

**Report of the Executive Board  
to the Annual General Meeting of TUI AG on 8 February 2022  
concerning the partial exercise of the  
authorisation of the Executive Board to increase the share capital (Authorised Capital 2021/I) of the  
Company, including the authorisation to disapply shareholders' pre-emption rights,  
and  
authorisation of the Executive Board to increase the share capital (Authorised Capital 2021/II),  
including the authorisation to disapply shareholders' pre-emption rights,  
granted by the Annual General Meeting of 25 March 2021**

**I.**

By resolution passed by the Annual General Meeting of TUI AG, Hanover and Berlin, (the *Company*) on 25 March 2021, the Executive Board of the Company was authorised, subject to the consent of the Supervisory Board of the Company, to increase the share capital of the Company once or several times until 24 March 2026 by an amount not to exceed EUR 109,939,363.00 (in words: Euro one hundred and nine million nine hundred and thirty-nine thousand three hundred and sixty-three) in total (*Authorised Capital 2021/I*) by issuing new registered shares in return for contributions in cash. Shareholders are, in principle, entitled to pre-emption rights. The shares may be subscribed by one or several credit institutions with the obligation that the shares be offered to the shareholders for subscription.

The Executive Board is further authorised, with the consent of the Supervisory Board, to disapply shareholders' pre-emption rights if the issue amount of the new shares is not significantly lower than the market price for previously issued shares with the same terms. The number of new shares issued on the basis of this authorisation, plus the shares issued or sold on the basis of an authorisation to sell pursuant to sections 71 (1) no. 8 sentence 5 and 186 (3) sentence 4 of the German Stock Corporation Act (*Aktiengesetz – AktG*) after the General Meeting passed the resolution on this authorisation on 25 March 2021 (the *Date of Resolution*) until such time as the authorisation has been exercised, must not exceed the limit specified in section 186 (3) sentence 4 AktG of 10 % of the share capital existing on the Date of Resolution or (if lower) the share capital existing on the date of issue of the new shares. Further, shares that are issued or to be issued on the basis of bonds with conversion or warrant rights or conversion obligations issued in accordance with section 186 (3) sentence 4 AktG after the Date of Resolution until such time as the authorisation has been exercised must be taken into account when calculating this limit.

The Executive Board may further, subject to the consent of the Supervisory Board, disapply shareholders' pre-emption rights in respect of fractional amounts. However, the total portion of the share capital attributable to new shares for which pre-emption rights have been disappplied under these authorisations must not – together with the portion of the share capital attributable to own shares or new shares from authorised capital or relating to conversion or warrant rights or obligations from bonds that were sold or issued on or after 25 March 2021 subject to the disapplication of pre-emption rights – exceed 10 % of the share capital; this threshold is to be calculated on the basis of the amount of the share capital existing either on 25 March 2021 or at the time the new shares are issued, whichever is the lowest. The Executive Board is authorised, subject to the consent of the Supervisory Board, to determine the further details of the capital increase and its implementation.

Article 4 (5) of the Company's Charter was re-stated accordingly.

**II.**

By resolution passed by the Annual General Meeting of the Company on 25 March 2021, the Executive Board of the Company was further authorised, subject to the consent of the Supervisory Board of the Company, to increase the Company's share capital once or several times until and including 24 March 2026 by issuing new registered shares against contributions in cash or in kind by an amount not to exceed EUR 417,000,000.00 (in words: Euro four hundred and seventeen million) in total (*Authorised Capital 2021/II*). Shareholders are, in

principle, entitled to pre-emption rights. The pre-emption rights may be granted indirectly in the way that shares may also be subscribed by one or several credit institutions or equivalent entities as defined in section 186 (5) sentence 1 AktG with the obligation to offer them to the shareholders for subscription.

However, the Executive Board was authorised, subject to the consent of the Supervisory Board, to disapply shareholders' pre-emption rights to the extent necessary in order to grant holders of bonds with conversion or warrant rights or obligations issued or to be issued by TUI AG or its subsidiaries the pre-emption rights they would be entitled to after exercising the conversion or warrant rights or fulfilling the conversion or warrant obligations.

