*Extraordinary General Meeting of Tele Columbus AG on 22 February 2024*

# The Management Board report regarding item 1 – Resolution on the approval of a restructuring plan regarding significant parts of the assets of Tele Columbus AG, essentially consisting of the transfer of shares in multiple other companies by means of a contribution agreement with Telekom Holdings 1 S.à.r.l., which is still to be concluded

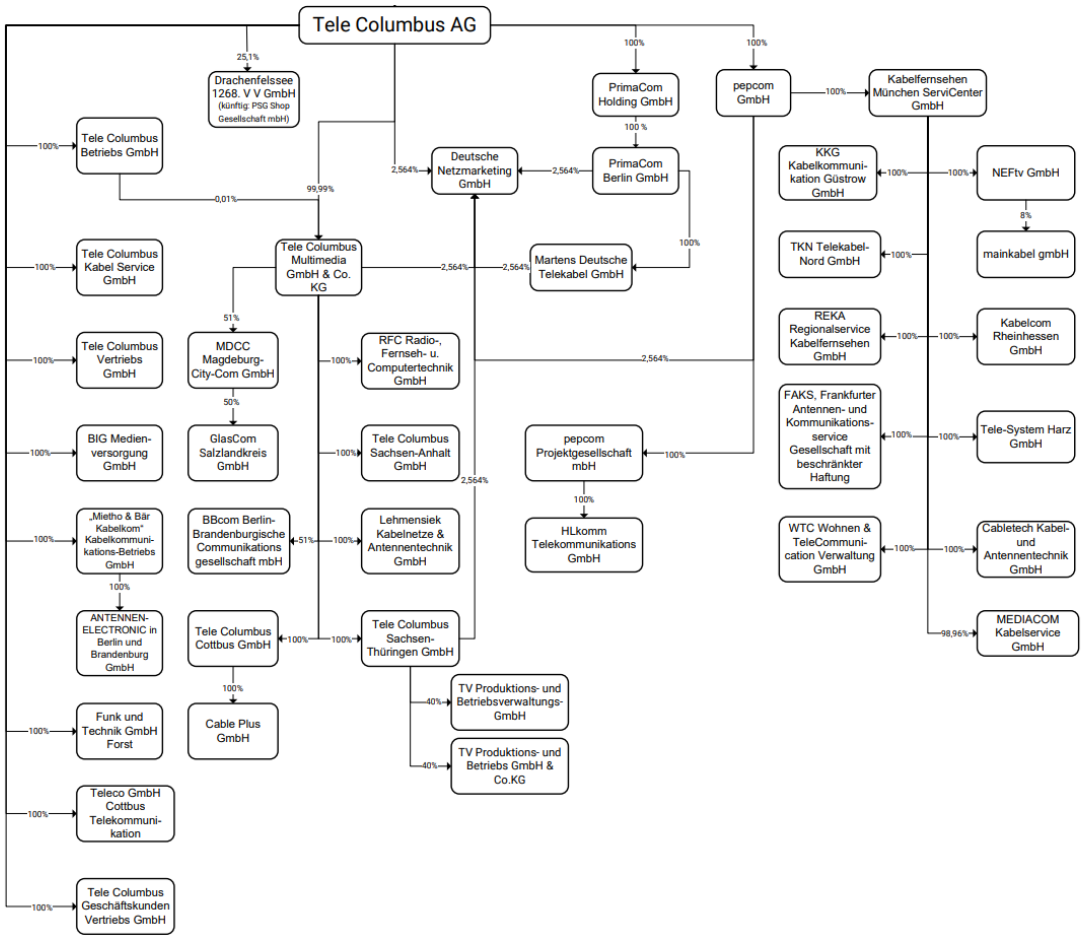
## 1. Starting point

### 1.1 Tele Columbus AG

Tele Columbus AG (hereinafter also referred to as the "**Company**") is a stock corporation under German law, with its registered office in Berlin and entered in the commercial register of the Charlottenburg Local Court under HRB 161349. The Company's business address is: Kaiserin-Augusta-Allee 108, 10553 Berlin, Germany.

