Prospectus

under the simplified disclosure regime for secondary issuances pursuant to Art. 14 of Regulation (EU) 2017/1129 and Annex 3 and Annex 12 of Delegated Regulation (EU) 2019/980
dated 24 March 2023 and valid until the commencement of trading of the new shares on the Regulated Market of the Hanover Stock Exchange which is expected to take place on 24 April 2023
for the public offering in Germany of

328,910,448 new ordinary registered shares with no par value
comprising of

140,358,663 new ordinary registered shares with no par value from a capital increase against cash contributions from the Company's authorised capital 2022/I

and

188,551,785 new ordinary registered shares with no par value from a capital increase against cash contributions from the Company's authorised capital 2022/II

each with subscription rights for shareholders as resolved by the executive board of the Company (Vorstand) on 24 March 2023, with approval of the supervisory board of the Company (Aufsichtsrat) of the same date

and

for the admission to the regulated market of the Hanover Stock Exchange of
328,910,448 new ordinary registered shares with no par value

—each such share with a notional value (the proportionate amount of the share capital attributable to each share) of €1.00—

International Securities Identification Number (ISIN) DE000TUAG505
German Securities Identification Number (*Wertpapier-Kennnummer*, WKN) TUA G50
Ticker symbol: TUI

of

TUI AG
Berlin and Hanover, Germany

Lead Joint Global Coordinators and Joint Bookrunners

Barclays BofA Securities Citigroup COMMERZBANK

Deutsche Bank UniCredit Bank AG

Co-Joint Global Coordinators and Joint Bookrunners

HSBC Société Générale

Joint Bookrunners

Crédit Agricole CIB ING Natixis

Table of Contents

Summary

A. Introduction and warnings

A.1. The prospectus of which this summary is an integral part relates to the public offering in Germany and the admission to trading on a regulated market in Germany of 328,910,448 newly issued shares of TUI AG (the "**Company**"). The Company's legal entity identifier ("**LEI**") is 529900SL2WSPV293B552. The international securities identification number ("**ISIN**") of the new shares is DE000TUAG505.

A.2. In this summary, the terms "**TUI**", "**Group**", "**we**", "**us**" and "**our**" refer to the Company together with its consolidated subsidiaries.

A.3. The address of the Company is: Karl-Wiechert-Allee 4, 30625 Hanover, Germany. Our telephone number is +49 (511) 566-00. Our website is www.tuigroup.com. Information on our website is not part of this prospectus.

A.4. The Company intends to issue 328,910,448 new registered shares with no par value (each a "**New Share**" and together the "**New Shares**") (which do not include any new shares that would have been attributable to our shareholders Unifirm Limited, whose registered office, to the knowledge of the Company, is in Limassol, Cyprus ("**Unifirm**") or Severgroup LLC, whose registered office, to the knowledge of the Company, is in Moscow, Russia ("**Severgroup**") or any other Major Shareholder Sanctioned Person or Entity (as defined below); for more information, please see "*D.1. Under which conditions and timetable can I invest in this security?*") will be offered by Barclays Bank Ireland PLC, One Molesworth Street, Dublin 2, D02 RF29, Ireland, LEI: 2G5BKIC2CB69PRJH1W31, telephone +353 (0)1 6182600 ("**Barclays**"); BofA Securities Europe SA, 51 rue La Boétie, 75008 Paris, France, LEI: 549300FH0WJAPEHTIQ77, telephone +33 (0) 1 8770 0000 ("**BofA Securities**"); Citigroup Global Markets Europe AG, Reuterweg 16, 60323 Frankfurt am Main, Germany, LEI: 6TJCK1B7E7UTXP528Y04, telephone +49 (0)69 13660 ("**Citigroup**"); COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany LEI: 851WYGNLUQLFZBSYGB56, telephone +49 (0)69 1 36 20 ("**COMMERZBANK**"); Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Germany, LEI: 7LTWFZYICNSX8D621K86, telephone +49 (0)69 91000 ("**Deutsche Bank**"); UniCredit Bank AG, Arabellastraße 12, 81925 Munich, Germany, LEI: 2ZCNRR8UK83OBTEK2170, telephone +49 (0)89 378-0 ("**UniCredit Bank AG**"); HSBC Trinkaus & Burkhardt GmbH, Hansaallee 3, 40549 Dusseldorf, Germany, LEI: JUNT405OW8OY5GN4DX16, telephone +49 (0)211 910-0 ("**HSBC**"); Société Générale, 29 boulevard Haussmann, 75009 Paris, France, LEI: O2RNE8IBXP4R0TD8PU41, telephone +33 153 435700 ("**Société Générale**"); Crédit Agricole Corporate and Investment Bank, 12, Place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, France, LEI: 1VUV7VQFKUOQSJ21A208, telephone +33 1 4189 0000 ("**Crédit Agricole CIB**"); ING Bank N.V., Bijlmerdreef 24, 1102 CT Amsterdam, The Netherlands, LEI: 3TK20IVIUJ8J3ZU0QE75, telephone +31 20 576 4190 ("**ING**"); Natixis, 7 promenade Germaine Sablon, 75103 Paris, France, LEI: KX1WK48MPD4Y2NCUIZ63, telephone +33 1 58 19 43 00 ("**Natixis**"); and the Company as part of a subscription offer (*Bezugsangebot*) (the "**Subscription Offer**") to the Company's existing shareholders (other than Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity (as defined below)) (the "**Offer Shares**"). Deutsche Bank will act as the listing agent (in this capacity, the "**Listing Agent**"), and, together with the Company, will apply for the admission to trading of the New Shares on the regulated market segment (*regulierter Markt*) of the Hanover Stock Exchange ("**HSE**") and the inclusion into trading on the Open Market segment of the Frankfurt Stock Exchange ("**FSE**").