Furthermore, shareholders' pre-emption rights may be disapplied in respect of fractional amounts in this context as well.

In addition, the Executive Board may, with the consent of the Supervisory Board, disapply shareholders' pre-emption rights insofar as the capital increase against contributions in kind is performed in order to acquire companies, parts of companies, interests in companies or other assets (including receivables). However, the total portion of the share capital attributable to new shares for which pre-emption rights have been disapplied under these authorisations must not – together with the portion of the share capital attributable to own shares or new shares from authorised capital or relating to conversion or warrant rights or obligations from bonds that were sold or issued on or after 25 March 2021 subject to the disapplication of pre-emption rights – exceed 10 % of the share capital; this threshold is to be calculated on the basis of the amount of the share capital existing either on 25 March 2021 or at the time the new shares are issued, whichever is the lowest. Pre-emption rights will also be deemed disapplied if the sale or issue is effected by applying section 186 (3) sentence 4 AktG directly, analogously or *mutatis mutandis*. The Executive Board is also authorised, subject to the consent of the Supervisory Board, to determine the further details of the capital increase and its implementation.

Article 4 (7) of the Company's Charter was re-stated accordingly.

### III.

The COVID-19 pandemic and the subsequent suspension of business operations had placed an unprecedented burden on the Company's liquidity and financial position. Against this background, the Company had agreed a credit line with KfW as early as in March/April 2020 for an amount of EUR 1,800,000,000 under KfW's special programme "Direct Participation for Syndicated Financing" (855). This KfW credit line had been granted as an additional facility (**Facility C**) under the Company's existing Revolving Credit Facilities Agreement.

Owing to the ongoing financial challenges in the wake of the coronavirus pandemic and the associated recurring restrictions affecting its already seasonal business, the Company had additional financing needs. Therefore, the Company agreed with the Federal Ministry of Finance, the Federal Ministry for Economic Affairs and Energy, KfW and the Economic Stabilisation Fund, represented by the Federal Republic of Germany – Finanzagentur GmbH (**ESF**) a stabilisation package for a total amount of EUR 1,200,000,000, including a potential recapitalisation measure under the Economic Stabilisation Fund Act (*Stabilisierungsfondsgesetz*). In this context, the recapitalisation measure under the Economic Stabilisation Fund Act provided for an equity-linked instrument structured as the issuance of a convertible bond or bond with warrants to the ESF in an amount of EUR 150,000,000 on specific terms (the **Recapitalisation Measure**). The stabilisation package among other things comprises an increase in Facility C by EUR 1,050,000,000 to a total of EUR 2,850,000,000.

In order to implement the Recapitalisation Measure, and thus also to activate the increased amount under Facility C, the Company's Executive Board resolved on 29 September 2020, with the consent of the Company's Supervisory Board of the same date and making use of the authorisation still existing at that time by virtue of the resolution of the Annual General Meeting of 9 February 2016, to issue a bond with warrants to the ESF subject to the disapplication of shareholders' pre-emption rights. The ESF subscribed the bond with warrants

for a volume of EUR 150,000,000. With the proceeds from the bond with warrants and the increase in Facility C by EUR 1,050,000,000, the Company was able to secure sufficient liquidity for the seasonal fluctuations in winter 2020/21.

In order to implement a further financing package, the Company issued silent participations (*stille Beteiligungen*) with a total amount of EUR 1,091,000,000.00 to the ESF on 4 January 2021. Also on 4 January 2021, the Company agreed an additional revolving syndicated credit facilities agreement with KfW and six other commercial banks for an amount of EUR 200,000,000.00 (the *New Credit Facility*); subsequently, an amount of EUR 30,000,000.00 of this New Credit Facility was cancelled as of 30 September 2021.