The Company is one of the leading fibre-optic network operators in Germany, with a reach of more than three million households. The company objects as set out in its articles of association comprise (i) the acquisition, possession, management and sale of holdings and the assumption of personal liability and management of commercial companies and holdings in companies of the same or a similar nature, (ii) the provision of multimedia and telecommunications services and related services, (iii) activities in the fields of television, telecommunications and multimedia, (iv) the associated marketing and management and (v) the assumption of responsibility for personnel, in each case in its own name and for its own account and not on behalf of and/or for the account of third parties. For this purpose, the Company is authorised to take all direct or indirect measures aimed at serving the company objects. The Company may establish branches and other entities in Germany and abroad, even if they have a different object. In addition, the Company may also limit its activities to some of the areas of activity mentioned in (i)-(v) above.

Its fixed assets mainly consist of direct and indirect holdings in other companies. The Group is currently structured as follows:




The shares in Aprostyle AG (AG Dresden, HRB 26402) still held by the Company were sold by the Company by way of a share transfer agreement as of 1 January 2024. The shares in Aprostyle AG are therefore not part of this restructuring concept.

1.2 Telekom Holdings 1 S.à.r.l.

Telekom Holdings 1 S.à.r.l. ("**LuxCo 1**") is a limited liability company (*société à responsabilité limitée*) under Luxembourg law, with its registered office in Luxembourg, which was founded on 13 December 2023 and is still in the process of being entered in the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*). Its address is: 17, Boulevard F.W. Raiffeisen, 2411 Luxembourg, Luxembourg.

The object of LuxCo 1 as set out in its articles of association is the acquisition of holdings in Luxembourg or abroad in companies or enterprises of any kind, and the management of these holdings. In particular, LuxCo 1 may acquire shares, units and other equity securities, bonds, debt securities, certificates of deposit and other debt instruments and, more generally, all securities and financial instruments issued by public or private entities by subscription, purchase and exchange or otherwise. It may participate in the establishment, development, management and control of companies and enterprises and may also invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any kind. LuxCo 1 can borrow in any form, whether through private or public offerings. It may issue debt securities, bonds and any type of private or public debt instruments. It can only issue

equity securities as part of a private placement. It can also provide its subsidiaries, affiliates, and other enterprises with capital, in particular the proceeds from borrowings. It may also give guarantees and pledge, transfer, encumber or otherwise create and grant security over some or all of its assets to secure its own obligations and the obligations of other enterprises, and generally for its own benefit and that of other enterprises or persons. For the avoidance of doubt, LuxCo 1 may not engage in regulated activities in the financial sector without the required authorisation. LuxCo 1 may use all techniques, legal means, and instruments to manage its investments efficiently and to protect itself against credit, interest rate, exchange rate and other risks. It may carry out all commercial, financial, or industrial transactions as well as all transactions relating to real estate or movable assets that directly or indirectly benefit or are related to its objects.

All shares in LuxCo 1 are currently held in trust for the Company. Upon implementation of the restructuring concept, the Company will acquire all shares in LuxCo 1.

1.3 Telekom Holdings 2 S.à.r.l.

Telekom Holdings 2 S.à.r.l. ("**LuxCo 2**") is a limited liability company (*société à responsabilité limitée*) under Luxembourg law with its registered office in Luxembourg, which was founded on 13 December 2023 and is still in the process of being entered in the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*). Its address is: 17, Boulevard F.W. Raiffeisen, 2411 Luxembourg, Luxembourg.

The object of LuxCo 2 as set out in its articles of association is the acquisition of holdings in Luxembourg or abroad in companies or enterprises of any kind, and the management of these holdings. In particular, LuxCo 2 may acquire shares, units and other equity securities, bonds, debt securities, certificates of deposit and other debt instruments and, more generally, all securities and financial instruments issued by public or private entities by subscription, purchase and exchange or otherwise. It may participate in the establishment, development, management and control of companies and enterprises and may also invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any kind. LuxCo 2 can borrow in any form, whether through private or public offerings. It may issue debt securities, bonds and any type of private or public debt instruments. It can only issue equity securities as part of a private placement. It can also provide its subsidiaries, affiliates, and other enterprises with capital, in particular the proceeds from borrowings. It may also give guarantees and pledge, transfer, encumber or otherwise create and grant security over some or all of its assets to secure its own obligations and the obligations of other enterprises, and generally for its own benefit and that of other enterprises or persons. For the avoidance of doubt, LuxCo 2 may not engage in regulated activities in the financial sector without the required authorisation. LuxCo 2 may use all techniques, legal means, and instruments to manage its investments efficiently and to protect itself against credit, interest rate, exchange rate and other risks. It may carry out all commercial, financial, or industrial transactions as well as all transactions relating to real estate or movable assets that directly or indirectly benefit or are related to its objects.

