VANTAGE TOWERS

We're powering Europe's digital transformation

Interim Financial Report 2021/22

Key data Vantage Towers

Financial results summary	H1 FY21 PF	H1 FY22	Change
	EUR m	EUR m	%
Macro sites (in thousand units)	45.7	45.6	-0.2%
Tenancy ratio (number of tenancies/ number of macro sites)	1.39x	1.42x	+2.2%
Group revenue (ex. pass through)	482	494	+2.5%
Adj. EBITDA	416	427	+2.6%
Adj. EBITDA margin	86%	86%	–
Adj. EBITDAaL	266	268	+0.8%
Adj. EBITDAaL margin	55%	54%	–

H1 FY22 Highlights

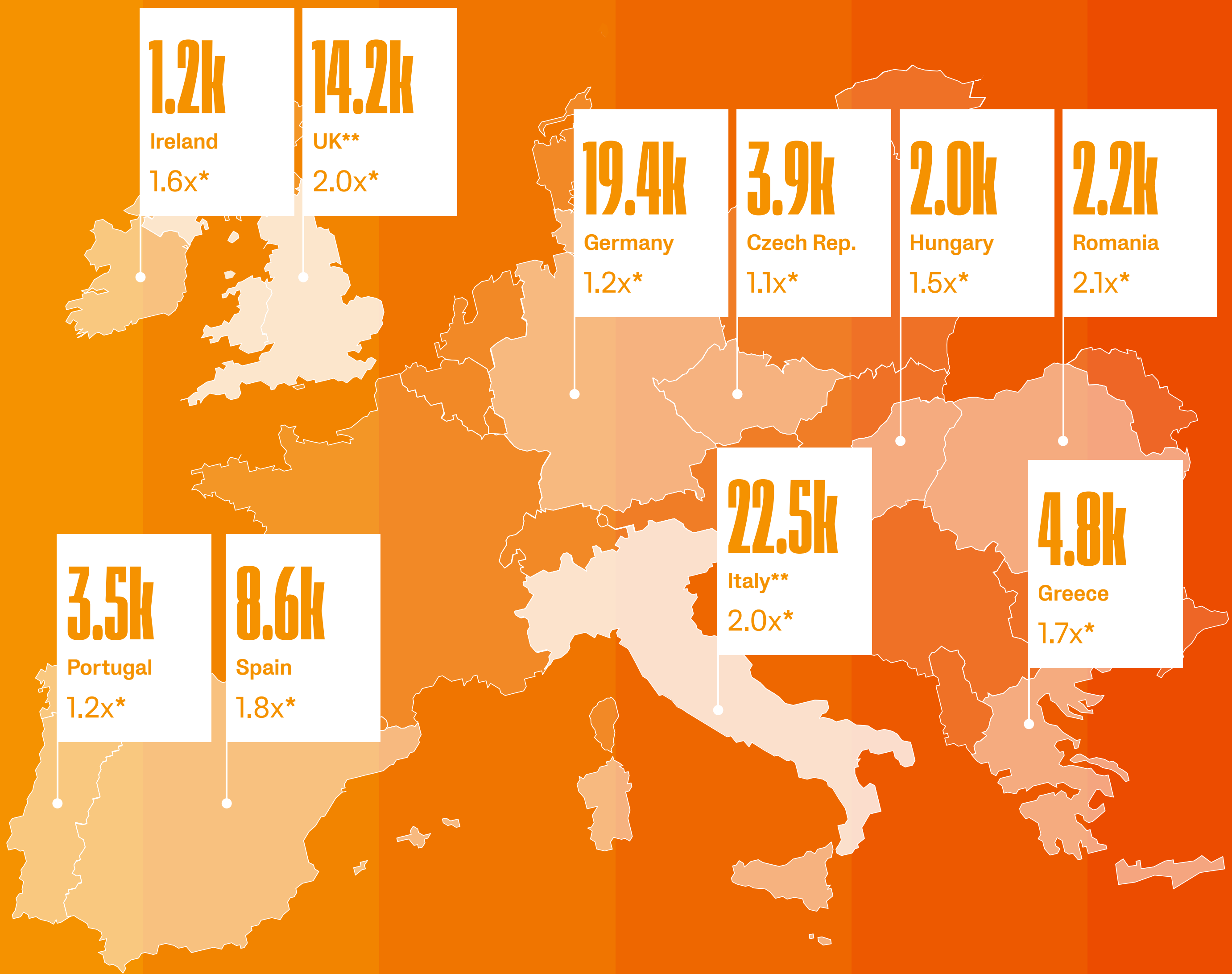
Delivering on our commitments as a commercially minded and independent TowerCo

- Commercialisation of our tower footprint continues, adding additional tenancies and optimising our ground lease base:
  - In H1 FY22 we added more than 670 non-Vodafone tenancies with more than 370 non-committed additions: Closing tenancy ratio of 1.42x
  - Growing our commercial footprint in Hungary, Ireland and Czech Republic whilst expanding our value proposition in Internet of Things ("IoT") and distributed antennae systems ("DAS")
  - Our Ground Lease Buyout ("GLBO") programme is progressing well with 250 agreements in Spain and Germany signed and over 60 in other markets signed

- Group Revenue (ex. pass through) was 494m EUR in H1 FY22, a 2.5% increase over H1 FY21 pro forma revenue

- FY22 Guidance for Revenue and EBITDAaL margin unchanged. FY22 RFCF guidance increased:
  - FY22 Guidance of Revenue (ex. pass through) of 995m – 1,010m EUR and EBITDAaL margin broadly stable: unchanged and re-affirmed
  - FY22 Recurring free cash flow (RFCF) guidance increased to 405m – 415m EUR driven by a combination of optimising both borrowing costs and cash tax expenses

With 82k macro sites across Europe:



* 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 roll-out 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.

Letter from our CEO

Dear Shareholders,

In my previous shareholder letter, I promised that the best part of our journey is yet to come. It is my pleasure to share with you our results for the first half of this financial year as we progress on the delivery of our commitments.

Our business development continues with momentum. Thanks to our high-quality grid, powerful value propositions across our footprint in Europe, and an excellent and highly motivated team, we made good progress across all our objectives. We increased tenancies at pace in the recent months and signed promising new partnerships. We delivered over 570 net new tenancies resulting in an improved tenancy ratio of 1.42x, sustaining the progression towards our medium-term target of more than 1.5x tenants per site. Furthermore, we signed new partnership agreements in the Czech Republic, Hungary and Ireland thus significantly enhancing our commercial capabilities across Europe.

Moreover, our efficiency programme to optimise ground leases through buyouts or renegotiations continues to progress: We have executed a total of 250 agreements in Spain and Germany and are seeing promising initial results in other European markets with over 60 agreements signed.

As a result, I am very happy to report that our operating performance is in line with expectations: In the first half of the financial year 2022 (FY22), we recorded revenue (ex. pass through) of 494m EUR – an increase of 2.5% compared to the first half of last year on a pro-forma basis – and a stable EBITDAaL margin of 54%.

In July, we held our first Annual General Meeting as a public company. I would like to take the opportunity to thank all our shareholders who participated in this virtual event. They approved all resolutions and voted for the distribution of a dividend of 0.56 EUR per share, representing a total dividend of 283m EUR. We intend to maintain this attractive dividend policy going forward with a payout ratio of 60% of recurring free cash flow and the dividends received from INWIT and Cornerstone.

"We are well positioned for further growth and are a key enabler for the 5G roll-out in Europe."

“100% of the electricity that we use to operate our infrastructure is now obtained from renewable energy resources.”

Following the quarterly index review by Deutsche Börse in September, I am extremely proud that our shares are now listed in both the MDAX and the TecDAX. Recognition through admission to the MDAX index so soon after our IPO reflects the capital market’s confidence in Vantage Towers’ business development and strong future prospects. Admission to the TecDAX further underscores our positioning as a 5G super host. Moreover, the inclusion in the FTSE global equities mid-cap index underpins our role as a Pan-European company in the international context.

At Vantage Towers, whilst we work to make a significant contribution to better connectivity and the sustainable digitisation of Europe, we always keep in mind that everything we do impacts the future of our planet. Therefore, our ESG agenda remains at the heart of our strategic vision. This summer, we reached a major green milestone: 100% of the electricity that we use to operate our infrastructure is now obtained from renewable energy resources such as wind, solar or hydropower. This is a significant step towards our goal of halving our environmental impact by 2025 and reducing total global carbon emissions to ‘net zero’ by 2040.

Powering Europe’s digital transformation: That is what we stand for and that is what drives us. We are well positioned for further growth and are a key enabler for the 5G roll-out in Europe. Mobile operators are expanding their networks to manage increasing data traffic, and they value the quality of our grid. Building and expanding a world-class wireless network infrastructure is just the beginning. Our vision is that our sites will become cornerstones of digitisation and the energy transition.

What can you expect in the future? We have set ourselves ambitious financial targets for this year as well as for the medium-term and we remain on track to meet these targets. We will drive future growth by leveraging our strong infrastructure network.

Our financial performance for the second half of the current financial year is expected to be stronger than in the first half. This will translate into expected revenue (ex. pass-through revenues) of 995m EUR to 1,010m EUR for the full financial year 2022. The positive trend is expected to deliver in the medium-term a mid single-digit revenue growth. With regard to earnings, we anticipate a broadly stable EBITDAaL margin compared to financial year 2021 and an adjusted EBITDAaL margin in a high fifties percent range in the medium-term. We now expect full year recurring free cash flow guidance to be in the range of 405m to 415m EUR from previous guidance of 390m to 400m EUR. The stronger than anticipated performance is mainly driven by a combination of optimising both borrowing costs and cash tax expenses. We expect to retain these benefits over the medium term. We confirm our medium-term RFCF at mid to high single digit compounded annual growth rate (“CAGR”).

