VANTAGE TOWERS

We're powering Europe's digital transformation

Annual Report 2020/21

Key data Vantage Towers

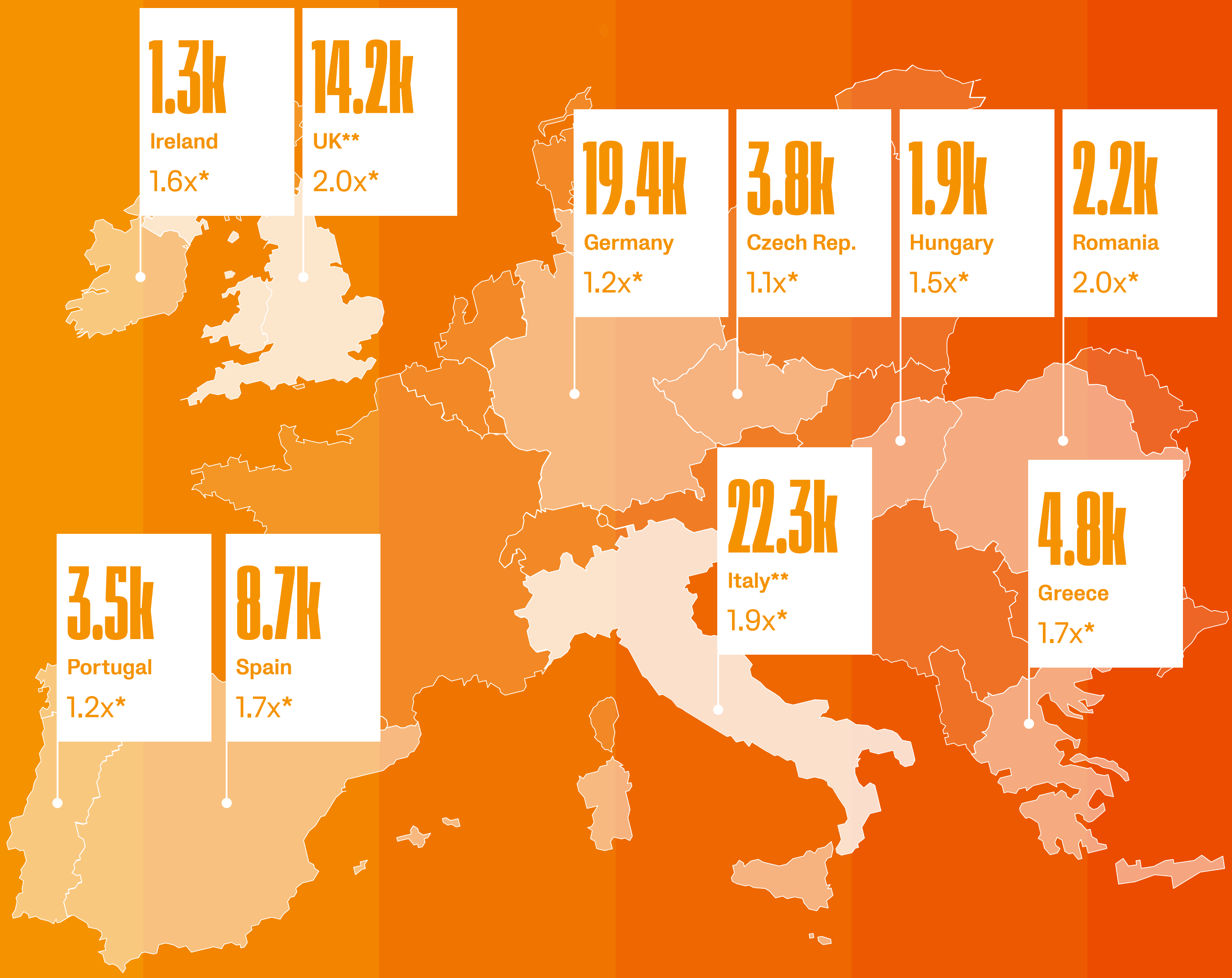
Pro forma financial results summary	FY20	FY21	Change
	€m	€m	%
Macro sites (in thousand units)	45.4	45.7	0.7
Tenancy ratio (number of tenancies/ number of macro sites)	1.37x	1.40x	2.2
Group revenue (ex. pass through)	945	966	2.2
Adj. EBITDA	814	830	2.0
Adj. EBITDA margin	86%	86%	–
Capex recharge revenue	–	(4)	n/a
Ground lease expense	(301)	(302)	0.3
Adj. EBITDAaL	513	524	2.1
Adj. EBITDAaL margin	54%	54%	–
Recurring free cash flow (RFCF)	375	384	2.4
Leverage (net debt/adjusted EBITDAaL)	n/a	3.8x	n/a

FY21 Highlights

- Sustained commercial momentum continues across the business:
  - Delivered c.1,800[1] new tenancies in FY21 with a tenancy ratio of 1.40x, ahead of FY21 pro forma guidance
  - Deployed c.600[1] sites against our target of 550
  - Two framework extension agreements signed in Q4 in addition to the new agreements announced at Q3
- Successful listing on the Prime Standard segment of the Frankfurt Stock Exchange completed in March 2021 with a valuation currently implying a market capitalisation of over €13 billion
- €2.2 billion debut bond offering completed with very strong investor support
- Financial results in line with FY21 pro forma guidance
- Intention to propose a dividend of approximately €283 million, in line with guidance
- FY22 guidance announced: revenue €995 to 1,010 million, EBITDAaL margin broadly stable and recurring free cash flow of €390 to 400 million. Medium-term targets reaffirmed

[1] Sites/tenancies added from 1 April 2020 to 31 March 2021

With 82k macro sites, we've got Europe covered

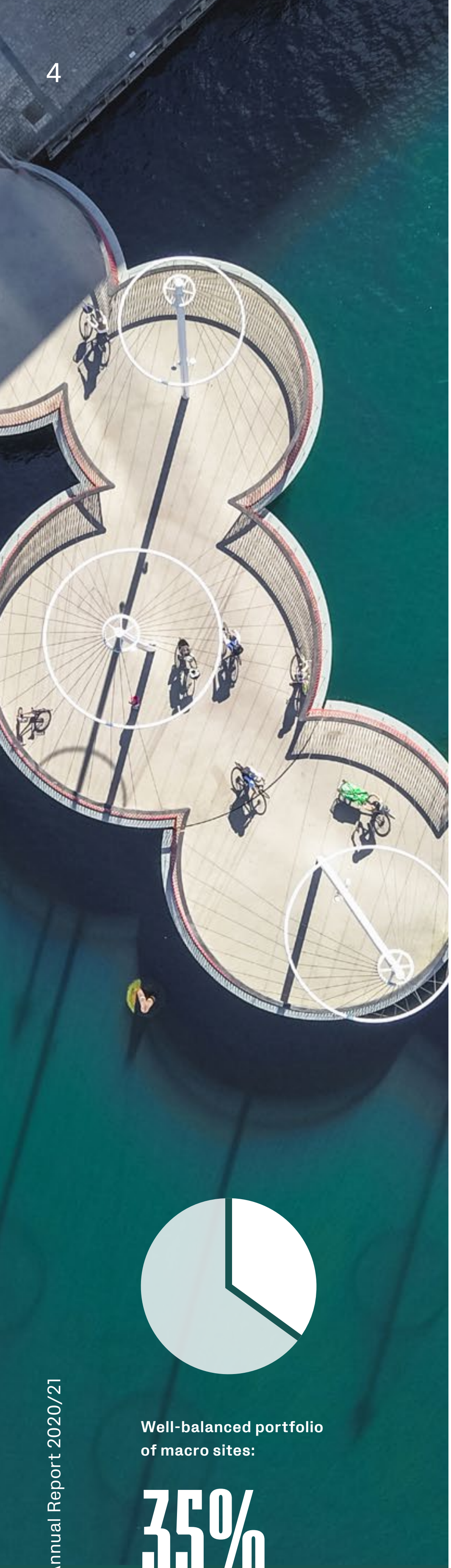


* Tenancy ratio is the total number of tenancies (including virtual tenancies) on Vantage Towers' macro sites divided by the total number of macro sites. Virtual tenancies are when a customer shares its active equipment on a site with a counterparty under an active sharing agreement.

** Joint venture: Italy and UK

Who we are

As a leading European towers infrastructure company, we serve mobile network operators (MNOs), federal agencies and customers from the utilities and technology sector. We are at the heart of the 5G rollout and enable new applications for the Internet of Things. Benefiting from strong and resilient underlying demand within a growing towers market, we have a clear focus on strategic growth. Our experienced, independent and commercially-driven management team is dedicated to powering Europe's digital transformation.



Your 5G superhost for Europe

People and businesses across Europe need more and better connectivity. That is why we help to transform societies and economies. What do we bring to the table? A network of c.82,000 towers across ten countries, a next-generation sharing model and a suite of services.

As densification and coverage expectations across Europe continue to grow, MNOs can rely on the critical infrastructure our portfolio delivers. No matter if it's about more capacity, more coverage, or both – we help our customers grow their business.

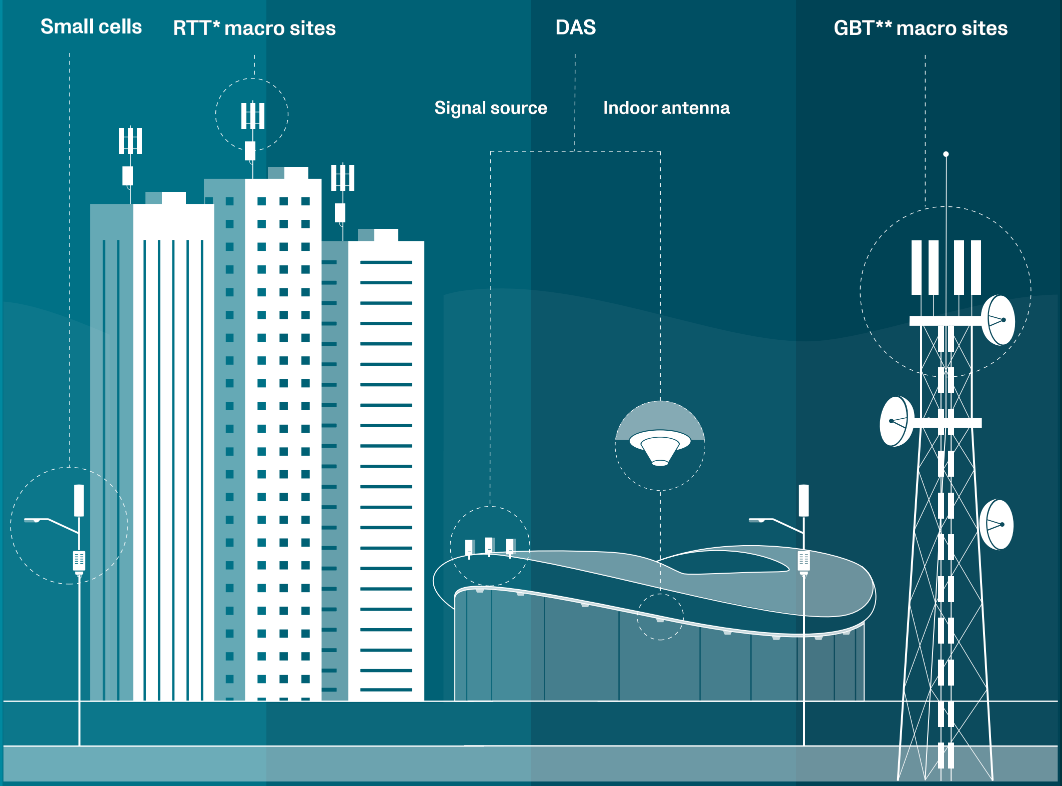
Our assets range from ultra-reliable, far-reaching macro sites to fast-install, flexible urban solutions for vital boosts to localised connectivity.

We use these assets as efficiently as possible, allowing our customers to colocate across the same infrastructure. This shared tenancy model enables more efficient expansion, a minimised footprint and more sustainable operations.

Well-balanced portfolio of macro sites:

35%
ground-based towers

65%
rooftop towers



* Rooftop tower **Ground-based tower

We offer comprehensive solutions for further-reaching, faster, more reliable, and higher quality connectivity. Some of our solutions include:

Macro sites

Boost your macro coverage and capacity with Europe's largest tower portfolio. Our ground-based tower (GBT) sites and rooftop tower (RTT) sites have the physical and EMF space required to accommodate even the most demanding 4G and 5G deployment needs.

DAS/Small cell

Our Distributed Antenna Systems (DAS) boost coverage and capacity in large and busy indoor spaces with high concentrations of mobile users, such as stadiums, arenas, and shopping malls. Our small cells are an ideal way to meet growing high-bandwidth data demands in very busy indoor and outdoor areas.

Letter from our CEO

Dear Shareholders,

I am proud to present to you our first Annual Report following our listing on the Frankfurt Stock Exchange on 18 March 2021. Our journey in the last twelve months has been a remarkable one: After long and thoughtful preparations, this journey began with the carve-out from the Vodafone Group. We assembled a strong executive team to lead and manage a new entity in the middle of an unprecedent Covid-19 crisis. The business continued to grow as a leading European tower infrastructure company and despite lockdowns across Europe with unparalleled challenges, we met all our milestones for the initial public offering (IPO). This also highlights the importance of connectivity and digital transformation across Europe – we were able to build something new from our homes. And on the 18 March 2021, we made our debut in the public markets with a successful IPO at the Frankfurt Stock Exchange, raising approximately €2.2 billion. This was one of Europe's largest IPOs of the year as well as the largest IPO in Germany in over two years in offer size at the time of listing, which attracted a wide range of global institutional investors to our shareholder base.

This is just the beginning of our journey. We are excited to have you at our side, dear shareholders, and we are committed to make it a journey worth taking. Thanks to considerable growth opportunities in Europe, our Group has a promising future ahead and we want all stakeholders to benefit from our current and future economic success.

I am pleased that we have fully delivered on our financial year 2021 (FY21) operational and financial targets and we remain focused on commercialising our business and delivering our medium-term targets. We are working to grow our revenues and deliver our efficiency programmes to provide attractive returns for our shareholders and make a significant contribution to better connectivity and the sustainable digitisation of Europe.

Europe's digital transformation is accelerating, and we are central to its growth. As a 5G super host we are a key enabler for the 5G roll-out. Mobile operators are expanding their networks to manage increasing data traffic, and they value the quality of our grid. This underscores our confidence in the future. In the past financial year, we have made strong progress across our commercial, operational and strategic levers. Please allow me to point out some highlights:

- Our portfolio has increased to c.82,000 macro sites in 10 European markets – with leading positions of #1 or #2 in 9 of them.

“We have made strong progress across our commercial, operational and strategic levers.”

"The best part of our journey is yet to come."

- In FY21, we added c.1,800[1] new tenancies. This includes 660[1] tenancies that were previously non-committed – a number worth noting, as these new contracts represent approximately one-third of the non-committed tenancies that we need to deliver our medium-term tenancy ratio target of >1.50x.

- We expanded our ground lease optimisation programme, which will reduce costs and deliver commercial upsides. Our Ground Lease Buyout ("GLBO") programmes or pilots are now underway in six countries, showing encouraging results from lease buyouts and renegotiations with landowners.

- Results from our co-controlled joint ventures, Cornerstone and INWIT, were in line with expectations with good operational performance. INWIT declared a dividend of €0.30 per share for CY20, meeting their guidance.

- With a confirmed investment grade rating and secured external financing, our leverage ratio was 3.8x which was better than our guidance of 4.0x. We are on track to maintain our improved leverage position through this current financial year. This allows us to create value for our stakeholders and balance our targets of growth, investments and returns with a 60% RFCF dividend payout ratio.

- In the last months, we have also been able to sign important agreements. These include a 10-year framework agreement with Eir and Three in Ireland, a 5-year collaboration agreement with the Spanish industry body AOTEC, and a 10-year framework agreement with Sigfox in Germany to scale the infrastructure for the IoT. We are also rapidly progressing on 5G indoor coverage solutions, as we deploy the first 5G Distributed Antenna System solution for a building complex in the Czech Republic.

[1] Sites/tenancies added from 1 April 2020 to 31 March 2021

So much for the present. Now to the future: We have set ourselves ambitious targets for the new financial year as well as for the medium-term. My colleagues in the management team and I personally are committed to achieving these goals and to deliver on our mission: Powering Europe's digital transformation. To achieve this mission, we have created a fit-for-purpose tower company and follow a comprehensive strategy with three pillars:

- People: We set an unflinching focus on Health and Safety with a multi-skilled and diverse team, providing our employees with best-in-class tools.
- Planet: We build resilience in Europe through coverage, focus on energy-conscious delivery and providing a sustainable infrastructure supported by a superior supply chain.
- Performance: We are incentivised to drive shareholder value and follow an ambitious organic growth strategy for anchor and other tenancies. Our operational efficiency will be best-in-class and we see potential upside from strategic M&A.

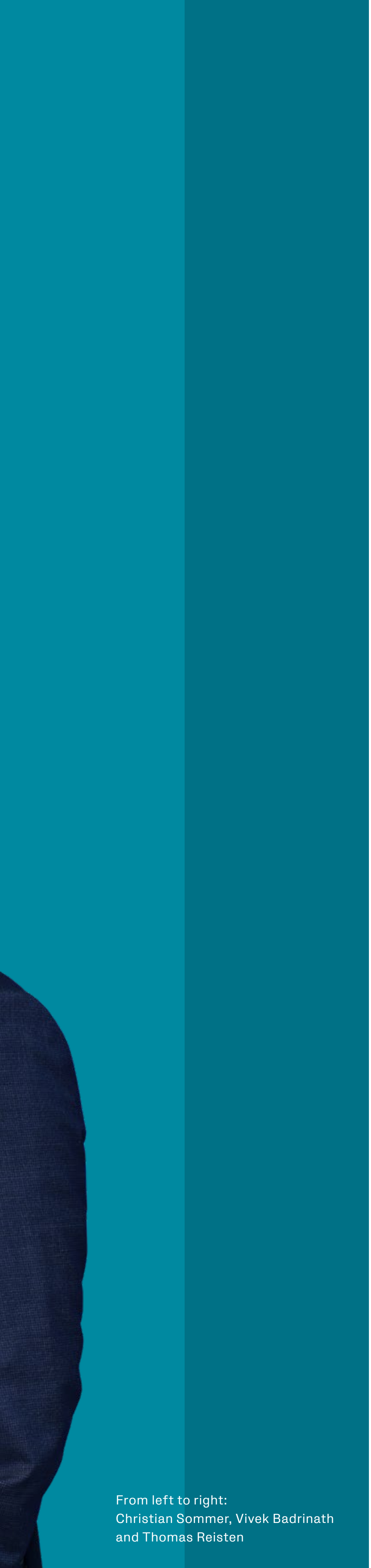
The pillars "People" and "Planet" also represent the two dimensions of our ESG agenda. In the voluntary Non-financial Report included in this publication, we provide additional perspective on these topics. With Environmental, Social and Governance (ESG) at the heart of our strategy, we are confident that our approach is right. We see a number of tailwinds that support meaningful growth beyond the medium-term: On the one hand, we will leverage our hosting business with a focus on new tenancies, new sites as well as small cells and distributed antenna systems. On the other hand, we will expand into new services to become a superhost creating value for all stakeholders.

To sum it up: The best part of our journey is yet to come, dear shareholders. Our company is full of potential, and all employees share a common entrepreneurial spirit. I am deeply grateful for the initiative, drive and passion that our people have displayed in the exceptional year that lies behind us. Together with my colleagues in the management team, I thank everyone at Vantage Towers for their fantastic work and all our shareholders – existing and new – for the continuous support and confidence in us.

Sincerely,

Vivek Badrinath

Our Management Team



From left to right:
Christian Sommer, Vivek Badrinath and Thomas Reisten

CHIEF FINANCIAL OFFICER

Thomas Reisten

- 22 years industry experience
- Management Board Member and CFO of Vantage Tower AG since June 2020
- Previous experience includes: Finance Director Vodafone Rest of World and Vodafone Business, CFO Vodafone India
- Current seats: Indus Towers Ltd (India)

CHIEF EXECUTIVE OFFICER

Vivek Badrinath

- 25 years industry experience
- Management Board Member and CEO of Vantage Tower AG since April 2020
- Previous experience includes: CEO Vodafone Rest of World and Vodafone Business, Deputy CEO and CTO Orange and Deputy CEO AccorHotels
- Current seats: Atos SE (France)

GENERAL COUNSEL

Christian Sommer

- 21 years industry experience
- Management Board Member and General Counsel of Vantage Tower AG since May 2020
- Previous experience includes: Legal Director Vodafone Group

HUMAN RESOURCES DIRECTOR

Nikolaus Rama

- 18 years industry experience
- Human Resources Director for Vantage Towers since June 2020
- Previous experience includes: Head of HR Business Partnering Technology and Corporate Functions at Vodafone Germany

CHIEF COMMERCIAL OFFICER

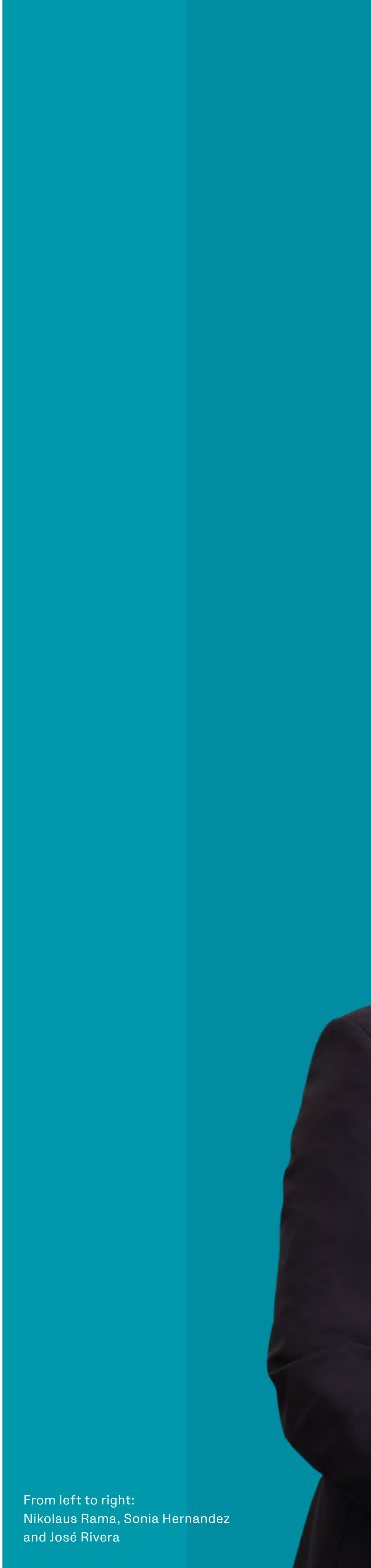
Sonia Hernandez

- 24 years industry experience
- Chief Commercial Officer for Vantage Towers since April 2020
- Previous experience includes: CEO Vodafone Malta and a number of senior supply chain and commercial positions at Vodafone

CHIEF TECHNOLOGY OFFICER

José Rivera

- 29 years industry experience
- Chief Technology Officer for Vantage Towers since April 2020
- Previous experience includes: Key roles for Vodafone Portugal, including responsibilities for Network Delivery, Core and Transport Engineering and a number of key technology rollouts



From left to right:
Nikolaus Rama, Sonia Hernandez and José Rivera

Report of the Supervisory Board

Dear Shareholders,

The financial year of Vantage Towers AG, which ended on 31 March 2021 (FY21), was characterised by the concentration of Vodafone's European tower business under Vantage Towers AG, the change of the company's legal form from a German limited liability company to a German stock corporation and the admission to public trading of Vantage Towers AG's shares on the stock exchange.

Vantage Towers AG assumed the German tower business from Vodafone GmbH by way of a hive-down by absorption which became effective on 25 May 2020 as well as by way of a downstream spin-off by absorption which became effective on 13 October 2020. In addition, the Company indirectly acquired by way of share acquisitions the businesses forming Vodafone's European tower business in Spain, Ireland, Portugal, the Czech Republic, Hungary and Romania. In relation to Italy, Vantage Towers AG acquired indirectly from Vodafone Group a 33.2% co-controlling shareholding in Infrastructure Wireless Italiane SpA and in relation to UK a 50% co-controlling shareholding in Cornerstone Telecommunications Infrastructure Limited. The shareholdings in the non-German tower business entities are held by Central Tower Holding Company B.V., a Dutch subsidiary of Vantage Towers AG in which Vantage Towers AG holds 100% of the ordinary shares and Vodafone Europe B.V. holds one special share. Central Tower Holding Company B.V. also acquired prior to the public listing a shareholding of approximately 62% in Vantage Towers Greece with the remaining approximately 38% acquired on 25 March 2021.

In creating one of Europe's leading tower portfolios, the Company is meeting the growing demand for better connectivity and placing itself at the heart of a continent-wide digital transformation. Vantage Towers AG strives to build a digital future that benefits all stakeholders and is dedicated to becoming a 5G superhost and enabling a better-connected, digital Europe. As one of Europe's largest and most geographically diversified tower companies, Vantage Towers AG holds either the #1 or #2 market share in nine of the ten countries in which it operates and is, thus, well placed in the growing market of network connectivity.

The Supervisory Board supports the Management Board's vision of Vantage Towers AG's business and closely cooperates with the Management Board in its operative implementation, which includes the strategic goals of the Management Board and the strive for high quality and resilient networks.

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.

This comprehensive diversity forms the starting point for the composition of the Supervisory Board and shall also be the benchmark for its future composition.

On behalf of the Supervisory Board, I would like to thank the members of the Management Board, the employees of Vantage Towers AG as well as all Group companies for their exceptional and outstanding efforts in the demanding and challenging times of the reorganisation process and the public listing as well as for their dedication in the day-to-day business of the Company and the Group. The Supervisory Board is assured that together we are on a promising path of growth and success.

In the following section, you will find the detailed report of the Supervisory Board on its activities in FY21.

Prof. Dr. Rüdiger Grube
Chairman

The Supervisory Board in FY21

The first Supervisory Board of Vantage Towers AG was constituted in the course of the change of legal form of the Company into a stock corporation in January 2021. The Supervisory Board is composed of nine members which are all elected by the General Meeting.

In the reporting period, the Supervisory Board performed the duties assigned to it by law, the articles of association and the rules of procedure of the Supervisory Board. The Supervisory Board in particular monitored and advised the Management Board in its management of the Company. In addition, the Supervisory Board and the Management Board were in regular exchange, either in meetings of the Supervisory Board or outside of meetings. Such exchange included, among other things, detailed reports, explanations and timely updates on the status of the preparation and implementation of the public listing of Vantage Towers AG's shares or the steps in the reorganisation process which were to be executed after the establishment of the Supervisory Board, as well as the explanation of steps of the reorganisation which were executed before.

The Management Board informed the Supervisory Board also upon the course of business of Vantage Towers AG and Vantage Towers Group (including its economic situation), the strategy and business policy, corporate planning as well as the Company's and the Group's profitability.

The Supervisory Board was closely involved at an early stage in all major decisions for the Company. Insofar as the approval of the Supervisory Board was required for decisions or measures of the Management Board due to the law, the articles of association or the rules of procedure of the Management Board, the members of the Supervisory Board assessed and discussed the decisions or measures thoroughly and approved them unanimously.

Agenda items of the Supervisory Board and its Committees

In the reporting period from 18 January 2021 to 31 March 2021, the Supervisory Board held three meetings and, in addition, passed resolutions outside meetings by way of circular resolutions. Due to the Covid-19 pandemic, all meetings were held virtually.

In addition to the Company's and Group's business, main topics of the Supervisory Board's consultations were, in particular, decisions and measures in the context of the change of legal form of the Company into a stock corporation, such as the resolution on a remuneration system for the Management Board and the conclusion of the service contracts with the respective Management Board members, deliberations on the specific objects of the composition of the Supervisory Board, its profile of skills and expertise, the long-term succession planning with respect to the Management Board, as well as measures and preparatory actions in connection with the public listing of the company's shares on the stock exchange.

Meetings and decisions of the entire Supervisory Board

- In its constituent meeting on **18 January 2021,** the Supervisory Board elected from among its members Prof. Dr. Rüdiger Grube as Chairman and Ms. Rosemary Martin as Deputy Chairwoman of the Supervisory Board. It also appointed Vivek Badrinath, Thomas Reisten, and Christian Sommer as members of the Management

Board and Vivek Badrinath as Chairman (CEO) of the Management Board. The Supervisory Board also adopted its own rules of procedure and the rules of procedure for the Management Board which includes a catalogue of consent rights of the Supervisory Board with respect to certain measures and decisions of the Management Board.

Following the appointment of Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft (Ernst & Young) as auditor of the Company for FY22 by the General Meeting, the Supervisory Board authorised the engagement of Ernst & Young as auditor, whereby the Chairman of the Supervisory Board entered into an engagement agreement with Ernst & Young on behalf of the Company.

In its meeting on 18 January 2021, the Supervisory Board also adopted the joint formation review report on the process of the change of legal form of Vantage Towers GmbH into a stock corporation named Vantage Towers AG.

- In its meeting on **9 February 2021,** the Supervisory Board discussed the current status of the preparation of and the roadmap to the planned IPO. Further, the Supervisory Board established from among its members a Remuneration and Nomination Committee (RemCo/NomCo) as well as an Audit, Risk, and Compliance Committee (ARC Committee, together with the RemCo/NomCo the "Committees") and adopted rules of procedure for the Committees. As members of the RemCo/NomCo, the Supervisory Board elected Ms. Katja van Doren (Chairwoman), Mr. Johan Wibergh, and Ms. Pinar Yemez, and as members of the ARC Committee, the Supervisory Board elected Mr. Charles C. Green III (Chairman), Mr. Michael Bird, Ms. Barbara Cavaleri, and Ms. Rosemary Martin.

  The Supervisory Board conferred to the RemCo/NomCo in particular the authority to submit recommendations to the Supervisory Board for its proposal to the General Meeting for the election of members of the Supervisory Board and to 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 ARC Committee has the duty and authority to, inter alia, review the accounting as well as to monitor the accounting process, the effectiveness of the internal control system, the internal audit system and the compliance of the Company with applicable laws and regulations.

  In the meeting on 9 February 2021, the Supervisory Board furthermore resolved upon a revised version of the rules of procedure for the Supervisory Board and the Management Board which replaced the existing set of rules.

  In addition, it also approved the execution and performance of a Facilities Agreement and the establishment of a Euro Medium Term Note Debt Issuance Programme as well as the issuance of notes under this programme as part of the annual funding for the Company in the period from the IPO until 31 March 2022.