All shares in LuxCo 2 are held by LuxCo 1.

2. Restructuring concept

2.1 Restructuring concept; reasons for the restructuring

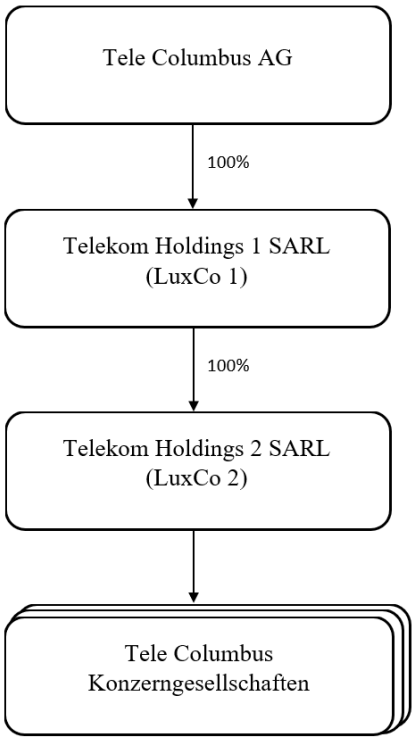
Tele Columbus AG had entered into negotiations with some of its major creditors (collectively the **"Ad-Hoc Group"**) regarding sustainable restructuring of the Company (including its

subsidiaries and sub-subsidiaries), which had become necessary in view of the approaching maturity of the EUR 462 million term loan drawn by the Company and its EUR 650 million bond. The two central financing instruments and liabilities of Tele Columbus AG are to be extended and contractually adjusted accordingly.

In a binding agreement dated 22 November 2023 ("**Lock-Up Agreement**"), the Ad-Hoc Group undertook to this end to support the adjustment and extension of the financing arrangements with a total value of around EUR 1.1 billion (without changing the value of receivables existing at the time) until October 2028. Its members hold the majority of the Company's financial debt under the syndicated loan agreement and the bond. The majority shareholder of the Company, Kublai GmbH, has meanwhile agreed to provide the (shareholder) contribution of EUR 300 million agreed with the Ad-Hoc Group and required for the extension and adjustment of the financial debt, subject to Kublai GmbH in turn receiving the necessary funds from Hilbert Management GmbH, the majority shareholder of Kublai GmbH; to this end, Kublai GmbH has entered into the Lock-Up Agreement. The bridge shareholder loans of up to EUR 97 million provided by Hilbert Management GmbH since the early summer of 2023 are to be repaid from the agreed contribution.

In the agreement concluded between the Company and the Ad-Hoc Group, the Company has committed to the Ad-Hoc Group that it will implement a *Double LuxCo* structure within the Tele Combus Group to further secure the extended and expanded financial liabilities, and facilitate enforcement in the event of the realisation of assets, in accordance with the following: Essentially, this involves implementing two corporations established under Luxembourg law and domiciled in Luxembourg in the legal form of *société à responsabilité limitée* ("**S.à.r.l.**")("**LuxCo**") as (indirect) subsidiaries of the Company. In future, the shares in one LuxCo will be held directly by the Company (LuxCo 1), while the shares in the second LuxCo (LuxCo 2) will be held directly by LuxCo 1. The shares in the Company's current holdings will first be contributed by the Company to LuxCo 1 to create the *double LuxCo* structure, and then by LuxCo 1 to LuxCo 2, in each case by way of a non-cash capital increase in return for

the granting of shares. Ultimately, all shares in the Tele Columbus Group companies are to be held by LuxCo 2. This results in the following target structure:




Enforcement law implications form the backdrop to this restructuring. The *Double LuxCo* structure is a proven structuring and security instrument that allows creditors to exercise their security interests under the relevant financing agreements in event of default in accordance with Luxembourg enforcement law.

