

Corestate Capital Holding S.A.
Société anonyme
Registered office: 4, rue Jean Monnet, L-2180 Luxembourg,
Grand Duchy of Luxembourg
R.C.S. Luxembourg: B199780

(the Company)

**REPORT OF THE MANAGEMENT BOARD OF THE COMPANY PURSUANT TO
ARTICLE 420-26(5) OF THE LUXEMBOURG ACT OF 10 AUGUST 1915 ON COMMERCIAL
COMPANIES (AS AMENDED)**

Dear Shareholders,

In accordance with article 420-26 (5) of the Luxembourg law on commercial companies dated 10 August 1915, as amended (the **Companies Act**), the management board of the Company (the **Management Board**) hereby submits for your review and consideration this report regarding the withdrawal of the statutory preferential subscription rights of the existing shareholders of the Company (the **Withdrawal of Preferential Subscription Rights**) in connection with the increase of the share capital of the Company to be approved at the occasion of the extraordinary general meeting of the shareholders of the Company to be held on 15 June 2023 (the **Meeting**).

1. PURPOSE OF THE WITHDRAWAL OF PREFERENTIAL SUBSCRIPTION RIGHTS

The purpose of the Withdrawal of Preferential Subscription Rights is to allow the implementation of an alternative financial restructuring concept for the Company that has been agreed on 3 May 2023 by and between the Company, a group of large bondholders, additional investors and major shareholders, as further set out in the relevant publications on the Company's website (the **Restructuring Concept**).

The Restructuring Concept includes, among others, a bridge financing totalling EUR 25 million, which shall ensure the complete financing of the Company until the Restructuring Concept is completed, and an adjustment to the conditions of the EUR 200,000,000 1.375% convertible notes originally due 2022 with ISIN DE000A19SPK4 and EUR 300,000,000 3.50% senior notes originally due 2023 with ISIN DE000A19YDA9 (together, the **Notes**) issued by the Company, in particular an extension of the term until 2026 and a reduction of the total nominal amount of EUR 500 million (EUR 488.3 million – post buybacks by the Company) to a total of around EUR 100,000,000 plus 50% of incurred interest under the Notes.

With the existing bridge financing of EUR 10,000,000, a total of EUR 35,000,000 will be due on 31 July 2023. The bridge financing is to be replaced in the long term by first ranking new super senior notes (the **New Super Senior Notes**) in the amount of EUR 37,000,000 with a term until 2026 with the proviso that the therein included EUR 2 million are to repay incurred interest under the bridge financing.

Furthermore, as part of the Restructuring Concept, a so-called “capital cut” (*coup d'accordéon*) is contemplated to take place, according to which the Company's share capital will (i) first be reduced by an amount of EUR 2,558,497.50 in order to bring it from its current amount of EUR 2,564,671.50 to EUR 6,174 without the cancellation of shares and thereby reducing the accounting par value per share to EUR 0.00018055 (the **Capital Reduction**), and (ii) then immediately be increased by an amount of EUR 23,826 in order to bring it to an amount of EUR 30,000 by the issue of a total amount of 131,963,836 shares (the **New Shares** and the **Capital Increase**, respectively).

Each New Super Senior Note held by holders will carry the right to subscribe to 320,871 shares issued in the course of the Capital Increase for a subscription price of EUR 57.93 (EUR 0.00018055 per new share). In the event not all of the New Shares will be subscribed as mentioned above, the Management Board may propose the subscription of the relevant portion of New Shares by certain selected subscribers subject to the prior consent by the so-called Ad Hoc Committee representing the group of large holders of the Notes.

The Restructuring Concept should enable the Company to achieve a positive equity base in the low to mid three-digit million-euro range in the future.

2. JUSTIFICATION OF THE WITHDRAWAL OF PREFERENTIAL SUBSCRIPTION RIGHTS

For the reasons mentioned above, the Management Board considers it essential to request from the general meeting of the shareholders of the Company the approval of the Withdrawal of Preferential Subscription Rights, in view of the successful implementation of the Restructuring Concept, which is in the best corporate interest, and ensures the continuity, of the Company.

3. ISSUE PRICE

The issue price of the new shares to be issued under the Capital Increase will correspond to the accounting par value of the existing shares following the Capital Reduction, i.e. EUR 0.00018055.

Luxembourg, 15 May 2023.

Corestate Capital Holding S.A.
The Management Board