So, it still holds true: The best part of our journey is yet to come. Our company is full of potential. I am deeply grateful for the initiative, drive, and passion of our people and your continued support and confidence in us.

Sincerely,

Vivek Badrinath

The Vantage Towers Shares

- Share price up 22.2%[1] since listing in March 2021 – a significant outperformance of benchmark indices
- Inclusion in the MDAX, TecDAX and FTSE global equities mid-cap indices – improving the visibility and profile of our shares
- 0.56 EUR per share FY21 dividend payment approved at the Annual General Meeting
- Broad coverage by major financial analysts

Strong share price development and outperformance of benchmark indices

The share price of Vantage Towers has developed very positively since the listing and outperformed major benchmark indices in the reporting period. The Xetra closing price of the Vantage Towers shares on 30 September 2021 was 29.32 EUR, an increase of 22.2% compared to the listing price of 24.00 EUR on 18 March 2021. In the same period, the benchmark indices MDAX and TecDAX increased by 7.5% and 10.0% respectively.

The significant share price growth has been underpinned by the Company's business development since the IPO delivering on financial targets in FY21 and continuing the commercial momentum in Q1/FY22 with increasing tenancies and new partnerships. In addition, Vantage Towers has also benefitted from the inclusion of its shares in the SDAX and later in the MDAX and TecDAX indices, improving the visibility and profile of the Company on the equity markets.

[1] Share price development from 18 March to 30 September 2021

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)
Number of shares outstanding	505,782,265
Market capitalisation on 30/09/2021	14.8bn EUR
Free float	18.3%

Inclusion of Vantage Towers AG in the selection indices of Deutsche Börse and FTSE

On 21 June 2021, around three months after the IPO, Vantage Towers AG was included in the SDAX index following the quarterly review of the index composition by Deutsche Börse at the beginning of June. At the following review in September, the Company moved up to the MDAX and was included in the TecDAX, both effective on 20 September 2021. The MDAX inclusion places Vantage Towers AG among the 90 largest listed companies by free-float market capitalisation in Germany, while the concurrent admission to the TecDAX positions the Company among the 30 largest listed German technology companies. Furthermore, Vantage Towers was also admitted to the FTSE global equities mid-cap index, effective on the 20 September 2021.

Annual General Meeting approves dividend payment

On 28 July 2021, Vantage Towers AG held its first Annual General Meeting after the successful IPO on 18 March 2021. Due to the COVID-19 pandemic, the meeting was broadcast as a virtual event.

The shareholders approved the proposal of the Supervisory Board and Management Board to distribute a total dividend payment for the financial year 2021 in the amount of around 283m EUR, resulting in a dividend of 0.56 EUR per share.

All other items on the agenda were also approved by a large majority, including the remuneration system for the Management and Supervisory Board.

All questions submitted by the shareholders in advance were answered comprehensively by the Management Board members and the Chairman of the Supervisory Board, Dr. Rüdiger Grube. In addition to questions about the agenda items and the business model, the shareholders were particularly interested in the company's future growth strategy.

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.

Communication with the capital markets

In line with our corporate philosophy, we aim to maintain a reliable and transparent dialogue with the capital markets. In the first half of the financial year 2022, Vantage Towers published several financial releases in addition to its regulatory news in order to provide comprehensive information on its activities. Furthermore, the company participated in several investor conferences and maintained contact with financial analysts from various financial institutions. Our shares are currently covered by 14 equity analysts[1] – for more information see www.vantagetowers.com/en/investors/analyst-coverage.

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

[1] As of 30 September 2021

Financial Performance and Commercial Update

Discussion of Group pro forma performance

Financial update

The consolidated financial performance for H1 FY21 only reflects results from the date operations were acquired by the Group during FY21. Accordingly, only the results of the Germany business from the date of hive down of 25 May 2020 are included in the consolidated comparatives.

In this section, we have presented pro forma H1 FY21 financial information alongside the H1 FY22 consolidated financial information in order to show a comparison between the H1 FY21 pro forma figures and our performance in H1 FY22. The comparative pro forma information is taken from the Vantage Towers Q3 FY21 results announcement, where we published updated pro forma financial information that illustrated the performance of Vantage Towers as if the business combination and IPO had occurred as at 1 April 2019 for H1 FY21.

The comparative 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 had the business combination and IPO occurred on 1 April 2019.

Consolidated Vantage Towers	Pro forma HY 21[1]	Consolidated HY22
	(unaudited) EUR m	(unaudited) EUR m
Revenue (ex. pass through)	**482**	**494**
Capex recharge revenue	–	5
Revenue	**482**	**499**
Maintenance costs	(16)	(20)
Staff costs	(19)	(20)
Other operating expenses	(31)	(32)
Adj. EBITDA	**416**	**427**
Margin	86%	86%
Capex recharge revenue	–	(5)
Ground lease expense	(150)	(155)
Adj. EBITDAaL	**266**	**268**
Margin	55%	54%

Consolidated Vantage Towers	Pro forma HY 21[1]	Consolidated HY22
	(unaudited) EUR m	(unaudited) EUR m
Adj. EBITDA	**416**	**427**
Capex recharge revenue	–	(5)
Cash cost of leases	(146)[2]	(121)
Maintenance capex	(14)	(12)
Recurring OpFCF	**256**	**290**
Cash conversion	95%	108%
(+/-) Change in operating working capital	n/a	11
(–) Tax paid	(48)[3]	(15)
(–) Interest	(8)[4]	(1)
Recurring free cash flow (RFCF)	**200**	**284**

[1] The non-IFRS measures presented in this release are defined and reconciled on pages 64–69.
[2] For the purposes of the Unaudited Pro Forma Financial Information in H1 FY21, "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 4m EUR non-cash increase for the pro forma period from the reassessment of the IFRS 16 lease liability performed during the twelve months ended 31 March 2021.
[3] For the purposes of the H1 FY21 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, as no pro forma cash flow statement has been produced. Amounts disclosed for H1 FY22 are calculated based on cash payments made. Accordingly, amounts disclosed for this measure in each period are not strictly comparable and are provided for illustrative purposes only.
[4] For the purposes of the H1 FY21 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. Amounts disclosed for H1 FY22 are calculated based on cash payments made. Accordingly, amounts disclosed for this measure in each period are not strictly comparable and are provided for illustrative purposes only.

Revenue and profitability

Revenue disaggregation	Pro forma 6 months ended 30/09/2020	6 months ended 30/09/2021
	EUR m	EUR m
Macro site revenue	451	457
Other rental revenue	20	22
Energy and other revenue	11	15
Revenue (ex. pass through)	**482**	**494**
Recharged capital expenditure revenue	–	5
Consolidated	**482**	**499**

Revenue by segment	Pro forma 6 months ended 30/09/2020	6 months ended 30/09/2021
	EUR m	EUR m
Germany	238	245
Spain	79	84
Greece	63	65
Other European Markets	102	105
Consolidated	**482**	**499**

We delivered solid half-year financial performance and are well positioned to accelerate in H2 FY22. Our revenue (ex. pass-through) grew from 482m EUR to 494m EUR, an increase of 12m EUR (+2.5%). This was driven by the addition of c.570 net new tenancies and CPI escalators in the MSA across all markets. Macro site revenue increased from 451m EUR to 457m EUR, an increase of 6m EUR (1.3%) with the increase primarily driven by incremental revenue from non-Vodafone customers, which totalled 82m EUR.

These increased revenues flowed through to Adjusted EBITDA, which increased from 416m EUR to 427m EUR (+2.6%) with Adjusted EBITDA margin stable at 86% (H1 FY21 PF: 86%). This was despite maintenance cost increases of 4m EUR due to costs incurred by Neutral Host projects where we incur costs of providing passive and active infrastructure in establishing a multi-operator DAS and Small Cell site, and other expected costs related to the roll out of sites. There was a 5m EUR increase in ground lease costs compared to H1 FY21 financial pro forma, whilst Adjusted EBITDAaL increased by 1% from 266m EUR to 268m EUR maintaining a stable Adjusted EBITDAaL margin of 54%.

Recurring operating free cash flow of 290m EUR reflects seasonality in lease payment timing which is weighted toward H2. The pro forma comparative lease payments of 146m EUR was based on even phasing through FY21.

Recurring free cash flow of 284m EUR also reflected timing of tax and interest payments in H1. The majority of tax and interest payments occur in H2. We now expect full year recurring free cash flow guidance to be in the range of 405m to 415m EUR from previous guidance of 390 million to 400 million EUR.

Net Debt, which comprises external borrowings and cash deposits with related parties, decreased from 2,001m EUR to 1,999m EUR. The RFCF of 284m EUR was used to fund cash capital expenditure of 105m EUR. Remaining net cash flows, together with cash dividends received from joint ventures of 96m EUR, were used to settle the dividend declared in FY21 of 283m EUR.

Performance of INWIT and Cornerstone

	INWIT[1]		Cornerstone	
	6 months ended 30/09/2021		6 months ended 30/09/2021	
Co-controlled joint ventures	100% share	33.2% share	100% share	50% share
	(unaudited) EUR m	(unaudited) EUR m	(unaudited) EUR m	(unaudited) EUR m
Revenue	383	127	176[2]	88[2]
Adj. EBITDA	349	116	147	73
Adj. EBITDAaL	251	84	54	27
RFCF	184	61	90	45

[1] INWIT results are the summation of INWIT Q1 FY21 and Q2 FY21 results that have been extracted from the INWIT Q2 FY21 Financial Results Investor Presentation available at www.inwit.it/en/investors/presentations-and-webcasts.
[2] Cornerstone revenue excludes pass through revenue which consists of recovery of business rates passed through to the tenants.