Luxembourg enforcement law is often well known to international lenders. It is considered simple, fast and cost-efficient by international standards and offers a high level of transaction security. In other EU jurisdictions, particularly Germany, enforcement proceedings can be comparatively cumbersome, lengthy, and costly. In practice, international lenders therefore often insist on the application of Luxembourg enforcement law.

Specifically, the implementation of the *Double LuxCo* structure enables LuxCo 1 to be used by creditors as a single point of enforcement, allowing them to assume control over the underlying group. To this end, enforcement measures will be taken against the shares in LuxCo 2 pledged by LuxCo 1, which means that the Luxembourg courts will have jurisdiction over any disputes regarding enforcement.

The enforcement of security interests against LuxCo 1 is an additional benefit for creditors as (i) enforcement in Luxembourg is bankruptcy remote, (ii) it is a criminal offence to interfere with enforcement in Luxembourg, and (iii) the Luxembourg courts retain jurisdiction over all disputes regarding enforcement and have been creditor-friendly in their decisions to date.

## 2.2 Technical implementation

The details of how the *Double LuxCo* structure is to be implemented are as follows:

Currently, Tele Columbus AG essentially acts as the holding company for the Tele Columbus Group and has direct and indirect holdings in a total of around 41 companies. Tele Columbus AG has a direct holding in 13 of these companies; 10 of these companies are wholly owned subsidiaries of Tele Columbus AG.

The Company plans to transfer the direct holdings in other companies (and thus also the indirect holdings brokered through them) to the *Double LuxCo* structure. To this end, two new LuxCos are to come between the Company and its current direct holdings in the investment chain. Tele Columbus Multimedia GmbH & Co. KG is to be converted into a GmbH prior to the transfer in order to prevent LuxCo 2 from forming a permanent establishment in Germany. Together with the other Tele Columbus AG holdings, it is subsequently to be contributed to LuxCo 1, and then LuxCo 2, and later integrated into the tax group by concluding a profit and loss pooling agreement with Tele Columbus AG.

To this end, Tele Columbus AG intends to acquire two Luxembourg-based companies, Telekom Holdings 1 S.à.r.l., (LuxCo 1) and Telekom Holdings 2 S.à.r.l. (LuxCo 2). Currently, a trustee holds all shares in LuxCo 1 and (indirectly) in LuxCo 2 in trust for Tele Columbus AG, with LuxCo 1 holding all shares in LuxCo 2. Upon implementation of the restructuring concept, the Company will acquire all shares in LuxCo 1; the shares in LuxCo 2 shall continue to be held by LuxCo 1. The shares in the two LuxCo and the shares they hold themselves are pledged as security to the creditors under the term loan and the bond.

To implement this restructuring plan, the Company intends to conclude an agreement with LuxCo 1 on the contribution of shares in various other companies to LuxCo 1 by way of a contribution in kind in return for the issue of new shares in LuxCo 1. Subsequently, these holdings will be contributed by LuxCo 1 to LuxCo 2 by way of a contribution in kind in return for the issue of new shares in LuxCo 2; on terms that essentially correspond to the content of the contribution agreement.

With regard to the Company's investment in Deutsche Netzmarketing GmbH, in which the Company holds 2.56% of the shares, the transfer of the shares to the *Double LuxCo* structure is subject to the approval of the supervisory board of Deutsche Netzmarketing GmbH. With regard to the Company's recently created shareholding in Drachenfelssee 1268. V V GmbH (in future: PSG Shop Gesellschaft mbH), in which the Company holds 25.1% of the shares, the transfer of the shares is subject to the approval of the general meeting of Drachenfelssee 1268. V V GmbH. The Management Board assumes that it will receive the approval of the relevant decision-makers for the transfer of the shares. If approval is not granted for one or both holdings, the Company will not transfer the unapproved holdings. In all other respects, the restructuring concept remains unaffected; all other shareholdings are to be transferred in this case as well.

With regard to the holding in Deutsche Netzmarketing GmbH and Drachenfelssee 1268. V V GmbH (in future: PSG Shop Gesellschaft mbH), the transfer to LuxCo 1 depends on the final review of tax implications due to the mere minority holdings in these companies, as further explained in section 3.1.2. of this report. If transferring one or both of these holdings would result in a significant tax burden and would therefore not be in the interests of the Company, the Company will not transfer the relevant holding. In this case, too, the restructuring concept is to be implemented in all other respects; all other holdings are therefore to be transferred in this case, too.