- On **19 February 2021,** the Supervisory Board discussed the current status of the preparation of the planned IPO as well as the further timeline and process of the IPO until the first trading day. In this context, the Supervisory Board also approved the execution of the IPO, including entering into agreements in the context of the IPO, the finalisation of the prospectus and its filing with BaFin and to publicly announce the intention to strive for an IPO of Vantage Towers AG with a placement of Vantage Towers AG shares held by Vodafone GmbH and a commencement of trading on the Frankfurt Stock Exchange by the end of March 2021 (intention to float).

Further, the Supervisory Board discussed the envisaged remuneration system, including the remuneration for the current members of the Management Board, and approved that – due to the Covid-19 pandemic – the annual general meeting of Vantage Towers AG, envisaged to be held in July 2021, will be held in a virtual general meeting.

- On **3 March 2021,** by way of circular resolution, the Supervisory Board approved the remuneration system of the remuneration of the members of the Management Board as well as the service contracts for the current Management Board members.

- On **5 March 2021,** by way of a circular resolution, the Supervisory Board approved the entering into Cornerstone Investor Agreements between Vodafone GmbH, Vantage Towers AG and potential anchor investors, which were concluded in the context of the IPO.

- On **24 March 2021,** by way of circular resolution, the Supervisory Board approved certain amendments of the loan facilities programme of Vantage Towers AG.

In addition to its meetings and consultations, the Supervisory Board members have taken responsibility for undertaking training or professional development measures necessary to fulfil their duties. In the reporting period, they participated in particular in training sessions of an external legal advisor regarding their obligations under the Market Abuse Regulation (Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014).

Meetings and decisions of the Committees of the Supervisory Board

In order to perform its duties efficiently, on 9 February 2021, the Supervisory Board established the RemCo/NomCo and the ARC Committee. These Committees are in particular entrusted with preparing resolutions and topics to be dealt with at the Supervisory Board's plenary meetings. To the extent permitted by law, decision-making powers of the Supervisory Board are or can be transferred to the Committees. The chairperson of each Committee reports to the Supervisory Board on the work of the Committees. The tasks and obligations of the Committees are described in more detail in the Declaration on Corporate Governance under Committees of the Supervisory Board, p. 152.

The ARC Committee met in the reporting period on 31 March 2021. Due to the Covid-19 pandemic, the meeting was held virtually. The main focus of the meeting was to discuss year-end planning for the financial statements for FY21, whereby the ARC Committee focussed on the timing and content of the reports including the external audit process. The meeting was attended by the Management Board members as well by internal audit risk management and compliance staff and representatives of the external auditor, Ernst & Young. The representatives of Ernst & Young reported in particular on the concept and the key external audit areas as well as on their quality and independence. The agenda of this meeting also included the approval of the internal audit charter and the audit plan. In addition, the ARC Committee dealt intensively with the company's risk management, discussing a risk management roadmap and principal risks.

The RemCo/NomCo held meetings in the reporting period on 18 February 2021. Due to the Covid-19 pandemic, all such meetings where held virtually. Subject of the meetings was the coordination and finalisation of the service contracts for the members of the Management Board and the establishment of a clear and comprehensible remuneration system that complies with the requirements of the German Stock Corporation Act (AktG) and the requirements of the Second Shareholder Rights Directive. In addition to the legal requirements, the RemCo/NomCo also familiarised itself with the requirements of the German Corporate Governance Code (GCGC). When setting up the remuneration system, the RemCo/NomCo focussed also on the compliance of such system with the GCGC, which included, in particular, the appropriateness of the remuneration which was assessed by undertaking a horizontal and vertical comparison with a peer group of comparable companies as well as the employees of the Company. The RemCo/NomCo was supported in its task by an external and independent remuneration consultancy. The remuneration structure was also aligned with the long-term and sustainable development of the Company, which is reflected in particular in the variable remuneration components. Following its consultations, the RemCo/NomCo presented the remuneration system to the Supervisory Board plenum for resolution. Such resolution was taken unanimously on 3 March 2021.

Corporate Governance Code

The Supervisory Board has dealt in detail with the corporate governance of the Company, taking into account the German Corporate Governance Code (GCGC), and has issued a declaration of conformity in accordance with section 161 of the German Stock Corporation Act (AktG).

The declaration of conformity with the GCGC adopted by the Supervisory Board on 31 March 2021 has been made permanently available to the shareholders on the Company's website under **www.vantagetowers.com/investors/leadership-and-governance**.

Attendance at Supervisory Board meetings

The Supervisory Board held three meetings in FY21, in two of which all members of the Management Board were present. Due to the Covid-19 pandemic, the meetings were held virtually.

The attendance rate at the Supervisory Board meetings was more than 95%. No member of the Supervisory Board attended less than half of the meetings of the Supervisory Board. The ARC Committee currently consists of four Supervisory Board members (Rosemary Martin, Michael Bird, Barbara Cavaleri and Charles C. Green III) and the RemCo/NomCo currently consists of three Supervisory Board members (Katja van Doren, Pinar Yemez and Johan Wibergh).

In detail, the members of the Supervisory Board attended the meetings of the Supervisory Board and the Committees as follows:

Member of the Supervisory Board	Attendance Committee meetings	%	Attendance Supervisory Board meetings	%
Prof. Dr. Rüdiger Grube			3/3	100
Rosemary Martin	1/1	100	3/3	100
Michael Bird	1/1	100	3/3	100
Barbara Cavaleri	1/1	100	3/3	100
Charles C. Green III*	1/1	100	2/2*	100
Terence Rhodes*			2/2*	100
Katja van Doren*	1/1	100	2/2*	100
Johan Wibergh	1/1	100	2/3	66,7
Pinar Yemez	1/1	100	3/3	100

* These members joined the Supervisory Board only after the constituent meeting on 18 January 2021; they replaced three former members of the Supervisory Board, cf. below under "Changes to the Supervisory Board".

Changes to the Supervisory Board

The first Supervisory Board of Vantage Towers AG was appointed, and thus formed, on 18 January 2021 in the context of the change of legal form of the Company from a limited liability company into a stock corporation in January 2021. In accordance with the articles of association, it consisted of nine members.

The first members of the Supervisory Board, which were elected by the General Meeting on 18 January 2021, were Prof. Dr. Rüdiger Grube, Rosemary Martin, Michael Bird, Barbara Cavaleri, Johan Wibergh, Pinar Yemez, Pierre Klotz, Rebecca Symondson, and Alexander Deacon.

Pierre Klotz, Rebecca Symondson, and Alexander Deacon served as interim Supervisory Board members and resigned from the Supervisory Board of Vantage Towers AG with effect from the end of the extraordinary general meeting of Vantage Towers AG held on 8 February 2021. In such extraordinary general meeting held on 8 February 2021, the shareholder elected Charles C. Green III, Terence Rhodes and Katja van Doren as new members of the Supervisory Board with effect from the end of such extraordinary general meeting.

In its constituent meeting on 18 January 2021, the members of the Supervisory Board elected Prof. Dr. Rüdiger Grube as Chairman and Rosemary Martin as Deputy Chairwoman.

Following the registration of the change of legal form on 26 January 2021, the Management Board of Vantage Towers AG initiated status proceedings pursuant to sections 97 et seqq. of the German Stock Corporation Act (AktG) regarding the composition of the Supervisory Board which was also published in the Federal Gazette on 16 February 2021. Since the matter of the composition of the Supervisory Board has not been referred to the competent court within one (1) month after the notice was published in the Federal Gazette, pursuant to section 97 para. 2 sent. 1 of the German Stock Corporation Act (AktG) the Supervisory

Board is to be constituted in accordance with the statutory regulations cited in the notice published by the Management Board, i.e. it consists of nine (9) members which are elected by the General Meeting.

Changes to the Management Board

The first (and current) Management Board members Vivek Badrinath, Thomas Reisten, and Christian Sommer were appointed by the Supervisory Board in its constituent meeting on 18 January 2021. In the same meeting, the Supervisory Board appointed Vivek Badrinath as Chairman (CEO) of the Management Board.

Financial Statements and Consolidated Financial Statements discussed in detail

The independent auditor Ernst & Young audited the financial statements and consolidated financial statements as well as the combined management report, including the non-financial statements, for Vantage Towers AG and the Vantage Towers Group for FY21. The auditor issued unqualified audit opinions with regard to the aforementioned statements and reports.

The financial statements of Vantage Towers AG and the combined management report, including the non-financial statements, have been prepared in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union (EU), and the additional German law requirements pursuant to the German Commercial Code (HGB). The consolidated financial statements are also in compliance with IFRS as published by the International Accounting Standards Board (IASB). The auditor conducted the audit in accordance with section 317 HGB and the EU auditor directive, taking into account the relevant auditing standards for the audit of financial statements by the Institut der Wirtschaftsprüfer (IDW) and the International Standards on Auditing (ISA).

The Management Board has submitted the financial statements and consolidated financial statements as well as the combined management report, including the non-financial statements, for Vantage Towers AG and the Vantage Towers Group to all members of the Supervisory Board. In addition, the audit report of the auditor was also provided to all members of the Supervisory Board.

In its meetings on 4 May (ARC Committee) and 6 May 2021 (Supervisory Board) the ARC Committee as well as the Supervisory Board have discussed the financial results. In its meetings on 25 May and 1 June 2021 (ARC Committee) and 4 June 2021 (Supervisory Board), the ARC Committee as well as the Supervisory Board have thoroughly reviewed and discussed the respective financial documentation and the proposal for the use of the distributable profits in depth after the auditor's report was provided to the Supervisory Board. In such meetings, in particular, the key audit results described in the audit report were addressed. The auditor participated in those meetings. The ARC Committee and the Supervisory Board were able to address questions directly to the auditor and to ask for further explanation where needed. The auditor reported on the scope, key focus, and main results of its audit and outlined the audit procedures performed. No significant weaknesses were reported. In the meeting of the Supervisory Board, the Management Board explained the financial statements of Vantage Towers AG and the consolidated financial statements, as well as the risk management.

After thorough review, the Supervisory Board agrees with the results of the audit. No objections are raised following the final results of the audit by the ARC Committee and the Supervisory Board's own audit.

The Supervisory Board approved the financial statements of Vantage Towers AG and the consolidated financial statements of Vantage Towers Group prepared by the Management Board. The financial statements of Vantage Towers AG are therefore adopted. The Supervisory Board also agreed to the combined management report and approved the proposal for the use of the distributable profits, which proposes a dividend of €0.56 per share.

Dependency Report

Vantage Towers AG is a dependent company of Vodafone Group Plc within the meaning of section 312 of the German Stock Corporation Act (AktG). As a result, the Management Board of Vantage Towers AG prepared a report on relations with affiliated companies and provided it together with the associated audit report prepared by Ernst & Young to the Supervisory Board. The auditor completed its report without objections and came to the following conclusions:

(Translation from German)
After our dutiful audit and assessment, we confirm that

1. the factual information in the report is correct,
2. in the legal transactions listed in the report, the performance of the company was not inappropriately high,
3. in the case of the measures listed in the report, no circumstances speak in favor of an assessment that is significantly different from that of the Management Board.

The dependency report and the related audit report have been provided to all Supervisory Board members in due time for review and were discussed in detail in the presence of the auditor at the virtual Supervisory Board meeting held on 4 June 2021, where the Supervisory Board members were able to address questions regarding the auditor's report and where the auditor provided all relevant answers. Further the auditor's representatives reported on the key findings and elaborated the legal and economic implications. After a thorough review and detailed analysis of the dependency report and its key findings, the Supervisory Board raises no objections to the declaration of the Management Board concerning the conclusion of the report on relations with affiliated companies. The Supervisory Board approves the dependency report of the Management Board and the related auditor's report.

For the Supervisory Board

Prof. Dr. Rüdiger Grube
Chairman

Supervisory Board

Prof. Dr. Rüdiger Grube
Chairman
Business Consultant, former CEO and Chairman of the Management Board of Deutsche Bahn AG

Current seats:
- DEUFOL SE
- Hamburger Hafen und Logistik AG HHLA
- RIB-Software SE
- Vossloh AG
- Alstom/Bombardier Transportation Germany GmbH

Rosemary Martin
Deputy Chairperson
General Counsel and Company Secretary, Vodafone Group Plc

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

Charles C. Green III
Chair of Audit and Risk Committee
Non-Executive Director and Advisor, edotco Group Sdn Bhd, Non-Executive Director, Frontier Tower Associates

Current seats:
- Pinnacle Towers Pte Ltd
- edotco Group Sdn Bhd

Terence Rhodes
Professional Board Member

Current seats:
- None

Katja van Doren
Chair of Remuneration Committee
Chief Financial Officer and Chief Human Resources Officer, RWE Generation SE

Current seats:
- RWE Generation SE
- Société Électrique de l'Our SA, Luxembourg
- Großkraftwerk Mannheim AG

Michael Bird
Group M&A Director, Vodafone Group Plc

Current seats:
- None

Barbara Cavaleri
Finance Director, Vodafone Italy

Current seats:
- Vodafone Italia SpA
- VEI Srl
- VND SpA

Johan Wibergh
Chief Technology Officer, Vodafone Group Plc

Current seats:
- Trimble Inc.

Pinar Yemez
Human Resources Director, Vodafone Business and Group Functions

Current seats:
- Vodafone Group Services Ltd

Our strategy for truly sustainable connectivity

When we started our journey, we knew exactly where we wanted to go: Our mission is to power Europe's digital transformation. To achieve this mission, we have developed a comprehensive strategy that is based on three pillars.

People

Planet

Performance

Let us take a closer look at each of these pillars in turn.

Our target

0 annual fatalities

STRATEGIC PILLAR

People

We are focused on developing a workforce with the necessary skills to drive our business forward. We support our people with rigorous health and safety practices and with best-in-class systems and tools.

What sets us apart? A diverse workforce with an optimal mix of talents. A lean and flat organisation with a management that empowers all employees. And an inclusive, transparent, collaborative culture promoting a borderless mindset and a common entrepreneurial spirit.

Combining the scale of a multi-national corporation with the mentality of a start-up, we create growth opportunities for all our employees using targeted development plans.

While we provide an exciting and fast-paced work environment, we are also committed to the health and wellbeing of our employees and their families. That is why we offer a variety of programmes, including a wellbeing platform with digital health and wellness tools. And when it comes to health and safety at our sites, we have "Absolute Rules" for risks that present the greatest potential for harm. All employees and contractors must adhere to these provisions, and whoever fails to do so will be excluded from our business.

In order to perform well in a digital business, our people need the right tools. We have a strong digital foundation, but we want to go further. Our initiatives include an optimised software for customer relationship management, a geo-based analytics tool, a fully integrated suite for our standardised processes, and "digital twins" of our physical sites.

Our target

At least 30% female employees

STRATEGIC PILLAR

Planet

Every action – big or small – has an impact on the future of this planet. As a Group with operations in ten countries, we are determined to maximise our positive impact and to minimise any negative consequences of our actions.

We seek to enhance Europe's resilience by enabling mobile coverage and connectivity. Thanks to mobile networks, people can work from home, as the lockdowns across Europe have shown. Our high-quality site footprint enables digitisation, supports the deployment of 5G across Europe and facilitates comprehensive coverage even in rural areas.

Operating our infrastructure requires energy – the less, the better. That is why energy innovation is a strategic priority for us. We look into every technical detail in order to use energy in the most efficient way. Also, we shift our procurement to renewable energy sources in order to reduce emissions wherever we can and investigate potential opportunities for digitisation.

Managing our physical infrastructure in a sustainable way is also important. Of course, this goes beyond compliance with all applicable regulations on electromagnetic fields. We aim to increase tenancy ratios which avoids new construction and reduces CO_2 emissions. And when a site reaches the end of its life cycle, we are determined to reuse or recycle as much material as possible.

Our targets

By 2021

100%

of electricity procured from renewable sources

By 2023

15%

improved power usage effectiveness vs. 2020 baseline

>80%

metering on sites

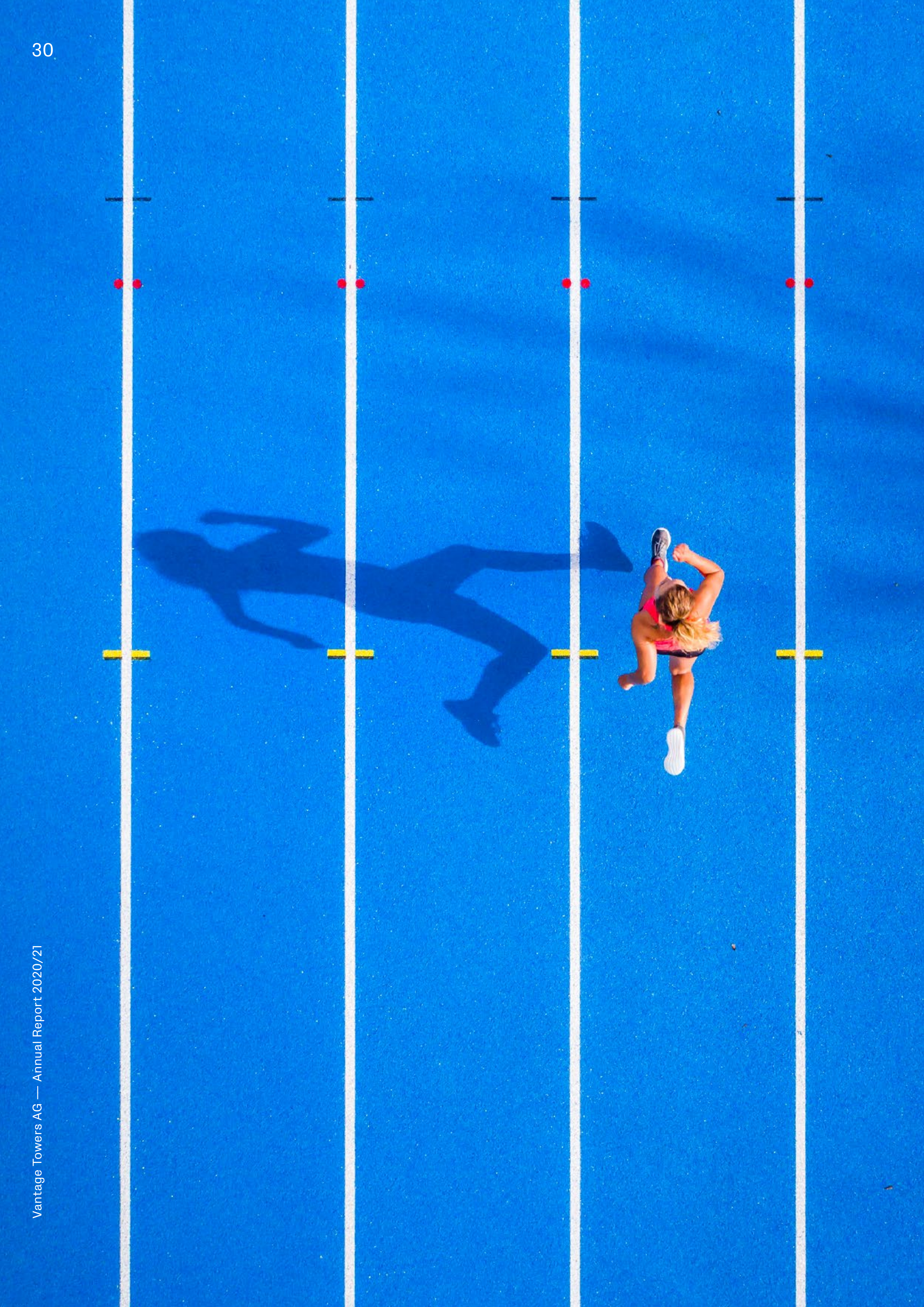
100%

of our Consolidated Markets to implement ISO 50001

By 2025

>100%

of redundant network equipment reused, resold or recycled



STRATEGIC PILLAR

Performance

Performance is at the heart of our culture. We are focused on growing our business – by increasing revenues, by becoming more efficient every day, and by organic and inorganic growth.

Our senior management is incentivised to drive long-term shareholder value. We measure our financial and non-financial performance with KPIs that are directly linked to the remuneration of our leadership team. Share ownership targets further serve to align the interests of management and other share-holders.

We have developed an ambitious strategy for organic growth. By helping our customers deploy their networks in a sustainable way, we are on our way to become one of Europe's 5G "superhosts". We have developed a phased approach to growth with multiple levers to expand our business.

At the same time, we are committed to achieving best-in-class operational efficiency. Our focus is on reducing costs for leases, maintenance and energy.

In our constant efforts to enhance shareholder value, we also consider strategic M&A opportunities as potential upside. We have defined criteria to determine if an investment improves our asset base, leadership position, technological capabilities or growth potential.

Our target

Becoming a 5G superhost and enabling digital solutions across verticals

The Vantage Towers Shares

- Successful initial public offering on 18 March 2021 with a placement volume of approximately €2.2 billion
- One of the largest IPOs in Europe in 2021 and largest IPO in over two years in offer size at the time of listing

The shares of Vantage Towers were first listed at the Prime Standard of the Frankfurt Stock Exchange on 18 March 2021. In total, 92,372,558 shares from the holdings of Vodafone GmbH were placed with investors 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%.

Key indicators for the Vantage Towers shares	
Offer price IPO	€24.00
Share price 31 May 2021	€26.95
Number of shares outstanding	505,782,265
Market capitalisation on 31 May 2021	€13.6 billion
Free float	18.3%

Key share data

Class of shares	Registered shares
Ticker symbol	VTWR
WKN	A3H 3LL
ISIN	DE000A3H3LL2
Market segment	Regulated Market of the Frankfurt Stock Exchange (Prime Standard)

Dividend policy

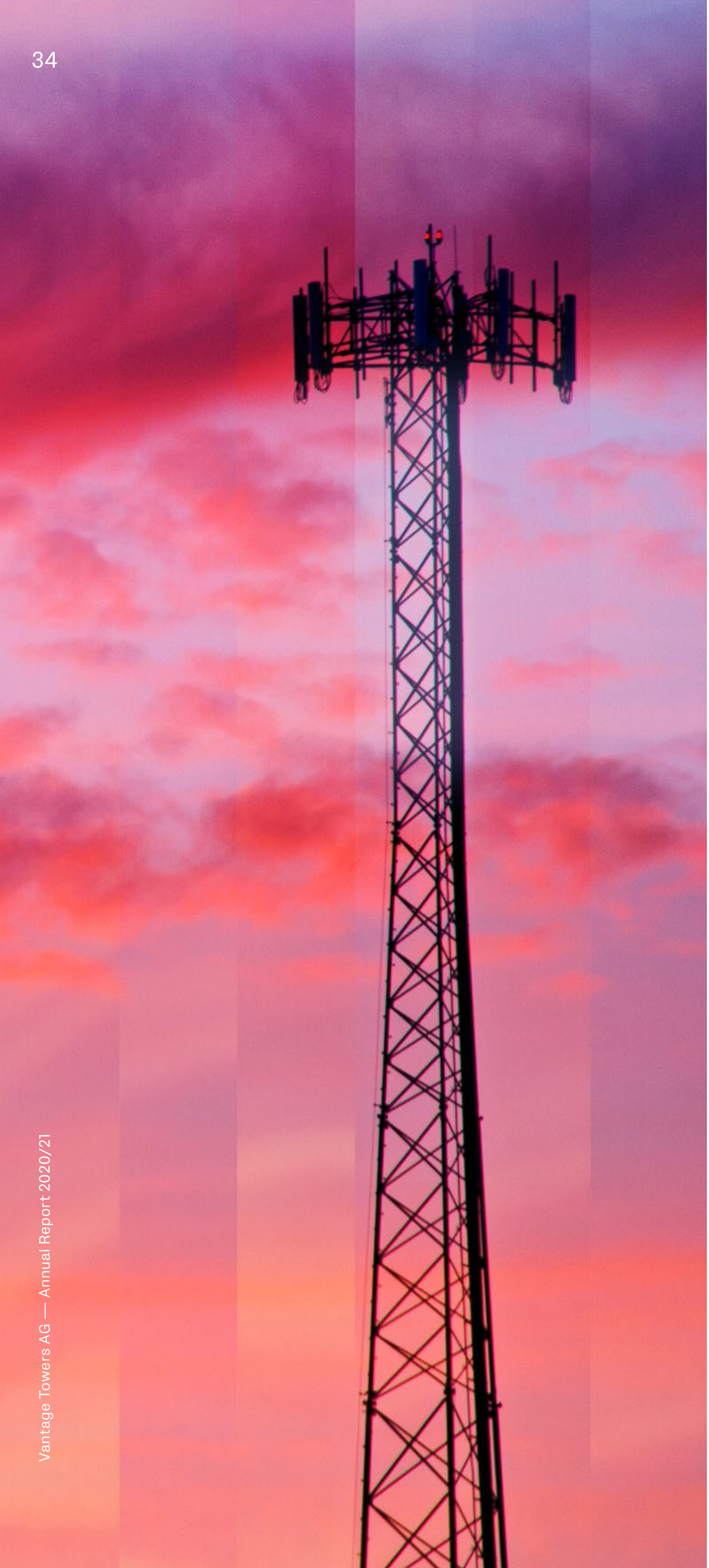
Subject to the availability of a distributable profit and legal restrictions with respect to the distribution of profits and available funds, Vantage Towers aims to distribute an attractive dividend to its shareholders. The targeted payout-ratio amounts to 60% of the sum of the Recurring Free Cash Flow and dividends received from INWIT and Cornerstone.

For FY21, the Management Board and the Supervisory Board will propose a dividend of €0.56 per share to the Annual General Meeting 2021. This would imply a total dividend payment in the amount of c.€283 million.

Communication with the capital markets

In line with our corporate philosophy, we aim to maintain a reliable and transparent dialogue with the capital markets. Depending on the further development of the Covid-19 pandemic, our upcoming investor conferences, roadshows and analyst meetings will be held virtually. This technological possibility also enables us to reach significantly more investors around the world. In addition, we keep an open dialogue with capital market participants reflecting the great importance we attach to personal contact with our investors, banks, and analysts.

Comprehensive information for shareholders is available in the Investor Relations section of our company website at www.vantagetowers.com. In addition to Investor Relations news, you will also find presentations, regulatory announcements, and recorded audio webcasts concerning our financial results as well as all important dates along with our contact information.



Voluntary Non-financial Report

We want to be transparent about our business and its impacts. That is why we have decided to publish a non-financial report on a voluntary basis. In this report, we outline our management of environmental, social and governance (ESG) topics. Individual chapters of this report are devoted to environmental, employment, social, and compliance aspects.

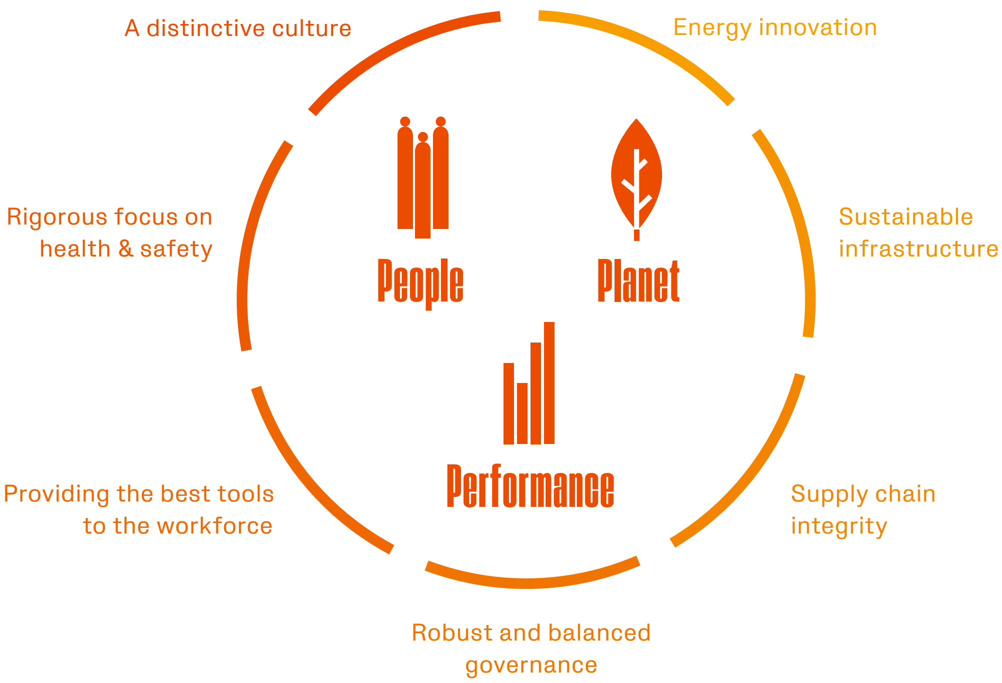
ESG Management

In this section, we discuss our ESG approach and material topics, the responsibilities within our Group, our stakeholders and provide context on the Non-financial Reporting Directive.

Our Strategy

Our ESG strategy underpins our ambition to power Europe's digital transformation. That is why we've embedded an ESG mindset in the foundations of our culture and organisation. "People" and "Planet" are at the core of our corporate strategy supported by a performance culture and a robust and balanced governance. With this holistic approach, we can maximise the positive impact we create with our strong infrastructure to enable a sustainable digital society.

Our ESG framework



To measure the success of our ESG agenda, we have set ourselves clear targets.

Planet
- 100% of electricity procured from renewable sources by 2021
- Power usage effectiveness (PUE) improved by 15% by 2023 (vs. 2020 baseline)
- Energy metering on at least 80% of sites by 2023
- 100% of all of our Consolidated Markets to implement ISO 50001 by 2023
- 100% of redundant network equipment reused, resold or recycled by 2025

People
- At least 30% female employees
- 0 annual fatalities

We will monitor our progress against these key targets. And as we are only in the beginning of our journey, we plan to adapt and expand them in the future.

The importance of ESG within our overall strategy is also reflected in our remuneration policy for the Group Management. Compensation is based on the development of financial and non-financial KPIs. The ESG component of the current long-term incentive plan determines 10% of the first grant.

Responsibilities

The overall responsibility for our ESG strategy lies with our CEO. Our HR Director is accountable for all personnel matters. Energy management, health and safety, IT security and infrastructure is assigned to the CTO. The Legal Counsel is responsible for ESG topics related to compliance, governance and supply chain management. Our Head of ESG Marketing, Communications & Sustainability coordinates all activities to deliver the ESG strategy and reports to our Chief Commercial Officer.

Our Stakeholders

A constructive dialogue with our stakeholders is important to us. Our key stakeholders are our customers, our employees, our suppliers, our shareholders, and the local communities. We also seek dialogue with governments, regulators and political associations on a regular basis.

The Non-financial Reporting Directive

Under the Non-financial Reporting Directive (NFRD), capital market-oriented corporations in the EU with more than 500 employees have to report about the aspects that are required for understanding the business performance and the impact of business operations on environmental protection, social responsibility and treatment of employees, respect for human rights, anti-corruption and bribery. As of 31 March 2021, we are not required to publish a non-financial report in accordance with the NFRD. However, we decided to publish this Non-financial Report voluntarily, as ESG activities are at the core of our business strategy.

