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TUI Group
Investor Relations
Karl-Wiechert-Allee 4
30625 Hannover

Phone +49(0)511 566-1425
Fax +49(0)511 566-1096
investor.relations@tui.com
www.tuigroup.com

TUI AG announces launch of a €1.8bn capital increase for repayment of WSF state aid and significant reduction of the KfW credit lines to strengthen its balance sheet

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Investor Relations
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30625 Hannover

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Inside Information according to article 17 MAR

Hanover, 24 March 2023. Further to the agreement with the German Economic Stabilization Fund ("WSF") on the repayment of stabilization measures and following the successful implementation of the 10:1 reverse stock split resolved at the 2023 Annual General Meeting, the Executive Board of TUI AG ("TUI" or, the "Company", and, together with its consolidated subsidiaries, the "Group") resolved today, with the consent of the Supervisory Board of the Company, to launch a capital increase with subscription rights (the "Subscription Rights") from the Authorised Capital 2022/I and Authorised Capital 2022/II to raise gross proceeds of c.€1.8 billion (the "Rights Issue" or, the "Offering").

328,910,448 New ordinary registered Shares with no par value of the Company (the "New Shares") will be offered at a subscription ratio of 8:3 (8 New Shares for 3 existing shares). The subscription price of €5.55 per New Share represents a discount to TERP (theoretical ex-rights price) of approx. 39.85%.

Alexey A. Mordashov – or any connected person or entity (together, the "Major Shareholder Sanctioned Persons or Entities") – indirectly holds 30.91% in the Company via Unifirm Limited and Severgroup LLC. These shares are subject to a loss of rights as a result of far-reaching sanctions and under German securities law. The Major Shareholder Sanctioned Persons or Entities can

therefore not participate in the Rights Issue and no subscription rights will be granted to them.

The Rights Issue excludes new shares attributable to any Major Shareholder Sanctioned Person or Entity and will be secured through an underwriting commitment by a syndicate of banks, subject to terms and conditions in line with market practice for similar transactions.

Existing shareholders, other than Major Shareholder Sanctioned Persons or Entities, can exercise their Subscription Rights for New Shares during the subscription period from and including 28 March 2023 up to and including 17 April 2023 (the "Subscription Period") through their respective depository banks. Investors are recommended to follow the respective guidelines of their depository banks.

Investors holding depository interests in the Company's shares ("DIs") on 29 March 2023 will be credited with pre-emptive subscription rights ("DI Pre-Emptive Rights") that will allow them to acquire additional DIs representing New Shares. Investors may exercise their DI Pre-Emptive Rights from and including 30 March 2023 (after being credited with them) up to 10:00 (BST) on 17 April 2023 (the "DI Subscription Period").

The Company intends to use the net proceeds of the Offering of approx. €1.75 billion to reduce interest costs and debt. As previously agreed with the WSF, the €420.0 million convertible Silent Participation I made available by the WSF and the outstanding €58.7 million 2020/2026 Bonds with Warrants, including all warrants, issued to the WSF and including accrued interest at a total market value of around €750 million will be repaid in full. Additionally, the net proceeds will be used for the full repayment of current drawings under the KfW facility. As of 23 March 2023 these amounted to around €440 million. With the remaining net proceeds of approx. €568 million the current drawings under the €1,454 million Cash Facility will be reduced to approx. €870 million. As of 23 March 2023 the drawings under this facility amounted to around €1,438 million. In addition, the Company intends to significantly reduce the €2.1 billion credit line under the KfW facility to €1.1 billion.

Today's announced capital increase and significant return of government funding allows for a considerable improvement in TUI's credit metrics and reduces ongoing interest costs, allowing the Group to focus on growth and further market recovery.

As a result of the use of the net proceeds of the Offering, in addition to having repaid the Silent Participation I, the Group's net debt of €3.4 billion as of 30 September 2022 would have been reduced by around €1.0 billion. This would reduce net interest payments over an equivalent 12 month period, including the Silent Participation I coupon, by approx. €80 million - €90 million. The Company considers that, on the basis of the reduction in its debt position following completion of the Offering and its current expectations in respect of trading performance, its equivalent gross leverage ratio for its financial year 2023 would fall to around 3.0x.

TUI confirms a continuation of its encouraging booking momentum which it reported at its Q1 results on 14 February 2023.

A prospectus (the "German Prospectus") setting out the full details of the Offering, including a timetable of key dates, is expected to be approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, "BaFin") on 24 March 2023. For the purposes of the public offering in the United Kingdom and the admission to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's Main Market for listed securities, a separate prospectus (the "UK Prospectus" and together with the German Prospectus, the "Prospectuses") is expected to be approved on the same day by the FCA. Both Prospectuses will be available on the Company's website (<https://www.tuigroup.com/en-en/investors/capital-increase-march-2023>). A copy of the German Prospectus will also be available on the website of BaFin (www.bafin.de) and the website of the European Securities and Markets Authority (ESMA) (<https://registers.esma.europa.eu/publication/>). A copy of the UK Prospectus will be submitted to the National Storage Mechanism and will

be available for inspection at (<https://data.fca.org.uk/#/nsm/nationalstorage-mechanism>). The information in this announcement should be read in conjunction with both the Prospectuses.

All capitalised terms used but not otherwise defined in this announcement have the meaning set out in the Prospectuses.