2.3 Main content of the Contribution Agreement

The main content of the Contribution Agreement is to be as follows:

**The parties**

The parties to the Contribution Agreement are the Company, as the transferor of shares and subscriber of new shares, and LuxCo 1, with its registered office in Luxembourg at 17, Boulevard F.W. Raiffeisen, L-2411 Luxembourg, and currently in the process of being entered in the Luxembourg commercial register (Registre de Commerce et des Sociétés, Luxembourg), as the transferee of the shares and issuer of the new shares.

**Subject matter of the Contribution Agreement**

The subject matter of the Contribution Agreement is the shares held by the Company in

(1) Tele Columbus Multimedia GmbH & Co KG, with its registered office in Berlin (Charlottenburg Local Court, HRA 58459), of which the Company is the general partner, (with the Company currently planning to convert Tele Columbus Multimedia GmbH & Co. KG into a limited liability company (GmbH) by way of a change of legal form by the time of execution of the Contribution Agreement and to contribute the corresponding shares in the newly created GmbH so as to fulfil the Contribution Agreement),

(2) Tele Columbus Betriebs GmbH, with its registered office in Berlin (Charlottenburg Local Court, HRB 176365), 25,000 shares with a nominal value of EUR 1.00 each, with the serial numbers 1 to 25,000,

(3) PrimaCom Holding GmbH, with its registered office in Leipzig (Leipzig Local Court, HRB 28071), 160,858 shares with a nominal value of EUR 1.00 each, with the serial numbers 3 to 160,860,

(4) Tele Columbus Vertriebs GmbH, with its registered office in Berlin (Charlottenburg Local Court, HRB 207637), 25,000 shares with a nominal value of EUR 1.00 each, with the serial numbers 1 to 25,000,

(5) Tele Columbus Kabel Service GmbH, with its registered office in Berlin (Charlottenburg Local Court, HRB 26930), 2 shares with a nominal value of DM 5,700,000.00 and DM 1,800,000.00 each, with the serial numbers 1 and 2,

(6) pepcom GmbH, with its registered office in Unterföhring (Munich Local Court, HRB 188229), 3 shares, 2 of which with a nominal value of EUR 1,000.00 each and one with a nominal value of EUR 23,000.00, with the serial numbers 1 to 3,

(7) Tele Columbus Geschäftskunden Vertriebs GmbH, with its registered office in Berlin (Charlottenburg Local Court, HRB 207637), 25,000 shares with a nominal value of EUR 1.00 each, with the serial numbers 1 to 25,000,

(8) BIG Medienversorgung GmbH, with its registered office in Mönchengladbach (Mönchengladbach Local Court, HRB 12691), 11 shares, 3 of which with a nominal value of EUR 12,500.00 each, one of which with a nominal value of EUR 25,000.00, one of which with a nominal value of EUR 2,500.00, 4 of which with a nominal value of EUR 5,000.00 each and 2 of which with a nominal value of EUR 7,500.00 each, with the serial numbers 4 to 14,

(9) Funk und Technik GmbH Forst, with its registered office in Forst (Lausitz) (Cottbus Local Court, HRB 1400), 16 shares, 4 of which with a nominal value of EUR 29,300.00 each, 5 with a nominal value of EUR 2,400.00 each and single shares with nominal values of EUR 39,550.00, EUR 29,250.00, EUR 25,600.00, EUR 100,400.00, EUR 3,300.00, EUR 2,100.00 and EUR 8,200.00, with the serial numbers 1 to 8 and 10 to 17,

(10) Teleco GmbH Cottbus Telekommunikation, with its registered office in Cottbus (Cottbus Local Court, HRB 714), 3 shares, 2 of which with a nominal value of EUR 13,000.00 and one share with a nominal value of EUR 26,000.00, with the serial numbers 1 to 3,

(11) "Mietho & Bär Kabelkom" Kabelkommunikations-Betriebs GmbH, with its registered office in Cottbus (Cottbus Local Court, HRB 14458), 8 shares, 2 of which with a nominal value of EUR 6,400.00 each, 2 with a nominal value of EUR 3,070.00 each, 2 with a nominal value of EUR 1,537.00 each and single shares with nominal values of EUR 3,300.00 and EUR 256.00, with the serial numbers 1 to 3, 5 to 7, 9 and 10,