INWIT and Cornerstone's operational performance are primarily impacted by 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 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. Between 1 April 2021 and 30 September 2021, Cornerstone added 49 macro sites bringing total macro sites to 14.2k and a stable tenancy ratio of 2.0x.

INWIT added 1.2k new tenants and 160 new sites during between 1 January 2021 and 30 June 2021, bringing the tenancy ratio to 1.95x with a total of 22.5k sites. The INWIT renegotiation and land acquisition programme continues with a further 570 agreements executed.

Commercial Update

Continued commercial momentum across the business

Fully owned segments

30/09/2021	DE		ES		GR		Other European Markets		Consolidated	
	H1 FY21PF	H1 FY22	H1 FY21PF	H1 FY22	H1 FY21PF	H1 FY22	H1 FY21PF	H1 FY22	H1 FY21PF	H1 FY22
Macro sites	19.4k	19.4k	8.8k	8.6k	4.8k	4.8k	12.7k	12.8k	45.7k	45.6k
Tenancy ratio	1.21x	1.22x	1.64x	1.75x	1.63x	1.66x	1.38x	1.40x	1.39x	1.42x
Market position[1]	#2	#2	#2	#2	#1	#1	#2	#2		

[1] Estimated based on total number of macro sites compared to other market participants

Our superior grid and strong value proposition continues to support our commercial plans and execution. We have signed new customers and partnerships whilst also expanding our product portfolio across our European footprint. In particular, we can report these following highlights:

- **Powering Europe's digital transformation:** Vantage Towers' consolidated portfolio remained broadly stable at 45.6k macro sites across the 8 European markets. The increase in newly built sites ("BTS") was offset by the previously communicated decommissioning of sites in particular driven by our active sharing agreement in Spain, creating efficiencies in our network.
- **Efficiency programme to drive margins:** Our programme to optimise ground leases through buyouts or renegotiations is showing continued progress with the following milestones achieved since inception:
  - ~300 agreements commercially agreed or signed in Spain
  - Germany is accelerating with ~120 contracts agreed
  - Promising initial results in other European markets with ~170 agreements

- **Continued commercial momentum with ramp up of tenancy growth:** In Q2 FY22, we achieved a net increase of c.370[1] new tenancies after taking into account decommissioning through our active sharing programmes. As a result, in H1 FY22, we added net 570 tenancy additions, of which more than 370 were non-committed gross additions and c.670 were non-Vodafone gross additions, taking our overall tenancy ratio to 1.42x. We remain well on track to deliver our medium-term tenancy ratio of >1.50x.
- **Growing commercial opportunities:** We are sustaining our tenancy growth and strengthening relationships with our customers across all markets – in Hungary, we have signed a trilateral agreement with the integrated mobile and fixed operator Digi and Vodafone, which will bring 100 tenancy additions. In Ireland, we extended our existing contract with Tetra Ireland for another 10 years, which secured 51 tenancies. We further signed a hosting agreement with Itelazpi. Itelazpi provides transportation and broadcasting services including television, radio broadcasting, data and communication services in the Basque territory.
- **Expanding our value propositions:** Our ambition is to accelerate a sustainably connected and digitised Europe and our new agreements strongly contribute towards this goal. In Germany, we reached an agreement with Stadtwerke München for IoT Long Range WAN ("LoRa WAN") which will bring us new tenancies and help our customers to digitize the energy sector efficiently. In addition, we have signed a 5-year agreement with the digital infrastructure provider České Radiokomunikace, which will deliver 300 new LoRa WAN tenancies in the next three years in the Czech Republic.

Furthermore, we continue to explore further opportunities for indoor coverage solutions to support our 5G Superhost ambitions in Europe. In Hungary, we signed a new agreement with BMSK/WHB to offer a distributed antennae system, a scalable, mobile communications network with a neutral host model in the Pick-Szeged multifunctional arena. Another growth opportunity is the agreement with Vodafone in Germany and Portugal where Vantage Towers will be the exclusive wholesale agent for Vodafone and will act as an intermediary to sell fibre to the site ("FTTS") in relation to Vantage Towers' sites. We have significant ambitions to grow beyond our core value propositions and offer enhanced services and customer experience to all our customers.

[1] Sites/tenancies added from 1 July to 30 September 2021.

Interim Group Management Report

Economic Conditions

Macroeconomic situation

Economic expansion following the fallout from COVID-19 in 2020 has continued in the first half of 2021. Economic recoveries are however diverging across countries due to disparities in vaccine access and policy responses. The global recovery has lost momentum caused by supply chains problems and new surges of COVID-19 cases.[1] As a result, IfW global 2021 GDP growth forecasts have been lowered from 6.7% to 5.9%.[1]

The **Eurozone** is rapidly approaching its pre-crisis production level and after a strong second quarter, economic output remains only 2.5% below the pre-crisis level of production.[2] There is also improvement in both corporate and consumer sentiment through 2021, with consumer-related mobility pointing to a marked increase in private consumption and economic output during the third quarter.[2] However, there are risks that the recovery could slow down markedly in the fourth quarter as the pandemic may disrupt economic activity during the colder seasons. Additionally, supply chain bottlenecks are slowing down industrial production. Overall, Eurozone GDP is expected to grow by 5.1% in 2021.[2]

In **Germany,** the recovery continues with the easing of the pandemic-related restrictions. There was marked economic growth in the second quarter with GDP up 1.6% and a further increase of 2.2% is forecast in the third quarter.[3] The acceleration in growth is driven primarily by greater activity in industries that were particularly affected by pandemic-related restrictions, GDP on the whole is expected to increase by 2.6% in 2021.[3]

Industry environment

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

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

[1] Source: Kiel Institute Economic Outlook World, No. 81 (2021/Q3), www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/englisch/2021/KKB_81_2021-Q3_Welt_EN.pdf

[2] Source: Kiel Institute Economic Outlook Euro Area, No. 82 (2021/Q3), www.ifw-kiel.de/publications/kiel-institute-economic-outlook/2021/euro-area-autumn-2021-recovery-temporarily-at-slower-pace-16621/

[3] Source: Kiel Institute Economic Outlook Germany, No. 83 (2021/Q3), www.ifw-kiel.de/fileadmin/Dateiverwaltung/IfW-Publications/-ifw/Konjunktur/Prognosetexte/englisch/2021/KKB_83_2021-Q3_Deutschland_EN.pdf

Mobile data traffic in Western, Central, and Eastern Europe is expected to grow at a CAGR of 26% from 2019 through 2024[1], as larger screens, better cameras, faster processors, and innovative applications drive increased rates of data consumption. As consumers demand faster communication speeds and higher bandwidth, MNOs will be looking to compete on network quality with mobile data traffic per smartphone in Western Europe expected to increase at a CAGR of 28% from 2020 to 2026.[2]

With the roll-out of each new generation of mobile technology, users have consumed more data and data usage in Europe continues to grow rapidly in response to the increasing adoption of smartphones and internet-based applications. 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.[3] GSMA expects mobile data traffic to quadruple overall from 2020 to 2026 in Europe.[4]

In order for MNOs to expand their networks, and improve quality as subscribers and data usage increase, they must maintain effective capacity to ensure network stability and reduce congestion. This in turn requires that MNOs densify their networks by increasing their tenancies. Network densification is further required to support the range and capacity requirements of the high-frequency spectrum used by the 5G networks. MNOs are rolling out their 5G networks across Europe following national 5G spectrum auctions. Consequently, to enable the densification, MNOs demand for towers will increase – in Western Europe 5G mobile subscription penetration is projected to increase from 1% in 2020 to 69% by the end of 2026.[5]

MNOs will also need additional tenancies to address short-term and medium-term coverage obligations. In many European markets, national regulators have now established coverage obligations that require MNOs to provide network coverage of certain quality over specific areas. For example, in Germany, MNOs must provide coverage for 98% of households with more than 100 Mbit (Megabit) per second download speed by 2022, road and rail coverage, 1,000 new 5G base stations, and 500 base stations in “white spot” areas.[6] Also these developments will drive the demand for towers.

[1] 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)
[2] Source: Ericsson Mobile Report, June 2021, p. 14
[3] Source: Company Internal Analysis
[4] Source: GSMA, The Mobile Economy Europe 2021, p. 2
[5] Source: Ericsson Mobile Report, June 2021, p. 6
[6] Source: Company information

Results of Operations of the Group

In accordance with IFRS 10 Vantage Towers has not included the financial information of the tower assets prior to the date it obtained control. Therefore, the comparative period disclosed in the unaudited condensed consolidated interim income statement, statement of comprehensive income, statement of changes in equity and cashflow statement includes only the financial results relating to the tower business in Germany following its hive down on 25 May 2020. The results of other tower businesses have only been consolidated following the acquisition of CTHC on 17 December 2020. Note that rounding differences may occur.

Result of Operation
Summarised Group performance
Income Statement

	6 months ended 30/09/2020	6 months ended 30/09/2021
	EUR m	EUR m
Revenue (ex. pass through)	**161**	**494**
Capex recharge revenue	–	5
Revenue	**161**	**499**
Maintenance costs	(8)	(20)
Staff costs	(4)	(20)
Other operating expenses	(11)	(32)
Adj. EBITDA	**139**	**427**
Margin	86%	86%
Capex recharge revenue	–	(5)
Ground lease expense	(34)	(155)
Adj. EBITDAaL	**104**	**268**
Margin	66%	54%

Revenue

During H1 FY22, we generated revenues of 499m EUR, which is comprised of 457m EUR (92%) macro site revenue, 15m EUR (3%) energy and other revenue, 22m EUR (4%) other rental revenue and 5m EUR (1%) of recharged capital expenditure. Macro site revenue is primarily driven by new tenancies and macro sites. In H1 FY22, we added net 570 tenancy additions, of which more than 370 were non-committed gross additions and c.670 were non-Vodafone gross additions, taking our overall tenancy ratio to 1.42x. In addition, c.190 new macro sites were delivered during H1. Revenue from customers other than Vodafone of 82m EUR principally comprised macro site revenue.