Aspect according to NFRD	Relating Vantage Towers topic
Environment	– Energy Innovation – Sustainable Infrastructure – Supply Chain Integrity (Sustainable Energy Purchasing)
Employees	– Multi-skilled and diverse Team – Health and Safety
Social	– Europe's resilience through Coverage – Data Safety/ Information Security – Masts/EMF regulations – Health and Safety
Human Rights **Anti-Corruption**	– Compliance Management – Supply Chain Integrity (Human Rights)

In this report, we describe our policies and measures regarding these topics. We also include a limited number of quantitative figures. We are committed to broadening the scope and depth of our non-financial reporting in the future.

Environment

In this section, we discuss our management approach to environmental aspects and provide more detailed information on energy innovation, sustainable infrastructure and supply chain integrity.

Management Approach

As we expand connectivity and build a better digital future for Europe, we are committed to doing our business with minimal impact on the planet. Wherever possible, we will reduce our use of resources and cut any harmful emissions from our operations. Our current efforts include using renewable energy sources; reselling, reusing and recycling of redundant network equipment; ensuring energy metering on our sites; investing in energy efficiency measures; and maintaining a sustainable supply chain. At the same time, we focus on maximising any positive effects of our activities, such as reduced energy consumption and greenhouse gas emissions in the mobile industry as a whole.

Our policies on environmental issues comply with – and often go beyond – national legislation and international standards. Environmental policies exist in each local market, and in countries where environmental legislation is not evident or enforced, we will ensure that responsible practices are in place to manage our impact. Our most relevant Group policies on environmental issues are

- Energy management
- Management of waste materials

Energy innovation and sustainable infrastructure are strategic levers for environmental protection. The responsibility for these topics lies with our CTO. A Global Technology Team reporting directly to the CTO evaluates new products, technologies and initiatives, always considering their respective energy performance. Our Head of Energy Management also plays a crucial role in our efforts to become ever more energy efficient. He communicates the Energy Management Policy, supports its implementation and drives progress for a more efficient use of energy.

We are currently setting up internal structures that will allow us to report quantitative environmental data in the future.

Energy Innovation

In our operations, we focus on saving energy and reducing emissions. The passive equipment at our sites is responsible for the greater part of our energy consumption. That is why we look into every opportunity to become more energy efficient. Precise measurement of our actual consumption also plays a crucial role for our energy performance, as does the ongoing certification of our sites in accordance with ISO 50001.

Our targets are as follows:

- Power usage effectiveness (PUE) improved by 15% by 2023 (vs. 2020 baseline)
- Energy metering on at least 80% of sites by 2023
- 100% of all of our Consolidated Markets to implement ISO 50001 by 2023
- 100% of electricity procured from renewable sources by 2021

We take energy efficiency into consideration from early on. Before construction starts at a new site, our Group Technology team defines energy performance metrics and energy efficient solutions. At our sites, we install the most efficient equipment, deploy low power modes and identify and resolve energy wastage.

Energy innovation is not just a matter of technology. The knowledge and behaviour of our employees are also key success factors. That is why we provide energy-related communication and training for our employees, so that everyone can contribute to our targets. Going forward, we will track our progress by reporting on the number of colleagues that have completed our Energy Awareness eLearning course.

In order to reduce our carbon footprint, we rely on green energy. By the second half of 2021, we plan to procure 100% of our electricity from renewable sources. To achieve this figure, we will enter into power purchasing agreements, purchase renewable energy certificates and use renewable electricity tariffs.

We are also in the process of upgrading the energy technology at our sites. For example, we have deployed smart meters at about 1,000 sites in Romania to measure our tenants' energy consumption. In Portugal and Ireland, we have also developed capabilities to measure tenants' power consumption for approximately 1,500 sites. Once smart meters are in place at most sites, we will be able to provide actual energy demand data across our markets, to use predictive analysis of our consumption and identify more opportunities to optimise our energy performance.

In addition to these measures, we are piloting green technologies on our sites. For instance, we are currently evaluating the rollout of micro wind turbines on masts at six sites in Portugal and Germany. Since they can be installed near the top of the mast, their operating noise is practically zero when measured from the ground. Also, the turbines allow for digital operation and data analysis. In a similar vein, two pilot sites in Spain now feature solar panels to power the on-site cooling systems. We have installed such panels to about 100 sites in Greece, Portugal and Germany. Also, about 50 sites in rural Spain without commercial power supply are equipped with generator hybrid systems consisting of solar panels and accumulators.

Sustainable Infrastructure

We seek to employ sustainable infrastructure solutions across our network. Thanks to our leading network equipment reuse programme, we were able to send 99% of network waste for reuse and recycling in the year under review. We will also continue to pursue this claim in the expansion of our network and by 2025, we want to reuse, resell or recycle all of our redundant network equipment.

We can also reduce our environmental footprint when our customers share the passive infrastructure at a particular site – an arrangement called “passive sharing”. Passive sharing reduces duplications in the technical setup of the sites while increasing the utilisation of energy-efficient solutions.

Supply Chain Integrity

Environmental considerations are included in all of our procurement decisions. Based on our ESG strategy, we strive to source green energy as far as possible. When we purchase equipment, components and services, our supply chain management includes energy performance metrics in the tendering process. We also ask our suppliers to deliver energy performance improvements in their technology roadmap. Typical examples are network and IT equipment, power and cooling equipment, service contracts, data centre and office buildings, or building areas.

At present, we source energy, equipment, components and services primarily through VPC, Vodafone's principal procurement company. VPC requires every supplier to abide by the Vodafone Code of Ethical Purchasing. This code, which also stipulates a range of environmental standards, is backed up by risk assessment, audits, operational improvement processes and contractual obligations.

Employment

In this section, we discuss our management approach to employment aspects. We also outline our ambitions for multi-skilled and diverse teams and explain our approach to health and safety.

Management Approach

Our employees are what makes us a unique company. The Group was designed from the bottom up to create a specialised fit-for-purpose tower company. In the course of the carve-out from the Vodafone Group, we retained key technological expertise and hired experienced professionals for our finance, legal, IT and HR functions. Thanks to long-term service agreements with Vodafone Group, we benefit from additional professional support, if needed. For all employees, we aim to create an inclusive environment where everyone feels respected, valued and confident that they truly belong here. As of 31 March 2021, Vantage Towers employed 327 people, excluding our equity accounted investments in INWIT and Cornerstone.

In our management team, the responsibility for employee topics rests with the HR Director, who collaborates with the CTO on all matters related to employee health, safety and wellbeing. Our management approach is guided by the principles laid out in our Code of Conduct: We pursue equality of opportunity and inclusion for all employees through our employment policies and practices. We recognise and celebrate the importance of diversity in our work spaces so that we are as diverse as the customers we serve. We will not tolerate any form of discrimination, especially related to – but not limited to – age, gender, disability, gender identity, sexual orientation, cultural background or belief. We base relationships with and between employees on respect for individuals and their human rights.

Multi-Skilled and Diverse Team

We want to build and develop an engaged and diverse team within a lean and flat organisation. Our culture is characterised by open dialogue, an empowering leadership, a borderless mindset and growth opportunities for everyone. In combining the scale of a multi-national corporation with a start-up mentality, we create an inclusive, transparent, collaborative culture that promotes a borderless mindset and a common entrepreneurial spirit.

We are building a diverse team with the optimal talent mix to drive our business forward. Our goal is to hire individuals from multiple backgrounds, increase our gender diversity and to maintain a ratio of at least 30% female employees.

Our current efforts to win and retain talents include a new recruitment campaign, an internal mentoring programme and ongoing training and learning activities. While we develop our own training content, we are currently also benefitting from the Vodafone Group's learning and development infrastructure, such as Vodafone University and the Vodafone Technology Academy.

Health and Safety

Building, inspecting, operating, and maintaining our sites is a complex task. We do our utmost to reduce any threats to the health and safety of our technical experts, contractors, sub-contractors and site visitors. But making on-site work safe is only part of our responsibility. Our commitment to safety does not differentiate between our own employees, our contractors and our suppliers' employees and contractors. Vantage Towers has a zero-tolerance approach to safety

Multi-skilled and diverse team at the centre of our culture

- Entrepreneurial spirit and collaborative culture
- Openness to change and to experimentation
- Empowered leaders
- 'Big' and 'small' ethos – leveraging the best of the scale of Vodafone with a start-up mentality
- Focus on growth opportunities for our people
- Borderless mind-set

How Vantage Towers will work to achieve this	First goal posts
Building a **diverse team** with the **optimal talent mix**	At least **30% female employees**
Enabling leaders to **operate with speed** and acoountability to deliver on **growth initiatives**	**Leadership development support**
Create **growth and development opportunities** for our people	Focused **development plans** for our infrastructure teams

and our ultimate goal is to ensure an incident-free workplace by implementing leading safety standards and insisting on high safety practices from everyone who works on Vantage Towers sites. We develop our health and safety message around 100% Home Safe, which promotes the importance of adhering to Vantage Towers' Absolute Rules on safety. They focus on risks that present the greatest potential for harm for anyone working for or on behalf of Vantage Towers, and they are underpinned by a zero-tolerance approach to unsafe behaviours.

All Vantage Towers sites are acquired, designed and built in a way that minimises the health and safety risks for everyone working on our infrastructures. Only competent suppliers/contractors are authorised to carry out high risk activities on Vantage Towers sites.

In the year under review, there was an additional challenge due to the Covid-19 pandemic. The situation across the Group has been coordinated through a robust centralised Crisis Management process which is based on and supported by the established Covid-19 response services of Vodafone. Anyone who could work from home was supported and encouraged to do so.

The responsibility for health and safety lies with our CTO, who is also the owner of all our respective Global Policies with a particular focus on our most significant health and safety risks for people working in operational roles.

Workplace Safety 'Absolute Rules'

100%
Home Safe

Always

... drive safely and legally: obey the speed limit

... drive safely and legally: wear a seatbelt

... drive safely and legally: no handheld mobile devices

... when working in the proximity of power, we always maintain the required safe distance and use the correct insulated equipment

... wear protective gear when working at height

Never

... work under the influence of alcohol or drugs

... work on any electrical equipment unless qualified

... undertake any street or underground work activities unless competent

We expect everyone at Vantage Towers to behave in a safe and responsible manner at all times. And we will intervene quickly if health or safety is ever compromised. Our most important health and safety target is to avoid accidents. In the last three financial years, there have not been any fatal accidents among our employees and contractors, and our goal is to keep it this way.

We have defined “Absolute Rules”, which are focused on risks that present the greatest potential for harm. Anyone who repeatedly fails to observe these rules will be excluded from involvement in our business. We also carry out documented risk management processes at all of our sites and markets.

If an accident occurs, the Global Policy “Incident Reporting & Investigation” ensures that we perform a full investigation, make suggestions for appropriate remedial measures, and take corrective actions to prevent similar accidents in the future. Going forward, we plan to report quantitative figures related to Health and Safety.

To determine compliance with our safety standards, we carry out regular audits and inspections, periodic health and safety field monitoring and supervision and a robust site maintenance programme.

Employee wellbeing initiatives

In addition to ensuring safe working conditions at all sites, we are also committed to promoting the health and wellbeing of our employees and their families. We offer them a variety of programmes, including our wellbeing platform thriVe with health and wellness tools that can be accessed from electronic devices. We are also currently assessing the individual programmes that exist in our market organisations to identify best practice.

Social

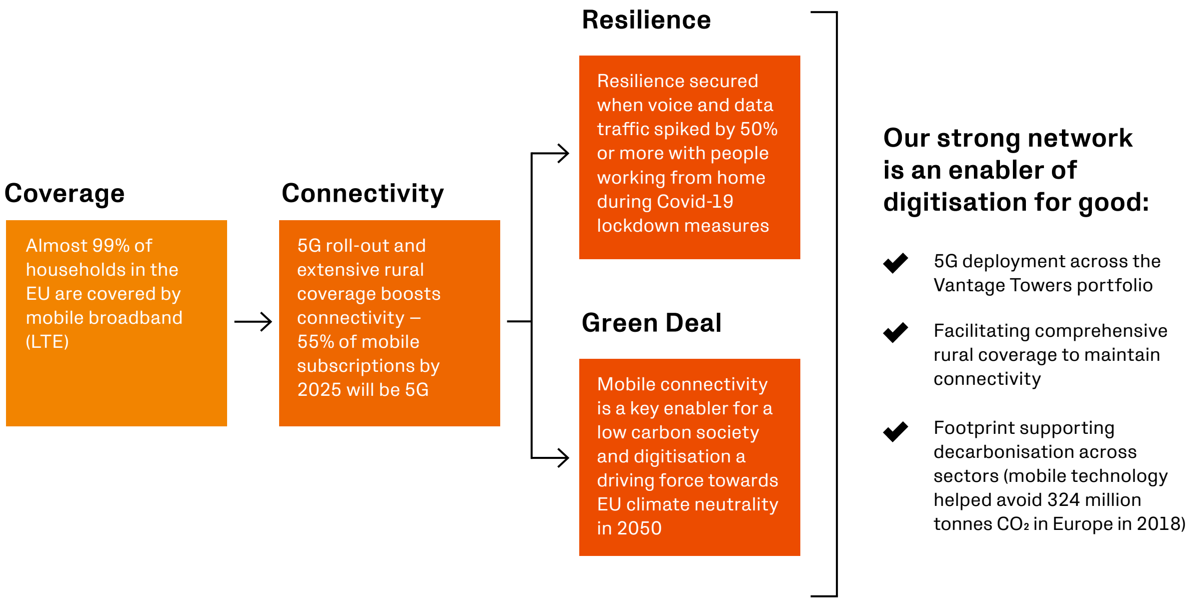
By being open, honest, and respectful to local cultures and traditions, we aim to gain the trust and support of our local communities. We listen to their concerns and seek to answer their questions, for example in relation to network infrastructure deployment. Communities can rely on our efforts to make sure that everyone is heard.

In this section, we portray our contribution to Europe's resilience through coverage, our efforts for maximum information security, and our position on masts and health.

Europe's Resilience through Coverage

By enabling mobile coverage and connectivity, we enhance Europe's resilience and support the efforts towards climate neutrality in 2050. The Covid-19 pandemic serves to illustrate this point: During the national lockdowns in the first half of 2020, voice and data traffic in mobile networks spiked by 50% (source: GSMA 2020) as more people worked from home. As a result, various governments and the European Commission have proposed new funding to meet customer demand, most notably the NextGenerationEU recovery instrument. Its principal

Coverage and connectivity enhance resilience of Europe's economy and society



component is a €672.5 billion Recovery and Resiliency Facility to mitigate the economic and social impact of Covid-19 and to make the European economies and societies more sustainable, resilient and better prepared for the future. National governments in Europe also provide funds to accelerate the roll out of 5G networks and to fulfil their rural coverage obligations. We help our customers deploy their 5G networks in a sustainable way. With better coverage and connectivity, societies and economies can in turn reduce their carbon footprint.

Information Security

As a company working closely with the mobile industry, information security is of paramount importance to us. That is why we have implemented a management system which defines global minimum standards and requirements according to the internationally recognised standard ISO 27001. In our Code of Conduct, we express our commitment to processing personal data honestly, ethically, with integrity, and always consistent with applicable laws and our values. And our Global Policy "Cyber and Information Security" makes clear that everyone working with us or for us is responsible for protecting us and our customers from cyber and information security risks.

As defined in our Global Policy "Privacy Management", our Group CEO is ultimately accountable for compliance with our policy in privacy management. Other functions involved include our Group Risk & Compliance Committee, a Global Privacy Officer appointed by the Policy Owner, and the managing directors in our local markets. We apply appropriate data management practices to govern the processing of personal data. Also, we take measures to protect such personal data against unauthorised access, use, modification or loss.

Masts and Health

The safety of our customers, the wider public, our employees and our contractors is an absolute priority for us. While the World Health Organisation does not see convincing evidence that mobile technology poses any risk to human health, some people remain concerned. We are committed to openly providing information and to responding transparently to our landlords and to any public concerns about masts and health.

Operators have the final accountability for radiofrequency electromagnetic fields emission compliance (EMF) with international and local guidelines since they are the owners of the spectrum license. Vantage Towers ensures that its passive site infrastructure is designed and built to ensure overall EMF site compliance and that clear signage is available on site, working in close relationship with our tenants.

Human Rights

We base relationships with and between employees on respect for individuals and their human rights. We do not tolerate child labour or forced labour and do not accept any form of discrimination, harassment or bullying. We pursue equality of opportunity and inclusion for all employees through our employment policies and practices.

Our commitment to human rights extends well beyond the limits of our organisation into our supply chain. We employ the services of VPC for procurement. This organisation has long-standing ethical procurement policies and monitoring practices that require suppliers to meet mandatory ethical, labour and environmental standards, which are monitored and verified by independent third parties. Suppliers are subject to comprehensive qualification and due diligence checks, including for human rights. In case a supplier does not meet VPC's standards, he is provided with a corrective action plan to address any areas for improvement and is required to submit evidence that this has been completed.

Integrity and Compliance

Our business relies on building and maintaining trust with those we engage with. When we act with integrity at all times, we ensure the trust of our customers, landlords, colleagues, and the communities in which we work. It is a fundamental part of our business to act in a responsible, ethical and lawful way.

We expect all of our employees to comply with the applicable laws and with our internal guidelines. Maintaining high standards of compliance with our statutory and regulatory obligations informs our decision-making, sets the tone for company culture and installs values across the Group. Integrity and compliance creates the framework for our business actions and serves to safeguard our long-term business success.

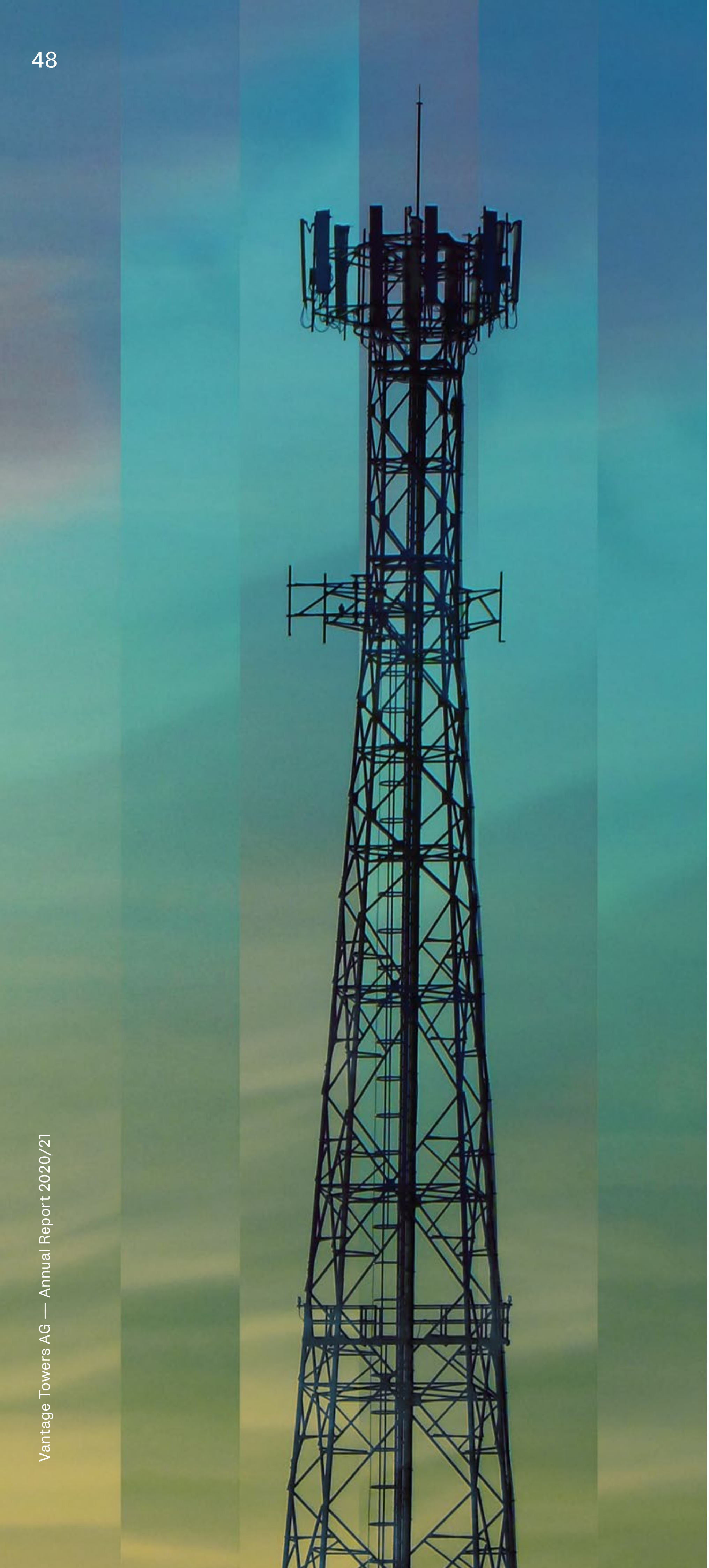
In order to ensure full compliance across the Group, we have allocated responsibilities across all pillars in our markets and established a compliance framework to address a state-of-the-art governance process to manage compliance risks and enable a mechanism to undertake remedial actions when needed. The task of the compliance team is to ensure that an integrity and compliance management system is in place that results in compliance with all applicable internal and external rules, regulations, guidelines, and laws. Substantive compliance responsibility in these areas remains with the competent corporate functions and business units.

Our Compliance Framework sets out a clear hierarchy of rules with the Code of Conduct as the central policy document. Global Policies apply to all employees, while detailed requirements target specific functions or areas, while consistency with the Global Policies remains a must.

The Policy Compliance Framework describes how controls and assurance are applied within all risk areas and highlights additional principles on culture, learning and communications to ensure a set of shared values and beliefs amongst employees.

We are keen to keep our employees informed about compliance measures and new developments through trainings, intranet and various forms of communication. The purpose of any training programme is to inform employees about compliance requirements, risks, and possible sanctions. The requirements are based on applicable law and our policies and serve to implement international standards. We also focus on integrating compliance into our business processes and strive to review critical business operations based on a risk-oriented, structured process.

Despite our comprehensive set of policies and any other measures, we cannot exclude the possibility of individual misconduct. Employees can directly contact their supervisors or the compliance department, or they can use a further channel for reporting possible infringements of laws or policies without revealing their identity, for example by turning to the ombudsman in Germany as agreed in the respective works council agreement. When a genuine concern has been reported, no action will be taken against the whistleblower, even if there is no proven unlawful conduct or compliance breach. We investigate all reports of legal violations, and any violations identified will be sanctioned as necessary, regardless of the name and function of the person involved.



Financial Performance

Discussion of Group pro forma performance

Financial update

In the prospectus released in relation to the IPO, we published pro forma financial information that illustrated the performance of Vantage Towers as if the IPO had occurred as at 1 April 2019. In this section we have presented comparable pro forma financial information to illustrate the Group's performance as if the Vantage Towers had been carved-out from the Vodafone Group for the whole of FY20 and FY21 in order to show a like for like comparison between the FY20 figures published in the prospectus and our performance in FY21. The consolidated financial performance only reflects results from the date operations were acquired by the Group in the course of FY21.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and does not purport to be indicative of the results of the Company, its consolidated subsidiaries and its equity accounted investments in INWIT and Cornerstone.

A detailed basis of preparation can be found in the **Further Information** section. The alternative performance measures presented in this section are also defined and reconciled in the **Further Information** section.

Consolidated Vantage Towers Pro Forma[1,2]	FY20	FY21
	(unaudited) €m	(unaudited) €m
Revenue (ex. pass through)	**945**	**966**
Capex recharge revenue	–	4
Revenue	**945**	**970**
Maintenance costs	(35)	(37)
Staff costs	(38)	(40)
Other operating expenses	(58)	(63)
Adj. EBITDA	**814**	**830**
margin	86%	86%
Capex recharge revenue	–	(4)
Ground lease expense	(301)	(302)
Adj. EBITDAaL[3]	**513**	**524**
margin	54%	54%
Reversal of non-cash lease adjustment[3]	10	10
Maintenance capex	(29)	(36)
Recurring OpFCF	**494**	**498**
Cash conversion	96%	95%
(–) Tax paid[4]	(103)	(98)
(–) Interest[5]	(16)	(16)
Recurring free cash flow (RFCF)	**375**	**384**
Net debt/Adjusted EBITDAaL	**n/a**	**3.8x**

[1] The consolidated financial performance reflects results from the date operations were acquired by the Group in the course of FY21. In order to show underlying/like-for-like performance we present pro forma results for FY20 and FY21. The non-IFRS measures presented in the table are defined and reconciled on p. 233–235 and 236–238, respectively.
[2] Includes the full estimated impact of the lease term reassessment for FY20PF and FY21PF.
[3] For the purposes of the Unaudited Pro Forma Financial Information, "cash cost of leases" has been calculated as the sum of depreciation on lease-related right-of-use assets and interest on lease liabilities that were incurred by the Group on a pro forma basis, excluding the effects from lease reassessment of the IFRS 16 lease liability and right-of-use asset on the sum of associated depreciation on lease-related right-of-use assets and interest on lease liabilities. During the twelve months ended 31 March 2021, the Group performed a reassessment of its lease portfolio in line with the requirements of IFRS 16. The Company has calculated the impact of the lease reassessment and recognised a €10 million non-cash increase in the sum of pro forma interest on leases and depreciation on right-of-use assets for the twelve months ended 31 March 2021 on a pro forma basis. The Company has not performed such a reassessment for the twelve months ended 31 March 2020. If the lease reassessment was backdated to 1 April 2019, the Company estimates the corresponding non-cash increase would have been €10 million for the twelve months ended 31 March 2020 on a pro forma basis.
[4] For the purposes of the pro forma reconciliation, net tax paid on a pro forma basis is calculated taking into account current taxes as well as prepayments to tax authorities in Germany, on a pro forma basis as no pro forma cash flow statement has been produced. Accordingly, amounts disclosed for this measure in future periods will not be strictly comparable to the amounts stated herein, which are being provided for illustrative purposes.
[5] For the purposes of the pro forma reconciliation, the pro forma interest paid, excluding interest paid on lease liabilities has been used as a proxy for cash paid as no pro forma cash flow statement has been produced. Accordingly, amounts disclosed for this measure in future periods will not be strictly comparable to the amounts stated herein, which are being provided for illustrative purposes.

	INWIT[1]		CTIL[2]	
Co-controlled joint ventures	100% share	33.2% share	100% share	50% share
	(unaudited) €m	(unaudited) €m	(unaudited) €m	(unaudited) €m
Revenue	751	249	314[3]	157[3]
Adj. EBITDA	683	227	259	129
Adj. EBITDAaL	476	158	122	61
RFCF	317	105	110	55

[1] INWIT results are the INWIT FY20 PF results that have been extracted from the INWIT FY20 Financial Results Investor Presentation available at www.inwit.it/en/investors/presentations-and-webcasts/fy20-financial-results.
[2] Cornerstone results have been calculated by adding the adjusted 9m FY21 PF results available at www.vantagetowers.com/investors/results-report-and-presentation with the results of the three months ended 31 March 2021 which reflect the signing of the MSA on 1 January 2021.
[3] Cornerstone revenue excludes pass through revenue which consists of recovery of business rates passed through to the tenants.

We are pleased to announce that our financial performance is in line with the guidance we previously shared. Our pro forma revenue (excl. pass through) grew from €945 million to €966 million, an increase of €21 million (+2.2%), which is at the upper end of guidance. This was driven by the built-to-suit programme in Germany, the active sharing agreement with Orange in Spain and the contractually agreed inflation escalator in our MSAs. Maintenance cost increases (+5.7%) were driven by a backlog of activities in our footprint which was executed in the second half of the year whilst staff costs (+5.3%) as well as administrative and other cost increases (+8.6%) relate to the setup of the group. This translated into pro forma adjusted EBITDAaL increasing from €513 million to €524 million, an increase of €11 million (+2.1%), whilst maintaining a stable EBITDAaL margin of 54%.

Our pro forma recurring free cash flow increased from €375 million to €384 million, an increase of €9 million (+2.4%) which is at the upper end of the guidance. Whilst our maintenance capex in FY21 increased from €29 million to €36 million, €7 million (+24%) driven by a catch up effect, this is offset by a lower tax charge which fell from €103 million to €98 million, a decrease of €5 million (–4.9%).

As referenced in our Q3 press release, the finalisation of the carve out of Vantage Towers and completion of the planned IFRS 16 lease reassessment exercise triggered by the new MSAs with Vodafone has resulted in some minor technical restatements to our pro forma financial performance as presented. The impact of the IFRS 16 lease reassessment is an accounting-based increase in our ground lease expense of approximately €10 million on an annualised basis. The adjustment is non-cash, and therefore has no impact on our RFCF.

For the year ended 31 March 2021, we added approximately 600 new BTS sites to our portfolio, of which c.440 were located in Germany. We have also progressed our planned decommissioning programmes in Spain and Other European Markets, with approximately 310 sites decommissioned during the year. We added c.1,800 tenancies during the twelve months ended 31 March 2021, increasing our average tenancy ratio to 1.40x compared to 1.37x as of March 2020.

For the year ended 31 March 2021 our share of pro forma revenue related to INWIT and Cornerstone was €249 million and €157 million, while our share of pro forma adjusted EBITDAaL was €158 million and €61 million and our share of pro forma recurring free cash was €105 million and €55 million, respectively.

Our financial performance for FY21 sets a solid foundation from which we will continue to build momentum in our commercial operations and efficiency programmes. We are confident in delivering our medium-term targets going forward, whilst executing all aspects of our wider strategy.

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.