(12) Drachenfelssee 1268. V V GmbH (in future: PSG Shop Gesellschaft mbH), with its registered office in Bonn (in future: Leipzig) (currently still registered in the commercial register of the Bonn Local Court, HRB 28018, a change of name and transfer of registered office have been submitted to the competent registry court), 6,275 shares with a nominal value of EUR 1.00 with the serial numbers 18,762 to 25,000, but only if the approval of the general meeting of Drachenfelssee 1268. V V GmbH required for the transfer of the shares is granted and a tax audit shows that the transfer of the shares is in the interests of the Company,

(13) Deutsche Netzmarketing GmbH, with its registered office in Cologne (Cologne Local Court, HRB 65897), one share with a nominal value of EUR 2,500.00, with the serial number 21, but only if the approval of the supervisory board of Deutsche Netzmarketing GmbH required for the transfer of the shares is granted and a tax audit shows that the transfer of the shares is in the interests of the Company,

((1) - (13) each individually a "**Holding**" or collectively the "**Holdings**").

The shares shall be contributed to LuxCo 1 at book value.

The consideration for the contribution and assignment of the Holdings to LuxCo 1 is the granting of new shares in LuxCo 1, which are to be subscribed and acquired by the Company in accordance with the Contribution Agreement. The new shares in LuxCo 1 are to be issued to the Company on the basis of a shareholder resolution on issuing new shares in return for the contribution of the shares in the subsidiaries to be contributed ("**LuxCo 1 Capital Increase in Kind Resolution**") at an issue price of EUR 1.00 per share. The Contribution Agreement is also to include as its subject matter the subscription and acquisition of new shares in LuxCo 1 by the Company as a contribution in kind in return for contribution of the shares in the Holdings to be contributed.

The shares are to be contributed at book value.

The contribution of the shares shall take place with effect from the date of an extraordinary general meeting for the purpose of increasing LuxCo 1's capital in kind.

**Guarantees**

The Company shall guarantee LuxCo 1 by way of an independent guarantee undertaking in accordance with Sec. 311 BGB that the Company is the sole owner of the shares to be transferred under the Contribution Agreement and that these shares are free from third-party rights in rem at the time of the transfer of ownership and are also not subject to third-party rights of purchase, first refusal or other mandatory rights.

In addition, the Company shall guarantee that it can freely dispose of the Holdings, with the exception of the Holding mentioned in this paragraph. The Company may only dispose of the Holding in Deutsche Netzmarketing GmbH, with its registered office in Cologne (Cologne Local Court, HRB 65897), with the approval of the supervisory board of Deutsche Netzmarketing GmbH. The Company shall undertake to work towards a corresponding resolution by the supervisory board of Deutsche Netzmarketing GmbH within the means at its disposal, insofar as permissible and reasonable. In addition, the Company can only dispose of the Holding in Drachenfelssee 1268. V V GmbH (in future: PSG Shop Gesellschaft mbH), with its registered office in Bonn (in future: Leipzig), with the approval of the general meeting of Drachenfelssee 1268. V V GmbH. The Company shall undertake to work towards a corresponding resolution by the general meeting of Drachenfelssee 1268. V V GmbH within the means at its disposal, insofar as permissible and reasonable.

The Company shall also guarantee to LuxCo 1 that the shares transferred are fully paid up, that the contributions made to them have not been either openly or covertly repaid and that the shares transferred are free of any obligations or restrictions relating to subsequent payments, ancillary services, or other obligations.

All guarantees shall relate to the time of the conclusion of the Contribution Agreement and the time of the transfer of ownership. Any further liability of the Company and any further rights of LuxCo 1 shall be excluded, where permitted by law.

Any contractual and/or statutory claims and rights of LuxCo 1 over and above the aforementioned guarantees, in particular to rescission, withdrawal or reduction as well as any claim arising from the breach of contractual obligations, *culpa in contrahendo*, or interference with the basis of the transaction, shall be excluded. This shall not apply to claims and rights based on fraudulent misrepresentation or other intentional breaches of contract. Neither party shall be entitled to withdraw from the Contribution Agreement in whole or in part due to incorrect declarations, including not by way of compensation in lieu of full performance (i.e., by rescinding this Agreement).