Germany is our largest segment with total revenue of 245m EUR. The other reporting segments Spain and Greece earned total revenue of 84m EUR and 65m EUR, respectively, with Other European Markets earning 105m EUR.

Adjusted EBITDAaL

Adjusted EBITDAaL, as defined on page 65, amounted to 268m EUR and results from operations in Germany (148m EUR or 55% of total EBITDAaL), Spain (38m EUR or 14%), Greece (26m EUR or 10%), and Other European Markets (56m EUR or 21%).

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	6 months ended 30/09/2020	6 months ended 30/09/2021
	EUR m	EUR m
Germany	34	53
Spain	–	35
Greece	–	33
Other European Markets	–	34
Consolidated	**34**	**155**

Ground lease expenses comprise the depreciation on lease-related right-of-use assets, amounting to 128m EUR and the interest on lease liabilities, amounting to 27m EUR. Ground lease costs comprise the rents that we pay to landlords to locate telecommunications infrastructure on the landlords' property, accounted for under IFRS 16: "Leases".

As outlined in our 31 March 2021 year end materials, we are seeking to reduce our ground lease costs by selectively acquiring land on which certain of our sites are located or the long-term RoU (right-of-use) assets in respect of such land or property (typically between 10 and 30 years) on margin accretive terms. In key markets for the ground lease optimisation programme, we have signed over 310 contracts and we have landlord acceptance of terms on over 300 further sites. We believe that the ground lease optimisation programme will allow us to increase tenancies on a number of our roof top towers by removing restrictions under certain of our leases and will protect us from companies seeking to consolidate land ownership in order to increase lease costs.

We assess land or long-term RoU acquisitions based on internal rates of return and return on capital employed alongside other factors, including the strategic nature of the sites and the ability to unlock active sharing and passive sharing opportunities. We have budgeted for at least 200m EUR of ground lease capital expenditure over the medium-term, subject to achieving appropriate returns. In addition to acquiring land or RoU assets, we have also begun to optimise our lease portfolio through the active renegotiation of leases where possible and advantageous to do so, in some cases offering landlords longer lease terms in exchange for reduced rental costs.

Maintenance costs

Maintenance costs for H1 FY22 amounted to 20m EUR. 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 period of 20m EUR reflects the operational establishment of the Group in the prior year.

Other operating expenses

We incurred other operating expenses of 32m EUR and these were primarily made up of energy costs, transitional services agreements, long-term services agreements and our support agreements.

Equity Accounted Results from Joint Ventures

Our share of profit from Joint Ventures under equity accounting in the period was 20m EUR, made up of 13m EUR share of profit from INWIT and 7m EUR share of profit from Cornerstone.

Net Assets & Financial Position

	31/03/2021	30/09/2021
	EUR m	EUR m
Goodwill	3,316	3,321
Other intangible assets	235	234
Property, plant and equipment	2,880	2,897
Investments in joint ventures	3,316	3,237
Deferred tax assets	24	25
Trade and other receivables	15	16
Non-current assets	**9,786**	**9,730**
Receivables due from related parties	436	435
Trade and other receivables	41	55
Cash and cash equivalents	22	32
Current assets	**499**	**522**
Total assets	**10,286**	**10,252**
Equity	**5,294**	**5,178**
Long-term borrowings	2,187	2,192
Lease liabilities	1,774	1,777
Provisions	319	329
Post employment benefits	1	0
Deferred tax liabilities	71	76
Trade and other payables	34	34
Non-current liabilities	**4,386**	**4,408**
Lease liabilities	242	240
Current income tax liabilities	9	41
Provisions	16	10
Payables due to related parties	119	105
Trade and other payables	219	271
Current liabilities	**605**	**666**
Total liabilities	**4,991**	**5,074**

Non-current assets

Non-current assets amounted to 9,730m EUR (or 95% of total assets) as of 30 September 2021 with a decrease of 56m EUR compared to year end. Our non-current assets comprise mainly of goodwill, investments in associated undertakings and property, plant and equipment.

Goodwill amounting to 3,321m EUR resulted mainly from Germany (2,565m EUR). The majority of goodwill arose on historical transactions in the Vodafone Group and has subsequently been allocated between the Group's businesses and the remaining Vodafone Group operating businesses in proportion to the relative value of the cash generating units ("CGUs") for each market at the respective demerger date.

Other intangible assets of 234m EUR related in particular to the acquisition of customer relationships in Greece.

Property, plant and equipment of 2,897m EUR consisted of lease-related right-of-use-assets (2,020m EUR), which are being depreciated over their reasonably certain lease terms, and other property, plant and equipment (877m EUR) of which 105m EUR related to land and buildings and 773m EUR to other property, plant and equipment.

Investments in associated undertakings of 3,237m EUR solely related to the investments in INWIT (2,837bn EUR) and CTIL (399m EUR), representing the carrying value in the Vodafone Group books on the date transferred to Vantage Towers.

Long-term trade and other receivables comprised prepayments (9m EUR), other receivables due greater than one year (6m EUR) and accrued income of 1m EUR.

Current assets

Current assets of 522m EUR (or 5% of total assets) consisted of receivables due from related parties (435m EUR), such as the amounts receivable from Vodafone Group under the terms of the MSA, trade and other receivables (55m EUR) and cash and cash equivalents (32m EUR).

Receivables due from related parties of 435m EUR primarily contained the balance of the cash pooling arrangement due from the Vodafone Group (162m EUR), and trade balances due from the Vodafone Group operating businesses under the terms of the MSAs.

Trade and other receivables increased from 41m EUR to of 55m EUR (+34%) were comprised of 30m EUR accrued income, 10m EUR prepayments, 2m EUR tax receivables (solely related to the Czech Republic), 5m EUR other receivables, and 8m EUR of trade receivables.

Cash and cash equivalents of 32m EUR 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 5,178m EUR (or 51% of total assets) as of 30 September 2021 and comprised of share capital (506m EUR), share premium (6,877m EUR, almost entirely relating to Germany) and a negative merger reserve (2,266m EUR). For further details refer to the Consolidated Statement of Changes in Equity on page 37.

Non-current liabilities

Non-current liabilities of 4,408m EUR consisted of long-term borrowings, lease liabilities, provisions, post-employment benefits, deferred tax liabilities, payables due to related parties and trade and other payables.

Non-current lease liabilities amounted to 1,777m EUR and mainly related to Germany.

Provisions of 329m EUR related almost entirely to asset retirement obligations and increased in line with BTS roll-out.

Deferred tax liabilities amounted to 76m EUR.

Non-current trade and other payables of 34m EUR were entirely comprised of non-current deferred income.

Current liabilities

Current liabilities of 666m EUR (or 13% of total liabilities) consisted of short-term borrowings, lease liabilities, provisions, payables due to related parties, trade and other payables and overdrafts.

Current income tax liabilities of 41m EUR million mainly resulted from Greece, Czech Republic, and Romania.

Current provisions of 10m EUR related in particular to asset retirement obligations (5m EUR). Other current provisions amounted to 5m EUR.

Current trade and other payables grew from 219m EUR to 271m EUR (+23.7%) due to seasonal working capital movements and comprised accruals (112m EUR), trade payables (78m EUR), deferred income (55m EUR), other taxation and social security (15m EUR), and other payables (11m EUR).

Cash flow and capital expenditure analysis

Net Financial Debt and Cash Flow

Net Debt, which comprises external borrowings and cash deposits with related parties, decreased from 2,001m EUR to 1,999m EUR as shown in the table below.

	At 31/03/2021 EUR m	At 30/09/2021 EUR m
Bonds in issue by the Group	(2,187)	(2,192)
Cash and cash equivalents	22	32
Cash deposits held with related parties	165	162
Mark to market derivative financial instruments	(1)	(1)
Net financial debt	**(2,001)**	**(1,999)**

Cash generated by operations for the 6 months ended 30 September 2021 was 441m EUR, with net cash generated by operations being 426m EUR after net tax paid of 15m EUR. Operational cash flow was used to settle lease payment liabilities, including interest, of 121m EUR and to fund capital expenditure of 105m EUR during the period.

The remaining net cash flow for the period of 200m EUR, together with cash dividends received from joint ventures of 96m EUR, have been applied in settling the dividend of 283m EUR announced for FY21.

Opportunities & Risks

Risk Management System

Vantage Towers' Risk Management System has to be further developed to comply with the revised requirements according IDW[1] PS 340. These modifications include the calculation of Vantage Towers' risk-bearing capacity as well as the aggregation of risks in order to achieve an overall risk profile by using a newly applied simulation approach. As a result, Vantage Towers switched from a qualitative to a quantitative risk measurement approach, which utilises uncertainty distributions based on impact and probability of occurrence. Vantage Towers is currently implementing the new methodology and will provide detailed information in the annual report for the financial year ending 31 March 2022. Our Condensed Consolidated Interim Financial Statements as of 30 September 2021 only includes the relevant changes to our risks and opportunities situation and no changes arising from adjustments to the new methodology.