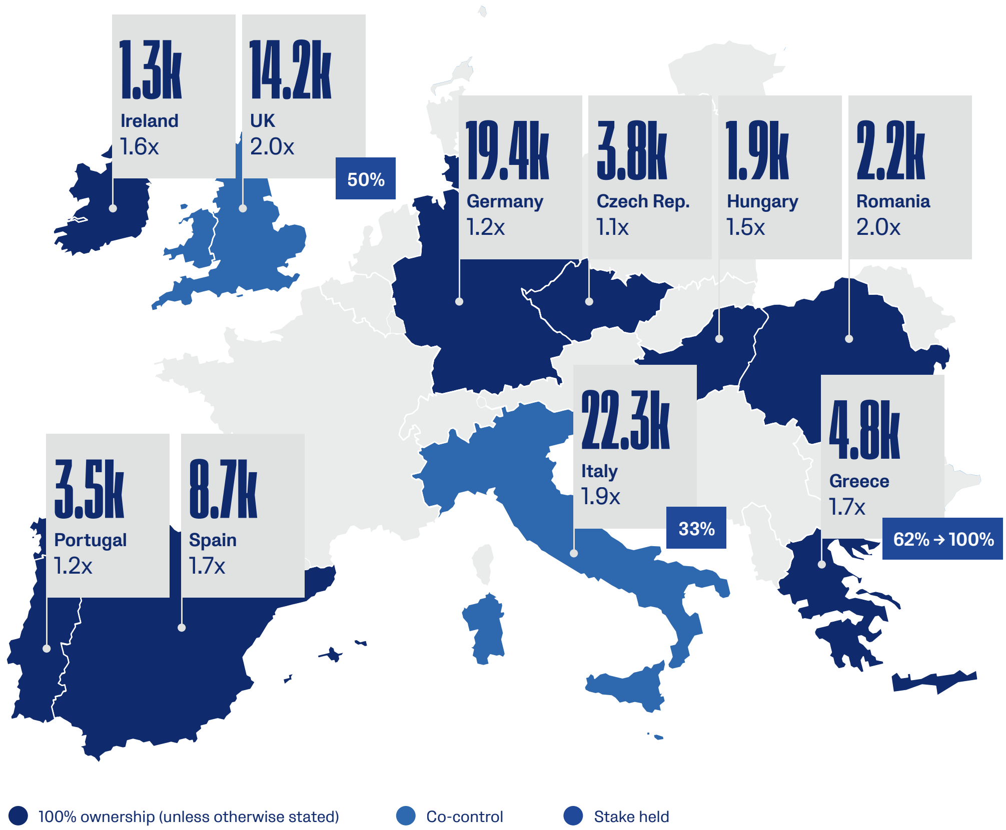
Other European Markets

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

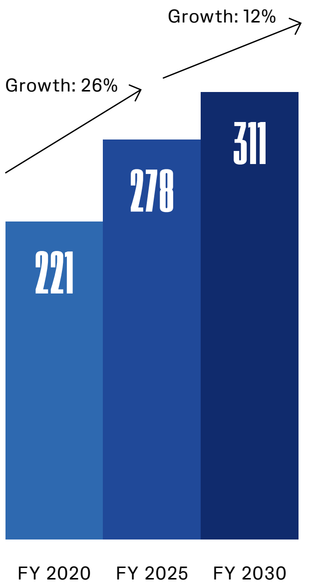
The Covid-19 crisis has clearly shown the important role telecommunication play in our society and economy. The pandemic has changed our everyday lives and the world of work: the use of digital solutions for work, leisure, and shopping has increased further and accelerated numerous digital developments. 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.

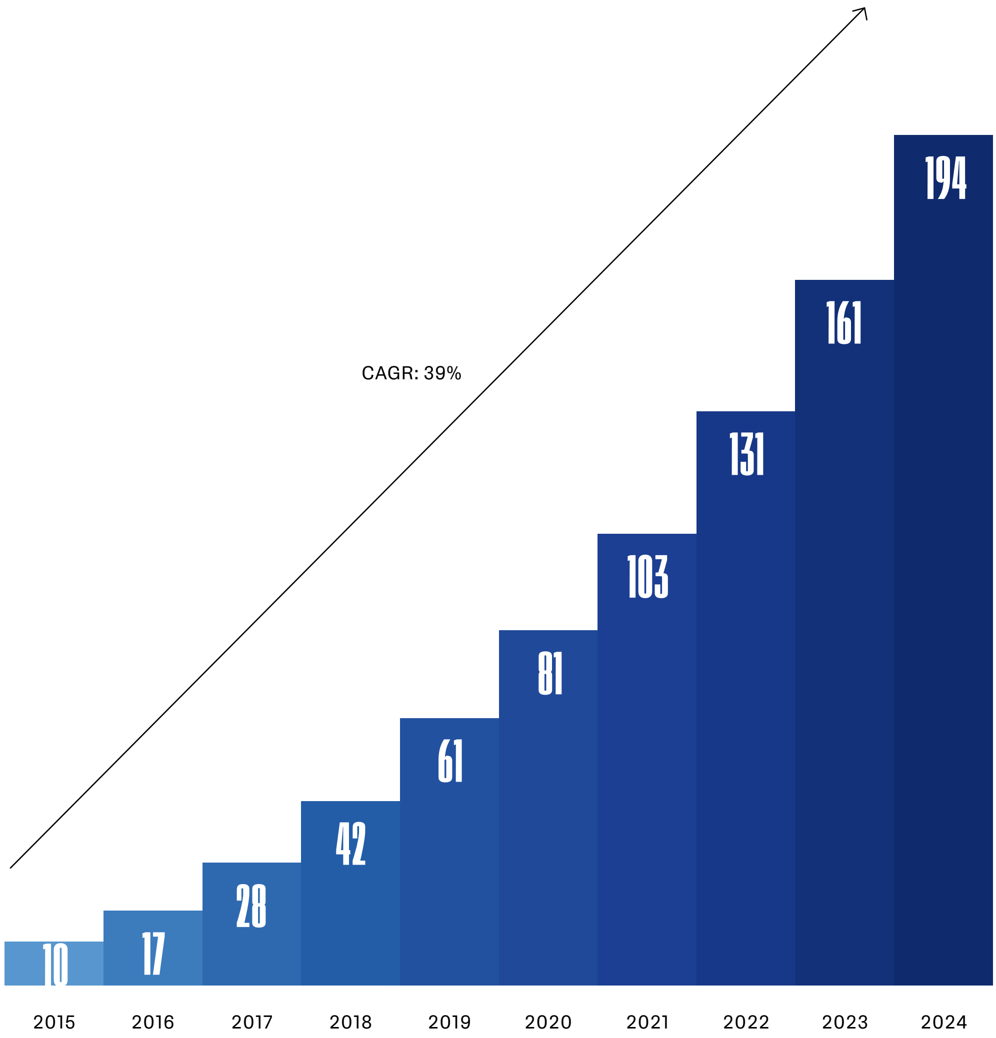
With the roll-out of each new generation of mobile technology, users have consumed more data. Data usage in Europe continues to grow rapidly in response to the increasing adoption of smartphones and internet-based applications. Between 2020 and 2024, mobile data consumption in Western Europe is expected 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. 92 under Long-term variable remuneration, p. 93.

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. 91.

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. 93 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

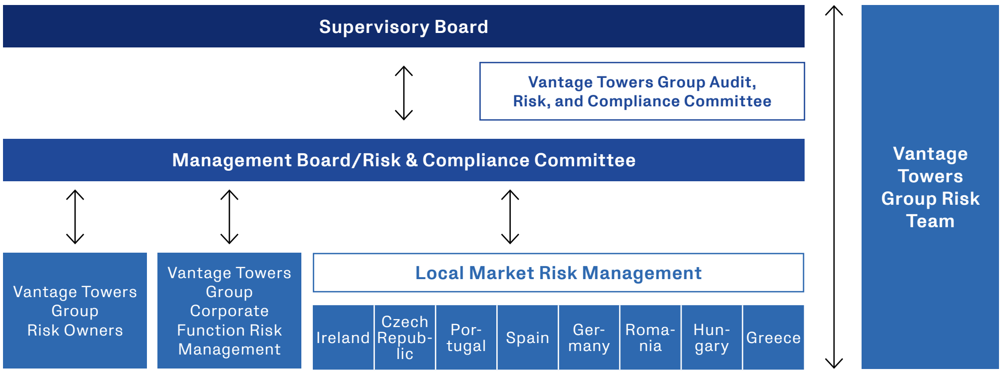
As a newly listed tower company, we are subject to all kinds of uncertainties and change. In order to operate successfully in this ongoing volatile environment, we must anticipate developments at an early stage and systematically identify, assess, and manage the resulting risks. It is equally important 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:

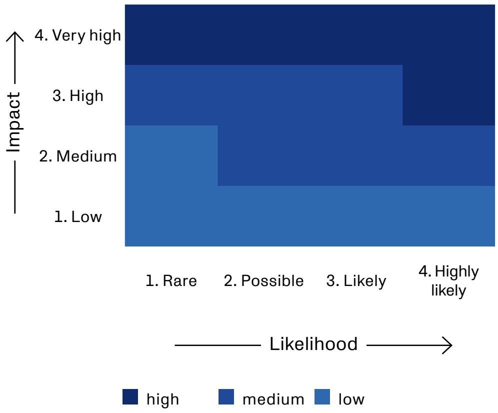
1. the potential impact; and
2. the likelihood that this impact materialises.

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. 60**.

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.

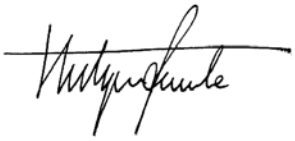
  For the long-term incentive awards which will become due in FY23 and FY24, it is currently being reviewed whether the shares granted under these awards can be amended such that they provide for a vesting of shares in Vantage Towers AG instead of Vodafone Group Plc. In addition, it is being reviewed to 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. 147.

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

Consolidated Financial Statements

Consolidated Income Statement

Twelve months ended 31 March

	Note	2021
		€m
Revenue	**2**	**545.0**
Maintenance costs		(25.4)
Staff costs	4	(19.4)
Other operating expenses	3	(37.2)
Depreciation on lease-related right-of-use assets	7	(119.8)
Depreciation on other property, plant and equipment	7	(64.1)
Amortisation of intangible assets	6	(1.6)
Loss on disposal of other property, plant and equipment		(0.5)
Share of results of equity accounted joint ventures	14	10.1
Operating profit		**287.1**
Interest on lease liabilities	11	(27.6)
Net finance costs	3	(8.6)
Other non-operating expenses	3	(33.1)
Profit before tax		**217.8**
Income tax expense	5	(57.8)
Profit for the period		**160.0**
Attributable to:		
– Owners of the Company		158.2
– Non-controlling interests		1.8
Profit for the period		**160.0**
Earnings per share		€ct
– Basic	16	51.2
– Diluted	16	51.2

Consolidated Statement of Comprehensive Income

Twelve months ended 31 March

	Note	2021
		€m
Profit for the period		**160.0**
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange translation differences, net of tax		18.0
Items that will not be reclassified subsequently to profit or loss:		
Net actuarial losses on defined benefit pension schemes, net of tax		(0.3)
Other recognised income and expenses		0.1
Total items that will not be reclassified to the income statement in subsequent years		**(0.2)**
Other comprehensive income for the period, net of income tax		**17.8**
Total comprehensive income for the period		**177.8**
Attributable to:		
– Owners of the Company		176.0
– Non-controlling interests		1.8
		177.8

Consolidated Statement of Financial Position

Twelve months ended 31 March

Assets	Note	31 March 2021
		€m
Non-current assets		
Goodwill	6	3,316.4
Other intangible assets	6	234.6
Property, plant and equipment	7	2,880.4
Investments in joint ventures	14	3,315.8
Deferred tax assets	5	24.2
Trade and other receivables	9	15.0
		9,786.4
Current assets		
Receivables due from related parties	8	435.6
Trade and other receivables	9	41.4
Cash and cash equivalents	19	22.1
		499.1
Total Assets		**10,285.5**

Equity and liabilities		
Equity		
Share capital	18	505.8
Share premium		6,876.6
Merger reserve		(2,266.3)
Other reserves		20.0
Retained earnings		158.2
Total equity attributable to shareholders of the parent	**18**	**5,294.3**
Non-current liabilities		
Long-term borrowings	20	2,187.1
Lease liabilities	11	1,774.4
Provisions	12	319.1
Post employment benefits	21	1.3
Deferred tax liabilities	5	70.5
Trade and other payables	10	33.9
		4,386.3
Current liabilities		
Lease liabilities	11	242.0
Current income tax liabilities	5	8.6
Provisions	12	16.2
Payables due to related parties	8	118.8
Trade and other payables	10	219.3
		604.9
Total liabilities		**4,991.2**
Total equity and liabilities		**10,285.5**

Consolidated Statement of Changes in Equity

Twelve months ended 31 March

	Note	Share capital	Share premium	Merger reserve	Other reserves	Retained earnings	Equity attributable to owners	Non-controlling interest	Total equity
		€m	€m	€m	€m	€m	€m	€m	€m
1 April 2020		–	–	–	–	–	–	–	–
Issue of shares	18	505.8	6,876.6	–	–	–	7,382.4	–	7,382.4
Formation of the Group	1	–	–	(2,031.2)	–	–	(2,031.2)	–	(2,031.2)
Loss incurred prior to hive-down	18	–	–	(190.2)	–	–	(190.2)	–	(190.2)
Capital contribution	18	–	–	190.2	–	–	190.2	–	190.2
Deferred tax liability on equity items	5	–	–	–	1.4	–	1.4	–	1.4
Share based payments	21	–	–	–	0.8	–	0.8	–	0.8
Non-controlling interests:									
Purchase of non-controlling interests	15	–	–	–	–	–	–	55.5	55.5
Change in ownership	15	–	–	(235.1)	–	–	(235.1)	(57.3)	(292.4)
Profit for the period		–	–	–	–	158.2	158.2	1.8	160.0
Other comprehensive expense for the period		–	–	–	17.8	–	17.8	–	17.8
Total comprehensive income for the period		**–**	**–**	**–**	**17.8**	**158.2**	**176.0**	**1.8**	**177.8**
31 March 2021		**505.8**	**6,876.6**	**(2,266.3)**	**20.0**	**158.2**	**5,294.3**	**–**	**5,294.3**

Consolidated Statement of Cash Flows

Twelve months ended 31 March

	Note	2021
		€m
Operating profit		**287.1**
Adjustments for:		
Share of results of equity accounted joint ventures	14	(10.1)
Share-based payments and other non-cash charges		1.2
Depreciation of other property, plant and equipment	7	64.1
Depreciation of lease-related right-of-use assets	7	119.8
Amortisation of intangible assets	6	1.6
Increase in trade receivables from related parties	8	(152.9)
Increase in trade payables to related parties	8	43.4
Increase in trade and other receivables	9	(8.5)
Decrease in trade and other payables	10	(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	15	(8,550.9)
Purchase of joint ventures	14	(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 and proceeds from capital contributions	18	7,107.4
Proceeds from issue of long-term borrowings	20	2,187.1
Proceeds from related party borrowings	8	2,290.0
Repayment of related party borrowings	8	(2,377.5)
Repayment of lease liabilities including interest		(131.1)
Net movements in cash management activities with related parties	8	514.6
Interest paid		(6.2)
Net cash from 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**

Notes to the Consolidated Financial Statements

1. Significant accounting policies

Corporate information

Vantage Towers AG (the "Company") is incorporated and domiciled in Germany (registered with Duesseldorf Local Court under HRB no. 92244). The registered address of the Company is Prinzenallee 11–13, 40549 Duesseldorf/Germany. The Company is ultimately controlled by Vodafone Group Plc (Vodafone), a company incorporated and domiciled in England and Wales, with a registered address of Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN, England. The Company's immediate parent is Vodafone Germany GmbH.

The Company itself prepares consolidated financial statements for the smallest group of consolidated companies to which it belongs. Pursuant to section 290 (1) of the German Commercial Code (HGB), it is also included in the consolidated financial statements of its ultimate parent company, Vodafone, as the largest group of consolidated companies.

On 4 June 2021, the Management Board of the Company authorised the consolidated financial statements for issue.

Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU) and the relevant supplementary regulations of section 315e (1) of the German Commercial Code (HGB). The consolidated financial statements are prepared on a going concern basis and these are the first consolidated financial statements prepared under IFRS.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial and equity instruments that have been measured at fair value.

The principal accounting policies are set out below and in the notes to the consolidated financial statements.

The consolidated financial statements are presented in million euros except when otherwise indicated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company, subsidiaries controlled by the Company (see note 27 "Related undertakings" to the consolidated financial statements) and joint ventures that are subject to joint control (see note 14 "Investments in joint ventures" to the consolidated financial statements).

Formation of the Group

On 26 July 2019 Vodafone announced its intention to legally separate and monetise a substantial portion of its European tower infrastructure assets. On 24 July 2020, Vodafone subsequently announced its intention to pursue a listing of a minority stake in the Company (an Aktiengesellschaft, AG), on the Prime Standard Segment of the Frankfurt Stock Exchange.

The European tower infrastructure assets in Germany, Spain, Portugal, the Czech Republic, Hungary, Romania, Greece, and Ireland, together with Vodafone's 50% ownership interest in Cornerstone Telecommunications Infrastructure Limited (Cornerstone), its 33.2% ownership interest in Infrastrutture Wireless Italiane S.p.A. (INWIT) and Central Tower Holding Company B.V. (CTHC) – the intermediate holding company, together the "Group", have been separated from Vodafone in several steps.

As an initial step, in order to achieve separation of the European tower infrastructure assets, the tower infrastructure assets in each local market were grouped into a business unit within the Vodafone operating company in that market and then carved out of the operating company into a separate legal entity controlled by Vodafone, either by way of a hive-down, a demerger or otherwise. Following this separation, ownership of the tower companies in Spain, Portugal, the Czech Republic, Hungary, Romania and Ireland, and the 33.2% interest in INWIT was transferred to CTHC under a series of steps, over a period of time. On 17 December 2020, CTHC was acquired by the Company from Vodafone Europe BV, a subsidiary of Vodafone Group Plc.

The tower infrastructure assets of Vodafone GmbH, Düsseldorf (Vodafone Germany) were hived down into the Company on 25 May 2020. Prior to this, the Company was a shell company and had total assets and equity each of €25,000 at 31 March/1 April 2020. Furthermore, prior to 17 December 2020, the financial results of the Group only represent those relating to the tower business in Germany.

On 22 December 2020, the Group acquired a 62% shareholding of Vantage Towers Greece, which contained the assets of both Vodafone Greek TowerCo and Wind Hellas Greek TowerCo, respectively. Subsequently, the remaining 38% interest in Vantage Towers Greece was acquired on 25 March 2021.

On 14 January 2021, the Group acquired Vodafone's 50% shareholding in Cornerstone.

In considering the presentation of the consolidated financial statements, for the year end, the Directors have considered the guidance in IFRS 10 "Consolidated Financial Statements" (IFRS 10) relating to individual transactions. The Directors have considered that the commercial purpose of separating certain of Vodafone's European tower infrastructure assets into a standalone tower infrastructure business, and the related legal steps undertaken to achieve this, have taken place in contemplation of each other solely to achieve a single purpose, being the public listing of the Company's shares. The Directors have therefore concluded that the various steps undertaken should be accounted for as a single transaction.

As the single transaction comprises the combination of the separate European tower businesses, this meets the definition of a business combination. However, as the transaction is under common control, the accounting does not fall in scope of any existing IFRSs. Consequently, in accordance with International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (IAS 8), the Directors must employ judgement to develop and apply an appropriate accounting policy.

Accordingly, the Directors have concluded that it is appropriate to account for the combination of the European tower assets that make up the Group by applying the pooling of interests method based on historical carrying values as though the current structure had always been in place, a method of accounting for business combinations. These historical carrying values are determined by reference to the book values recorded under the Vodafone Group accounting policies immediately preceding the transaction in accordance with the pooling of interests approach. In applying the pooling of interests method, the Directors have considered the requirements of IFRS 10 which, in the absence of specific IFRS guidance, is considered to be analogous and relevant for the purposes of accounting for the combination.

IFRS 10 mandates that the consolidated financial statements of the receiving entity cannot include financial information of a subsidiary prior to the date it obtains control. Accordingly, in applying the pooling of interests method, the Directors do not consider it appropriate to present financial information of the acquired businesses for periods prior to their acquisition.

Significant accounting policies applied in the current reporting period that relate to balances without a separate note

Presentation currency

The consolidated financial statements are presented in euro, which is also the Group's and each entity's functional currency with the exception of Vantage Towers Czech Republic, Vantage Towers Hungary, and Cornerstone which have functional currencies of Czech Koruna, Hungarian Forint, and Pound Sterling, respectively.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Changes in the fair value of monetary securities denominated in foreign currency are analysed between translation differences and other changes in the carrying amount of the security. Translation differences are recognised in the consolidated income statement and other changes in carrying amount are recognised in the consolidated statement of comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of entities with a functional currency other than euro are expressed in euro using exchange rates prevailing at the reporting period date. Income and expense items and cash flows are translated at the average exchange rates for each month and exchange differences arising are recognised in other comprehensive income.
On disposal of a foreign entity, the cumulative amount previously recognised in the consolidated statement of comprehensive income relating to that particular foreign operation is recognised in profit or loss in the consolidated income statement.

Going concern

The Directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

The Directors have reviewed the financial performance and position of the Company and have assessed the monthly cash flow forecasts through to September 2022. They note the Group's €165.1 million cash is held in a call deposit account as part of the Vodafone Group Plc cash pooling arrangement. Per the terms of the arrangement, the Directors have control of this deposit and draw down upon this balance when needed. Having considered the overall financial position of the Vodafone Group for the 12 months ended 31 March 2021, the Directors are satisfied that the Vodafone Group has sufficient liquidity for the Company and Group to continue to access the cash balance held in its call deposit account.

Despite the potential for a sustained macroeconomic downturn, the Directors are satisfied that, due to the low cost base and significant head room in the cash flow forecast, the business will continue to have sufficient cash available even in the event of any reasonably possible downturn in trading. There has been limited impact on the business as a result of Covid-19 (see note 13 "Capital and financial risk management").

On the basis of their assessment, the Directors of Vantage Towers AG expect that the Company will be able to continue in operational existence for the period up to and including September 2022, and hence continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Current or non-current classification

Assets are classified as current in the consolidated statement of financial position where recovery is expected within 12 months of the reporting date. All assets where recovery is expected more than 12 months from the reporting date and all deferred tax assets, goodwill, other intangible assets, investments in joint ventures, and property, plant and equipment are reported as non-current.

Liabilities are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. For provisions, where the timing of settlement is uncertain, amounts are classified as non-current where settlement is expected more than 12 months from the reporting date. In addition, deferred tax liabilities and post-employment benefits are reported as non-current.

New accounting pronouncements to be adopted on or after 1 April 2021

The IASB has issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 Interest Rate Benchmark Reform – Phase 2 and Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9, which are effective for annual periods beginning on or after 1 January 2021. Although not yet endorsed by the EU, the Group's financial reporting will be presented in accordance with the above new standards from 1 April 2021.

The IASB has issued Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" and IFRS 17 "Insurance Contracts", which are effective for annual periods beginning on or after 1 January 2023. Although not yet endorsed by the EU, the Group's financial reporting will be presented in accordance with the above new standards from 1 April 2023.

The Group's work to assess the impact of these accounting changes is continuing; however, the changes are not expected to have a material impact on the future consolidated income statement, consolidated statement of financial position or consolidated cash flow statement.

The following narrow-scope amendments were issued by the IASB since May 2020 and are effective for annual periods beginning on or after 1 January 2022, they have not yet been endorsed by the EU.

- Annual Improvements to IFRS Standards 2018–2020;
- Amendment to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use";
- Amendment to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract";
- Amendment to IFRS 3 "Reference to the Conceptual Framework";
- Amendment to IAS 1 "Guidelines on disclosures of accounting policies in the financial statements";
- Amendment to IAS 8 "Definition of accounting estimates"; and
- Amendment to IFRS 16 "Covid-19-Related Rent Concessions" beyond 30 June 2021".

The Group is assessing the impact of these new standards and the Group's financial reporting will be presented in accordance with these standards from 1 April 2022.

The IASB has also issued amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture", however, the effective date has been deferred indefinitely since 2015.

In May 2021, the IASB issued "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" which amended IAS 12 "Income Taxes" to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. They have not yet been endorsed by the EU. The Group is assessing the impact of these new standards and the Group's financial reporting will be presented in accordance with these standards from 1 April 2023.

Critical accounting judgements and key sources of estimation uncertainty

IFRS requires the Directors to adopt accounting policies that are the most appropriate to the Group's circumstances. In determining and applying accounting policies, Directors and management are required to make judgements and estimates in respect of items where the choice of specific policy, accounting judgement, estimate or assumption to be followed could materially affect the Group's reported financial position, results or cash flows and disclosure of contingent assets or liabilities during the reporting period; it may later be determined that a different choice may have been more appropriate.

The Group's critical accounting judgements and key sources of estimation uncertainty are detailed below. Actual outcomes could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Management regularly reviews, and revises as necessary, the accounting judgements that significantly impact the amounts recognised in the consolidated financial statements and the estimates that are considered to be "critical estimates" due to their potential to give rise to material adjustments in the Group's financial statements in the following period. As at 31 March 2021, management has identified critical judgements in respect of revenue recognition, lease accounting, valuation of goodwill, business combinations and taxation. In addition, management has identified critical accounting estimates in relation to the impairment of goodwill and estimation of asset retirement obligations.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

As set out in the basis of preparation section, in determining the presentation basis of the consolidated financial statements, the Directors are required to apply various judgements and have concluded that:

- the legal steps undertaken in combining the European tower businesses should be accounted for as a single transaction; and
- in applying a pooling of interests method for the business combination under common control, the inclusion of financial information for the European tower businesses prior to the date of legal separation would contradict the requirements of IFRS 10 and therefore no comparative information is presented for that period.

Revenue recognition
Revenue recognition under IFRS 15 “Revenue from contracts with customers” necessitates the use of management judgements to produce financial information. The most significant accounting judgement is disclosed below.

Gross versus net presentation
If the Group has control of goods or services before they are delivered to a customer, then the Group is the principal in the sale to the customer; otherwise the Group is acting as an agent. Whether the Group is considered to be the principal or an agent in the transaction depends on the analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue and operating expenses (see note 2 “Revenue disaggregation and segmental analysis”) but do not impact reported assets, liabilities or cash flows. Scenarios requiring judgement to determine whether the Group is a principal or an agent include, for example, those where the Group delivers energy to operator equipment, in which control of energy is not obtained prior to delivery to customers.

Lease accounting
Lease accounting under IFRS 16 “Leases” necessitates the collation and processing of very large amounts of data consolidated with application of management judgements and estimates to produce financial information. The most significant accounting judgements are disclosed below.

Lessor classification of arrangements as either operating or finance lease
Management judgement is required in determining whether leases where the Group is lessor are classified as operating or finance leases. This has a significant impact on revenue recognition. Operating lease revenue is recognised on a straight line basis (or similar) over the lease term, while finance lease income is recognised largely up front, with interest income recognised over the remainder of the term.

IFRS 16 contains a number of indicators that a lease may be a finance lease. The relevant indicators considered in the context of the leases of tower space to telecommunication companies were:

- whether the lease term is for the major part of the economic life of the asset; and
- whether the present value of payments are substantially all of the fair value of the asset.

Management considered the following factors when assessing lease classification:

- the lease term is significantly shorter than the useful life of tower assets. Where aged towers are being used to fulfil the MSA, it is expected that the assets will be maintained rather than replaced;
- high-level analysis concluded that the present value of lease payments was not 'substantially all' of the fair value of the tower asset; and
- consideration of the nature of the arrangement, which is more consistent with short-term hire agreement (operating lease) than financing the acquisition of assets (finance lease)

On the basis of the factors considered, management determined that leases under the MSA should be classified as operating leases. See note 11 "Leases" for further details.

Lessee – Lease term

Where leases include additional optional periods after an initial lease term, significant judgement is required in determining whether these optional periods should be included when determining the lease term. As a lessee, optional periods are included in the lease term if the Group is reasonably certain it will exercise an extension option or will not exercise a termination option; this depends on an analysis by management of all relevant facts and circumstances including the leased asset's nature and purpose, the economic and practical potential for replacing the asset and any plans that the Group has in place for the future use of the asset. The value of the right-of-use asset and lease liability will be greater when extension options are included in the lease term.

The assessed lease term is subject to the non-cancellable period and rights and options in each contract. Generally, lease terms are judged to include the non-cancellable contractual periods including any reasonably certain extension periods. For the Group's site leases, extension options are assumed to be exercised if they are exercisable within the non-cancellable MSA term. In most instances the Group has options to renew or extend leases for additional periods after the end of the initial non-cancellable lease term which are assessed using the criteria above.

Lease terms are reassessed if a significant event or change in circumstances occurs relating to the leased assets that is within the control of the Group; such changes usually relate to commercial agreements entered into by the Group, or business decisions made by the Group. Where such changes change the Group's assessment of whether it is reasonably certain to exercise options to extend, or not terminate leases, then the lease term is reassessed and the lease liability is remeasured, which in most cases will increase the lease liability.

Valuation of goodwill
Goodwill previously attributed to Vodafone Group businesses in each market, recorded at cost less accumulated impairment, has been accounted under the pooling of interests approach.

Goodwill, less amounts relating to Vodafone Group's acquisition of Liberty Global assets which are deemed not to relate to the Group, has been allocated between the Group's businesses and the remaining Vodafone operating business in proportion to the relative value of the cash-generating units for each market. The allocation of goodwill between cash-generating units is assessed from the enterprise value of the relevant Vodafone Group operations. See note 6 "Goodwill and intangible assets" for further details.

Business combinations
When the Group completes a business combination, the fair values of the identifiable assets and liabilities acquired, including intangible assets, are recognised. The determination of the fair values of acquired assets and liabilities is based, to a considerable extent, on management's judgement. If the purchase consideration exceeds the fair value of the net assets acquired, then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the assets acquired, then the difference is recorded as a gain in the income statement.

Allocation of the purchase price between finite lived assets (discussed below) and indefinite lived assets such as goodwill affects the subsequent results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised.

Where intangible assets are acquired through business combinations and no active market for the assets exists, the fair value of these assets is determined by discounting estimated future net cash flows generated by the asset. Estimates relating to the future cash flows and discount rates used may have a material effect on the reported amounts of finite lived intangible assets.

The useful life over which intangible assets are amortised depends on management's estimate of the period over which economic benefit will be derived from the asset. Useful lives are periodically reviewed to ensure that they remain appropriate. Management's estimates of useful life have a material impact on the amount of amortisation recorded in the year, but there is not considered to be a significant risk of material adjustment to the carrying values of intangible assets in the year to 31 March 2022 if these estimates were revised.

See note 15 "Acquisitions" for further details.

Taxation
The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Group's total tax charge involves management to exercise judgement in respect of the following:

Recognition of deferred tax assets
Significant items on which the Group has exercised judgement whether or not to recognise deferred tax assets in respect of losses. The recognition of deferred tax assets, particularly in respect of tax losses, is based upon whether management judge that it is probable that there will be sufficient and suitable taxable profits in the relevant legal entity or tax group against which to utilise the assets in the future. The Group assesses the availability of future taxable profits using the same undiscounted five year forecasts for the Group's operations as are used in the Group's value in use calculations for goodwill impairment purposes.

Changes in the judgements taken which underpin the Group's forecasts could have an impact on the amount of deferred tax asset recognised. The Group only considers substantively enacted tax laws when assessing the amount and availability of tax losses to offset against the future taxable profits (see note 5 "Income taxes").