Moreover, the General Meeting, at the Extraordinary General Meeting on 5 January 2021, had initially reduced the Company's share capital from EUR 2.56 per TUI share to EUR 1.00 per TUI share. By a subsequent further resolution of the General Meeting, the Company's share capital was resolved to be increased from currently EUR 590,415,100.00 by EUR 508,978,534.00 to EUR 1,099,393,634.00 by issuing 508,978,534 new shares, each representing a pro rata amount of the Company's share capital of EUR 1.00. In connection with the capital increase, the shareholders' pre-emption rights were disapplied in respect of fractional amounts. The funds accruing to the Company in connection with the January 2021 capital increase in particular served to fully redeem a bond issued by the Company with a nominal amount of EUR 300,000,000.00 which fell due in October 2021.

In addition, the General Meeting, at the Company's Annual General Meeting on 25 March 2021, had resolved to authorise the Executive Board of the Company, subject to the consent of the Supervisory Board, to issue registered or bearer convertible bonds, bonds with warrants, profit-sharing rights or income bonds (or combinations thereof) (collectively the *Bonds*) with a total nominal amount of up to EUR 2,000,000,000.00 once or several times until and including 24 March 2026 and to grant holders and creditors of the Bonds conversion or warrant rights to Company shares representing a pro rata amount of the share capital of up to EUR 109,939,363.00 or to attach conversion or warrant obligations to these Bonds (the *Authorisation 2021*). Furthermore, the General Meeting, at the Annual General Meeting on 25 March 2021, had resolved to conditionally increase the Company's share capital by up to EUR 109,939,363.00.

On 16 April 2021, based on the Authorisation 2021, the Company issued 4,000 convertible bonds with a term of seven years ending on 16 April 2028, each with a nominal amount of EUR 100,000.00, and thus with a total nominal amount of EUR 400,000,000.00, which grant conversion rights for up to 74,583,729 shares, each representing a pro rata amount of the share capital of EUR 1.00. Making further use of the Authorisation 2021, the Company carried out a tap issuance of the convertible bond 2021 with an additional 1,896 convertible bonds, each with a nominal amount of EUR 100,000.00, and thus with a total nominal amount of EUR 189,600,000.00, which grant conversion rights for up to 35,352,687 shares, each representing a pro rata amount of the share capital of EUR 1.00. Based on the Authorisation 2021, the shareholders' pre-emption rights were disapplied in each case. The proceeds from the issue of the convertible bonds and the tap issuance of the convertible bonds were used for refinancing and in particular to further reduce drawings under the KfW facilities and towards a subsequent repayment of such facilities.

#### IV.

As announced in the German Federal Gazette (*Bundesanzeiger*) on 7 October 2021, the Transaction Committee of the Executive Board, authorised by resolution of the Executive Board of the Company of 24 September 2021, with the consent granted on 6 October 2021 by the Transaction Committee of the Supervisory Board, authorised by resolution of the Supervisory Board of 24 September 2021, resolved on 6 October 2021 – on the basis of the authorisation of the Executive Board by the Annual General Meeting concerning Authorised Capital 2021/I and the authorisation of the Executive Board by the Annual General Meeting concerning Authorised Capital 2021/II – to increase the share capital of the Company of EUR 1,099,393,634.00 (not taking into account any capital increase from the Company's conditional capital in the current financial year) in total by EUR 523,520,778.00 (that is EUR 109,939,363.00 from Authorised Capital 2021/I and EUR 413,581,415.00 from Authorised Capital 2021/II) to EUR 1,622,914,412.00 (not

taking into account any capital increase from the Company's conditional capital in the current financial year) by issuing 523,520,778 new, no-par-value registered shares (that is 109,939,363 from Authorised Capital 2021/I and 413,581,415 from Authorised Capital 2021/II) with a pro rata amount of EUR 1.00 for each new share (*New Share*) of the share capital against contributions in cash. The issue amount was EUR 1.00 per New Share with dividend rights from 1 October 2020.