Opportunities and Risks situation of the Group

This section only provides the additional relevant information and recent changes in the risks and opportunities relevant to Vantage Towers as described and compared to the last annual report for the financial year ending 31 March 2021. The overall risk situation remains in a way that we do not foresee any material threats to the viability of the Company as a going concern.

[1] Source: Institut der Wirtschaftsprüfer in Deutschland e.V. (Institute of Public Auditors in Germany, Incorporated Association) (IDW)

Inflation impact

The Group earns most of its revenue from relationships with Vodafone and other Mobile Network Operators (MNOs) as defined in the Master Service Agreements (MSA). Each of the Vodafone MSAs includes contractual escalators linked to the consumer price index (CPI) of the respective country of operation. Whilst the majority of the Group's contracts with other MNO customers are not currently linked to inflation, the Group aims to include CPI escalators in its customer contracts as they expire and are renegotiated. The Group's results of operations are therefore only protected to a certain degree from the impact of inflation. The contractual escalators related to inflation are typically linked to the CPI in the countries in which the Group operates and are applied once a year based on the preceding twelve-month period for the succeeding twelve months. In the case of the Vodafone MSAs, the CPI escalators are subject to caps and floors, which differ to some degree from market to market and contract to contract. The base and additional service charges vary annually by reference to an agreed consumer price index that typically has a cap of 2% (other than Hungary where the cap is 3%). If the relevant price increase exceeds these caps within the countries, in which the Group operates, it may not be fully reflected in a succeeding increase of the revenues from an MSA. However, inflation of the energy costs the Group incurs in relation to Active Energy, which is the energy consumed by Active Equipment of their customers, should not affect its results of operation. These costs are passed through to the Group's customers based on consumption with no margin for the Group and are therefore netted out of the Group's income statement.

BTS Site Commitment and Deployment

Under the Vodafone MSAs, Vodafone has committed to contract for the construction of approximately 6,600 new BTS sites in Germany, Spain, and other European Markets of the Group between 1 April 2021 and 31 March 2026. After deployment and acceptance these BTS sites will be charged to the customer and generate stable revenue for the Group. The timely deployment of the BTS sites depends largely on a certain amount of external factors such as the availability of an appropriate location, the necessary permissions and approvals, the availability of suppliers and material for the planning and deployment as well as the availability and provisioning of energy and fixed network access. Any delay caused by these factors can lead to delayed deployment and revenue recognition for the BTS site. The Group aims to fulfil all deployment commitments in time but faces the risk of delays due to scarce external resources and limited availability in certain markets.

Group Outlook

We now expect full year Recurring Free Cash Flow guidance to be in the range of 405m to 415m EUR from previous guidance of 390 million to 400 million EUR.

Measure	FY22 guidance	Medium-term Targets[1]
Tenancy ratio for Consolidated Vantage Towers	–	>1.50x
Revenue (ex. pass through)	995m–1,010m EUR	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]	405m–415m EUR	Mid- to high-single digit CAGR
Net financial debt to adjusted EBITDAaL	–	Flexibility to exceed for growth investment
Net financial debt	–	1bn EUR 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.

For FY22, we expect revenue (ex. pass through revenues) of 995m EUR to 1,010m EUR, delivering mid-single digit revenue growth in line with our medium-term targets. Our FY22 revenue growth is expected to generate a broadly stable EBITDAaL margin compared with FY21 PF. The Group's expectation to achieve an adjusted EBITDAaL margin in the medium-term of high fifties per cent through operating leverage and optimisation initiatives remains unchanged. The stronger than anticipated RFCF performance is mainly driven by a combination of optimising both borrowing costs and cash tax expenses. We expect to retain these benefits over the medium term. We confirm our medium-term RFCF at mid to high single digit compounded annual growth rate ("CAGR").

Duesseldorf, 15 November 2021

Vantage Towers AG

The Board of Management

Vivek Badrinath | Thomas Reisten | Christian Sommer

Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

Condensed Consolidated Income Statement

	Note	6 months ended 30/09/2021	6 months ended 30/09/2020
		EUR m	EUR m
Revenue	**2**	**499.2**	**161.0**
Maintenance costs		(20.1)	(8.0)
Staff costs		(20.2)	(3.8)
Other operating expenses		(31.5)	(10.6)
Depreciation on lease-related right-of-use assets	7	(127.6)	(28.0)
Depreciation on other property, plant and equipment	5	(57.6)	(20.4)
Amortisation of intangible assets		(4.5)	–
Loss on disposal of other property, plant and equipment		(0.3)	–
Share of results of equity accounted joint ventures	9	19.9	–
Operating profit		**257.3**	**90.2**
Interest on lease liabilities	7	(26.9)	(6.4)
Net finance costs		(7.3)	(0.1)
Other non-operating expenses		(3.7)	(0.7)
Profit before tax		**219.4**	**83.0**
Income tax expense	3	(52.7)	(25.2)
Profit for the period		**166.7**	**57.8**
Attributable to:			
Owners of the Company		166.7	57.8
Non-controlling interests		–	–
Profit for the period		**166.7**	**57.8**
Earnings per share		Eurocents	
Basic	10	33.0	
Diluted	10	32.9	

Condensed Consolidated Statement of Comprehensive Income

	Note	6 months ended 30/09/2021	6 months ended 30/09/2020
		EUR m	EUR m
Profit for the period		**166.7**	**57.8**
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences, net of tax		(0.8)	–
Items that will not be reclassified subsequently to profit or loss:			
Net actuarial losses on defined benefit pension schemes, net of tax		–	(0.4)
Total items that will not be reclassified to the income statement in subsequent years		**–**	**(0,4)**
Other comprehensive income for the period, net of income tax		**(0.8)**	**(0.4)**
Total comprehensive income for the period		**165.9**	**57.4**
Attributable to:			
Owners of the Company		165.9	57.4
Non-controlling interests		–	–
		165.9	**57.4**

Condensed Consolidated Statement of Financial Position

Assets	Note	30/09/2021	31/03/2021
		EUR m	EUR m
Non-current assets			
Goodwill	4	3,321.3	3,316.4
Other intangible assets		233.8	234.6
Property, plant and equipment	5	2,897.3	2,880.4
Investments in joint ventures	9	3,236.8	3,315.8
Deferred tax assets		25.3	24.2
Trade and other receivables		15.8	15.0
		9,730.3	**9,786.4**
Current assets			
Receivables due from related parties	6	434.8	435.6
Trade and other receivables		54.7	41.4
Cash and cash equivalents		32.2	22.1
		521.7	**499.1**
Total assets		**10,252.0**	**10,285.5**
Equity and liabilities			
Equity			
Share capital		505.8	505.8
Share premium		6,876.6	6,876.6
Merger reserve		(2,266.3)	(2,266.3)
Other reserves		20.9	20.0
Retained earnings		40.9	158.2
Total equity attributable to shareholders of the parent		**5,177.9**	**5,294.3**
Non-current liabilities			
Long-term borrowings	12	2,192.3	2,187.1
Lease liabilities	7	1,776.5	1,774.4
Provisions	8	328.7	319.1
Post employment benefits		0.1	1.3
Deferred tax liabilities		76.2	70.5
Trade and other payables		33.9	33.9
		4,407.7	**4,386.3**
Current liabilities			
Lease liabilities	7	239.7	242.0
Current income tax liabilities		41.4	8.6
Provisions	8	10.0	16.2
Payables due to related parties	6	104.6	118.8
Trade and other payables		270.7	219.3
		666.4	**604.9**
Total liabilities		**5,074.1**	**4,991.2**
Total equity and liabilities		**10,252.0**	**10,285.5**

Condensed Consolidated Statement of Changes in Equity

	Note	Share capital	Share premium	Merger reserve	Other reserves	Retained earnings	Total equity	Non-controlling interest	Total equity
		EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m	EUR m
01/04/2020		–	–	–	–	–	–	–	–
Formation of the Group		–	–	(2,792.0)	–	–	(2,792.0)	–	(2,792.0)
Loss incurred prior to hive-down		–	–	(190.2)	–	–	(190.2)	–	(190.2)
Share based payments		–	–	–	–	–	–	–	–
Dividends	11	–	–	–	–	–	–	–	–
Profit for the period		–	–	–	–	57.8	57.8	–	57.8
Other comprehensive expense for the period		–	–	–	(0.4)	–	(0.4)	–	(0.4)
Total comprehensive income for the period		**–**	**–**	**–**	**(0.4)**	**57.8**	**57.4**	**–**	**57.4**
30/09/2020		**–**	**–**	**(2,982.2)**	**(0.4)**	**57.8**	**(2,924.8)**	**–**	**(2,924.8)**
01/04/2021 brought forward		**505.8**	**6,876.6**	**(2,266.3)**	**20.0**	**158.2**	**5,294.3**	**–**	**5,294.3**
Formation of the Group		–	–	–	–	(0.7)	(0.7)	–	(0.7)
Loss incurred prior to hive down	–	–	–	–	–	–	–	–	–
Share based payments		–	–	–	1.7	–	1.7	–	1.7
Dividends	11	–	–	–	–	(283.3)	(283.3)		(283.3)
Profit for the period		–	–	–	–	166.7	166.7	–	166.7
Other comprehensive expense for the period		–	–	–	(0.8)	–	(0.8)	–	(0.8)
Total comprehensive income for the period		**–**	**–**	**–**	**(0.8)**	**166.7**	**165.9**	**–**	**165.9**
30/09/2021		**505.8**	**6,876.6**	**(2,266.3)**	**20.9**	**40.9**	**5,177.9**	**–**	**5,177.9**