The rights of LuxCo 1 shall expire three years after LuxCo 1 has become aware of a guarantee claim. However, they shall expire no later than ten years after conclusion of the Contribution Agreement.

**Side agreements**

The Contribution Agreement shall contain all agreements between the parties regarding its subject matter. There shall be no side agreements. Should one or more provisions of the Contribution Agreement be or become invalid or unenforceable in whole or in part, or should the Agreement contain a gap, this shall not affect the validity of the remaining provisions. The provision that corresponds to the meaning and purpose of the invalid or unenforceable provision shall be deemed to have been agreed in place of the invalid or unenforceable provision. To fill a gap, the provision that corresponds to what would have been agreed according to the meaning and purpose of the Contribution Agreement if the matter had been considered from the outset shall be deemed to have been agreed.

**Costs**

The Company shall bear the costs incurred in connection with the preparation, conclusion, and execution of the Contribution Agreement.

3. Likely effects of the restructuring

3.1 Accounting and tax consequences of the restructuring for the Company

3.1.1. Accounting effects

Following implementation of the restructuring concept, the Company will hold the Holding in LuxCo 1 instead of the Holding in the directly held subsidiaries. This is recognised at the value that the directly held subsidiaries had.

3.1.2 Tax implications

The transfer of the Holdings in the subsidiaries of the Company to LuxCo 1 shall generally be carried out at fair value. This can therefore lead to a carryover loss (in the case of hidden charges) or to a carryover gain (in the case of hidden reserves). A carryover loss attributable to corporation shares cannot be utilised at the level of the Company. As a result, 5% of the profit attributable to corporation shares would be taxable. However, if there are hidden reserves in other assets to be transferred, in particular in the assets of Tele Columbus Multimedia GmbH & Co. KG (based on current estimates, these amount to approximately EUR 275.5 million), these are generally fully taxable (which could result in a tax burden for Tele Columbus AG in Germany of approximately EUR 15 million for hidden reserves in the amount of EUR 275.5 million according to the Company's calculations – after offsetting against expected current losses and the declared loss carryforwards).

In principle, the aim is to avoid a contribution or carryover profit at the Company. Whether the necessary requirements for this are met appears unclear, particularly for Tele Columbus Multimedia GmbH & Co. KG, which is structured as a "trust KG", with regard to the dual branch of activity requirement (*Teilbetriebserfordernis*).

Furthermore, with regard to Deutsche Netzmarketing GmbH and Drachenfelssee 1268. V V GmbH (in future: PSG Shop Gesellschaft mbH), the conditions for avoiding a contribution or transfer profit are unlikely to be met, as LuxCo 1 will not hold the majority of the voting rights after the contribution.

The profit and loss transfer agreements which exist with some of the subsidiary corporations, and the consolidated tax groups for income tax purposes which exist in some cases, are to remain in place despite the intermediary LuxCos. This is also recognised in principle by established court rulings and the tax authorities (known as a "banana tax group").

The Company's subsidiaries have loss carryforwards. These are not to be lost as a result of the transfer of the Holdings to LuxCo 1, as the Company previously held 100% of the shares in LuxCo 1.

Some of the subsidiaries of the Company have real estate assets. The transfer of the Company's Holdings in these subsidiaries to LuxCo 1 is subject to real estate transfer tax.

3.2 Other effects of concluding the Agreement on the Company and its shareholders

The legal and economic effects of the restructuring on the Company and its shareholders can be summarised as follows in the assessment of the Management Board:

3.2.1 Effects on the Company

Direct Holdings will be indirect in future. Shareholder rights will be exercised directly in LuxCo 1 and indirectly in LuxCo 2 and the other Holdings. In view of the 100% shareholdings in both LuxCo 1 and LuxCo 2, control of the Holdings is ensured. Any future cash flows (including distributions from the Holdings) would be channelled through the intermediary companies LuxCo 1 and LuxCo 2. The Company has concluded cash pool agreements with subsidiaries to optimise the use of liquidity; these will be adjusted if necessary with regard to the planned restructuring concept. Furthermore, contractual relationships between the subsidiaries and the Company need to be adjusted, namely account agreements and contracts for the transfer of boxes and routers. In the opinion of the Management Board, there will be no further significant effects on the Company.