A.5. The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht)* ("**BaFin**"), Marie-Curie-Str. 24-28, 60439 Frankfurt am Main, Germany, telephone +49 (228) 4108-0, as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended (the "**Prospectus Regulation**"), approved this prospectus on 24 March 2023. For purposes of the UK Admission (as defined below), a separate prospectus is expected to be approved on the same day by the UK Financial Conduct Authority ("**FCA**") as this prospectus, after the withdrawal of the United Kingdom ("**UK**") from the European Union ("**EU**"), can no longer be notified to the FCA pursuant to the Prospectus Regulation.

A.6. You should read this summary as an introduction to the prospectus. Any decision to invest in the New Shares should be based on a consideration of the prospectus as a whole. An investment in the New Shares involves risk. You could lose all or part of your invested capital.

A.7. Where a claim relating to the information contained in this prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this prospectus before the legal proceedings are initiated.

A.8. Civil liability attaches only to those persons who have assumed responsibility for the contents of this summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the prospectus, or where it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in the New Shares.

B. Key information on the issuer

B.1. Who is the issuer of the securities?

Domicile and legal form. The Company is a stock corporation (*Aktiengesellschaft*) under German law. Its registered offices are in Hanover and Berlin, Germany. The Company is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hanover, Germany, under number HRB 6580 as well as the commercial register of the district court of Berlin-Charlottenburg, Germany under HRB 321 (together the "**Commercial Registers**"). The Company's LEI is 529900SL2WSPV293B552.

Principal activities. We are a tourism group comprising tour operators, travel agencies and online portals, airlines, hotels and cruise liners.

Major shareholders. The following table shows our shareholders that, as at the date of this prospectus, have an interest in the Company's capital or voting rights which is notifiable under German law.

	Before Offering		After Offering	
Shareholder	**Shares(1)**	**%**	**Shares(2)**	**%(2)**
Unifirm Limited(3)	48,479,167	27.16	48,479,167	9.55
Severgroup LLC(4)	6,700,000	3.75	6,700,000	1.32

(1) Shows the number of shares held after the capital decreases resolved by the Company's shareholder's meeting on 14 February 2023 (the "**Capital Decreases**").

(2) Assumes that each major shareholder shown above (except for Unifirm and Severgroup) exercises all its Subscription Rights (as defined below).

