements

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

Reasonable assurance opinion

We have performed assurance work in accordance with Sec. 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the combined management report (hereinafter the "ESEF documents") contained in the attached electronic file VT_AG_EA+KLB_ESEF_2021_03_31.zip and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the combined management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying combined management report for the financial year from 1 April 2020 to 31 March 2021 contained in the "Auditor's report on the annual financial statements and on the combined management report" above.

Basis for the reasonable assurance opinion

We conducted our assurance work on the reproduction of the annual financial statements and the combined management report contained in the above-mentioned attached electronic file in accordance with Sec. 317 (3b) HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with Sec. 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

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

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

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

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and audited combined management report as well as other documents to be published to the operator of the Federal Gazette.

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

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

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

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

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

We were elected as auditor by the annual general meeting on 18 January 2021. We were engaged by the supervisory board on 19 April 2021. We have been the auditor of Vantage Towers AG since fiscal year 2020/2021.

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

In addition to the financial statement audit, we have provided to the Company or entities controlled by it the following services that are not disclosed in the annual financial statements or in the combined management report: Audit of condensed combined interim financial statements for the six months ended 30 September 2020, Examination of the pro forma consolidated income statement for the twelve months ended 31 March 2020, the pro forma consolidated income statement for the nine months ended 31 December 2020 and the pro forma consolidated statement of financial position as of 31 December 2020, as well as pro forma notes, Audit of the unconsolidated German GAAP financial statements of the Company as of and for the short financial year ended 31 March 2020, Audit of the unconsolidated IFRS financial statements of the Company as of and for the twelve months ended 31 March 2020, Audit of the unconsolidated IFRS financial statements of the Company as of and for the period from 28 February to 31 March 2019, Issuance of comfort letters in relation to the Initial Public Offering of the Company and the Issuance of a comfort letter in connection with the establishment of a debt issuance programme of the Company.

German Public Auditor responsible for the engagement

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

Cologne, 4 June 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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

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