3.2.2 Effects on the shareholders

If successfully implemented, the planned restructuring measures will result in a “mediatisation” effect for the Company’s shareholders. For example, the Company’s General Meeting will lose influence over the management of the business relating to the Holdings transferred to LuxCo 1. The management of the business relating to these Holdings will then no longer be decided by the Company’s Management Board, which is controlled by the General Meeting, but by the management of LuxCo 1, which is controlled by the Company’s Management Board, and then in turn by the management of LuxCo 2, which is controlled by the management of LuxCo 1.

Decisions on the appropriation of profits and other measures relating to the transferred Holdings are not taken by the Company’s General Meeting, but rather by the management of LuxCo 2.

The Management Board of LuxCo 1 is generally responsible for the capital increase in kind in LuxCo 1 – subject to the approval of the General Meeting of the Company to be obtained in accordance with the principles of the Holzmüller/Gelatine ruling and any reservations of approval enjoyed by the Supervisory Board within the meaning of Sec. 111 para. 4 sentence 2 AktG – and can resolve on the capital increase as the Company’s representative at the general meeting of LuxCo 1.

4. Supervisory Board approval

The Company’s Supervisory Board approved the restructuring concept by resolution dated 10 December 2024.

5. Involvement of the General Meeting in the sale of the Holdings

According to Federal Court of Justice rulings, in certain cases there is an exceptional requirement (not regulated by law) to obtain the approval of the General Meeting for significant transactions by a stock corporation.

In the Holzmüller decision (BGHZ 83, 122, 131), the Federal Court of Justice concluded that the management board of a stock corporation is obliged to obtain the approval of the general meeting if it hives off a business that constitutes the most valuable part of the company’s assets by transferring it to a subsidiary.

The Federal Court of Justice clarified the requirement for approval in its Gelatine decision (BGHZ 159, 30). According to this ruling, the general meeting is only deemed to have an unwritten competence regarding significant structural changes which, in terms of their

significance for the corporation, come close to the circumstances of the Holzmüller case, i.e., around 80% of the entity's assets are affected. In some cases, a corresponding threshold is deemed to have been reached if only 75% of the entity's assets are recognised. However, these threshold values only have an indicative effect, which is why it would appear necessary to carry out an overall, case-by-case assessment in borderline instances.

Whether the restructuring measures described (transfer of the Holdings in various other Tele Columbus AG companies to LuxCo 1) fall under the principles of the Holzmüller/Gelatine decisions is doubtful in view of how specific those rulings are to the individual cases. The Management Board, with the approval of the Supervisory Board, is submitting the aforementioned measures to the General Meeting for approval purely as a precautionary measure due to the economic significance of the Holdings and the interference with shareholders' membership rights associated with the restructuring. This authorising resolution authorises the Management Board to conclude all necessary agreements and legal acts in relation to the restructuring concept. In any case, if the situation changes significantly, the Management Board may refrain from implementing the restructuring concept in the interests of the Company.

6. Alternative structuring concepts

The Management Board has examined alternative structures to the *Double LuxCo* structure, in particular the implementation of two Luxembourg partnerships as (direct and indirect) subsidiaries of Tele Columbus AG (instead of the two LuxCos provided for in the restructuring concept), into which the Holdings would be transferred (the **Alternative Structuring Concept**).

On the basis of an in-depth legal review, with the involvement of German and Luxembourg legal advisors, as well as in consultation with the Ad-Hoc Group, the restructuring concept proposed for resolution here has proven to be preferable, taking into account all key aspects. The Alternative Structuring Concept cannot create comparable enforcement law advantages in Luxembourg with the necessary legal certainty. After consultation with the Ad-Hoc Group, no consensus could be reached with the Ad-Hoc Group to implement the Alternative Structuring Concept due to this lack of legal and transactional security.

7. Intended timetable

The Management Board currently intends to implement the restructuring concept in the first quarter of 2024, i.e., to transfer the Holdings of Tele Columbus AG to LuxCo 1 (and then from LuxCo 1 to LuxCo 2).

8. Management Board final assessment

Against this background, and after carefully determining and weighing up the advantages and disadvantages as well as the opportunities and risks, the proposed restructuring concept, in particular the conclusion of the Contribution Agreement (with content essentially corresponding to the description in this Management Board report), is in the interests of the Company and its shareholders.

Berlin, January 2024

The Management Board