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment – goodwill
IFRS requires management to perform impairment tests annually for indefinite lived assets. For goodwill in particular, the value in use calculations required to support the goodwill balance involve significant estimates, including those involved in management's forecast, any long-term growth rates applied to this, and the appropriate discount rate to use to reflect risks (amongst others). Given the level of estimation involved and the size of the goodwill balance, impairment reviews are considered to be a key source of estimation uncertainty. See note 6 "Goodwill and intangible assets" for further details.

Asset retirement obligation provision
Estimation of future costs
The Group is required to recognise provisions for site restoration costs on its leased assets. There is uncertainty around the cost of asset retirement obligations as cost estimates can vary in response to many factors, including from changes in market rates for goods and services, to the relevant legal requirements, the emergence of new technology or experience at other assets. The expected timing, work scope, amount of expenditure and risk weighting may also change. Therefore estimates and assumptions are made in determining the provision for asset retirement obligations. The estimated asset retirement obligation costs are reviewed annually. The asset retirement obligation provision is based on current legal and contractual requirements, technology, and price levels.

An increase or decrease in the cost estimates by 10% at 31 March 2021 would result in an increase or decrease in the liability and corresponding asset by €29.4 million and €29.5 million, respectively.

2. Revenue disaggregation and segmental analysis

The Group's businesses are managed on a geographical basis. Selected financial data is presented on this basis below.

Accounting policies
Revenue
When the Group enters into an agreement with a customer, service deliverables under the contract are identified as separate performance obligations ("obligations") to the extent that the customer can benefit from the goods or services on their own and that the separate services are considered distinct from other services in the agreement. Where individual services do not meet the criteria to be identified as separate obligations they are aggregated with other services in the agreement until a separate obligation is identified. The obligations identified will depend on the nature of individual customer contracts, but might typically be separately identified for energy, maintenance of the underlying tower infrastructure and allied services provided to customers. The provision of space on the Group's tower infrastructure is considered to be a lease, see note 11 "Leases" for further information. Where services have a functional dependency (for example, services are required to be provided alongside the lease) this does not, in isolation, prevent those services from being assessed as separate obligations.

The Group determines the transaction price to which it expects to be entitled in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and, where applicable, discounts.

The transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract is determined according to the prices that the Group would achieve by selling the same services included in the obligation to a similar customer on a standalone basis; where standalone selling prices are not directly observable, estimation techniques are used maximising the use of external inputs.

Revenue is recognised when the respective obligations in the contract are delivered to the customer and cash collection is probable.

Revenue from leases is recognised on a straight line basis over the term of the lease; see note 11 "Leases" for details. Revenue for the provision of services is recognised when the Group provides the related service during the agreed service period.

When the Group has control of energy prior to delivery to a customer, then the Group is the principal in the sale to the customer. As a principal, receipts from customers and payments to suppliers are reported on a gross basis in revenue and operating costs. If another party has control of services prior to transfer to a customer, then the Group is acting as an agent for the other party and revenue in respect of the relevant obligations is recognised net of any related payments to the supplier and recognised revenue represents the margin earned by the Group. Control of the energy is obtained by the Group and recorded on a gross basis, with the exception where the Group delivers energy to operate the antenna and provide mobile reception to customers in which case control of the energy is not obtained prior to transfer to a customer. See "Critical accounting judgements and key sources of estimation uncertainty" in note 1 for details.

Segmental analysis

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Group has determined the chief operating decision maker to be the Management Board. The Group has a single group of similar services and products, being the supply of infrastructure leases and related services. Revenue is attributed to a country or region based on the location of the tower assets and company reporting the associated revenue.

The aggregation of operating segments into the Germany, Spain, Greece and other regions, in the opinion of management, reflects the basis on which the Group manages its interests. The aggregation of operating segments reflects, in the opinion of management, the similar economic characteristics within each of those countries as well as the similar services offered and supplied, classes of customers and the regulatory environment.

The period for each segment's results is explained in note 1 "Basis of preparation".

Twelve months ended 31 March 2021	Total revenue	Adjusted EBITDA	Ground lease expense[1]	Recharged capital expenditure revenue	Adjusted EBITDAaL
	€m	€m	€m	€m	€m
Germany	403.4	340.7	(88.9)	(2.6)	249.2
Spain	46.5	40.6	(21.9)	(0.3)	18.4
Greece	35.0	29.8	(17.8)	(0.2)	11.8
Other European Markets	60.1	51.9	(18.8)	(0.3)	32.8
Consolidated	**545.0**	**463.0**	**(147.4)**	**(3.4)**	**312.2**

[1] Ground lease expense represents the sum of depreciation on lease-related right-of-use assets and interest on lease liabilities.

The Group measures segment profit using adjusted EBITDA, defined as operating profit before depreciation on lease-related right-of-use assets, depreciation, amortisation, share of results of equity accounted joint ventures and gains/losses on disposal for other property, plant and equipment, and excluding impairment losses, restructuring costs arising from discrete restructuring plans, other operating income and expense and significant items that are not considered by management to be reflective of the underlying performance of the Group. A reconciliation of adjusted EBITDA to operating profit is shown below. For a reconciliation of operating profit to segment profit for the period, see the consolidated income statement.

	Twelve months ended 31 March 2021
	€m
Adjusted EBITDA	463.0
Depreciation on lease-related right-of-use assets	(119.8)
Depreciation on other property, plant and equipment	(64.1)
Amortisation of other intangible assets	(1.6)
Loss on disposal of other property, plant and equipment	(0.5)
Share of results of equity accounted joint ventures	10.1
Operating profit	**287.1**

The Group also measures segment performance using Adjusted EBITDAaL, calculated as adjusted EBITDA less recharged capital expenditure revenue, and after depreciation on lease-related right-of-use assets and deduction of interest on lease liabilities.

Segmental assets and capital expenditure

Twelve months ended 31 March 2021	Non-current assets[1]	Lease-related right-of-use assets	Maintenance capital expenditure[2]	Other capital expenditure	Depreciation and amortisation
	€m	€m	€m	€m	€m
Germany	424.5	826.8	(5.2)	(94.2)	(124.9)
Spain	117.2	458.9	(2.8)	(4.7)	(18.9)
Greece	109.4	322.0	(1.9)	(1.8)	(20.0)
Other European Markets	189.1	447.5	(3.4)	(4.8)	(21.7)
Consolidated	**840.2**	**2,055.2**	**(13.3)**	**(105.5)**	**(185.5)**

[1] Comprises other property, plant and equipment and non-current trade and other receivables.
[2] Maintenance capital expenditure is 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.

Revenue disaggregation

The Group generates revenue based on the different services it offers. The Group earns the vast majority of its revenue based on long-term contracts with Vodafone and other Mobile Network Operators (MNO) on macro sites. Macro sites are the physical infrastructure, either ground-based or located on the top of a building, where communications equipment is placed to create a cell in a mobile network. Macro site revenue represents revenue earned from renting space and providing services to customers on macro sites. Fees are charged on a per site basis, except in the case of certain Active Sharing Arrangements in Spain and Portugal pursuant to which Vodafone and the contracting MNO have agreed to apply a single portfolio fee to all sites. The Group also earns ancillary revenue providing micro sites and from providing energy and upgrade services to its customers. Other rental revenue (DAS/small cell) represents revenue earned from renting space and providing services to tenants on DAS/small cell sites. Recharged capital expenditure revenue includes direct recharges to tenants of capital expenditure in connection with upgrades to existing sites. Recharged capital expenditure revenue is recognised over the term of the associated Vodafone MSA, resulting in deferred income recognition. €3.4 million of recharged capital expenditure revenue was generated during the twelve months ended 31 March 2021; however, upgrade revenue is expected to increase over time as the Vodafone MSAs have come into force.

Revenue reported for the year includes revenue from contracts with customers, comprising service revenue as well as other revenue items including energy revenue and other income items such as the infrastructure upgrade revenue. Lease revenue is revenue recognised under IFRS 16 “Leases”. The table below disaggregates the Group’s revenue into the various categories.

	Twelve months ended 31 March 2021
	€m
Service revenue	130.0
Other service revenue	15.9
Total revenue from contracts with customers	**145.9**
Lease revenue	395.7
Other lease revenue	3.4
Total revenue	**545.0**
Split as:	
Macro site revenue	514.1
Other rental revenue	11.6
Energy and other revenue	15.9
Recharged capital expenditure	3.4
Total	**545.0**

Included in total revenue are revenues which arose in each of the Group's segments from sales to the Group's largest customer Vodafone and its subsidiaries (see note 8 "Related party transactions"). No other single customers contributed 10% or more to the Group's revenue in the twelve-month period to 31 March 2021.

The total future revenue expected to be recognised relating to performance obligations that are unsatisfied or partially unsatisfied at the reporting date including revenue in accordance with IFRS 16 is as follows:

	Within one year	In more than one year but less than two years	In more than two years but less than three years	In more than three years but less than four years	In more than four years but less than five years	In more than five years	Total
	€m	€m	€m	€m	€m	€m	€m
Committed revenue from contracts with customers	232.0	228.8	226.6	225.1	224.1	623.6	1,760.2
Committed lease revenue due to the Group as a lessor	687.3	678.2	671.9	667.7	665.0	1,857.7	5,227.8
Total	**919.3**	**907.0**	**898.5**	**892.8**	**889.1**	**2,481.3**	**6,988.0**

3. Operating and non-operating expenses

Detailed below are the significant expenses recognised in arriving at profit before tax:

	Twelve months ended 31 March 2021
	€m
Other operating expenses:	
– Energy costs	13.2
– Net foreign exchange loss	0.2
– Net related party costs	3.0
– Outsourced operations	6.2
– Other	14.6
Total	**37.2**
Net finance costs:	
– Finance costs	13.8
– Finance (income)	(5.2)
Total	**8.6**
Other non-operating expenses:	
– Set-up costs	33.1
Total	**33.1**

4. Employees

This note shows the average number of people employed by the Group during the year, in which areas of our business our employees work and where they are based. It also shows total employment costs.

	2021 Employees
By segment:	
Germany	112
Spain	16
Greece	8
Other European Markets	51
Total	**187**
By function:	
Technology	112
Finance	40
Legal	14
Commercial	10
CEO/MDs	6
HR	5
Total	**187**

The cost incurred in respect of these individuals (including Directors) was:

	Twelve months ended 31 March 2021
	€m
Wages and salaries	15.5
Social security costs	1.6
Other pension costs	0.6
Share-based payments	0.8
Other staff costs	0.9
Total	**19.4**

5. Income taxes

Accounting policies
Income tax expense represents the sum of current and deferred taxes.

Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting period date.

The Group recognises provisions for uncertain tax positions when the Group has a present obligation as a result of a past event and management judge that it is probable that there will be a future outflow of economic benefits from the Group to settle the obligation. Uncertain tax positions are assessed and measured on an issue by issue basis within the jurisdictions that we operate either using management's estimate of the most likely outcome where the issues are binary, or the expected value approach where the issues have a range of possible outcomes. The Group recognises interest on late paid taxes and penalties depending on their qualification in the local markets as financing costs, income taxes or other expenses.

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that temporary differences or taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting period date and adjusted to reflect changes in the Group's assessment that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they either relate to income taxes levied by the same taxation authority on either the same taxable entity or on different taxable entities which intend to settle the current tax assets and liabilities on a net basis.

Tax is charged or credited to the income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the tax is recognised in other comprehensive income or in equity.

Income tax expenses are composed of the following items:

	2021
	€m
Current taxes	25.9
Deferred taxes	31.9
Total tax expense	**57.8**

The expected tax expense is calculated using the tax rate of 31% applicable to German group companies. This includes an average trade tax rate of 15.175% in addition to the statutory corporate income tax rate of 15% and the solidarity surcharge of 5.5% on corporation income tax. The following table shows a reconciliation of the expected tax expense at the Group tax rate of 31% to the effective tax expense at a tax rate of 26.5%.

	2021
	€m
Profit before tax	**217.8**
Expected income tax expense at Group rate	67.5
International rate differences[1]	(5.3)
Income from joint ventures[2]	(3.1)
Goodwill depreciation[3]	(2.9)
Local business tax[4]	1.4
Change in valuation allowances	0.3
Other	(0.1)
Income tax expense	**57.8**
Effective tax rate	**26.5%**

[1] The foreign tax rate differences in the negative amount of €5.3 million are due to the different tax rates outside of Germany in comparison to the combined German statutory tax rate of 31%. The tax rates for foreign companies vary between 25% (Spain) and 9% (Hungary). Significant tax income is generated in Germany, Spain, and Greece with the remaining tax being grouped into other European markets (Portugal, Hungary, Romania, Czech Republic, and Ireland) in line with the segmental analysis in note 2.
[2] Income resulting from joint ventures in the amount of €10.1 million reflects the profit after tax at the level of Cornerstone and INWIT.
[3] The amount of €2.9 million concerns the tax effect on additional depreciation for tax purposes as a result from the downstream spin-off of 390 non-enterprise DAS sites in Germany. For IFRS purposes, the transfer of the non-enterprise DAS sites was performed at carrying values, for tax purposes, it was performed at fair market value. The initial recognition exemption of IAS 12.24 applies on this temporary difference between tax and IFRS. The step up in value for tax purposes amounted to €142 million depreciated over a useful life of 15 years.
[4] €1.4 million relates to add-backs for German trade tax purposes (i.e. limited deductibility of interest, leasing and rental expenses).

Deferred taxes as of 31 March 2021	1 April 2020	Charged to the income statement	Germany demerger
	€m	€m	€m
Other property plant and equipment	–	(19.2)	(10.3)
Investments	–	(4.0)	–
Receivables and deferred revenues	–	(1.2)	(0.3)
ARO provision	–	15.8	(4.2)
Other provisions	–	(1.1)	0.1
Lease-related right of use assets	–	(94.7)	(183.8)
Lease liabilities	–	104.2	186.4
Total	**–**	**(0.2)**	
Valuation allowances on temporary differences			
Total deferred taxes on temporary differences			
Tax loss carry-forwards	–	(31.9)	47.2
Valuation allowances on tax loss carry-forwards	–	(0.1)	–
Tax loss carry-forwards after valuation allowances	**–**	**(32.0)**	**47.2**
Offsetting of deferred taxes			
Purchase price allocation Greece		0.3	(64.2)
Total charged to the income statement		**(31.9)**	
Net deferred tax asset/(liability)			

The table above shows deferred taxes on temporary differences, tax loss carry-forwards and purchase price allocations. The column “Germany demerger” reflects the transfer of tower infrastructure assets of Vodafone Germany into the

Balance sheet movements:

Acquisitions	OCI – (Pension)	Other equity movements	31 March 2021	Deferred tax asset	Deferred tax liability
€m	€m	€m	€m	€m	€m
11.8	–	0.2	(17.5)	17.1	(34.6)
–	–	–	(4.0)	–	(4.0)
4.8	–	1.9	5.2	5.8	(0.6)
3.6	–	(1.2)	14.0	18.9	(4.9)
3.3	0.1	–	2.4	3.6	(1.2)
(213.2)	–	–	(491.7)	–	(491.7)
203.1	–	–	493.7	493.7	–
			2.1	**539.1**	**(537.0)**
				–	–
				539.1	**(537.0)**
47.3	–	–	–	62.6	–
(47.0)	–	–	–	(47.1)	–
0.3	**–**	**–**	**–**	**15.5**	**–**
				(530.4)	530.4
				–	(63.9)
				24.2	**(70.5)**

Company on 25 May 2020. The column "Acquisitions" reflects the increase of temporary differences resulting from the acquisition of CTHC on 17 December 2020 and includes differences in the Vantage companies in Spain, Portugal, the Czech Republic, Hungary, Romania, and Ireland. It also contains temporary differences in Greece.

Deferred tax liabilities of approximately €1.3 million have not been recognised in respect of the unremitted earnings of subsidiary companies following the local market demergers in the year. The Group is in a position to control the timing of the reversal of the temporary difference and it is deemed probable that temporary differences in relation to unremitted earnings in the FY21 accounts will not reverse in the foreseeable future. The amount of unrecognised deferred tax liabilities in respect of these unremitted earnings is an estimated number, since first year statutory accounts following local market demergers have not yet been prepared.

As of 31 March 2021, the Company has recognised deferred tax assets of €15.5 million on tax loss carry-forwards (TLCF).

2021	Amount of TLCF	Gross DTA
	€m	€m
Germany	48.6	15.0
Spain	187.6	46.9
Greece	2.3	0.5
The Netherlands	1.0	0.3
Total	**239.5**	**62.7**
Valuation allowance		(47.2)
Net deferred tax asset		**15.5**

Deferred tax assets of €46.9 million were impaired as the Spanish Group company is still a member of the tax group with Vodafone Spain. Consequently, the tax loss carry-forwards cannot be offset against its taxable income. In addition, no deferred tax asset was recognised on the losses of the Dutch holding company.

Tax loss carry-forwards that occurred in Germany and Spain can be carried forward for an indefinite period whereas the Greek tax losses will forfeit at the end of financial year 2026 and the Dutch tax losses at the end of fiscal year 2027.

6. Goodwill and intangible assets

The statement of financial position contains significant intangible assets, mainly in relation to goodwill and software. Goodwill, which arises when we acquire a business and pay a higher amount than the fair value of its net assets primarily due to the synergies we expect to create, is not amortised but is subject to annual impairment reviews. Software is amortised over the life of the software licence. For further details see "Critical accounting judgements and key sources of estimation uncertainty" in note 1 to the consolidated financial statements.

Accounting policies

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured.

Goodwill

Goodwill arising under the pooling of interests approach (see note 1 "Significant accounting policies") relates to goodwill previously held by the Vodafone Group, recorded at cost less accumulated impairment, that relates to the Vantage businesses and which has been allocated to the tower business cash-generating units at the date of demerger for each entity.

Goodwill is initially recognised at the Vodafone Group carrying value immediately prior to demerger of each tower business and is subsequently measured at this value less any accumulated impairment losses. Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is evidence that it may be required.

Finite lived intangible assets

Intangible assets with finite lives are stated at acquisition or development cost, less accumulated amortisation. The amortisation period and method are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The estimated useful lives of finite lived intangible assets are as follows:

Other intangibles	
Customer relationships	32 years
Software	2–8 years

	Goodwill	Other intangibles	Total
	€m	€m	€m
Cost			
1 April 2020	–	–	–
Arising on formation of the Group under pooling of interests method	3,228.0	–	3,228.0
Arising on other acquisitions (note 15)	87.7	224.8	312.5
Additions	–	0.3	0.3
Transfers from related parties (note 8)	–	11.1	11.1
Foreign exchange differences	0.7	–	0.7
31 March 2021	**3,316.4**	**236.2**	**3,552.6**
Accumulated impairment losses and amortisation			
1 April 2020	–	–	–
Amortisation charge	–	1.6	1.6
31 March 2021	**–**	**1.6**	**1.6**
Net book value			
1 April 2020	–	–	–
31 March 2021	**3,316.4**	**234.6**	**3,551.0**

Impairment losses

Impairment occurs when the carrying value of assets (or the cash-generating unit) is greater than their recoverable amount. The recoverable amount, the higher of fair value less costs of disposal and the value in use is typically determined as the present value of the net cash flows these assets are expected to generate. We review the carrying value of assets for each country in which we operate at least annually.

Accounting policies

Goodwill

Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is an indication that the asset may be impaired.

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units. The determination of the Group's cash-generating units is primarily based on the country where the Group's towers assets are located.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversible in subsequent periods.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Management prepares formal five year management plans for the Group's cash-generating units, which are the basis for the value in use calculations.

The goodwill in the Group represents the excess of the cost of historical acquisitions by Vodafone over the fair value of the acquired net assets which arose primarily due to synergies expected to be made at the time of those acquisitions.

Property, plant and equipment and finite lived intangible assets
At each reporting period date, the Group reviews the carrying amounts of its property, plant and equipment, finite lived intangible assets and equity-accounted investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount and an impairment loss is recognised immediately in the income statement.

Impairment losses

Following our annual impairment review, no impairment charges have been recognised in the consolidated income statement.

Goodwill

The allocation of the carrying value of goodwill to the cash-generating units at 31 March was as follows:

	31 March 2021
Cash generating unit	€m
Germany	2,565.0
Portugal	246.0
Ireland	151.0
Greece	128.7
Czech Republic	129.7
Romania	58.0
Hungary	28.0
Spain	10.0
Total	**3,316.4**

Key assumptions used in the value in use calculations

The key assumptions used in determining the value in use are:

Assumption	How determined
Pre-tax risk adjusted discount rate	The discount rate applied to the cash flows of each of the cash-generating units is generally based on the risk free rate for ten year bonds issued by the government in the respective market. Where government bond rates contain a material component of credit risk, high-quality local corporate bond rates may be used. These rates are adjusted for a risk premium to reflect both the increased risk of investing in equities and the systematic risk of the specific cash-generating unit. In making this adjustment, inputs required are the equity market risk premium (that is the required return over and above a risk free rate by an investor who is investing in the market as a whole) and the risk adjustment, beta, applied to reflect the risk of the specific cash-generating unit relative to the market as a whole. In determining the risk adjusted discount rate, management has applied an adjustment for the systematic risk to each of the cash-generating companies determined using an average of the betas of comparable listed tower companies and, where available and appropriate, across a specific territory. Management has used a forward-looking equity market risk premium that takes into consideration both studies by independent economists, the long-term average equity market risk premium and the market risk premiums typically used by valuations practitioners. The risk adjusted discount rate is also based on typical leverage ratios of tower companies in each cash-generating unit's respective market or region.
Long-term growth rate	A long-term growth rate into perpetuity is applied immediately at the end of the five year forecast period and is based on the lower of: – the nominal GDP growth rate forecasts for the country of operation; and – the long-term compound annual growth rate in adjusted EBITDA as estimated by management. Long-term compound annual growth rates determined by management may be lower than forecast nominal GDP growth rates due to market-specific factors.
Projected adjusted EBITDA	Calculated as adjusted operating profit before depreciation and amortisation
Projected capital expenditure	The cash flow forecasts for capital expenditure are based on past experience and include the ongoing capital expenditure required to maintain our infrastructure. Capital expenditure includes cash outflows for the purchase of property, plant and equipment and computer software.

Value in use assumptions

The table below shows key assumptions used in the value in use calculations:

Twelve months ended 31 March 2021	Germany	Portugal	Ireland	Other European Markets
	%	%	%	%
Pre-tax adjusted discount rate	6.0	8.1	6.5	6.2–8.2
Long-term growth rate	1.5	1.5	1.5	1.0–1.5
Projected adjusted EBITDA[1]	8.4	7.1	6.0	2.7–18.1
Projected capital expenditure[2]	39.1–56.2	13.7–20.7	21.2–49.1	8.6–28.8
Average capital expenditure	48.6	17.3	37.7	23.0

[1] Projected adjusted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
[2] Projected capital expenditure is expressed as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

Sensitivity analysis

The estimated recoverable amount of the Group's operations in Germany and Portugal exceed their carrying values by €4.3 billion and €0.2 billion, respectively. If the assumptions used in the impairment review were changed to a greater extent than as presented in the following table, the changes would, in isolation, lead to an impairment loss being recognised for the year ended 31 March 2021.

	Change required for carrying value to equal recoverable amount	
Twelve months ended 31 March 2021	Germany	Portugal
	pps	pps
Pre-tax adjusted discount rate	5.2	3.9
Long-term growth rate	(4.9)	(4.2)
Projected adjusted EBITDA[1]	(19.3)	(9.4)
Projected capital expenditure[2]	162.6	71.4

[1] Projected adjusted EBITDA is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
[2] Projected capital expenditure is expressed as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

7. Property, plant and equipment

Accounting policies
Land and infrastructure assets held for use are stated in the statement of financial position at their cost, which is made up of direct costs and costs in relation to asset retirement obligations, less any subsequent accumulated depreciation and any accumulated impairment losses.

Amounts for other assets are primarily made up of towers and other infrastructure assets such as electricity substations and cables. It also includes fixtures and fittings and IT hardware. These are all stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, other than land, using the straight-line method, over their estimated useful lives, as follows:

Land and buildings	
Freehold buildings	25–50 years
Leasehold premises	The term of the lease

Other	
Towers	25 years
Other infrastructure assets	4–8 years
Other	1–8 years

Depreciation is not provided on freehold land.

Right-of-use assets arising from the Group's lease arrangements are depreciated over their reasonably certain lease term, as determined under the Group's leases policy (see note 11 "Leases" and "Critical accounting judgements and key sources of estimation uncertainty" in note 1 for details).

The gain or loss arising on the disposal, retirement or granting of a lease on an item of property, plant and equipment is determined as the difference between any proceeds from sale, or receivables arising on a lease, and the carrying amount of the asset and is recognised in the income statement.

At each reporting period date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. See note 6 "Goodwill and intangible assets" for further details.

	Land and buildings	Other	Total
	€m	€m	€m
Cost			
1 April 2020	–	–	–
Arising on formation of the Group under pooling of interests method	9.1	634.9	644.0
Arising on other acquisitions (note 15)	94.1	4.8	98.9
Transfers from related parties (note 8)	–	13.9	13.9
Additions	2.0	116.8	118.8
Changes in estimates of asset retirement obligations (see note 12)	(0.3)	14.1	13.8
Disposals	–	(4.0)	(4.0)
Foreign exchange differences	–	0.3	0.3
31 March 2021	**104.9**	**780.8**	**885.7**
Accumulated depreciation and impairment			
1 April 2020	–	–	–
Charge for the period	0.3	63.8	64.1
Disposals	–	(3.6)	(3.6)
Foreign exchange differences	–	–	–
31 March 2021	**0.3**	**60.2**	**60.5**
Net book value			
1 April 2020	–	–	–
31 March 2021	**104.6**	**720.6**	**825.2**

Included in the net book value of infrastructure assets are assets in the course of construction, which are not depreciated, with a cost of €89.3 million. Also included in the book value of other assets are tower and infrastructure assets leased out by the Group under operating leases, with a cost of €746.5 million, accumulated depreciation of €119.4 million and net book value of €627.1 million. The book value of right-of-use assets disclosed below are leased out by the Group under operating leases.

Right-of-use assets arising from the Group's lease arrangements are recorded within property, plant and equipment:

	31 March 2021
	€m
Other property, plant and equipment	825.2
Lease-related right-of-use assets[1]	2,055.2
31 March 2021	**2,880.4**

[1] Additions of €380.6 million and a depreciation charge of €119.8 million were recorded in respect of right-of-use assets during the twelve-month period to 31 March 2021. Right-of-use assets predominantly relate to ground leases (land and buildings).

At 31 March 2021, no indications of impairment were identified in relation to the property, plant and equipment. See note 6 "Goodwill and intangible assets" for further details on impairment considerations.

8. Related party transactions

The Group has a number of related parties including Vodafone Group Plc companies outside the Group, Directors and Supervisory Board members.

Transactions with related parties
Related party transactions with Vodafone Group companies primarily comprise the formation of the Group (see note 1 "Significant accounting policies"), revenue for the lease of space on tower infrastructure assets and related services and recharges for services provided by them to the Group.

During the year, Group entities entered into the following transactions with related parties who are not members of the Group:

Twelve months ended 31 March 2021	Revenue	Purchase of services
	€m	€m
Vodafone Group Plc	0.4	–
Subsidiaries of Vodafone Group Plc	487.0	(30.3)

The following amounts were outstanding at the reporting date:

31 March 2021	Receivables due from related parties	Payables due to related parties
	€m	€m
Vodafone Group Plc	165.4	(0.2)
Subsidiaries of Vodafone Group Plc	270.2	(118.6)

Included within the amounts outstanding at the reporting date is a net €165.1 million receivable in relation to the Group's cash management activities and €13.8 million cash deposits with subsidiaries of Vodafone Group Plc. Net movements in cash management activities with related parties in the period were €514.6 million.

On 20 November 2020, the Company entered into a €3.0 billion loan facility agreement with Vodafone Investments Luxembourg S.à. r.l. (VIL), a subsidiary of Vodafone Group Plc. On 17 December 2020, the Company drew a loan of €2.3 billion from this facility. On 31 March 2021 this facility was then fully settled.

Interest expense of €3.5 million was incurred on the long-term borrowings from related parties.

Capital expenditure recharges to related parties totaled €34.3 million in the period. Revenue recognised in respect of capital expenditure recharges was €2.6 million for the current year and an accumulated balance of €31.7 million has been deferred within trade and other payables (see note 10 “Trade and other payables”), which is to be released to the income statement over the relevant term.

During the period, other property, plant and equipment of €13.9 million (note 7 “Property, plant and equipment”) and intangible assets of €11.1 million (note 6 “Goodwill and intangible assets”) were transferred to the Group from subsidiaries of Vodafone Group Plc representing the cost of those assets at the date of transfer.

The Group entered into a foreign currency swap in the period with Vodafone Group Plc as the counterparty and has been entered into to cover the CZK denominated loan issued by the Company to its subsidiary Vantage Towers s.r.o. The swap has been recognised and measured at fair value through profit or loss with a carrying value at 31 March 2021 of €0.7 million shown within payables due to related parties.

With the exception of the previously explained foreign currency swap, the Group’s receivables and payables due from as well as to related parties are financial assets and financial liabilities recorded at amortised cost. The receivables due from related parties are measured after allowances for future expected credit losses, see note 13 “Capital and financial risk management” for more information on credit risk.

Receivables due from related parties are unsecured, have no fixed date of repayment and are repayable on demand.

Key management compensation

Aggregate compensation for key management, being the Directors and members of the Executive Committee, was as follows:

	Twelve months ended 31 March 2021
	€m
Short-term employee benefits	3.1
Share-based payments (note 21)	0.6
	3.7

Compensation for key management was paid by members of the Group and subsidiaries of Vodafone Group Plc.

9. Trade and other receivables

Accounting policies
Trade receivables represent amounts owed by customers where the right to payment is conditional only on the passage of time. All trade receivables, other receivables, and receivables due from related parties are recorded at amortised cost.

The Group's trade receivables, other receivables, and receivables due from related parties are classified at amortised cost. The carrying value of all trade receivables, other receivables and receivables due from related parties recorded at amortised cost is reduced by allowances for lifetime estimated credit losses, see note 13 "Capital and financial risk management" for more information on credit risk. Estimated future credit losses are first recorded on the initial recognition of a receivable and are based on the ageing of the receivable balances, historical experience and forward-looking considerations. Individual balances are written off when management deems them not to be collectible.

	31 March 2021
	€m
Included in non-current assets	
Accrued Income	1.1
Prepayments	9.2
Other receivables	4.7
	15.0
Included in current assets	
Trade receivables	6.8
Accrued Income	16.7
Prepayments	3.4
Tax receivables	2.2
Other receivables	12.3
	41.4

Trade and other receivables are financial assets with the exception of prepayments which is expected to be settled by receiving goods and services in the future.