(3) Unifirm, to the knowledge of the Company, is owned 33.99% by KN-Holding Limited Liability Company, whose registered office, to the knowledge of the Company, is in Vologda Region, Russia ("**KN-Holding**"), whose ultimate owner is Alexey Mordashov who holds a 100% interest in KN-Holding. The remaining 66.01% are, to the knowledge of the Company, indirectly owned by Alexey Mordashov through Severgroup and Rayglow Limited, whose registered office, to the knowledge of the Company, is in Limassol, Cyprus ("**Rayglow**"). The Company assumes that the voting rights notifications received from Alexey Mordashov and Ondero Limited, whose registered office, to the knowledge of the Company, is in Tortola, British Virgin Islands ("**Ondero**"), respectively, on 4 March 2022 regarding the Ondero Transaction (as defined below), and the voting rights notification received from Marina Mordashova on 16 March 2022 are incorrect, as the Ondero Transaction is provisionally ineffective (*schwebend unwirksam*) due to section 15 (3) of the German Foreign Trade Act (*Außenwirtschaftsgesetz*, "**AWG**") (for more detailed information, please see "*D.1. Under which conditions and timetable can I invest in this security?*").

(4) On 4 March 2022, the Company received a voting rights notification from Alexey Mordashov regarding the transfer of 4.13% (equalling 3.75% after the capital increase carried out by the Company in May 2022) of the Company's share capital by Unifirm to Severgroup on 28 February 2022 (for more detailed information, please see "*D.1. Under which conditions and timetable can I invest in this security?*"). Severgroup, to the knowledge of the Company, is owned and controlled by Alexey Mordashov. The Company assumes that such transfer occurred prior to the publication and entering into effect of the listing of Alexey Mordashov in the EU Sanctions List (as defined below).

As of the date of this prospectus, Alexey Mordashov controls Unifirm and Severgroup, who together currently hold 30.91% of the issued share capital in the Company. Such shareholding and the corresponding holding in voting rights will be diluted to 9.55% and 1.32%, respectively, following completion of the Offering. As of the date of this prospectus, Unifirm and Severgroup cannot exercise any rights from the shares they hold in the Company, including any voting rights in respect of those shares and any Subscription Rights (as defined below) that would have been attributable to Unifirm or Severgroup in the Subscription Offer (as defined below), due to incorrect voting rights notifications, which resulted in a loss of rights from the shares held by Unifirm and Severgroup in the Company pursuant to section 44 (1) of the German Securities Trading Act (*Wertpapierhandelsgesetz*, "**WpHG**"). Furthermore, any exercise by Unifirm or Severgroup of rights associated with such shares, including voting rights and Subscription Rights, is prohibited, as these rights are subject to the asset freeze under the applicable EU Sanctions and UK Sanctions (as defined below). For more detailed information, please see "*D.1. Under which conditions and timetable can I invest in this security?*". Therefore, as of the date of this prospectus, the Company is not controlled by any of its shareholders.

Key managing directors. Our key managing directors are the members of our executive board (*Vorstand,* "**Executive Board**"). These are: Sebastian Ebel, Chief Executive Officer (*Vorstandsvorsitzender*); David Burling, CEO Markets & Airlines; Mathias Kiep, CFO; Sybille Reiß, CPO, Labour Director; and Peter Krueger, CSO & CEO Holiday Experiences.

Auditors. Our auditors are Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hanover, Germany ("**Deloitte**").

B.2. What is the key financial information regarding the issuer?

We have derived the selected financial information shown below from our audited consolidated financial statements as of and for the fiscal year ended 30 September 2022 ("**Fiscal 2022**"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and the supplementary requirements of section 315e of the German Commercial Code, which include comparative financial information as at and for the fiscal year ended 30 September 2021 ("**Fiscal 2021**") (the "**Audited Consolidated Financial Statements**"), as well as the unaudited condensed consolidated interim financial statements as of and for the three-month period ended 31 December 2022 (the "**Q1 2023**"), which include comparative financial information as of and for the three-month period ended 31 December 2021 (the "**Q1 2022**") which were prepared in accordance with IFRS on interim financial reporting (IAS 34) (the "**Unaudited Condensed Consolidated Interim Financial Statements**"). Deloitte have audited and issued an unqualified audit opinion on our Audited Consolidated Financial Statements. The Unaudited Condensed Consolidated Interim Financial Statements have not been audited but reviewed by Deloitte and Deloitte issued a review report.