ANALYST & INVESTOR ENQUIRIES

TUI Group
Investor Relations
Karl-Wiechert-Allee 4
30625 Hannover

Phone +49(0)511 566-1425
Fax +49(0)511 566-1096
investor.relations@tui.com
www.tuigroup.com

Nicola Gehrt, Group Director Investor Relations	+ 49 (0)511 566 1435
Adrian Bell, Senior Investor Relations Manager	+49 (0)511 566 2332
James Trimble, Investor Relations Manager	+ 44 (0)1582 315 293
Stefan Keese, Investor Relations Manager (Retail Investors)	+ 49 (0)511 566 1387

Media

Kuzey Alexander Esener, Head of Media Relations	+ 49 (0)511 566 6024
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Investor Relations
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30625 Hannover

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decision in order to fully understand the potential risks and rewards associated with the decision to invest in the Securities.

The German Prospectus, once approved, will be available on the website of the BaFin (www.bafin.de), the website of the Company (<https://www.tuigroup.com/en-en/investors/capital-increase-march-2023>) and the website of the European Securities And Markets Authority (<https://registers.esma.europa.eu/publication/>). The UK Prospectus, once approved, will be submitted to the National Storage Mechanism and will be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> and the website of the Company (<https://www.tuigroup.com/en-en/investors/capital-increase-march-2023>)

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This announcement does not constitute a recommendation concerning any investor's decision or options with respect to the Offering. The price and value of securities can go down as well as up. Past performance is not a guide to future performance. The contents of this announcement are not to be construed as legal, business, financial or tax advice. Each shareholder or prospective investor should consult his, her or its own independent legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice.

Apart from the responsibilities and liabilities, if any, which may be imposed on them by the Financial Services and Markets Act 2000, as amended or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of Barclays Bank Ireland PLC, BofA Securities Europe SA, Citigroup Global Markets Europe AG, COMMERZBANK Aktiengesellschaft, Deutsche Bank Aktiengesellschaft, UniCredit

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Each of the Banks and Sponsors is acting exclusively for the Company in connection with the Offering and they are acting for no one else. The Banks and Sponsors will not regard any other person as their respective clients in relation to the Offering or any other matter in this announcement and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, nor for providing advice in relation to the Offering, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

In connection with the Offering, each of the Banks and any of their respective affiliates, may take up a portion of the Securities as a principal position and in that capacity may retain, subscribe for, purchase, sell, offer to sell or otherwise deal for their own accounts in such Securities and other securities of the Company or related investments in connection with the Offering or otherwise.

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TUI Group
Investor Relations
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30625 Hannover

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Accordingly, references in this announcement to the Securities being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue, offer, subscription, acquisition, placing or dealing by each of the Banks and any of their affiliates in such capacity. In addition, certain of the Banks or their affiliates may enter into financing arrangements (including swaps, warrants or contracts for difference) with investors in connection with which such Banks (or their affiliates) may from time to time acquire, hold or dispose of Securities. None of the Banks or any of their affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

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Forward-Looking Statements

Certain statements included in this announcement are forward-looking. These statements can be identified by the fact that they do not relate only to historical or current facts. By their nature, they involve risk and uncertainties because they relate to events and depend on circumstances that will occur in the future. Actual results could differ materially from those expressed or implied by such forward-looking statements. The potential reasons for such differences include market fluctuations, the development of world market fluctuations, the development of world market commodity prices, the development of exchange rates or fundamental changes in the economic environment. The Company does not intend or assume any obligation to update any forward-looking statement to reflect events or circumstances after the date of this announcement. The potential reasons for such differences include

market fluctuations, the development of world market fluctuations, the development of world market commodity prices, the development of exchange rates or fundamental changes in the economic environment. The Company does not intend or assume any obligation to update any forward-looking statement to reflect events or circumstances after the date of this announcement.

Forward-looking statements often use words such as "expects", "may", "will", "could", "should", "intends", "plans", "predicts", "envisages" or "anticipates" or other words of similar meaning. They include, without limitation, any and all projections relating to the results of operations and financial conditions of the Company and its subsidiary undertakings from time to time (the 'Group'), as well as plans and objectives for future operations, expected future revenues, financing plans, expected expenditure and divestments relating to the Group and discussions of the Group's business plan. All forward-looking statements in this announcement are based upon information known to the Group on the date of this announcement and speak as of the date of this announcement. Other than in accordance with its legal or regulatory obligations, the Group does not undertake to update or revise any forward-looking statement to reflect any changes in events, conditions or circumstances on which any such statement is based.

Actual results may differ from those expressed or implied in the forward-looking statements in this announcement as a result of any number of known and unknown risks, uncertainties and other factors, many of which are difficult to predict and are generally beyond the control of the Group, and it is not reasonably possible to itemise each item. Accordingly, readers of this announcement are cautioned against relying on forward-looking statements. All forward-looking statements made on or after the date of this announcement and attributable to the Company are expressly qualified in their entirety by the primary risks set out in that section.

Information to Distributors

TUI Group
Investor Relations
Karl-Wiechert-Allee 4
30625 Hannover

Phone +49(0)511 566-1425
Fax +49(0)511 566-1096
investor.relations@tui.com
www.tuigroup.com

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (**MiFID II**); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the **MiFID II Product Governance Requirements**), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Securities the subject of the Offering have been subject to a product approval process, which has determined that such Securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the **Target Market Assessment**). Notwithstanding the Target Market Assessment, distributors should note that: (i) the price of the Securities may decline and investors could lose all or part of their investment; (ii) the Securities offer no guaranteed income and no capital protection; and (iii) an investment in the Securities is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Banks will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the

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Investor Relations
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30625 Hannover

Phone +49(0)511 566-1425
Fax +49(0)511 566-1096
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www.tuigroup.com

Securities. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Securities and determining appropriate distribution channels.

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30625 Hannover

Phone +49(0)511 566-1425
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www.tuigroup.com