Condensed Consolidated Statement of Cash Flows

	Note	6 months ended 30/09/2021	6 months ended 30/09/2020
		EUR m	EUR m
Operating profit		**257.3**	**90.2**
Adjustments for:			
Share of results of equity accounted joint ventures	9	(19.9)	–
Share-based payments and other non-cash charges		2.6	–
Depreciation of other property, plant and equipment	5	57.6	20.4
Depreciation of lease-related right of use assets	7	127.6	28.0
Amortisation of intangible assets		4.5	–
Decrease in trade receivables from related parties	6	2.7	(149.7)
Decrease in trade payables to related parties	6	(20.2)	230.3
Increase in trade and other receivables		(13.1)	(0.2)
Increase in trade and other payables		41.4	(174.8)
Cash generated by operations		**440.5**	**44.2**
Net tax paid		(14.7)	–
Net cash from operating activities		**425.8**	**44.2**
Investing activities			
Purchase of interests in subsidiaries, net of cash acquired		(0.7)	–
Purchase of intangible assets		(3.8)	–
Purchases of property, plant and equipment		(101.4)	(32.4)
Disposal of property, plant and equipment		0.1	–
Dividends from joint ventures		95.6	–
Net cash used in investing activities		**(10.2)**	**(32.4)**
Financing activities			
Issue of ordinary share capital and proceeds from capital contributions		(0.1)	–
Repayment of lease liabilities including interest	7	(120.8)	(6.7)
Related party dividends paid	11	(231.5)	–
External dividends paid	11	(51.7)	–
Net movements in cash management activities with related parties		0.3	(5.0)
Net Interest paid		(1.4)	(0.1)
Net cash used in financing activities		**(405.2)**	**(11.8)**
Net increase in cash and cash equivalents		**10.1**	**–**
Effect of foreign exchange rates		–	–
Cash and cash equivalents at beginning of period		22.1	–
Cash and cash equivalents at end of period		**32.2**	**–**

Notes to the Condensed Consolidated Interim 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), and together with its subsidiaries and joint venture interests the "Group". 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 GmbH, Düsseldorf.

Basis of preparation

In accordance with § 115 of the Securities Trading Act, Vantage AG's interim financial report contains all elements required. This includes the condensed interim consolidated financial statements, a condensed interim group management report for the Group and a responsibility statement pursuant to § 297 (2) sentence 4 and § 315 (1) sentence 5 of the German Commercial Code.

The condensed consolidated interim financial statements for the six months ended 30 September 2021:

- are prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ('IAS 34') as issued by the International Accounting Standards Board („IASB") and as adopted by the European Union;
- are presented on a condensed basis as permitted by IAS 34 and therefore do not include all disclosures that would otherwise be required in a full set of financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union ("IFRS");
- should be read in conjunction with the Group's annual report for the year ended 31 March 2021 (publicly available at www.vantagetowers.com);
- apply the same accounting policies, presentation and methods of calculation as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2021, which were prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board and were also prepared in accordance with IFRS adopted by the European Union ('EU'), and the relevant supplementary regulations of section 315e (1) of the German Commercial Code (HGB); and
- include all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of the results for the periods presented.

The preparation of the condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the period. Actual results could vary from these estimates. These 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 or in the period of the revision and future periods if the revision affects both current and future periods. The significant estimates, assumptions and judgments made by management in preparing these condensed consolidated interim financial statements do not differ from those made in the consolidated financial statements for the financial year ended 31 March 2021. For further information on the significant estimates, assumptions and judgements, please refer to section "1. Significant accounting policies" in the notes to the consolidated financial statements in the Annual Report for the year ended 31 March 2021.

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments that have been measured at fair value and are presented in million euros except when otherwise indicated.

Formation of the Group

A detailed description of the formation of the Group is included in the Group's consolidated financial statements for the year ended 31 March 2021. Please refer to section "1. Significant accounting policies" in the notes to the consolidated financial statements in the Annual Report for the year ended 31 March 2021.

The timing of the key steps involved in the Group's formation is set out below.

The tower infrastructure assets of Vodafone GmbH, Duesseldorf ("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 EUR at 31 March/1 April 2020.

On 17 December 2020, Central Tower Holding Company B.V. ("CTHC") was acquired by the Company from Vodafone Europe BV, a subsidiary of Vodafone, which included ownership of the tower companies in Spain, Portugal, the Czech Republic, Hungary, Romania, and Ireland, and the 33.2% interest in Infrastrutture Wireless Italiane S.p.A. ("INWIT"), in Italy. Accordingly, 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 Telecommunications Infrastructure Limited ("Cornerstone"), in the United Kingdom.

Comparative period information

As explained in the section "1. Significant accounting policies" in the notes to the consolidated financial statements in the Annual Report for the year ended 31 March 2021, the Directors have concluded that the various steps undertaken to form the Group should be accounted for as a single transaction under common control applying the pooling of interests method. 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.

Accordingly, the comparative year to date period disclosed in the condensed consolidated interim income statement, statement of comprehensive income, statement of changes in equity and cashflow statement includes only the financial results relating to the tower business in Germany following its hive down on 25 May 2020. The results of other tower businesses have only been consolidated following the acquisition of CTHC on 17 December 2020. Therefore, the current year figures are not directly comparable to the previous interim period, which only include four months of the Germany towers business, whilst the current year to date numbers include consolidated values of all tower businesses and joint ventures share of profit for the six months ended to 30 September 2021.

The condensed consolidated interim statement of financial position at 30 September 2021, required by IAS 34, has been compared to the consolidated statement of financial position of the Group as at 31 March 2021. The consolidated financial position at 31 March 2021 is considered by management to contain the most relevant comparative information since it includes the financial position of all tower businesses and equity value of joint ventures that were acquired in the formation of the Group during the previous financial year.

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

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 Group and have assessed the monthly cash flow forecasts through to March 2023. They note the Group's 162.3m EUR cash is held in a call deposit account as part of Vodafone's 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 six months ended 30 September 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 macro-economic downturn, the Directors are satisfied that, due to the low cost base and significant forecasted cashflow, 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.

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 March 2023, and hence continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

The below table illustrates the mandatory first time application of accounting pronouncements, in accordance with the International Financial Reporting Standards (IFRS) and their related interpretations (IFRIC) published by the International Accounting Standards Board (IASB) endorsed by the European Union (EU). None of the amendments to IFRS have had a material impact on the consolidated interim financial statements of the Group.

Pronouncement endorsed by the EU:	Effective for annual periods beginning on or after:	Impact:
Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30/06/2021[1]	01/04/2021	Practical expedient not applied by Vantage AG
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	01/01/2021	No material impact
Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 19	01/01/2021	No impact

[1] Earlier application is permissible. The Group did not apply the practical expedient in the 2022 financial year.

The Group continues to assess the impact of the new standards that are not yet mandatory. For further information, please refer to section “1. Significant accounting policies” in the notes to the consolidated financial statements in the Annual Report for the year ended 31 March 2021. The Group’s financial reporting will be presented in accordance with these standards from 1 April 2022.

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. For further information on the accounting policies and disclosures relating to revenue disaggregation and segmental analysis, please refer to section “2. Revenue disaggregation and segmental analysis” in the notes to the consolidated financial statements in the Annual Report for the year ended 31 March 2021.

Segmental analysis

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.

6 months ended 30/09/2021	Total revenue	Adjusted EBITDA	Ground lease expense[1]	Recharged capital expenditure revenue	Adjusted EBITDAaL
	EUR m	EUR m	EUR m	EUR m	EUR m
Germany	245.4	205.4	(52.7)	(4.8)	147.9
Spain	83.6	73.3	(34.8)	(0.2)	38.3
Greece	65.4	58.5	(32.8)	–	25.7
Other European Markets	104.8	90.2	(34.2)	(0.2)	55.8
Consolidated	**499.2**	**427.4**	**(154.5)**	**(5.2)**	**267.7**

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

6 months ended 30/09/2020	Total revenue	Adjusted EBITDA	Ground lease expense[1]	Recharged capital expenditure revenue	Adjusted EBITDAaL
	EUR m	EUR m	EUR m	EUR m	EUR m
Germany	161.0	138.6	(34.4)	–	104.2
Spain	–	–	–	–	–
Greece	–	–	–	–	–
Other European Markets	–	–	–	–	–
Consolidated	**161.0**	**138.6**	**(34.4)**	**–**	**104.2**

[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:

	6 months ended 30/09/2021	6 months ended 30/09/2020
	EUR m	EUR m
Adjusted EBITDA	427.4	138.6
Depreciation on lease-related right-of-use assets	(127.6)	(28.0)
Depreciation on other property, plant and equipment	(57.6)	(20.4)
Amortisation of other intangible assets	(4.5)	–
Loss on disposal of other property, plant and equipment	(0.3)	–
Share of results of equity accounted joint ventures	19.9	–
Operating profit	**257.3**	**90.2**

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

6 months ended 30/09/2021	Non-current assets[1]	Lease-related right-of-use assets	Maintenance capital expenditure[2]	Other capital expenditure
	EUR m	EUR m	EUR m	EUR m
Germany	471.6	832.8	(6.5)	(75.4)
Spain	126.6	445.2	(3.2)	(7.2)
Greece	108.7	312.0	(1.0)	(2.0)
Other European Markets	186.3	429.9	(1.5)	(8.1)
Consolidated	**893.2**	**2,019.9**	**(12.2)**	**(92.7)**

[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.

12 months ended 31/03/2021	Non-current assets[1]	Lease-related right-of-use assets	Maintenance capital expenditure[2]	Other capital expenditure
	EUR m	EUR m	EUR m	EUR m
Germany	424.5	826.8	(5.2)	(94.2)
Spain	117.2	458.9	(2.8)	(4.7)
Greece	109.4	322.0	(1.9)	(1.8)
Other European Markets	189.1	447.5	(3.4)	(4.8)
Consolidated	**840.2**	**2,055.2**	**(13.3)**	**(105.5)**

[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.