Where financial information is labelled "audited" in the tables in the summary of this prospectus, this information was taken from the Audited Consolidated Financial Statements. The label "unaudited" is used in tables in the summary of this prospectus to indicate financial information that was taken from the Unaudited Condensed Consolidated Interim Financial Statements, or from our accounting records or internal management reporting systems or has been calculated based on figures from the above-mentioned sources.

Selected information taken or derived from the consolidated income statement

	Q1		Fiscal	
	2022	**2023**	**2021**	**2022**
	(unaudited)		*(audited, except otherwise noted)*	
	(€ million)			
Revenue	**2,369.2**	**3,750.5**	**4,731.6**	**16,544.9**
Cost of sales	2,472.4	3,661.4	5,955.4	15,613.3
Period-on-period revenue growth (%)	—	58.3	(40.4)[1]	249.7
Gross loss / profit	**(103.2)**	**89.2**	**(1,223.8)**	**931.7**
Administrative expenses	201.7	242.6	840.5	746.3
Further income[1, 2]	44.7	20.0	40.2	187.2
Further expenses[1, 3]	144.4	139.1	437.6	518.5
Earnings before income taxes	(404.5)	(272.6)	(2,461.7)	(145.9)
Income taxes (expense (+), income (-))	(17.9)	(40.8)	19.2	66.7
Group loss	**(386.5)**	**(231.8)**	**(2,480.9)**	**(212.6)**
Of which:				
attributable to shareholders of TUI AG	(384.3)	(256.1)	(2,467.2)	(277.3)
Group profit/loss attributable to non-controlling interest	(2.3)	24.3	(13.8)	64.6
Basic and diluted loss/earnings per share	(0.27)	(0.14)	(2.58)	(0.17)

(1) Unaudited.
(2) Consists of other income, financial income, share of result of investments accounted for using the equity method and impairment (+) / reversals of impairment (-) of net investments in joint ventures and associates.
(3) Consists of other expenses, impairment (+) / reversals of impairment (-) of financial assets and financial expenses.

Selected information from the consolidated statement of financial position

	31 December	30 September	
	2022	**2021**	**2022**
	(unaudited)	*(audited)*	
	(€ million)		
Non-current assets	11,091.9	11,222.3	11,351.7
Current assets	3,481.8	2,933.3	3,903.8
Total assets	**14,573.7**	**14,155.7**	**15,255.5**
Equity before non-controlling interest	(689.2)	(1,085.8)	(141.6)
Equity	101.6	(418.4)	645.7
Non-current provisions and liabilities	7,677.7	7,710.5	5,867.0
Current provisions and liabilities	6,794.4	6,863.6	8,742.7
Total equity, provisions and liabilities	**14,573.7**	**14,155.7**	**15,255.5**

Selected information from the consolidated cash flow statement

	Q1		Fiscal	
	2022	**2023**	**2021**	**2022**
	(unaudited)		*(audited)*	
	(€ million)			
Cash inflow (outflow) from operating activities	(964.6)	(1,670.9)	(151.3)	2,077.8
Cash inflow (outflow) from investing activities	(53.2)	(147.6)	704.7	(308.2)
Cash inflow (outflow) from financing activities	1,077.2	1,634.7	(233.5)	(1,630.9)

B.3. What are the key risks that are specific to the issuer?

The risk factors set forth in this Section B.3., together with those set forth below under Section C.3., describe the 15 risks that are key risks specific to the Company as of the date of this prospectus, taking into account the negative impact they could have on us and the probability of their occurrence.

Risks related to our business and industry:

- Various macroeconomic factors, in particular the current economic recession and inflation in the European Union and the UK, may adversely affect our business by diminishing customer ability or willingness to spend money on our holidays and negatively impact our results of operations.
- The Russia-Ukraine Conflict and the sanctions imposed by numerous countries and multinational entities in response, as well as countermeasures by Russia, have had, and may continue to have, adverse impacts on the global economy, the global capital markets, supply chains, energy prices and supplies, any of which could negatively impact the Group's operations.
- The COVID-19 pandemic and its effects, as well as mutations of COVID-19 have had material adverse consequences for our revenue and profitability, cash flow and liquidity, plans and goals, and share price in recent periods and remains a risk to our business and industry over at least the short-term.