The statutory pre-emption right was granted to all shareholders, with the exception of the shareholder Unifirm Limited (*Unifirm*) in such manner that the New Shares were subscribed to and acquired by one or several credit institution(s) (or one or several enterprises engaged in activities in accordance with section 53 (1) sentence 1 or section 53b (1) sentence 1 or (7) of the German Banking Act (*Gesetz über das Kreditwesen*)) at the issue amount with the obligation (i) to offer the New Shares to the shareholders of the Company for subscription at a fixed subscription price in the amount of EUR 2.15 (*Subscription Price*), (ii) to deliver the shares in accordance with the exercised pre-emption rights when the implementation of the capital increase has become effective, and (iii) to pay the difference between the issue amount and the subscription price – after deduction of a reasonable commission as well as the costs and disbursements – to the Company (indirect pre-emption right (*mittelbares Bezugsrecht*) within the meaning of section 186 (5) sentence 1 AktG).

Unifirm was granted the statutory pre-emption right on the basis of an undertaking entered into with the Company in such manner that Unifirm was permitted to subscribe for and acquire – in accordance with the amount of statutory pre-emption rights it was entitled to – the New Shares allotted to said amount of pre-emption rights at the issue price directly with the Company with the obligation to pay to the Company the difference to the Subscription Price (direct pre-emption right (*unmittelbares Bezugsrecht*) within the meaning of section 186 (1) sentence 1 AktG).

The (direct or indirect) subscription was offered to the shareholders at a subscription ratio of 10:21 (i.e. 10 New Shares offered for every 21 existing shares, the *Subscription Ratio*). The Subscription Ratio was rounded down to two decimal places. Pre-emption rights were disapplied in respect of any fractional amounts on the basis of the authorisation of the Executive Board of the Company by the Annual General Meeting of 25 March 2021 concerning Authorised Capital 2021/I and the authorisation of the Executive Board by the Annual General Meeting of 25 March 2021 concerning Authorised Capital 2021/II.

The record of the Annual General Meeting of 25 March 2021, including the wording of the authorisation, has been deposited with the commercial registers of the Local Court (*Amtsgericht*) of Berlin, HRB 321, and the Local Court of Hanover, HRB 6580.

## V.

Before adopting the resolution to issue the New Shares, the Executive Board discussed the partial disapplication of pre-emption rights in respect of the fractional amount, its prerequisites, as well as its appropriateness and expediency. In the course of the deliberations, the Executive Board and the Supervisory Board came to the conclusion that the partial disapplication of shareholders' pre-emption rights in respect of the fractional amount, in view of the subscription ratio of 10:21, is in the Company's interest in an even pre-emption rights ratio. An even pre-emption rights ratio by setting the capital increase amount at a higher level was mathematically not possible due to the limitation of the issue amount in the authorisation for Authorised Capital 2021/I and the authorisation for Authorised Capital 2021/II. Setting a lower capital increase amount would have been at odds with the Company's capital requirements. The purpose of the capital increase from Authorised Capital 2021/I and Authorised Capital 2021/II was to use the proceeds from the issue of New Shares to repay outstanding debts under Facility C and under the additional revolving credit facility with a maximum facility amount of EUR 1,535,000,000.00 agreed with 20 banks on 15 September 2014 (the *Cash Facility*). The Company was in particular to be enabled to reduce not only net debt but also interest costs. In addition, the reduction was to create additional financial scope for the Company and the Group as a whole in the then impending winter season 2021/22 in terms of potential additional utilisations under Facility C and the Cash Facility. This was to enable the Company to react flexibly to remaining short-term uncertainties in the travel industry in view of the ongoing effects of the coronavirus pandemic.

On the whole, the capital increase from Authorised Capital 2021/I and Authorised Capital 2021/II subject to the disapplication of pre-emption rights in respect of fractional amounts led to the Company being enabled to realise additional funds in the short term. For the stated reasons, the disapplication of pre-emption rights in respect of fractional amounts was, overall, in the Company's interests.