Depreciation and amortisation	6 months ended 30/09/2021	6 months ended 30/09/2020
	EUR m	EUR m
Germany	(80.4)	(48.4)
Spain	(32.1)	–
Greece	(36.4)	–
Other European Markets	(40.8)	–
Consolidated	**(189.7)**	**(48.4)**

Revenue disaggregation

Revenue reported for the period includes revenue from contracts with customers, comprising service revenue as well as other service revenue items, including energy revenue, lease 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.

	6 months ended 30/09/2021	6 months ended 30/09/2020
	EUR m	EUR m
Service revenue	120.4	38.1
Other service related revenue	15.3	3.5
Total revenue from service contracts with customers	**135.7**	**41.6**
Lease revenue	357.0	119.4
Other lease related revenue	6.5	–
Total revenue from lease contracts with customers	**363.5**	**119.4**
Total revenue	**499.2**	**161.0**
Split as:		
Macro site revenue	456.7	155.2
Other rental revenue	22.2	2.3
Energy and other revenue	15.1	3.5
Recharged capital expenditure	5.2	–
Total revenue	**499.2**	**161.0**

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 "6. Related party transactions"). No other single customers contributed 10% or more to the Group's revenue in the 6 month period to 30 September 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 continues to have a stable trend, please refer to section "2. Revenue disaggregation and segmental analysis" in the notes to the consolidated financial statements in the Annual Report for the year ended 31 March 2021.

3. Income taxes

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

The income taxes disclosed in the interim reporting period were calculated using a tax rate of 26.2%. This is based on an estimate of the weighted average income tax rate expected, taking into account country specific factors for the full financial year, adjusted for certain discrete items which occurred in the interim period in accordance with IAS 34.

	6 months ended 30/09/2021	6 months ended 30/09/2020
	EUR m	EUR m
Corporation income tax: Current year	47.5	9.6
Total current tax expense	**47.5**	**9.6**
Deferred tax on origination and reversal of temporary differences	5.2	15.6
Total deferred tax expense	**5.2**	**15.6**
Total income tax expense	**52.7**	**25.2**

4. Goodwill and aquisitions

The statement of financial position contains significant goodwill. For further information on the accounting policies and disclosures relating to goodwill please refer to section “6. Goodwill” in the notes to the consolidated financial statements in the Annual Report for the year ended 31 March 2021.

Goodwill

	Goodwill
	EUR m
Cost	
31/03/2021	**3,316.4**
Additions	0.7
Foreign exchange differences	4.2
31/09/2021	**3,321.3**
Accumulated impairment losses and amortisation **31/03/2021 and 30/09/2021**	–
Net book value	
31/03/2021	**3,316.4**
30/09/2021	**3,321.3**

Greece purchase price allocation
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. Vodafone Greek TowerCo is included in the condensed consolidated interim financial statements using pooling of interest method whereas Wind Hellas Greek TowerCo was acquired in a business combination using the acquisition method, in line with IFRS. Therefore, the goodwill acquired on acquisition of Wind Hellas Greek TowerCo has arisen under the acquisition method and is subsequently measured at this value less any accumulated impairment losses. For further information on the accounting policies and disclosures relating to Greece Acquisition please refer to section "15. Acquisitions" in the notes to the consolidated financial statements in the Annual Report for the year ended 31 March 2021.

As the acquisition of Wind Hellas Greek TowerCo occurred on 22 December 2020, provisional accounting for the transaction was disclosed in section "15. Acquisitions" in the notes to the consolidated financial statements in the Annual Report for the year ended 31 March 2021. A full purchase price allocation has yet to be finalised. The consolidated interim financial statements continue to present the provisional accounting for the transaction.

These provisional values will be finalised in the Group's next set of financial statements.

Impairment losses
Goodwill arising from both the pooling of interests approach and the acquisition method is not subject to amortisation but is tested for impairment annually or whenever there is evidence that it may be required. For further information on the accounting policies and disclosures relating to impairment please refer to section “6. Goodwill” in the notes to the consolidated financial statements in the Annual Report for the year ended 31 March 2021.

A review for indicators of potential impairment was performed at 30 September 2021. No impairment indicators were identified during the period to 30 September 2021 and therefore a full impairment test has not been performed. No impairment charges have been recognised in the condensed consolidated interim income statement.

The allocation of the carrying value of goodwill to the cash generating units at 30 September 2021 was as follows:

	30/09/2021	31/03/2021
Cash-generating unit	EUR m	EUR m
Germany	2,565.0	2,565.0
Portugal	246.0	246.0
Ireland	151.0	151.0
Greece	129.4	128.7
Czech Republic	133.8	129.7
Romania	58.0	58.0
Hungary	28.1	28.0
Spain	10.0	10.0
Total	**3,321.3**	**3,316.4**

5. Property, plant and equipment

For information on the accounting policies and disclosures relating to property, plant and equipment please refer to section "7. Property, plant and equipment" in the notes to the consolidated financial statements in the Annual Report for the year ended 31 March 2021.

	Land and buildings	Other	Total
	EUR m	EUR m	EUR m
Cost			
31/03/2021	**104.9**	**780.8**	**885.7**
Arising on formation of the Group under pooling of interests method	0.2	(0.2)	–
Additions	–	104.9	104.9
Changes in estimates of asset retirement obligations (see note 8)	–	3.6	3.6
Disposals	–	(4.6)	(4.6)
Foreign exchange differences	–	1.9	1.9
30/09/2021	**105.1**	**886.4**	**991.5**
Accumulated depreciation and impairment			
31/03/2021	**(0.3)**	**(60.2)**	**(60.5)**
Charge for the period	(0.1)	(57.5)	(57.6)
Disposals	–	4.2	4.2
Foreign exchange differences	–	(0.2)	(0.2)
30/09/2021	**(0.4)**	**(113.7)**	**(114.1)**
Net book value			
01/04/2021	**104.6**	**720.6**	**825.2**
30/09/2021	**104.7**	**772.7**	**877.4**

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:

	30/09/2021	31/03/2021
	EUR m	EUR m
Other property, plant and equipment	877.4	825.2
Lease-related right-of-use assets[1]	2,019.9	2,055.2
	2,897.3	**2,880.4**

[1] Additions of 99.4m EUR (380.6m EUR at 31 March 2021) and a depreciation charge of 127.6m EUR were recorded in respect of right-of-use assets during the six month period to 30 September 2021. Right of use assets predominantly relate to ground leases (land and buildings).

At 30 September 2021, no indications of impairment were identified in relation to the property, plant and equipment.

6. Related party transactions

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

Transactions with related parties
Related Party transactions with Vodafone companies primarily comprise revenue for the lease of the space on tower infrastructure assets and related services, which has been agreed under the terms of the signed Vodafone master service agreements ("MSAs"). The provision of certain maintenance and support shared services is also in place under the terms of the signed Long-Term Agreements ("LTAs"), Transitional Service Agreements ("TSAs") and other Support Agreements.

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

6 months ended 30/09/2021	Revenue	Purchase of services
	EUR m	EUR m
Vodafone	–	–
Subsidiaries of Vodafone	418.7	(14.9)

6 months ended 30/09/2020	Revenue	Purchase of services
	EUR m	EUR m
Vodafone	–	–
Subsidiaries of Vodafone	142.1	2.1

The following amounts were outstanding at the reporting date:

30/09/2021	Receivables due from related parties	Payables due to related parties
	EUR m	EUR m
Vodafone	168.1	(6.1)
Subsidiaries of Vodafone	266.7	(98.5)

31/03/2021	Receivables due from related parties	Payables due to related parties
	EUR m	EUR m
Vodafone	165.4	(0.2)
Subsidiaries of Vodafone	270.2	(118.6)

No material transactions were undertaken with other related parties in the period.

Included within the amounts outstanding at the reporting date is a net 162.3m EUR (165.1m EUR at 31 March 2021) receivable in relation to the Group's cash management activities and EUR 13.4m (13.8m EUR at 31 March 2021) cash deposits with subsidiaries of Vodafone Group Plc.

7. Leases

For information on the accounting policies and disclosures relating to leases, please refer to section "11. Leases" in the notes to the consolidated financial statements in the Annual Report for the year ended 31 March 2021.

Lease periods

The Group's cash outflow for leases in the six months ended 30 September 2021 was 120.8m EUR. The future cash flows included within lease liabilities are shown in the maturity analysis below.

Management has assessed that there are no significant trigger events that would result in a lease reassessment during the period, in line with its accounting policy.

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 5. "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:

	30/09/2021	31/03/2021
	EUR m	EUR m
Within one year	278.4	286.7
In more than one year but less than two years	260.9	265.6
In more than two years but less than five years	738.6	729.1
In more than five years	984.3	1,018.4
	2,262.2	**2,299.8**
Effect of discounting	(246.0)	(283.4)
Lease liability	**2,016.2**	**2,016.4**
Analysed as:		
Non-current	1,776.5	1,774.4
Current	239.7	242.0

Amounts recognised in the income statement are as follows:

	6 months ended 30/09/2021	6 months ended 30/09/2020
	EUR m	EUR m
Depreciation on lease-related right-of-use assets	127.6	28.0
Interest on lease liabilities	26.9	6.4
Expense relating to variable lease payments not included in the measurement of the lease liability	–	–

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

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

8. Provisions

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. For further information on the accounting policies and disclosures relating to provisions, please refer to section "12. Provisions" in the notes to the consolidated financial statements in the Annual Report for the year ended 31 March 2021.