The carrying amounts of trade and other receivables, which are measured at amortised cost, approximate their fair value and are predominantly non-interest bearing.

10. Trade and other payables

Accounting policies
Trade payables are not interest-bearing and are stated at their nominal value. They are accounted for as amortised cost unless otherwise stated and are all financial liabilities with the exception of deferred income which is expected to be settled by provision of services in the future.

	31 March 2021
	€m
Included in non-current liabilities	
Deferred Income	33.9
	33.9
Included in current liabilities	
Trade payables	61.8
Accruals	111.1
Deferred income	31.3
Other taxation and social security	7.8
Other payables	7.3
	219.3

The carrying amounts of trade and other payables approximate their fair value.

11. Leases

Accounting policies
As a lessee
When the Group leases an asset, a “right-of-use asset” is recognised for the leased item and a lease liability is recognised for any lease payments to be paid over the lease term at the lease commencement date. The right-of-use asset is initially measured at cost, being the present value of the lease payments paid or payable, plus any initial direct costs incurred in entering the lease and less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the end of the reasonably certain lease term. The lease term is the non-cancellable period of the lease plus any periods for which the Group is ‘reasonably certain’ to exercise any extension options (see below). The useful life of the asset is determined in a manner consistent to that for other property, plant and equipment (as described in note 7 “Property, plant and equipment”). If right-of-use assets are considered to be impaired, the carrying value is reduced accordingly.

Lease liabilities are initially measured at the value of the lease payments over the lease term that are not paid at the commencement date and are usually discounted using the incremental borrowing rates of the applicable Group entity (the rate implicit in the lease is used if it is readily determinable). Lease payments included in the lease liability include both fixed payments and in-substance fixed payments during the term of the lease.

After initial recognition, the lease liability is recorded at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate (e.g. an inflation related increase) or if the Group's assessment of the lease term changes; any changes in the lease liability as a result of these changes also results in a corresponding change in the recorded lease-related right-of-use asset.

As a lessor

Where the Group is a lessor, it determines at inception whether the lease is a finance or an operating lease. When a lease transfers substantially all the risks and rewards of ownership of the underlying asset then the lease is a finance lease; otherwise the lease is an operating lease.

Where the Group is an intermediate lessor, the interests in the head lease and the sub-lease are accounted for separately and the lease classification of a sub-lease is determined by reference to the right-of-use asset arising from the head lease.

Income from operating leases is recognised on a straight-line basis over the lease term. Income from finance leases is recognised at lease commencement with interest income recognised over the lease term.

Lease income is recognised as revenue for transactions that are part of the Group's ordinary activities (primarily leases over the utilisation of infrastructure assets). The Group uses IFRS 15 principles to allocate the consideration in contracts between any lease and non-lease components.

The Group's leasing activities

As a lessee

The Group leases ground and rooftop sites on which to construct and operate passive infrastructure for mobile base stations.

The Group's general approach to determining lease term is described under "Critical accounting judgements and key sources of estimation uncertainty" in note 1.

Most of the Group's leases include future price increases through fixed percentage increases, indexation to inflation measures on a periodic basis, or rent review clauses. Other than fixed percentage increases the lease liability does not reflect the impact of these future increases unless the measurement date has passed. The Group's leases contain no material variable payments clauses.

Lease periods

Where practicable the Group seeks to include extension or break options in leases to provide operational flexibility, therefore many of the Group's lease contracts contain optional periods. The Group's policy on assessing and reassessing whether it is reasonably certain that the optional period will be included in the lease term is described under "Critical accounting judgements and key sources of estimation uncertainty" in note 1.

After initial recognition of a lease, the Group only reassesses the lease term when there is a significant event or a significant change in circumstances, which was not anticipated at the time of the previous assessment. Significant events or significant changes in circumstances could include merger and acquisition or similar activity, significant expenditure on the leased asset not anticipated in the previous assessment, or detailed management plans indicating a different conclusion on optional periods to the previous assessment. Where a significant event or significant change in circumstances does not occur, the lease term and therefore lease liability and right-of-use asset value, will decline over time.

The Group's cash outflow for leases in the twelve months ended 31 March 2021 was €131.1 million. The future cash flows included within lease liabilities are shown in the maturity analysis below. The maturity analysis only includes the reasonably certain payments to be made; cash outflows in these future periods will likely exceed these amounts as payments will be made on optional periods not considered reasonably certain at present and on new leases entered into in future periods.

Management has assessed that the signing of new Master Service Agreements during the period were a significant trigger event for reassessment, in line with its accounting policy. The amounts recognised in the primary financial statements in relation to lessee transactions are as follows:

Right-of-use assets

The carrying value of the Group's right-of-use assets, depreciation charge for the year and additions during the year are disclosed in note 7 "Property, plant and equipment".

Lease liabilities

The Group's lease liabilities are disclosed below. The maturity profile of the Group's lease liabilities is as follows:

	31 March 2021
	€m
Within one year	286.7
In more than one year but less than two years	265.6
In more than two years but less than five years	729.1
In more than five years	1,018.4
	2,299.8
Effect of discounting	(283.4)
Lease liability	**2,016.4**
Analysed as:	
Non-current	1,774.4
Current	242.0

Amounts recognised in the income statement are as follows:

	Twelve months ended 31 March 2021
	€m
Depreciation on lease-related right of use assets	119.8
Interest on lease liabilities	27.6
Expense relating to variable lease payments not included in the measurement of the lease liability	0.5

The Group has no material liabilities under residual value guarantees and makes no material payments for variable payments not included in the lease liability.

As a lessor
The Group's lessor activities are with telecommunication companies leasing out space on the Group's other infrastructure property, plant and equipment assets.

Lessor transactions are classified as operating or finance leases based on whether the lease transfers substantially all of the risks and rewards incidental to ownership of the asset. Leases are individually assessed; generally, the Group's lessor transactions are classified as operating leases.

The Group's income as a lessor in the year and the committed future amounts to be received from the Group's operating leases is disclosed in note 2 "Revenue disaggregation and segmental analysis".

The Group has no material lease income arising from variable lease payments.

12. Provisions

A provision is a liability recorded in the statement of financial position, where there is uncertainty over the timing or amount that will be paid, and is therefore often estimated. The main provisions held by the Group are in relation to asset retirement obligations, which include the cost of returning network infrastructure sites to their original condition at the end of the lease.

Accounting policies
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. Where the timing of settlement is uncertain amounts are classified as non-current where settlement is expected more than twelve months from the reporting date.

Asset retirement obligations
In the course of the Group's activities, a number of sites and other assets are utilised which are expected to have costs associated with decommissioning. The associated estimated cash outflows are substantially expected to occur at the dates of decommissioning of the assets to which they relate, and are long-term in nature. The discount rate applied to calculate the net present value of the cash outflows relating to asset retirement obligation is based on the risk free rate. See note 1 "Significant accounting policies" for further details on the estimated cash outflows.

Other provisions
Other provisions comprise various amounts including those for restructuring costs. The associated cash outflows for restructuring costs are primarily less than one year.

	Asset retirement obligations	Other	Total
	€m	€m	€m
1 April 2020	–	–	–
Arising on formation of the Group under pooling of interests method	309.5	6.3	315.8
Arising on other acquisitions (note 15)	6.4	0.1	6.5
Amounts capitalised in the year	13.8	0.8	14.6
Unwinding of discounting	2.6	–	2.6
Utilised in the year – payments	(3.2)	(1.1)	(4.3)
Effects of foreign exchange	0.1	–	0.1
31 March 2021	**329.2**	**6.1**	**335.3**
Current liabilities	11.6	4.6	16.2
Non-current liabilities	317.6	1.5	319.1
	329.2	**6.1**	**335.3**

13. Capital and financial risk management

This note details the treasury management and financial risk management objectives and policies, as well as the exposure and sensitivity of the Group to credit, liquidity, interest and foreign exchange risk, and the policies in place to monitor and manage these risks.

Accounting policies

Financial instruments

Financial assets and financial liabilities, in respect of financial instruments, are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that provides a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets.

Capital management

The following table summarises the capital of the Group at 31 March:

	2021
	€m
Total borrowings (note 20)	(4,203.5)
Cash and cash equivalents (note 19)	22.1
Equity	(5,294.3)
Capital	**(9,475.7)**

The Group's 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.

Financial risk management

The Group's treasury function centrally manages the Group's funding requirement, net foreign exchange exposure, interest rate management exposures, and counterparty risk in accordance with the framework of policies and guidelines as approved by the Management Board. The Group's accounting function, which does not report to the Group Treasury Director, provides regular update reports of treasury activity to the Management Board.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial asset leading to a financial loss for the Group. The Group is exposed to credit risk from its operating activities and from its financing activities, the Group considers its maximum exposure to credit risk at 31 March to be cash and cash equivalents and trade receivables and receivables due from related parties as disclosed in the statement of financial position, note 8 “Related party transactions”, and note 9 “Trade and other receivables”.

Expected credit loss
The Group has financial assets classified and measured at amortised cost that are subject to the expected credit loss model requirements of IFRS 9. Cash at bank and in hand and trade and other receivables are classified and measured at amortised cost and subject to these impairment requirements. However, the identified expected credit loss is considered to be immaterial at 31 March 2021.

Operating activities
For trade receivables, expected credit losses are required to be measured based on lifetime expected losses, calculated with reference to the contractual cash flows due to the entity and the cash flows the entity expects to receive. However, the majority of the Group’s trade receivables are due from Vodafone Group companies, which have investment grade credit ratings and no history of default, while other trade receivables are from third-party customers that also have investment grade credit ratings. Expected credit losses are therefore considered to be immaterial.

Customer credit ratings and relevant macroeconomic factors that may impact the required expected credit loss provision are monitored on a regular basis and the expected credit loss provision updated whenever a significant change is identified.

Trade receivables and contract assets are written off when each business unit determines there to be no reasonable expectation of recovery and enforcement activity has ceased.

The majority of the Group’s trade receivables are due for maturity within 30 days and largely comprise amounts receivable from business customers.

The following table presents information on trade receivables past due and their associated expected credit losses:

		Trade receivables at amortised cost past due				
31 March 2021	Current	30 days or less	31–60 days	61–180 days	180 days+	Total
	€m	€m	€m	€m	€m	€m
Gross carrying amount	230.7	5.9	18.1	2.3	6.5	263.5
Expected credit loss allowance	–	–	–	–	–	–
Net carrying amount	**230.7**	**5.9**	**18.1**	**2.3**	**6.5**	**263.5**

Liquidity Risk
Liquidity is reviewed on at least a twelve-month rolling basis and stress tested on the assumption that any liabilities outstanding mature and are not extended. The Group manages liquidity risk by maintaining a varied maturity profile with a target average life of debt of at least four years and limits on the level of debt maturity in any one calendar year, therefore minimising refinancing risk. Liquidity risk is further reduced by the Group's €300 million revolving credit facility, and the Group's treasury policy is to ensure that no more than €800 million of borrowings mature in any one year.

The Group did not experience any payment shortfalls in the year.

The maturity profile of the anticipated future cash flows including interest in relation to the Group's non-derivative financial liabilities on an undiscounted basis which, therefore, differs from both the carrying value and fair value, is as follows:

Maturity profile	Bonds	Lease liabilities	Total borrowings	Trade payables and other financial liabilities	Total
	€m	€m	€m	€m	€m
Within one year	8.1	286.7	294.8	246.9	541.7
In one to two years	8.1	265.6	273.7	–	273.7
In two to three years	8.1	251.8	259.9	–	259.9
In three to four years	758.1	243.6	1,001.7	–	1,001.7
In four to five years	8.1	233.7	241.8	–	241.8
In more than five years	1,473.8	1,018.4	2,492.2	–	2,492.2
Sub total	2,264.3	2,299.8	4,564.1	246.9	4,811.0
Effect of discounting/ financing rate	(77.2)	(283.4)	(360.6)	–	(360.6)
31 March 2021	**2,187.1**	**2,016.4**	**4,203.5**	**246.9**	**4,450.4**

Market risk

Interest rate management

Other than for short-term working capital and where it is envisaged, loan debt shall be repaid prior to maturity, the Group's policy is to maintain interest rates on indebtedness on a fixed rate basis. The Group's sensitivity to interest rate risk is therefore immaterial.

Foreign exchange management

The Group predominantly maintains the currency of debt and interest charges in euros and has a policy to hedge external foreign exchange risks on transactions denominated in other currencies above a certain de minimis level. The Group's sensitivity to foreign exchange risk is therefore immaterial.

Acquisition risks

The Group's strategy includes the aim to strengthen and expand its operations through acquisitions. This strategy of growth exposes the Group to operational challenges and risks as well as the acquisition of liabilities or other claims from acquired businesses.

Covid-19

The Covid-19 pandemic has brought some disruption to our business, suppliers, and customers. However, the situation across the Group and direction has been coordinated through a robust centralised Crisis Management process which is based on and supported by the established Covid-19 response services of Vodafone. Risk areas include Health & Safety risk management; maintaining vital network coverage and services; and ensuring our Customer Service teams are able to work and support our customers.

The demand for services offered by the Group has not been diminished by Covid-19. As the Group is mainly an infrastructure-led business, it has not been adversely impacted by the restrictions caused by the pandemic with customer activity remaining in line with expectations since the period end. Appropriate changes in processes, systems and security requirements were implemented to enable all operational activities to move to remote working models with no disruption to the service provided. These are sustainable models as they have not had a detrimental impact on customer relations. The business is not significantly reliant on customers and suppliers outside of the Vodafone Group companies. The Covid-19 impact on the Group is minimal. There is no adverse impact anticipated to future plans for the business as a consequence of Covid-19, therefore we consider the current forecast to remain appropriate.

There are no indicators resulting from Covid-19 that would lead to concern over the recoverability of the trade and other receivables or the deferred tax asset.

Changes in liabilities arising from financing activities

		Cash flows			Non-cash flows			
	1 April 2020	Net proceeds of borrowings	Interest paid	Net movement in short-term borrowings	Lease liabilities	Net financing costs	Other	31 March 2021
	€m	€m	€m	€m	€m	€m	€m	€m
Liabilities arising from financing activities[1]	–	2,187.1	(3.3)	–	2,016.4	3.3	0.7	4,204.2

[1] This balance comprises gross borrowings of €2,187.1 million, lease liabilities of €2,016.4 million and net derivative financial liabilities of €0.7 million.

14. Investments in joint ventures

The Group holds interests in joint venture in Italy and the UK that it shares control with one or more third parties.

Accounting policies
A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; that is, when the relevant activities that significantly affect the investee's returns require the unanimous consent of the parties sharing control. Joint arrangements are either joint operations or joint ventures.

Joint ventures
A joint venture is a joint arrangement whereby the parties that have joint control have the rights to the net assets of the arrangement.

The Group's investments in joint ventures acquired during the year, have been accounted under the pooling of interests method, meaning that the investments have been recognised based on their historical carrying values transferred on formation of the Group.

The results and assets and liabilities of joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of the investment. The Group's share of post-tax profits or losses are recognised in the consolidated income statement. Losses of a joint venture in excess of the Group's interest in that joint venture are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The financial and operating activities of the Group's joint ventures are jointly controlled by the participating shareholders. The participating shareholders have rights to the net assets of the joint ventures through their equity shareholdings. Unless otherwise stated, the Company's joint ventures have share capital consisting solely of ordinary shares and are all indirectly held. The country of incorporation or registration of all joint ventures is also their principal place of operation.

	Principle activity	Country of incorporation or registration	Percentage share-holdings
			%
Infrastrutture Wireless Italiane (INWIT) S.p.A.	Network infrastructure	Italy	33.2
Cornerstone Telecommunications Infrastructure Limited (Cornerstone)	Network infrastructure	UK	50

The following table provides aggregated financial information for the Group's joint ventures as it relates to the amounts recognised in the income statement, statement of comprehensive income and statement of financial position.

	Investment in joint venture 2021	Profit from continuing operations 2021	Other comprehensive income 2021	Total comprehensive income 2021
	€m	€m	€m	€m
Infrastructture Wireless Italiane (INWIT) S.p.A.	2,919.7	6.0	–	6.0
Cornerstone Telecommunications Infrastructure Limited (Cornerstone)	396.1	4.1	–	4.1
Total	**3,315.8**	**10.1**	**–**	**10.1**

Summarised financial information for the Group's joint ventures on a 100% ownership basis is set out below.

The shareholding in INWIT was acquired by the Group as part of the CTHC acquisition on 17 December 2020 (see note 1 "Significant accounting policies"). The cost of investment recognised in the statement of financial position represents the net asset value of €2,913.6 million at that date with the Group being entitled to a share of its net income from 17 December 2020 until the period end of 31 March 2021.

Information in relation to the period to 31 March has not been released at the date of approval of these financial statements and as such is market sensitive for INWIT. Therefore reported results for INWIT for the twelve months ended 31 December 2020, being the most recently available public information has been used with adjustments being made for the effects of any significant events or transactions occurring between the accounting period ends.

In addition following the merger between INWIT and Vodafone Towers Italy and the subsequent acquisition of shares in INWIT, a purchase price allocation exercise was performed in accordance with IFRS 3 which resulted in, inter alia, a step up in PPE and intangible asset values and a corresponding increase in depreciation and amortisation charges. The resulting additional expenses from the purchase price allocation and the associated tax effect are included within the reported results for INWIT for the twelve months ended 31 December 2020.

The shareholding in Cornerstone was acquired by the Group on 14 January 2021 for cash consideration of €1,213.2 million.

Income statement	INWIT S.p.A.	Cornerstone
	€m	€m
Revenue	**191.2**	**85.4**
Operating expenses	(59.3)	(56.8)
Operating profit or loss before amortisation, depreciation, capital gains/(losses) and reversals/(write-downs) of non-current assets (EBITDA)	131.9	28.6
Amortisation, depreciation, capital gains/(losses) on disposals and write-downs of non-current assets	(54.9)	(19.6)
Operating profit (EBIT)	**77.0**	**9.0**
Net finance costs	(14.0)	(1.2)
Other non-operating expenses	–	–
Profit before taxation	**63.0**	**7.8**
Taxation	(16.9)	0.4
Profit for the period	**46.1**	**8.2**

Statement of financial position – at 31 March 2021	INWIT S.p.A.	Cornerstone
	€m	€m
Non-current assets	8,829.2	2,712.8
Current assets	256.2	219.9
Total assets	**9,085.4**	**2,932.7**
Equity shareholders' funds	(4,580.5)	(792.1)
Non-current liabilities	(4,164.4)	(1,203.3)
Current liabilities	(340.5)	(937.3)
Total equity and liabilities	**(9,085.4)**	**(2,932.7)**

Reconciliation of summarised financial information
The reconciliation of summarised financial information presented to the carrying amount of our interest in joint ventures is set out below:

Twelve months ended 31 March 2021	INWIT S.p.A.	Cornerstone
	€m	€m
Equity shareholder funds	**4,580.5**	**792.1**
Investment in joint venture	1,520.7	396.1
Purchase price adjustment	1,399.0	–
Carrying value	**2,919.7**	**396.1**
Profit for the period	**46.1**	**8.2**
Share of profit	15.3	4.1
Purchase price adjustment – amortisation	(9.3)	–
Share of profit	**6.0**	**4.1**

15. Acquisitions

This note provides details of the acquisitions during the period.

German Hive-down and Acquisition of CTHC

Vodafone Germany transferred the German Tower Business (Teilbetrieb Tower) to the Company by way of a hive-down by absorption (Ausgliederung zur Aufnahme) within the meaning of sec. 123 (3) No. 1 of the German Transformation Act (Umwandlungsgesetz) (the “German Hive-Down”). The German Hive-Down became legally effective on 25 May 2020 upon registration in the commercial register entry (Handelsregister) of Vodafone Germany, and the Company automatically acquired all of the assets and liabilities under the German Hive-Down belonging to the German Tower Business by way of partial universal succession (“partielle Universalsukzession”) in exchange for new shares in the Company being issued to Vodafone Germany). As consideration, Vodafone Germany received 274,975,000 new shares in the Company. As a business combination under common control, this has been accounted for using the pooling of interests method as described in note 1 “Basis of preparation”.

On 17 December 2020, CTHC was acquired by the Company from Vodafone Europe BV, a subsidiary of Vodafone Group Plc for €7,791.6 million. As a business combination under common control, this has been accounted for using the pooling of interests method as described in note 1 “Basis of preparation”.

For the German hive-down and the acquisition of CTHC:

a) the total consideration paid amounted to €8,066.6 million;
b) the portion of the consideration consisting of cash and cash equivalents amounted to €7,791.6 million;
c) the amount of cash and cash equivalents in these businesses amounted to €0.2 million; and
d) the amount of assets and liabilities in these business summarised by major category as of the dates when control was obtained was as follows:

	Carrying amounts
	€m
Assets	
Goodwill	3,187.0
Property, plant and equipment	2,139.8
Other non-current assets	2,866.3
Current assets (other than cash)	1,076.2
Liabilities	
Non-current lease liabilities	(1,400.2)
Non-current other liabilities	(249.3)
Current lease liabilities	(96.7)
Current other liabilities	(401.1)

As this business combination under common control represents the substantial portion of the Group, we consider a separate disclosure of revenue and profit included in the consolidated financial statements for the reporting period resulting from this business combination to be impracticable as it is not useful for the user of financial statements.

Acquisition of Vantage Towers Greece

On 24 July 2020, Vodafone Europe BV (VEBV) entered into an agreement with Crystal Almond S.à.r.l. (Crystal Almond), the controlling shareholder of Wind Hellas Telecommunications S.A. (Wind Hellas), for Vodafone-Panafon Hellenic Telecommunications Company S.A. (Vodafone Greece) and Wind Hellas to partially demerge and subsequently contribute their tower businesses into Vantage Towers Greece, a jointly owned entity controlled by VEBV.

Vodafone Greece transferred its passive infrastructure business to Vodafone Greece Towers S.A. (Vodafone Greek TowerCo) by way of a notarial deed dated 6 November 2020, with legal effect from 17 November 2020. In exchange for the transfer of the assets and liabilities of Vodafone Greece to Vodafone Greek TowerCo, Vodafone Greece's shareholders received a pro rata issuance of shares in Vodafone Greek TowerCo. Wind Hellas transferred its passive infrastructure business to Crystal Almond Towers Single Member S.A. (Wind Hellas Greek TowerCo) by way of a notarial deed dated 6 November 2020, with legal effect from 17 November 2020. In exchange for the transfer of assets and liabilities of Wind Hellas to Wind Hellas Greek TowerCo, Crystal Almond was issued all of the shares in Wind Hellas Greek TowerCo.

On 18 December 2020, Vantage Towers Greece was incorporated. On 21 December 2020, VEBV and Crystal Almond contributed the shares held in Vodafone Greek TowerCo and Wind Hellas Greek TowerCo, respectively, to Vantage Towers Greece. Following the contribution, VEBV and Crystal Almond were issued 62% and 38% shareholdings in Vantage Towers Greece, respectively.

On 22 December 2020, VEBV transferred its shares in Vantage Towers Greece to CTHC for consideration of €469.0 million. VEBV, CTHC, Vantage Towers Greece and Crystal Almond entered into a deed of novation pursuant to which VEBV assigned to CTHC a call option (the "Vantage Towers Greece Call Option") to acquire the remaining 38% of Vantage Towers Greece from Crystal Almond.

Vodafone Greek TowerCo is included in the consolidated financial statements using pooling of interest method. Wind Hellas Greek TowerCo was acquired in a business combination using the acquisition method, in line with IFRS 3.

The primary reason for the business combination was to acquire a fully integrated nationwide network in Greece that is underpinned by secure, long-term contractual arrangements with a high-quality customer base. Consideration paid for the 62% shareholding was 38% of the equity interest in Vodafone Towers Greece (with a fair value of €178.3 million). The fair value of the equity interest was measured by calculating its enterprise value of Vodafone Towers Greece by reference to its discounted cash flows. The amount of the non-controlling interest recognised at the acquisition date was €55.1 million measured as a share of identifiable net assets.

As the acquisition occurred on 22 December 2020, the table below sets out the provisional accounting for the transaction as a full purchase price allocation has yet to be completed. These provisional values will be adjusted in the Group's next set of financial statements.

Fair value	2021
	€m
Net assets acquired	
Identifiable intangible assets[1]	224.8
Property, plant and equipment[2]	237.8
Lease liabilities	(157.5)
Working capital	(3.0)
Cash at bank and in hand	2.1
Provisions	(6.4)
Debt	(87.5)
Deferred tax liabilities	(64.2)
Net identified assets acquired	**146.1**
Non-controlling interests as at 31 December 2020	(55.5)
Goodwill	**87.7**
Total consideration	**178.3**

[1] Identifiable intangible assets of €224.8 million consisted entirely of customer relationships
[2] Includes lease-related right-of-use assets of €159.8 million

From the date of acquisition to 31 March 2021, the acquired entity contributed €16.3 million towards the revenue and €2.5 million towards profit before tax of the Group.

Following the acquisition of the 62% shareholding, the remaining 38% of Vantage Towers Greece was acquired by CTHC from Crystal Almond for cash consideration of €287.5 million and a cash distribution of €4.9 million.

If the German hive-down and all acquisitions had taken place at the beginning of the financial year, revenue would have been €970 million and the profit before tax would have been €371 million.

16. Earnings per share

Basic earnings per share is the amount of profit generated for the financial year attributable to equity shareholders divided by the weighted average number of shares in issue during the year.

	2021
	€m
Weighted average number of shares for basic earnings per share	308.8
Effect of dilutive potential shares: restricted shares and share options	0.4
Weighted average number of shares for diluted earnings per share	**309.2**

	2021
	€m
Earnings for earnings per share	**158.2**
	€ct
Basic earnings per share	**51.2**
Diluted earnings per share	**51.2**

17. Equity dividends

Dividends are one type of shareholder return.

For the twelve months ending 31 March 2021, the Company intends to declare an annual dividend of approximately €283 million which it intends to pay in July 2021.

18. Shareholders' equity

Called up share capital

Called up share capital is the number of shares in issue at their notional value.

Accounting policies

Equity instruments issued by the Group are recorded at the amount of the proceeds received, net of direct issuance costs.

Ordinary shares of €1 each allotted, issued and fully paid		2021
	Number	€
1 April 2020	25,000	25,000
Allotted during the year	505,757,265	505,757,265
31 March 2021	**505,782,265**	**505,782,265**

The Company was established with an original share capital of €25,000 against contribution in cash on 1 April 2020.

On 4 May 2020, the shareholders' meeting of the Company resolved to increase the share capital from €25,000 by €274,975,000 to €275,000,000 by issuing 274,975,000 new shares in the Company. This first capital increase was carried out for the purpose of implementing the German hive-down by way of contribution in kind. As consideration, Vodafone Germany received 274,975,000 new shares in the Company. The consummation of this first capital increase was registered with the commercial register on 19 May 2020.

On 17 November 2020, the shareholders' meeting of the Company resolved to further increase the share capital from €275,000,000 by €189,504,358 to €464,504,358 by issuing 189,504,358 new shares in the Company. This second capital increase was carried out by the payment of €5,819,316,000 in cash by Vodafone Germany to the Company. As consideration, Vodafone Germany received 189,504,358 new shares in the Company. The consummation of this second capital increase was registered on 4 December 2020.

On 7 January 2021, the shareholders' meeting of the Company resolved to further increase the share capital from €464,504,358 by €41,277,907 to €505,782,265 by issuing 41,277,907 new shares in the Company. This third capital increase was carried out in consideration for Vodafone Germany's payment of €1,213,110,400 in cash by Vodafone Germany to the Company. As consideration, Vodafone Germany received 41,277,907 new shares in the Company. The consummation of this third capital increase was registered on 14 January 2021.

In March 2021, following a resolution made on 18 February 2021, Vodafone Germany made a capital contribution into the share premium of the Company of €75,000,000.

Merger reserve

The merger reserve represents the balance to equity on consolidation due to the application of the pooling of interests method from the formation of the Group. The formation of the Group and the pooling of interests method is explained in detail in note 1 "Basis of preparation".

On the basis of the German Transformation Act, the economic effective date of the Company's demerger from Vodafone Germany was 1 October 2019. In the period up to the legal effective date of demerger, being 25 May 2020, the Company incurred a loss of €190.2 million since the Master Services Agreement and other agreements with

Vodafone Germany only came into effect on 25 May 2020 (the so-called "Für-Rechnungs-Phase"). The Company was funded by Vodafone Germany during this period. Through board resolution, it was agreed that the compensation claim of Vodafone Germany would be contributed to the equity of the Company and is therefore presented as a capital contribution in the Statement of Changes in Equity.

Other reserves

Other reserves primarily comprise of differences arising on the translation of net assets of operations not in the presentational euro currency and which will be translated at each period end going forward. The remaining balances affecting other reserves are share based payments, actuarial movements on the defined benefit pension scheme (note 21 "Employee benefits – pension schemes and share awards") and deferred tax.

19. Cash and cash equivalents

The majority of the Group's cash is held in bank deposits or money market funds which have a maturity of three months or less to enable us to meet our short-term liquidity requirements.

Accounting policies
Cash and cash equivalents comprise cash in hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. All other cash and cash equivalents are measured at amortised cost.

	2021
	€m
Cash at bank and in hand	22.1
Cash and cash equivalents as presented in the statement of financial position	22.1
Bank overdrafts	–
Cash and cash equivalents as presented in the statement of cash flows	22.1

The carrying amount of balances at amortised cost approximates their fair value.

20. Borrowings

The Group's sources of borrowing for funding and liquidity purposes come from a range of committed bank facilities and through short-term and long-term issuances in the capital markets including bond and commercial paper issues and bank loans. Liabilities arising from the Group's lease arrangements are also reported in borrowings; see note 11 "Leases". We manage the basis on which we incur interest on debt between fixed interest rates and floating interest rates depending on market conditions using interest rate derivatives. The Group enters into foreign exchange contracts to mitigate the impact of exchange rate movements on certain monetary items.

Accounting policies

Interest-bearing loans and overdrafts are initially measured at fair value (which is equal to cost at inception), and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing.

Borrowings	2021
	€m
Short-term borrowings	
Short-term borrowings excluded from net debt	–
Lease liabilities	242.0
Short-term borrowings included in net debt:	
Bank overdrafts	–
	242.0
Long-term borrowings	
Long-term borrowings excluded from net debt	–
Lease liabilities	1,774.4
Long-term borrowings included in net debt:	
Bank loans	–
Bonds	2,187.1
	3,961.5
Total borrowings	**4,203.5**

Bonds

During the year ended 31 March 2021, bonds with a nominal value equivalent of €2.2 billion were issued. These consisted of €750 million 0.000% notes due 2025, €750 million 0.375% notes due 2027 and €700 million 0.750% notes due 2030. The transaction was a drawdown from Vantage Towers' newly established debt issuance programme. At 31 March 2021, the Group has bonds outstanding with a nominal value equivalent to €2.2 billion.

21. Employee benefits – pension schemes and share awards

The Group provides employee benefits to our employees in the form of pension scheme entitlements and share awards. These pension scheme entitlements and share awards include benefits that continue to be accrued under Vodafone administered plans. The Group operates defined benefit plans in Germany and Greece. Defined contribution plans are currently provided in Germany, Greece, Hungary, Ireland, Portugal, and Spain.

Employee benefits included in the income statement and statement of financial position are summarised in the following tables.

Income statement expense	2021
	€m
Defined contribution plans	0.1
Defined benefit plans	0.5
Share based payments	0.8

Statement of financial position – defined benefit pension	2021
	€m
Total fair value of plan assets attributed to the Group	3.5
Present value of plan liabilities attributed to the Group	(4.8)
Net deficit for defined benefit plans	**(1.3)**

22. Commitments

A commitment is a contractual obligation to make a payment in the future, mainly in relation to agreements to buy assets, such as network infrastructure and IT systems, and leases that have not commenced. These amounts are not recorded in the consolidated statement of financial position since we have not yet received the goods or services from the supplier. The amounts below are the minimum amounts that we are committed to pay.

Capital commitments	Company and subsidiaries 2021	Share of joint ventures 2021	Group 2021
	€m	€m	€m
Contracts placed for future capital expenditure not provided in the financial statements[1]	86.3	–	86.3

[1] Commitment includes contracts placed for property, plant and equipment and intangible assets.

23. Contingent liabilities

Contingent liabilities are potential future cash outflows from a past event, where the likelihood of payment is considered more than remote, but is not considered probable or cannot be measured reliably. The Group does not have any contingent liabilities required to be disclosed.

24. Declaration of conformity with the German Corporate Governance Code in accordance with Section 161 AktG

In accordance with section 161 AktG, the Management Board and the Supervisory Board of Vantage Towers AG have submitted the mandatory declaration of conformity and made it available to shareholders on Vantage Towers AG's website. The full text of the Declaration of Conformity is available on the website under www.vantagetowers.com.

25. Events after the reporting period

The Board do not deem there to be any adjusting or non-adjusting events after the reporting period required to be disclosed.

26. Auditor's remuneration

The total remuneration of the Group's auditor, Ernst & Young GmbH and other member firms of Ernst & Young Global Limited, for services provided to the Group during the year ended 31 March 2020 is analysed below.

	30 September 2020
	€m
Parent company	1.2
Subsidiaries	0.6
Audit fees	**1.8**
Other assurance services	–
Tax advisory services	–
Other non-audit services	–
Non-audit fees	**–**
Total fees	**1.8**

27. Related undertakings

A full list of all our subsidiaries and joint ventures as at 31 March 2021 is detailed below. No subsidiaries are excluded from the Group consolidation.

Unless otherwise stated the Company's subsidiaries all have share capital consisting solely of ordinary shares and are indirectly held. The percentage held by Group companies reflect both the proportion of nominal capital and voting rights unless otherwise stated.

Subsidiaries

Accounting Policies

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has existing rights that give it the current ability to direct the activities that affect the Company's returns and exposure or rights to variable returns from the entity. The results of subsidiaries acquired during the year are included in the consolidated income statement from the effective date of acquisition. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All shares held are ordinary class shares.

Company name	Country	Address	% of share class held by the Group
Vantage Towers, S.L.U	Spain	Avenida de América 115, Madrid, 28042, Spain	100
Vantage Towers Limited	Ireland	Mountainview, Leopardstown, Dublin 18, Ireland	100
Vodafone Towers Portugal S.A.	Portugal	Avenida Dom João II, nº 36, 8º, Parque das Nações, 1998-017 Lisboa, parish of Parque das Nações, municipality of Lisbon, Portugal	100
Vantage Towers s.r.o.	Czech Republic	Závišova 502/5, Nusle, 140 00 Prague 4, Czech Republic	100
Vodafone Magyarország zrt	Hungary	1096 Budapest, Lechner Ödön fasor 6, Hungary	100
Vodafone Towers Romania S.R.L.	Romania	201 Barbu Vacarescu St., mezzanine, rooms 1, 2 and 3, District 2, Bucharest, Romania	100
Vodafone Greece Towers SA	Greece	1-3, Tzavella str., Halandri, 15231, Attica, Greece	100
Vantage Towers SA	Greece	2 Adrianeiou Str, 11525, Athens, Greece	100
Crystal Almond Single Member SA	Greece	2 Adrianeiou Str, 11525, Athens, Greece	100
Central Tower Holding Company B.V.	The Netherlands	Rivium Quadrant 175, 6th floor, 2909 LC Capelle aan den IJssel, The Netherlands	100

Joint Ventures

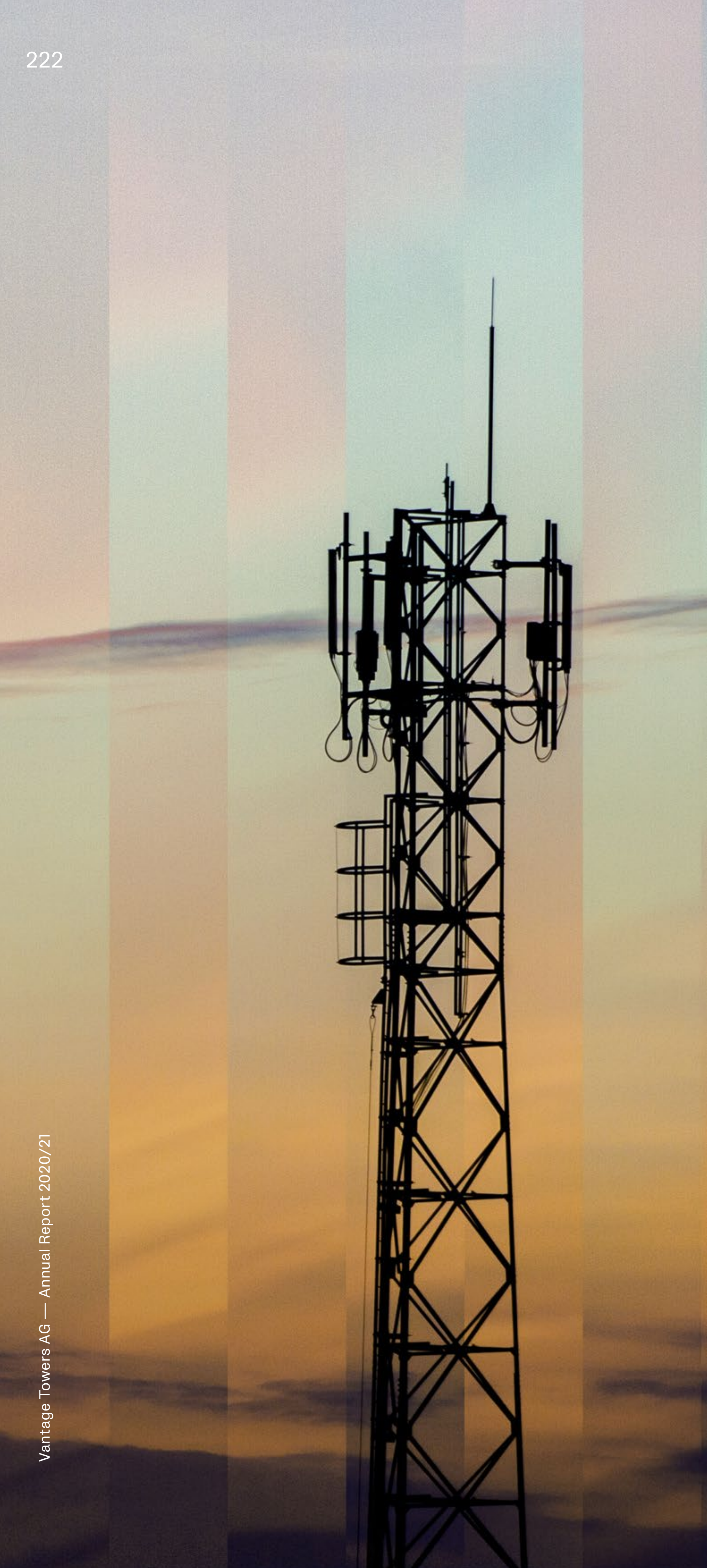
Company name	Country	Address	% of share class held by the Group
Infrastrutture Wireless Italiane S.p.A.	Italy	Via Gaetana Negri 1, 20123, Milan, Italy	33.2
Cornerstone Telecommunications Infrastructure Limited	UK	Hive 2, 1530 Arlington Business Park, Theale, Reading, Berkshire, RG7 4SA, United Kingdom	50

Duesseldorf, 4 June 2021

Vantage Towers AG

The Board of Management

Vivek Badrinath | Thomas Reisten | Christian Sommer



Responsibility Statement

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

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: Vantage Towers GmbH; until 15 July 2020: Vodafone Towers Germany GmbH)

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

Opinions

We have audited the consolidated 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, and its subsidiaries (the Group), which comprise the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flow for the fiscal year from 1 April 2020 to 31 March 2021, and the consolidated statement of financial position as at 31 March 2021, and notes to the consolidated financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Vantage Towers Group for the fiscal year from 1 April 2020 to 31 March 2021, which is combined with the management report of Vantage Towers AG. In accordance with the German legal requirements we have not audited the group statement on corporate governance in section "Corporate Governance Statement" of the combined management report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 March 2021 and of its financial performance for the fiscal year from 1 April 2020 to 31 March 2021, and

- the accompanying combined management report as a whole provides an appropriate view of the Group´s position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the group statement on corporate governance referred to above.

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

Basis for the opinions

We conducted our audit of the consolidated 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 consolidated 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 consolidated financial statements and on the combined management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated 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 consolidated 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. Opening balance of the Group

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

The group of Vantage Towers AG, Düsseldorf, was created for the first time in the financial year. On 25 May 2020, the (at that time) sole shareholder, Vodafone GmbH, Düsseldorf, incorporated the "Tower" sub-operation by way of a spin-off for inclusion against a capital increase in what was then Vodafone Towers Germany GmbH (now Vantage Towers AG). Prior to that date, the Company had no business operations, only cash and equity of EUR 25k. The spin-off of the tower activities was carried out retrospectively from 1 October 2019. Subsequently, with effect from 17 December 2020, the Company acquired 100% of the shares in Central Towers Holding Company B.V., Capelle aan den Issel, The Netherlands, from Vodafone Europe BV, Capelle aan den Issel, The Netherlands.

With this acquisition, all subsidiaries of Central Towers Holding Company B.V. became part of the Vantage Towers Group. These represent the respective tower business in Spain, Portugal, Ireland, Hungary, the Czech Republic and Romania. Accordingly, Vantage Group was created for the first time on 17 December 2020. In addition, the tower business in Greece was acquired on 22 December 2020.

Against the background of the initial creation of the Vantage Group, there are several aspects, such as the evidence of the existence of the assets, in particular the leasing right of use assets and leasing liabilities, the first-time consolidation, the disclosure of previous year's figures for the group and the presentation in the notes represent an increased complexity for the consolidated financial statements, which is one of the key audit matters in connection with our audit of the consolidated financial statements.

Auditor's response

As part of our audit, we assessed the various aspects of the initial formation of the group. We audited whether the Group's new group accounting guidelines were suitable for preparing consolidated financial statements in accordance with IFRS. To this end, we assessed the group accounting guidelines based on the applicable IFRS.

The existing assets, in particular towers and antennas, are an essential part of the Group's operational business. These approximately 45,700 locations (not including the locations of the subsidiaries accounted for using the equity method in the United Kingdom and Italy) form the basis for generating the Group's sales.

Against this background, we audited the existence of these assets on the basis of visual inspections and technical evidence such as satellite images or maintenance reports. In addition, we carried out a random comparison of the relevant database with the leasing database and the calculation of the asset retirement obligations. In addition, we performed analytical audit procedures on the development of the assets from the time of the opening balance sheet to the balance sheet date. For the other significant assets and debts, such as cash and bank balances, asset retirement obligations and deferred tax assets and liabilities, we performed substantial audit procedures, such as comparison of the account balances with the general ledger, the random check of the correct use of the contract data and the underlying interest rates or the audit of the differences between IFRS and tax accounts as well as the underlying tax rates. In addition, we performed analytical audit procedures with regard to the development of assets and debts from the reporting date of the Group's opening balance sheet to the reporting date.

Against the background of the first formation of the group in the financial year, we audited on the basis of the relevant IFRS whether the disclosure of previous year's figures is required for the group. To this end, we analyzed and consulted with our internal experts whether it is a "business combination under common control" and if it is justified that no previous year's figures have to be disclosed for the group. Additionally, we audited with use of our internal experts, whether the application of the pooling of interests method based on historical carrying values of Vodafone Group as though the Vantage Towers

Group in the current structure had always been in place, is the correct method of accounting for this business combination.

Finally, we checked the completeness, clarity of the information relevant to the opening balance sheet in the notes to the consolidated financial statements.

Our audit procedures did not give rise to any objections with regard to the Group's opening balance sheet.

Reference to related disclosures

The information provided by the Company on the formation of the group and the values of the group's opening balance sheet on 17 December 2020 can be found in the sections 1 "Significant accounting policies", 14 "Investments in joint ventures", 15 "Acquisitions" and 18 "Shareholders equity" of the notes to the consolidated financial statements.

2. Leases

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

Vantage Towers Group is a contractual partner in a large number of leases. With around 45,700 locations (excluding the locations of the subsidiaries accounted for using the equity method in United Kingdom and Italy) in eight countries, the majority of the leases result from the lease agreements with the owners of public and private land.

At EUR 2,055 million, the right-of-use assets recognized on leasing contracts and the liabilities from leasing contracts recognized in the balance sheet amounting to EUR 2,016 million each represent approx. 20% of total balance sheet and approx. 39% of equity. Due to the variety of contractual provisions, the assessment of whether a lease exists is based on assumptions that are also derived from corporate planning and that depend on expected future market and economic conditions. With the formation of the group, the contractual basis for incurring revenues with the main tenant Vodafone was also reorganized in the respective countries, which have a corresponding retroactive effect on the expected useful life of the respective leased locations. Against this background, as well as the absolute amount of the leasing liabilities and right-of-use assets recorded at the time of the respective spin-off of the tower business into the individual companies of the group in the opening balance sheet and as of 31 March 2021, the underlying complexity in the assessment of individual leasing contracts and the scope of discretion available, especially regarding the lease term and the borrowing rate, in the context of the assessment was the application of IFRS 16, Leases, one of the key audit matters in connection with our audit of the consolidated financial statements.

Auditor's response

During our audit, we assessed whether the group accounting guideline in relation to IFRS 16 is a suitable basis for consolidated financial statements to be prepared in accordance with IFRS principles. As part of our audit of the leasing accounting for the financial year, we dealt with the process of recording leasing agreements with regard to the criteria of IFRS 16. With regard to the application of IFRS 16, we verified the completeness of the data migration into the integrated leasing tool of the individual group companies as well as the evaluation of leasing matters in this application for a sample of leasing contracts selected according to statistical principles. In addition, we checked whether all existing leasing matters with regard to the recognition criteria of IFRS 16 are recorded in the group companies' leasing tool. In order to understand the measurement of the leasing agreements reassessed in the financial year, we examined leasing contracts on the basis of a random sample selected according to mathematical-statistical principles and their balance sheet presentation, in particular with regard to estimations on agreed payment flows and contractually agreed option rights, on the basis of the requirements of IFRS 16 examined. Furthermore, we assessed the access controls of the Company's leasing tool with regard to their effectiveness in preventing unauthorized access. As part of our audit of the consolidated financial statements, we also assessed the presentation of the leasing matters in the notes to the consolidated financial statements with regard to their compliance with the provisions of IFRS 16.

Our audit procedures did not give rise to any objections with regard to the application of IFRS 16 or the associated recording of the leasing agreements.

Reference to related disclosures

The Company's disclosures on the recording of leases are provided in sections 1 "Significant accounting policies", 7 "Property, plant and equipment, 11 "Leases" and 20 "Borrowings" in the notes to the consolidated financial statements.

3. Impairment test for goodwill

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

Vantage Towers AG, Düsseldorf, reported goodwill of EUR 3,316 million as of 31 March 2021. This amount represents approx. 32% of total balance sheet and approx. 63% of the equity. A significant part of the goodwill results from the application of the pooling of interest method and results from the carve-outs from Vodafone Group, for which the goodwill was previously accounted for. Within the Vantage Towers Group, the goodwill was allocated to the individual cash-generating units. The Company carries out the impairment in accordance with IAS 36, Impairment of Assets, on 31 March of the financial year or as required. The carrying value of a cash-generating unit bearing goodwill is compared with the recoverable amount. The Company determines this using a discounted cash flow method. Against the background of the material importance of goodwill, its complexity and estimation, the impairment test for goodwill was one of the key audit matters as part of 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 impairment test is also based essentially on the appropriate determination of the cash-generating units to which the goodwill is allocated. The respective recoverable amount depends in particular on the future cash flows in the medium-term planning of the cash-generating units as well as the assumed discount rates and growth rates. The determination 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 cash-generating units.

Auditor’s response

With regard to the identification of cash-generating units, we analyzed the internal reporting regularly used by the management to monitor and control the group as part of our audit procedures. In doing so, we assessed whether the monitoring and control units correspond to the determination of the cash-generating units in the context of the impairment test and mathematically verified whether the allocation of goodwill was based on the relative fair value of the cash-generating units concerned.

As part of our audit procedures, we dealt with the process established by the Company for carrying out impairment tests with regard to its suitability for determining potential write-downs. In this context, we discussed the essential 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 main cash-generating units as well as on the discount rates and growth rates used. For this purpose, we analyzed the assumptions on which the impairment test is based to determine whether they correspond to general and industry-specific market expectations. We also compared the medium-term plans included in the impairment test with the medium-term plans approved by the Supervisory Board and assessed the mathematical correctness of the valuation models in random samples. We found that the assumptions in connection with the planning are adequately documented and correspond to our expectations. We also carried out our own sensitivity analyzes (carrying value compared to the recoverable amount) of significant cash-generating units in order to understand the influence of changes in certain parameters on the valuation models. In addition, we audited the information provided by Vantage Towers AG in the notes to the consolidated financial statements. In this regard, we audited the completeness of the information provided by the legal representatives in random samples and compared them with our expectations.

Our audit procedures did not give rise to any objections with regard to the valuation of goodwill.

Reference to related disclosures

The information provided by the Company on the accounting and valuation of goodwill can be found in sections 1 "Significant accounting policies" and 6 "Goodwill and intangible assets" included in the notes to the consolidated financial statements.

4. New Master Service Agreements with Vodafone Group companies

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

Vantage Towers Group generates the vast majority of its revenues with companies of the Vodafone Group. Approx. 94% of the sales for so-called macro site locations (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 group with companies of the Vodafone Group for the lease of these locations or with other services at these locations. The contractual basis is provided by the so-called Master Service Agreements with the respective Vodafone Group companies in the countries concerned. All of these Master Service Agreements were newly concluded in the financial year and are being applied for the first time. Against the background of the importance of the Master Service Agreements, both with regard to the total share of the Group's revenue form leases and services and the complexity of the contracts and their initial application, they are subject to a particular risk of incorrect accounting. We have therefore classified the recording of these sales revenues as one of key audit matters for our audit of the consolidated 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 the respective Vodafone Group companies 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 accounting consequences with regard to a possible principal or agent position and the resulting gross or net disclosure of the revenues concerned based on the contractual basis. 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 1 "Significant accounting policies" and 2 "Revenue" in the notes to the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements and the combined management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group'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, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated 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 Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Group's position and, in all material respects, is consistent with the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

- 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 Group'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 consolidated 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 Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group'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 consolidated 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 § 317 Abs. 3b HGB on the electronic reproduction of the consolidated 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 consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the attached electronic file VT_AG_KA+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 consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated 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 consolidated 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 consolidated 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 consolidated 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 "Group 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 consolidated financial statements and the combined management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 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 consolidated 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.

Group 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 consolidated financial statements and to the audited combined management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

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

We were elected as group auditor by the shareholder meeting on 18 January 2021 and as no other auditor has been elected apply accordingly as group auditor following Sec. 318 (2) HGB. We have been the group 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 Group entities the following services that are not disclosed in the consolidated 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

Unaudited Pro Forma Financial Information

Introduction

The purpose of the unaudited pro forma financial information is to illustrate the performance of the Group as if it had been in place and operational from 1 April 2019.

The unaudited pro forma financial Information has been prepared for illustrative purposes only and does not purport to be indicative of the results of the Company, its consolidated subsidiaries and its equity accounted investments in INWIT and Cornerstone (the "Group" or "Vantage Towers").

The unaudited pro forma financial information for the twelve months ended 31 March 2021 set out below was prepared on the basis of the following historical financial information:

- Pro forma consolidated income statement for the nine months ended 31 December 2020 extracted from the Vantage Towers prospectus section 10.6 dated 8 March 2021 and available at **www.vantagetowers.com/investors/results-report-and-presentation**;
- Consolidated Group income statement for the three months ended 31 March 2021.

The unaudited pro forma financial information as of and for the twelve months ended 31 March 2020 set out below was directly extracted from the Vantage Towers prospectus section 10.6 dated 8 March 2021, available at **www.vantagetowers.com/investors/results-report-and-presentation** except for the following change:

- Share of results of equity accounted joint ventures has been moved to be included within operating profit to align with the format of the consolidated income statement, operating profit has been recalculated to reflect this change.

Pro Forma Consolidated Income Statement of the Group for the Twelve Months Ended 31 March 2021

The table below sets forth the pro forma consolidated income statement of the Group for the twelve months ended 31 March 2021.

	Twelve months ended 31 March 2021		
	Pro forma consolidated income statement for the Nine months ended 31 December 2020	Consolidated income statement for the three months ended 31 March 2021	Pro forma consolidated income statement for the twelve months ended 31 March 2021
	(unaudited) €m	(unaudited) €m	(unaudited) €m
Revenue	**725**	**245**	**970**
Maintenance costs	(28)	(9)	(37)
Staff costs	(29)	(11)	(40)
Other operating expenses	(48)	(15)	(63)
Depreciation on lease-related right-of-use assets	(183)	(64)	(247)
Depreciation on other property, plant and equipment	(75)	(32)	(107)
Amortisation of intangibles	–	(2)	(2)
Profit or (Loss) on Disposal	–	(0)	(0)
Share of results of equity accounted joint ventures	3	10	13
Operating profit	**366**	**122**	**487**
Interest on lease liabilities	(41)	(14)	(55)
Other finance costs	(12)	(7)	(19)
Other non-operating expenses	(25)	(18)	(43)
Profit before tax	**288**	**83**	**371**
Income tax expense	(74)	(24)	(98)
Profit for the period	**214**	**59**	**273**

The following table sets out a breakdown of revenue for the twelve months ended 31 March 2021 on a pro forma basis by service:

	Twelve months ended 31 March 2021		
	Pro forma consolidated income statement for the Nine months ended 31 December 2020	Consolidated income statement for the three months ended 31 March 2021	Pro forma consolidated income statement for the twelve months ended 31 March 2021
	(unaudited) €m	(unaudited) €m	(unaudited) €m
Macro site revenue	685	214	899
Other rental revenue	21	20	41
Recharged capital expenditure revenue	2	2	4
Energy and other revenue	17	9	26
Revenue	**725**	**245**	**970**

Maintenance capital expenditure on a pro forma basis for the twelve months ended 31 March 2020 was €36 million.

Pro Forma Segmental Income Statement of the Group for the Twelve Months Ended 31 March 2021

	Twelve months ended 31 March 2021				
	Germany	Spain	Greece	Other European Markets	Total
	(unaudited) €m	(unaudited) €m	(unaudited) €m	(unaudited) €m	(unaudited) €m
Pro forma Revenue	481	161	126	202	970
Pro forma Adjusted EBITDA	406	141	112	172	830
Pro forma Adjusted EBITDAaL	298	67	52	109	524
Pro forma Recurring Operating Free Cash Flow	286	59	47	106	498
Pro forma Cash Conversion	96%	90%	89%	97%	95%

Pro Forma Consolidated Income Statement of the Group for the Twelve Months Ended 31 March 2020

The table below sets forth the pro forma consolidated income statement of the Group for the twelve months ended 31 March 2020, which has been extracted from the Vantage Towers prospectus section 10 available at www.vantagetowers.com/investors/results-report-and-presentation, except for the following change:

- Share of results of equity accounted joint ventures has been moved to be included within operating profit to align with the format of the consolidated income statement. Operating profit has been recalculated to reflect this change.

	Twelve months ended 31 March 2020					
	Unconsolidated income statement of Vantage Towers AG	Selected Towers Business Financial Information[1]	Total historical financial information	Total pro forma adjustments	Pro forma notes	Pro forma consolidated income statement
	(unaudited) €m	(unaudited) €m	(unaudited) €m	(unaudited) €m		(unaudited) €m
Revenue	**–**	**95**	**95**	**850**	**(a), (b)**	**945**
Maintenance costs	–	(33)	(33)	(2)	(a), (e)	(35)
Staff costs	–	–	–	(38)	(a), (c)	(38)
Other operating expenses	–	(139)	(139)	81	(a), (c), (e)	(58)
Depreciation on lease-related right-of-use assets	–	(202)	(202)	(59)	(c), (e)	(261)
Depreciation on other property, plant and equipment	–	(102)	(102)	(3)	(e), (f)	(105)
Share of results of equity accounted joint ventures	–	–	–	15	(d)	15
Operating profit/(loss)	**–**	**(381)**	**(381)**	**844**		**463**
Interest on lease liabilities	–	(22)	(22)	(8)	(e)	(30)
Other finance costs	–	–	–	(16)	(g)	(16)
Other non-operating expenses	–	–	–	–	–	–
Profit/(loss) before tax	**–**	**(403)**	**(403)**	**821**		**417**
Income tax expense	–	–	–	(103)	(h)	(103)
Profit/(loss) for the period	**–**	**(403)**	**(403)**	**718**		**314**

[1] Towers Business refers to the business carried out by Vodafone's European tower infrastructure assets in Germany, Spain, Portugal, the Czech Republic, Romania, Hungary, and Ireland prior to their separation into Vantage Towers.

The following table sets forth a breakdown of revenue for the twelve months ended 31 March 2020 on a pro forma basis by service:

	Twelve months ended 31 March 2020		
	Selected Towers Business Financial Information	Pro forma adjustments	Pro forma consolidated income statement
	(unaudited) €m	(unaudited) €m	(unaudited) €m
Macro site revenue	95	795	890
Other rental revenue	0	33	33
Recharged capital expenditure revenue	–	–	–
Energy and other revenue	–	22	22
Revenue	**95**	**850**	**945**

Maintenance capital expenditure on a pro forma basis for the twelve months ended 31 March 2020 was €29 million.

Pro Forma Segmental Alternative Performance Measures of the Group for the Twelve Months Ended 31 March 2020

	Twelve months ended 31 March 2020				
	Germany	Spain	Greece	Other European Markets	Total
	(unaudited) €m	(unaudited) €m	(unaudited) €m	(unaudited) €m	(unaudited) €m
Pro forma Revenue	462	159	126	198	945
Pro forma Adjusted EBITDA	391	139	113	171	814
Pro forma Adjusted EBITDAaL[1]	290	71	53	109	523
Pro forma Recurring Operating Free Cash Flow	276	64	48	106	494
Pro forma Cash Conversion	95%	90%	91%	97%	94%

[1] During the twelve months ended 31 December 2020, the Group performed a reassessment of its lease portfolio in line with the requirements of IFRS 16. The Company has calculated the impact of the lease reassessment and recognised a non-cash increase in the sum of segmental pro forma interest on leases and depreciation on right-of-use assets, and corresponding decrease in segmental Adjusted EBITDAaL, for the twelve months ended 31 March 2021 on a pro forma basis. The Company has not performed such a reassessment for the twelve months ended 31 March 2020.

Alternative performance measure – unaudited

The Group presents financial measures, ratios and adjustments that are not required by, or presented in accordance with, IFRS, German GAAP or any other generally accepted accounting principles on a consolidated basis (non-IFRS measures) and on a pro forma basis (Alternative Performance Measures or APMs).

These non-IFRS measures on a combined basis and Alternative Performance Measures on a pro forma basis should not be considered as an alternative to the consolidated financial results or other indicators of the Group's performance based on IFRS measures. They should not be considered as alternatives to earnings after tax or net profit as indicators of the Group's performance or profitability or as alternatives to cash flows from operating, investing or financing activities as an indicator of the Group's liquidity. The non-IFRS measures on a consolidated basis and Alternative Performance Measures on a pro forma basis, as defined by the Group, may not be comparable to similarly titled measures as presented by other companies due to differences in the way the Group's non-IFRS measures on a combined basis and Alternative Performance Measures on a pro forma basis are calculated. Even though the non-IFRS measures on a consolidated basis and Alternative Performance Measures on a pro forma basis are used by management to assess ongoing operating performance and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools, and they should not be considered in isolation or as substitutes for analysis of the Group's results or cash flows as reported under IFRS.

Measure	Definition	Relevance of its Use
Adjusted EBITDA	Adjusted EBITDA is operating profit before depreciation on lease-related right-of-use assets, depreciation, amortisation and gains/losses on disposal for fixed assets, share of results of equity accounted joint ventures, and excluding impairment losses, restructuring costs arising from discrete restructuring plans, other operating income and expense and significant items that are not considered by management to be reflective of the underlying performance of the Group.	Management uses Adjusted EBITDA to assess and compare the underlying profitability of the company before charges relating to capital investment, capital structure, tax and leases. The measure is used as a reference point for cross-industry valuation.
Adjusted EBITDAaL	Adjusted EBITDAaL is Adjusted EBITDA less recharged capital expenditure revenue, and after depreciation on lease-related right-of-use assets and deduction of interest on lease liabilities. Recharged capital expenditure revenue represents direct recharges to Vodafone of capital expenditure in connection with upgrades to existing sites.	Management uses Adjusted EBITDAaL as a measure of underlying profitability to support the capital investment and capital structure of the Company after the cost of leases, which represent a significant cost for Vantage Towers and its peers. The measure is also used as a reference point for valuation purposes across the broader telecommunication sector.
Adjusted EBITDAaL margin	Adjusted EBITDAaL margin is Adjusted EBITDAaL divided by revenue excluding recharged capital expenditure revenue.	Management uses Adjusted EBITDAaL margin as a key measure of Vantage Towers' profitability and as a means to track the efficiency of the business.