	Asset retirement obligations	Other	Total
	EUR m	EUR m	EUR m
31/03/2021	**329.2**	**6.1**	**335.3**
Arising on formation of the Group under pooling of interests method	–	–	–
Additions and adjustment of discount rate	5.5	0.1	5.6
Unwinding of discounting	–	(0.3)	(0.3)
Utilised in the year – payments	(2.9)	0.2	(2.7)
Effects of foreign exchange	0.8	–	0.8
30/09/2021	**332.6**	**6.1**	**338.7**
Current liabilities	5.0	5.0	10.0
Non-current liabilities	327.6	1.1	328.7
	332.6	**6.1**	**338.7**

9. 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. For further information on the accounting policies and disclosures relating to joint ventures, please refer to section "14. Investments in Joint Ventures" in the notes to the consolidated financial statements in the Annual Report for the year ended 31 March 2021.

	Principal activity	Country of incorporation or registration	Percentage shareholdings
			%
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 ventures 30/09/2021	Profit from continuing operations 30/09/2021	Other comprehensive income 30/09/2021	Total comprehensive income 30/09/2021
	EUR m	EUR m	EUR m	EUR m
Infrastructture Wireless Italiane (INWIT) S.p.A.	2,837.4	13.2	–	13.2
Cornerstone Telecommunications Infrastructure Limited (Cornerstone)	399.4	6.7	–	6.7
Total	**3,236.8**	**19.9**	**–**	**19.9**

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

Information in relation to the period to 30 September 2021 for INWIT has not been released at the date of approval of these condensed consolidated financial statements and as such is market sensitive. Accordingly, reported results for INWIT for the six months ended 30 June 2021, 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 6 months ended 30 June 2021.

On 26 May 2021, INWIT paid an annual dividend for the previous financial year ending 31 December 2020 of 95.6m EUR.

Income statement – 6 months ended 30/09/2021	INWIT S.p.A	Cornerstone
	EUR m	EUR m
Revenue	383.1	176.4
Operating expenses	(34.2)	(29.2)
Operating profit or loss before amortization, depreciation, capital gains/(losses) and reversals/(write-downs) of non-current assets (EBITDA)	348.9	147.2
Amortisation, depreciation, capital gains/(losses) on disposals and write-downs of non-current assets	(255.0)	(109.0)
Operating profit (EBIT)	**93.9**	**38.2**
Net finance costs	(30.3)	(3.8)
Interest on lease liabilities	(17.6)	(14.3)
Other non-operating expenses	–	(6.7)
Profit before taxation	**46.0**	**13.4**
Taxation	(6.3)	–
Profit for the period	**39.7**	**13.4**

Statement of financial position – at 30/09/2021	INWIT S.p.A	Cornerstone
	EUR m	EUR m
Non-current assets	14,565.7	2,656.9
Current assets	217.2	223.3
Total assets	**14,782.9**	**2,880.2**
Equity shareholders' funds	(8,553.0)	(799.0)
Non-current liabilities	(5,482.2)	(1,084.2)
Current liabilities	(747.7)	(997.0)
Total equity and liabilities	**(14,782.9)**	**(2,880.2)**

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:

6 months ended 30/09/2021	INWIT S.p.A	Cornerstone
	EUR m	EUR m
Equity shareholder funds	**8,553.0**	**799.0**
Investment in joint venture	1,456.7	399.4
Purchase price adjustment	1,380.7	–
Carrying value	**2,837.4**	**399.4**
Profit for the period	**39.7**	**13.4**
Share of profit	13.2	6.7
Purchase price adjustment – amortisation	–	–
Total equity and liabilities	**13.2**	**6.7**

10. 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. For further information on the accounting policies and disclosures relating to earnings per share, please refer to section "16. Earnings per Share" in the notes to the consolidated financial statements in the Annual Report for the year ended 31 March 2021.

	6 months ended 30/09/2021
	m
Weighted average number of shares for basic earnings per share	505.8
Effect of dilutive potential shares: restricted shares and share options	0.7
Weighted average number of shares for diluted earnings per share	**506.4**

	6 months ended 30/09/2021
	EUR m
Earnings for earnings per share	**166.7**
	Eurocents
Basic earnings per share	**33.0**
Diluted earnings per share	**32.9**

11. Equity dividends

Dividends are one type of shareholder return. For further information on the accounting policies and disclosures relating to dividends, please refer to section "17. Equity dividends" in the notes to the consolidated financial statements in the Annual Report for the year ended 31 March 2021.

On 28 July 2021, the Company declared an annual dividend for the previous financial year ending 31 March 2021 of 283.3m EUR which was paid in July 2021.

12. 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. For further information on the accounting policies and disclosures relating to borrowings, please refer to section "20. Borrowings" in the notes to the consolidated financial statements in the Annual Report for the year ended 31 March 2021.

Liabilities arising from the Group's lease arrangements are also reported in borrowings; please refer to section "11. Leases" in the notes to the consolidated financial statements in the Annual Report for the year ended 31 March 2021 for further information.

Borrowings	30/09/2021	31/03/2021
	EUR m	EUR m
Short-term borrowings		
Lease liabilities	239.7	242.0
	239.7	**242.0**
Long-term borrowings		
Lease liabilities	1,776.5	1,774.4
Long-term borrowings included in net debt:		
Bonds	2,192.3	2,187.1
	3,968.8	**3,961.5**
Total borrowings	**4,208.5**	**4,203.5**

Bonds

Bonds with a nominal value equivalent of 2.2bn EUR are currently in issue by the Group. These consist of 750m EUR 0.000% notes due 2025, 750m EUR 0.375% notes due 2027 and 700m EUR 0.750% notes due 2030. These bonds were a drawdown from Vantage Towers' newly established debt issuance programme during the year ended 31 March 2021.

13. 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.

Duesseldorf, 15 November 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 interim reporting principles, the Condensed Consolidated Interim Financial Statements for the six months ended 30 September 2021 give a true and fair view of the assets and liabilities, financial position, and profit or loss of the Group, and the Interim Group Management Report 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 for the remaining months of the year.

Duesseldorf, 15 November 2021

Vantage Towers AG

The Board of Management

Vivek Badrinath | Thomas Reisten | Christian Sommer

Review Report

To Vantage Towers AG

We have reviewed the interim condensed consolidated financial statements Vantage Towers AG, Düsseldorf, which comprise the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and selected explanatory notes, and the interim group management report for the period from 1 April to 30 September 2021, which are part of the half-year financial report pursuant to Sec. 115 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act. The executive directors are responsible for the preparation of the interim condensed consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and of the interim group management report in compliance with German Generally Accepted Standards for the Review of Financial Statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of the Company's employees and analytical assessments and therefore does not provide the assurance obtainable from an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statements, we cannot issue an auditor's report.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Cologne, 15 November 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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

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.

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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.

Measure	Definition	Relevance of its use
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.
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 cash flow 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.

Measure	Definition	Relevance of its use
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 APMs

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.

	6 months pro forma 30/09/2020	6 months consolidated 30/09/2020	6 months consolidated 30/09/2021
	EUR m	EUR m	EUR m
Profit for the period	**160**	**58**	**167**
Income tax expense	48	25	53
Interest on lease liabilities	31	6	27
Net finance costs	8	–	7
Other non-operating expenses	1	1	4
Operating profit	**248**	**90**	**257**
Share of results of equity accounted JVs	(2)	–	(20)
Amortisation of intangibles	–	–	5
Depreciation on PPE	50	20	58
Depreciation on lease related ROUA	120	28	128
Gain/loss on disposal of PPE	–	–	0
One-off and other items	–	–	–
Adjusted EBITDA	**416**	**139**	**427**

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.

	6 months pro forma 30/09/2020	6 months consolidated 30/09/2020	6 months consolidated 30/09/2021
	EUR m	EUR m	EUR m
Profit for the period	**160**	**58**	**167**
Income tax expense	48	25	53
Net finance costs	8	0	7
Other non-operating expenses	1	1	4
Share of results of equity accounted JVs	(2)	–	(20)
Amortisation of intangibles	–	–	5
Depreciation on PPE	50	20	58
Recharged capital expenditure revenue	–	–	(5)
Gain/loss on disposal of PPE	–	–	0
One-off and other items	–	–	–
Adjusted EBITDAaL	**266**	**104**	**268**

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.

	6 months pro forma 30/09/2020	6 Months consolidated 30/09/2021
	EUR m	EUR m
Adjusted EBITDA	**416**	**427**
Recharged capital expenditure revenue	–	(5)
Cash cost of leases	(146)[1]	(121)
Maintenance capex	(14)	(12)
Recurring operating free cash flow	**256**	**290**
Net tax paid	(48)	(15)
Interest paid (excluding interest paid on lease liabilities)	(8)	(1)
Changes in operating working capital	N/A	(11)
Recurring free cash flow	**200**	**284**

[1] For the purposes of the Unaudited Pro Forma Financial Information in H1 FY21, "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 4m EUR non-cash increase for the pro forma period from the reassessment of the IFRS 16 lease liability performed during the twelve months ended 31 March 2021

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 30 September 2021 and 31 March 2021.

	12 months consolidated 31/03/2021	6 Months consolidated 30/09/2021
	EUR m	EUR m
Bonds	(2,187)	(2,192)
Cash and cash equivalent	22	32
Cash deposits held with related parties	165	162
Mark to market derivative financial instruments	(1)	(1)
Net financial debt	**(2,001)**	**(1,999)**

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

Please refer to our FY21 Annual Report at www.vantagetowers.com/en/investors/results-report-and-presentation for a full glossary of terms used.

Financial Calendar

2 February 2022
Q3 FY22 Trading Update

Imprint

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