Measure	Definition	Relevance of its Use
Recurring Operating Free Cash Flow	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 (maintenance capital expenditure).	Management uses Recurring Operating Free Cash Flow as a measure of the underlying cashflow available to support the capital investment and capital structure of the Company.
Recurring Free Cash Flow	Recurring Free Cash Flow is Recurring Operating Free Cash Flow less tax paid and interest paid and adjusted for changes in operating working capital.	Management uses Recurring Free Cash Flow to assess and compare the underlying cash flow available to shareholders, which could be distributed or reinvested in Vantage Towers for growth as well as a reference point for cross industry valuation.
Free Cash Flow	Free Cash Flow is Recurring Free Cash Flow less growth and other capital expenditure, including ground lease optimisation and dividends paid to non-controlling shareholders in subsidiaries plus recharged capital expenditure receipts from Vodafone, gains/losses for disposal of fixed assets, and dividends received from joint ventures, and adjusted for changes in non-operating working capital and one-off and other items. One-off and other items comprise impairment losses, restructuring costs arising from discrete restructuring plans, and other operating income and expense and significant items that are not considered by management to be reflective of the underlying performance of the Group. These items are not a recognised term under IFRS. One-off and other items are subject to certain discretion in the allocation of various income and expenses and the application of discretion may differ from company to company. One-off and other items might also include expenses that will recur in future accounting periods.	Management uses Free Cash Flow as a measure of the underlying cash flow of Vantage Towers to support future capital investment and the capital structure of the Company as well as distributions to shareholders.
Cash Conversion	Cash Conversion is defined as Recurring Operating Free Cash Flow divided by Adjusted EBITDAaL.	Management uses Cash Conversion to assess and compare the capital intensity and efficiency of Vantage Towers.
Net Financial Debt	Net Financial Debt is defined as long-term borrowings, short-term borrowings, borrowings from Vodafone Group companies and mark-to-market adjustments, less cash and cash equivalents and short-term investments and excluding lease liabilities.	Management uses Net Financial Debt to assess the capital structure of Vantage Towers without including the impact of lease liabilities which typically have different types of rights to financial debt and can be impacted by the Company's accounting policies.
Net Financial Debt to Adjusted EBITDAaL	Net Financial Debt to Adjusted EBITDAaL is Net Financial Debt divided by Adjusted EBITDAaL for a rolling twelve-month period.	Management uses Net Financial Debt to Adjusted EBITDAaL to assess the indebtedness of Vantage Towers.

Reconciliations of pro forma APMs

Adjusted EBITDA

The table below sets forth the reconciliation of the Group's Alternative Performance Measure Adjusted EBITDA on a pro forma basis to profit for the period in the pro forma income statements for the periods indicated.

	Pro forma basis	Pro forma basis	Consolidated basis	Pro forma basis
	Twelve months ended 31 March 2020	Nine months ended 31 December 2020	Three months ended 31 March 2021	Twelve months ended 31 March 2021
	(unaudited) €m	(unaudited) €m	(unaudited) €m	(unaudited) €m
Profit for the period	**314**	**214**	**60**	**274**
Income tax expense	103	74	24	98
Interest on lease liabilities	30	41	14	55
Other finance costs	16	12	4	16
Other non-operating expenses	–	25	20	45
Operating profit	**464**	**366**	**122**	**488**
Share of results of equity accounted joint ventures	(15)	(3)	(10)	(13)
Amortisation of intangibles	–	–	2	2
Depreciation on other property, plant and equipment	105	74	31	105
Depreciation on lease-related right-of-use assets	261	183	64	247
Gains/losses on disposal of property, plant and equipment	–	–	1	1
One-off and other items	–	–	–	–
Adjusted EBITDA	**814**	**620**	**210**	**830**

Adjusted EBITDAaL

The table below sets forth the reconciliation of the Group's Alternative Performance Measures Adjusted EBITDAaL on a pro forma basis to profit for the period in the pro forma income statements for the periods indicated.

	Pro forma basis	Pro forma basis	Consolidated basis	Pro forma basis
	Twelve months ended 31 March 2020	Nine months ended 31 December 2020	Three months ended 31 March 2021	Twelve months ended 31 March 2021
	(unaudited) €m	(unaudited) €m	(unaudited) €m	(unaudited) €m
Profit for the period	**314**	**214**	**60**	**274**
Income tax expense	103	74	24	98
Other finance costs	16	12	4	16
Other non-operating expenses	–	25	20	45
Share of results of equity accounted joint ventures	(15)	(3)	(10)	(13)
Amortisation of intangibles	–	–	2	2
Depreciation on other property, plant and equipment	105	74	31	105
Recharged capital expenditure revenue	–	(2)	(2)	(4)
Gains/losses on disposal of property, plant and equipment	–	–	0	0
One-off and other items	–	–	–	–
Impact of FY20 lease reassessment[1]	(10)	–	–	–
Adjusted EBITDAaL	**523**	**394**	**130**	**524**

[1] During the twelve months ended 31 March 2021, the Group performed a reassessment of its lease portfolio in line with the requirements of IFRS 16. The Company has calculated the impact of the lease reassessment and recognised a €10 million noncash increase in the sum of pro forma interest on leases and depreciation on right-of-use assets for the twelve months ended 31 March 2020 on a pro forma basis, €6 million was recognised in the nine months ended 31 December 2020 and €4 million was recognised in the three months ended 31 March 2021. The Company has not performed such a reassessment for the twelve months ended 31 March 2020. If the lease reassessment was backdated to 1 April 2019, the Company estimates the corresponding non-cash increase would have been €10 million for the twelve months ended 31 March 2020 on a pro forma basis. The impact of reassessment had it been back dated to backdated to 1 April 2019 has been included in the above reconciliation.

Recurring Operating Free Cash Flow and Recurring Free Cash Flow

The table below sets forth the reconciliation of the Group's Alternative Performance Measures Recurring Operating Free Cash Flow and Recurring Free Cash Flow to Adjusted EBITDA on a pro forma basis for the periods indicated.

	Pro forma basis	Pro forma basis	Consolidated basis	Pro forma basis
	Twelve months ended 31 March 2020	Nine months ended 31 December 2020	Three months ended 31 March 2021	Twelve months ended 31 March 2021
	(unaudited) €m	(unaudited) €m	(unaudited) €m	(unaudited) €m
Adjusted EBITDA[1]	**814**	**620**	**210**	**830**
Recharged capital expenditure revenue	–	(2)	(2)	(4)
Cash cost of leases[2]	(291)	(218)	(74)	(292)
Maintenance capital expenditure	(29)	(23)	(13)	(36)
Recurring Operating Free Cash Flow	**494**	**377**	**121**	**498**
Net tax paid[3]	(103)	(74)	(24)	(98)
Interest paid, excluding interest paid on lease liabilities[4]	(16)	(12)	(4)	(16)
Changes in operating working capital[5]	N/A	N/A	N/A	N/A
Recurring Free Cash Flow	**375**	**291**	**93**	**384**

[1] No cash flow statement has been prepared for the purpose of the pro forma statements. Therefore, a reconciliation from Adjusted EBITDA, which is reconciled to profit for the period on a pro forma basis, has been included.
[2] For the purposes of the Unaudited Pro Forma Financial Information "cash cost of leases" has been calculated as the sum of depreciation on lease-related right-of-use assets and interest on lease liabilities that were incurred by the Group on a pro forma basis, excluding the effects from lease reassessment of the IFRS 16 lease liability and right-of-use asset on the sum of associated depreciation on lease-related right-of-use assets and interest on lease liabilities. During the twelve months ended 31 March 2021, the Group performed a reassessment of its lease portfolio in line with the requirements of IFRS 16. The Company has calculated the impact of the lease reassessment and recognized a €[10] million non-cash increase in the sum of pro forma interest on leases and depreciation on right-of-use assets for the twelve months ended 31 March 2021 on a pro forma basis. €6 million was recognised in the nine months ended 31 December 2020 and €4 million was recognised in the three months ended 31 March 2021. The Company has not performed such a reassessment for the twelve months ended 31 March 2020. If the lease reassessment was backdated to 1 April 2019, the Company estimates the corresponding non-cash increase would have been €10 million for the twelve months ended 31 March 2020 on a pro forma basis.
[3] For the purposes of the pro forma reconciliation, net tax paid on a pro forma basis is calculated taking into account current taxes as well as prepayments to tax authorities in Germany, on a pro forma basis as no pro forma cash flow statement has been produced. Accordingly, amounts disclosed for this measure in future periods will not be strictly comparable to the amounts stated herein, which are being provided for illustrative purposes.
[4] For the purposes of the pro forma reconciliation, the pro forma interest paid, excluding interest paid on lease liabilities has been used as a proxy for cash paid as no pro forma cash flow statement has been produced. Accordingly, amounts disclosed for this measure in future periods will not be strictly comparable to the amounts stated herein, which are being provided for illustrative purposes.
[5] As a pro forma opening balance sheet has not been prepared, changes in operating working capital are not available for the pro forma results.

Reconciliations of consolidated Non-IFRS Metrics

Adjusted EBITDA

The table below sets forth the reconciliation of the Group's non-IFRS metrics Adjusted EBITDA on a consolidated basis to profit for the period in the consolidated income statements for the periods indicated.

	Consolidated basis
	Twelve months ended 31 March 2021
	(audited, unless otherwise indicated) €m
Profit for the period	**160**
Income tax expense	58
Interest on lease liabilities	28
Other finance costs	9
Other non-operating expenses	33
Operating profit	**287**
Share of results of equity accounted joint ventures	(10)
Amortisation of intangibles	2
Depreciation on other property, plant and equipment	64
Depreciation on lease-related right-of-use assets	120
Gains/losses on disposal of property, plant and equipment	0
One-off and other items	–
Adjusted EBITDA	**463**

Adjusted EBITDAaL

The table below sets forth the reconciliation of the Group's non-IFRS metrics Adjusted EBITDAaL on a consolidated basis to profit for the period in the consolidated income statements for the periods indicated.

	Consolidated basis
	Twelve months ended 31 March 2021
	(audited, unless otherwise indicated) €m
Profit for the period	**160**
Income tax expense	58
Other finance costs	9
Other non-operating expenses	33
Share of results of equity accounted joint ventures	(10)
Amortisation of intangibles	2
Depreciation on other property, plant and equipment	64
Recharged capital expenditure revenue	(3)
Gains/losses on disposal of property, plant and equipment	0
One-off and other items	–
Adjusted EBITDAaL	**312**

Recurring Operating Free Cash Flow and Recurring Free Cash Flow

The table below sets forth the reconciliation of the Group's non-IFRS measures Recurring Operating Free Cash Flow and Recurring Free Cash Flow to cash generated by operations in the consolidated statements of cash flows for the periods indicated.

	Consolidated basis
	Twelve months ended 31 March 2021
	(audited, unless otherwise indicated) €m
Cash generated by operations	**329**
Increase/(decrease) in trade and other payables	17
Decrease/(increase) in trade and other receivables	9
Increase/(decrease) in trade payables to related parties	(43)
Decrease/(increase) in trade receivables from related parties	153
Share based payments and other non-cash charges	1
One-off and other items	
Adjusted EBITDA (unaudited)	**463**
Recharged capital expenditure revenue	(3)
Cash cost of leases	(131)
Maintenance capital expenditure	(13)
Recurring Operating Free Cash Flow (unaudited)	**315**
Net tax paid	(16)
Interest paid, excluding interest paid on lease liabilities	(6)
Changes in operating working capital	(136)
Recurring Free Cash Flow (unaudited)	**157**

Net Financial debt

The table below sets forth the calculation of the Group's non-IFRS measure Net Financial Debt from the Consolidated statement of financial position as of 31 March 2021.

	Consolidated Basis
	As of 31 March 2021
	(unaudited) €m
Bonds	(2,187)
Commercial paper	–
Bank loans	–
Cash collateral liabilities	–
Overdrafts	–
Sum of short-term borrowings form related parties and long-term borrowings from related parties	–
Borrowings included in Net Financial Debt	**(2,187)**
Cash and cash equivalents	22
Cash deposits held with related parties	165
Other financial instruments	–
Mark to market derivative financial instruments	(1)
Short-term investments	–
Total cash and cash equivalents and other financial instruments	**187**
Net Financial Debt	**(2,001)**

Disclaimer on forward-looking statements

This announcement contains “forward-looking statements” with respect to Vantage Towers’ results of operations, financial condition, liquidity, prospects, growth and strategies. Forward-looking statements include, but are not limited to, statements regarding objectives, targets, strategies, outlook and growth prospects, including guidance for the financial year ending 31 March 2022, medium-term targets, new site builds, tenancy targets and the tenancy pipeline; Vantage Towers’ working capital, capital structure and dividend policy; future plans, events or performance, economic outlook and industry trends.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as “will”, “could”, “may”, “should”, “expects”, “intends”, “prepares” or “targets” (including in their negative form or other variations). By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. All subsequent written or oral forward-looking statements attributable to Vantage Towers or any member of the Vantage Towers Group, or any persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. No assurances can be given that the forward-looking statements in this document will be realised. Any forward-looking statements are made of the date of this announcement. Subject to compliance with applicable law and regulations, Vantage Towers does not intend to update these forward-looking statements and does not undertake any obligation to do so.

References to Vantage Towers are to Vantage Towers AG and references to Vantage Towers Group are to Vantage Towers AG and its subsidiaries unless otherwise stated.

Rounding

Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Glossary

Active Equipment
means the customers' equipment used to receive and transmit mobile network signals.

Active Sharing Arrangement
means MNOs' sharing of Active Equipment that they install on the Group's sites.

Adjusted EBITDA
means operating profit before depreciation on lease-related right-of-use assets, depreciation, amortisation and gains/losses on disposal for fixed assets, and excluding impairment losses, restructuring costs arising from discrete restructuring plans, other operating income and expense and significant items that are not considered by management to be reflective of the underlying performance of the Group.

Adjusted EBITDAaL
means Adjusted EBITDA less recharged capital expenditure revenue, and after depreciation on lease-related right-of-use assets and deduction of interest on lease liabilities. Recharged capital expenditure revenue represents direct recharges to Vodafone of capital expenditure in connection with upgrades to existing sites.

Adjusted EBITDAaL margin
means Adjusted EBITDAaL divided by revenue excluding recharged capital expenditure revenue.

Admission
means the admission of 505,782,265 existing ordinary registered shares with no par value to trading on the regulated market segment of the Frankfurt Stock Exchange.

AktG
means the German Stock Corporation Act.

Alternative Performance Measures
means Adjusted EBITDA, Adjusted EBITDAaL, Adjusted EBITDAaL margin, Recurring Operating Free Cash Flow, Recurring Free Cash Flow, Free Cash Flow, Cash Conversion, Net Financial Debt and Net Financial Debt to Adjusted EBITDAaL, on a pro forma basis.

Analysys Mason
means, when referenced as a source, certain privately commissioned country reports prepared by Analysys Mason on the Czech Republic, Germany, Greece, Hungary, Ireland, Portugal, Romania, and Spain dated 2020 and on the United Kingdom dated 2019.

Annual Report
means this annual report, dated 4 June 2021

AOTEC
means the National Association of Telecommunications Operators and Internet Services in Spain.

ARC Committee
means Audit, Risk, and Compliance Committee.

Articles of Association
means the Company's articles of association dated 18 January 2021 and registered with the commercial register on 26 January 2021.

Audit Committee
means the Supervisory Board's audit committee.

BaFin
means the German Federal Financial Supervisory Authority.

Baseline Value
means a variable remuneration component, whose value has been calculated on the basis of the applicable criteria.

Bonds
means the €5,000,000,000 debt issuance programme of Vantage Towers AG on the global exchange market of Euronext Dublin.

BTS
means built-to-suit.

Call Option
means options which entitle the Company to acquire shares of the Company upon the exercise of the option.

Cash Conversion
means Recurring Operating Free Cash Flow divided by Adjusted EBITDAaL.

CEO
means Chief Executive Officer.

CFO
means Chief Financial Officer.

Clawback
means the claim back the gross pay-out amount in part or in full

Code
means the German Corporate Governance Code adopted on 23 January 2020 and published in the German Federal Gazette on 20 March 2020.

Committees
means ARC Committee, together with the RemCo/NomCo.

Company
means Vantage Towers AG.

Company Internal Analysis
means information based on the Group's own analysis and adjustment or supplementation where necessary of a combination of publicly available and non-public data, including some of which was independently commissioned.

Company Market Position Assessment
means market positioning data that is based on the Company's own assessment.

Conditional Capital
means 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.

Consolidated Markets
means Germany, Spain, Greece, Portugal, the Czech Republic, Romania, Hungary, and Ireland.

Cornerstone
means Cornerstone Telecommunications Infrastructure Limited.

CPI
means consumer price index.

Crystal Almond
means Crystal Almond Sàrl.

CTHC
means Central Tower Holding Company BV.

CY20
means the calendar year ending 31 December 2020

DAS
means distributed antenna systems.

Delisting
means the listing of the Company in accordance with Section 39 (2) German Stock Exchange Act (AktG) terminates.

ECC
means the UK Electronics Communications Code.

Eir
means Eircom Limited.

EMF
means electromagnetic field.

Equity Derivatives
means put options, call options and combinations of put and call options and forward purchase agreements.

ESG
means environmental, social, and governance.

EU
means the European Union.

€ or euro
means the legal currency of Germany as (an accounting currency) from 1 January 1999, and (as a circulation currency) from 1 January 2002.

Exchange Offer
means a public offer or a public solicitation to submit an offer for the exchange of liquid shares which are admitted to trading on an organised market within the meaning of the WpÜG against shares of the Company.

Exchange Shares
means a public offer or a public solicitation to submit an offer for the exchange of liquid shares which are admitted to trading on an organised market within the meaning of the WpÜG.

Executive
means a person discharging managerial responsibilities within the meaning of article 3 para. 1 No. 25 of the MAR.

EY or Ernst & Young
means GmbH Wirtschaftsprüfungsgesellschaft, Börsenplatz 1, 50667 Köln/Cologne, Germany.

Financial Institution
means a credit institution, a company in accordance with sec. 53 para. 1 sent. 1 or sec. 53b para. 1 sent. 1 or para. 7 of the German Banking Act.

Fitch Solutions
means, when referenced as a source, certain mobile subscriber data prepared by Fitch Solutions dated January 2021.

Frankfurt Stock Exchange
means the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse).

Free Cash Flow
means Recurring Free Cash Flow less growth and other capital expenditure, including ground lease optimisation and dividends paid to non-controlling shareholders in subsidiaries plus recharged capital expenditure receipts from Vodafone, gains/losses for disposal of fixed assets, and dividends received from joint ventures, and adjusted for changes in non-operating working capital and one-off and other items. One-off and other items comprise impairment losses,

restructuring costs arising from discrete restructuring plans, and other operating income and expense and significant items that are not considered by management to be reflective of the underlying performance of the Group. These items are not a recognised term under IFRS. One-off and other items are subject to certain discretion in the allocation of various income and expenses and the application of discretion may differ from company to company. One-off and other items might also include expenses that will recur in future accounting periods.

FWA
means fixed wireless access.

FY21
means the Financial year ending 31 March 2021.

FY22
means the Financial year ending 31 March 2022.

FY20PF
means the Pro forma for the year ending 31 March 2020.

FY21PF
means the Pro forma for the year ending 31 March 2021.

GBT
means ground based tower.

GCGC
means the German Corporate Governance Code.

German GAAP
means German generally accepted accounting principles.

German Hive-Down
means the transfer of the German Towers Business to the Company by way of a hive-down by absorption within the meaning of sec. 123(3) No. 1 of the German Transformation Act.

German Towers Business
means the German partial operational unit towers business.

Germany
means the Federal Republic of Germany.

Ground Lease Expense
means depreciation on the lease-related right-of-use assets and interest on lease liabilities.

Ground Lease Optimisation Capital Expenditure
means capital expenditure on the ground lease optimisation programme

Group or Vantage Towers Group or Vantage Towers
except as otherwise indicated, means the Company, its consolidated subsidiaries, and its equity accounted investments in INWIT and Cornerstone.

GSMA 2020
means an article prepared by the GSM Association titled “COVID-19 Network Traffic Surge Isn’t Impacting Environment Confirm Telecom Operators” dated 29 May 2020.

HGB
means the German Commercial Code (Handelsgesetzbuch).

IDW
means the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer e. V.).

IFRS
means International Financial Reporting Standards including IAS and interpretations published by the International Accounting Standards Board (IASB), as adopted by the European Union and (Commission Regulation (EC) No. 1126/2008 of 3 November 2008, as amended) available at www.ifrs.org/issued-standards.

IMF
means the International Monetary Fund.

Indoor Small Cells
means low-powered radio access nodes typically used to complement macro cells to provide indoor coverage and/or capacity, which are better suited to smaller or lower footfall venues.

Initial Term
means the initial term of eight years until November 2028 of each Vodafone MSA.

INWIT
means Infrastrutture Wireless Italiane SpA.

IoT
means internet of things.

IPO
means initial public offering.

Irish Business Transfer
means the transfer of Vodafone Ireland Limited's towers business to Vantage Towers Limited by way of a business transfer agreement dated 22 May 2020 with effect from 1 June 2020.

ISAs
means individual site agreements.

ISIN
means International Securities Identification Number.

IT
means information technology.

KPIs
means key performance indicators.

Long-term Incentive Plan
means entitlements of members of the Management Board under long-term incentives.

Long-term Mobile Sites
means transportable passive infrastructure units with a vertical element capable of hosting active equipment. These can be used by Vantage Towers to deliver a hosting service while a new Site is developed, or to provide a more long-term hosting solution.

LPWA
means low power wide area.

LTI
long-term variable components.

M&A
means mergers and acquisitions.

Macro Sites
means the physical infrastructure, either ground-based or located on the top of a building, where communications equipment is placed to create a cell in a mobile network, including streetworks and long-term mobile sites.

Maintenance Capital Expenditure
means 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.

Malus
means in the event of a relevant misconduct, the Baseline Value amount may be reduced by up to 100% of the maximum Notional Shares at reasonable discretion of the Supervisory Board.

Management Board
means the Company's management board.

MD
means a managing director that heads a local Group operating company.

Micro Sites
means DAS sites, repeater sites and small cell sites.

MNO
means mobile network operator.

MSA
means master services agreement.

Net Asset Value
means the total assets less current liabilities and non-current liabilities as shown in the Unaudited Three-Month Condensed Combined Interim Financial Statements.

Net Financial Debt
means long-term borrowings, short-term borrowings, borrowings from Vodafone Group companies and mark-to-market adjustments, less cash and cash equivalents and short-term investments and excluding lease liabilities.

Net Financial Debt to Adjusted EBITDAaL
means Net Financial Debt divided by Adjusted EBITDAaL for a rolling twelve-month period.

New Site Capital Expenditure
means capital expenditure in connection with the construction of new BTS sites.

NFRD
means Non-financial Reporting Directive 2014/95/EU.

Non-IFRS Measures
means Adjusted EBITDA, Adjusted EBITDAaL, Adjusted EBITDAaL margin, Recurring Operating Free Cash Flow, Recurring Free Cash Flow, Free Cash Flow, Cash Conversion and Net Financial Debt, on a combined basis.

Non-MNO
means other than mobile network operator.

Offer Price
means the placement price of the Offer Shares.

Offering
means the offering of 126,445,566 ordinary registered shares of the Company with no par value, each such share representing a notional value of €1.00 in the Company's share capital and full dividend rights in euros as of 1 April 2020.

Omdia 2019-2024 Forecast
means a report prepared by Omdia titled "Ovum Mobile Backhaul and Fronthaul Forecast: 2019–24" dated November 2019.

Other Growth Capital Expenditure
means 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.

Over-Allotment
means the allocation of Over-Allotment Shares as part of the allocation of the Offer Shares.

Passive Infrastructure
means an installation comprising a set of different elements located at a site and used to provide support to the Active Equipment, including, amongst others, vertical support structures, including masts, towers, tower foundations, substructures and antenna supports (excluding bracketry), civil infrastructure (including steelworks) and related works, storage surfaces or shelters, access, surveillance and security systems, safety installations, and protective devices.

Passive Sharing
means MNOs' sharing of Passive Infrastructure.

PB
means petabyte.

Performance Period
means a performance period of three years.

Policy Compliance Framework
means Vodafone's policy compliance framework.

PoP
means point of presence. When they are hosted by Vantage Towers or another named tower company, the Group refers to PoPs as tenancies and except where otherwise noted, these are hosted on macro sites.

Portfolio Management Agreements
means the portfolio management agreements entered into in the Czech Republic and Romania, i.e. the Czech PMA and the Romanian PMA.

PPDR
means Public Protection and Disaster Relief.

Price Range
means the Price Range within which purchase orders may be placed per Offer Share.

Prospectus
means the Vantage Towers prospectus, dated 8 March 2021.

Put option
means the option which requires the Company to acquire shares of the Company upon the exercise of the option.

RAN
means radio access network.

Recharged Capital Expenditure
means upgrade capital expenditure recharged to tenants.

Recharged Capital Expenditure Revenue
means direct recharges to Vodafone of capital expenditure in connection with upgrades to existing sites.

Recurring Free Cash Flow
means Recurring Operating Free Cash Flow less tax paid and interest paid and adjusted for operating working capital.

Recurring Operating Free Cash Flow
means 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.

Reorganisation
means the process by which the Vantage Towers Group was established.

RemCo/NomCo
means the Remuneration and Nomination Committee.

Repurchase Programme
means the agreement 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.

Revolving Credit Facility
means the €300 million senior unsecured revolving credit facility entered into by the Company on 12 February 2021.

RTT
means rooftop tower.

SE
means a European stock corporation (Societas Europaea).

Selected Towers Business Financial Information
means certain unaudited selected financial information of the Towers Business for the twelve months ended 31 March 2018, 31 March 2019, and 31 March 2020.

Senior Facilities
means the Term Loan Facility together with the Revolving Credit Facility.

Sigfox
means Sigfox Germany GmbH.

Site
means the Passive Infrastructure on which Active Equipment is mounted as well as its physical location.

Small Cells
means low-powered radio access nodes typically used to complement macro cells in areas of high traffic concentration, which have smaller cell radii than macro cells.

STI
means short-term variable components.

SRN
means shared rural network.

Strategic Site
means a site that is of strategic importance to a Vodafone Operator from a network management perspective.

Streetworks
means compact and visually discreet monopole masts that are used to provide infill coverage, increased capacity or general coverage in urban areas as an alternative to RTTs.

Subsequent Change of Control
means if a competitor of Vodafone acquires control of the Vantage Towers Group company that is party to the agreement in a transaction that, other than in Greece, takes place after Vodafone Group Plc has itself given up control of the subject Group company in a previous transaction.

Supervisory Board
means the Company's supervisory board.

Telecom Italia
means Telecom Italia SpA.

Telefónica UK
means Telefónica UK Limited.

Tenancies
means customer points of presence hosted on macro sites unless otherwise noted, including physical tenancies and active sharing tenancies.

Tenancy Ratio
means the total number of tenancies (including physical tenancies and active sharing tenancies) on the Group's macro sites divided by the total number of macro sites. Therefore, the Group's tenancy ratio counts two tenancies where the physical tenant (Vodafone or another MNO) is actively sharing on a macro site.

Tenants
means customers.

Term Loan Facility
means the €2.4 billion senior unsecured term loan facility entered into by the Company on 12 February 2021.

Terms
means the terms of the bonds (see "Bonds") to issue, on one or more occasions until the expiry of 15 February 2026, for an aggregate nominal amount of up to €4,000,000,000.00 (in words four billion euros) 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.

Three
means Three Ireland Limited.

TIMS
means Tower Information Management System.

Towers Business
means the business carried out by Vodafone's European tower infrastructure assets in Germany, Spain, Portugal, Romania, the Czech Republic, Hungary, and Ireland.

TSR
means total shareholder returns.

Unaudited Pro Forma Financial Information
means the unaudited selected financial information of the Towers Business for the twelve months ended 31 March 2020 or twelve months ended 31 March 2021 as if the Reorganisation had occurred on 1 April 2019 for purposes of the pro forma consolidated income statements of the Group.

Underwriters
means the Joint Global Coordinators (BofA Securities Europe SA, Morgan Stanley Europe SE and UBS AG London Branch) together with the Joint Bookrunners (Barclays Bank Ireland Plc, Joh. Berenberg, Gossler & Co. KG, BNP PARIBAS, Deutsche Bank Aktiengesellschaft, Goldman Sachs Bank Europe SE, and Jefferies GmbH).

Underwriting Agreement
means the Underwriting Agreement between the Company, the Existing Shareholder and the Underwriters dated 8 March 2021.

Upgrade capital expenditure
means capital expenditure in connection with upgrades to existing sites.

Vantage Towers
see definition of “Group.”

Vantage Towers Czech Republic
means Vantage Towers s.r.o.

Vantage Towers Greece
means Vantage Towers SA.

Vantage Towers Greece Call Option
means the call option granted by Crystal Almond to VEBV under the terms of a share purchase agreement dated 21 December 2020 to acquire the remaining 38% of Vantage Towers Greece from Crystal Almond for €287,500,000 in cash, expiring on 31 December 2021.

Vantage Towers Group
see definition of “Group.”

Vantage Towers Hungary
means Vantage Towers Zrt.

Vantage Towers Ireland
means Vantage Towers Limited.

Vantage Towers Portugal
means Vodafone Towers Portugal SA.

Vantage Towers Romania
means Vantage Towers SRL.

Vantage Towers Spain
means Vantage Towers, SL.

VEBV
means Vodafone Europe BV.

Victus
means Victus Networks S.A.

Vodafone
means Vodafone Group Plc together with its consolidated subsidiaries.

Vodafone BTS Commitment
means Vodafone’s commitment to contract for the construction of approximately 6,850 new BTS sites across the Group’s markets between 1 April 2021 and 31 March 2026, except in Greece where the commitment is to contract for the construction of 250 new BTS sites between 17 November 2020 and 16 November 2025.

Vodafone Germany
means Vodafone GmbH.

Vodafone Greek TowerCo
means Vodafone Greece Towers SA.

Vodafone Group
means Vodafone Group Plc, a public limited company incorporated in England and Wales, and its consolidated subsidiaries.

Vodafone Hungary
means Vodafone Magyarország Távközlési Zrt.

Vodafone Italy
means Vodafone Italia SpA.

Vodafone MSAs
means the MSAs entered into between members of the Vodafone Group and members of the Group in each of the Group's markets.

Vodafone UK
means Vodafone Limited.

VPC
means Vodafone Procurement Company Sàrl.

Wind Hellas
means Wind Hellas Telecommunications SA.

Wind Hellas Greek TowerCo
means Crystal Almond Towers Single Member SA.

WKN
means the German Securities Code.

XETRA
means Exchange Electronic Trading (trading platform of Deutsche Börse Group).

Financial Calendar

22 July 2021	28 July 2021	15 November 2021	2 February 2022
Q1 FY22 Trading Update	Annual General Meeting	Half Year FY22 Results	Q3 FY22 Trading Update

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