- Our business will suffer if we cannot adapt to changes in customer behaviour and preferences.
- Political instability, natural catastrophes, accidents and other events outside our control may reduce customer demand and otherwise unfavourably affect our business.
- Significant competition in the European tourism industry could lead to reduced prices or to a loss of customers.
- Excess capacity in our aircraft, hotels and cruise ships or in the overall industry can affect us adversely.
- The Group's vertically-integrated business model means it is disproportionately impacted by a decline in revenues.
- European and national restrictions on airline ownership could result in the loss of the Group's airline operating and route licenses, force us to divest our airline businesses or result in other adverse effects.
- We could experience significant disruption to our operations and are exposed to increases in charges, fees or other costs as a result of our dependence on third-party service and facility providers.

Risks related to our financial profile:

- Our substantial leverage and debt service obligations could materially adversely affect our business, financial condition or results of operations.

C. Key information on the securities

C.1. What are the main features of the securities?

Type, Class, Par Value and ISIN. The New Shares are ordinary registered shares, each with a notional value (the proportionate amount of the share capital attributable to each share) of €1.00. The ISIN of the New Shares is DE000TUAG505.

Currency of Issue and Number of Shares. Our shares are denominated in euro. At the date of this prospectus, we have 178,520,585 shares outstanding. All shares are fully paid in. After the Offering we will have 507,431,033 shares outstanding.

Voting Rights. Each New Share carries one vote at the Company's general shareholders' meeting. There are no restrictions on voting rights.

Dividend Rights. The New Shares carry full dividend rights from 1 October 2022 and for all subsequent financial years. Shareholders participate in any dividend paid in proportion to their notional share in the share capital.

Rights upon Liquidation. The New Shares participate in any liquidation proceeds in proportion to their notional share in the share capital of the Company.

Seniority. The New Shares rank equally with all other shares of their class in the event of insolvency. They rank junior to all our liabilities.

Transferability. The New Shares are freely transferable.

Dividends and Dividend Policy. The terms of the syndicated facilities agreement (the "**Syndicated Facilities Agreement**") of our €2.1 billion revolving credit facility made available by KfW as state lender (the "**KfW Facility**") effectively prohibits us from paying dividends as long as amounts under the KfW Facility remain outstanding. Even if we return to profitability, the Company will be unable to pay dividends for the fiscal year ending 30 September 2023 while the KfW Facility remains outstanding.

C.2. Where will the securities be traded?

Applications will be made for the New Shares to be admitted to trading on the regulated market segment of the HSE and to be included into trading in the Open Market segment of the FSE. Applications will also be made to the FCA for the New Shares to be admitted to the premium listing segment of the Official List of the FCA and to trading on the Main Market for listed securities of the London Stock Exchange (the "**UK Admission**").

The existing shares of the Company are, and the New Shares are expected to be, listed and admitted to trading:

- under the symbol "TUI" in the form of depositary interests, or DIs ("**DIs**"), through the CREST system, on the premium listing segment of the Official List of the FCA on the Main Market of the London Stock Exchange; and
- under the symbol "TUI" on the regulated market segment (*regulierter Markt*) of the HSE.

The existing shares of the Company are, and the New Shares are expected to be, included into trading under the symbol "TUI1" in the Open Market segment of the FSE with trading over its Xetra electronic trading platform ("**Xetra**").

C.3. What are the key risks attached to the securities?

- The holdings of shareholders who do not participate in the Offering will be significantly diluted, i.e., the value of their shares and their control rights will be negatively impacted.
- The terms of the KfW Facility effectively prohibit us from distributing dividends. Even if we return to profitability, the Company will be unable to pay dividends while the KfW Facility remains outstanding.

- If the Offering is not consummated or if TUI's share price declines sharply, the Subscription Rights (as defined below) will expire or become worthless.

D. Key information on the offer of securities to the public and admission to trading on a regulated market

D.1. Under which conditions and timetable can I invest in this security?

The Offering. 328,910,448 Offer Shares (which do not include any new shares that would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity (as defined and further described below)) will be offered in a public offering in Germany and the UK.

On 24 March 2023, the Company's Executive Board, with approval of the supervisory board of the Company (*Aufsichtsrat*) (the "**Supervisory Board**") of the same date, resolved to increase the Company's registered share capital from €178,520,585.00 by up to €476,054,893.00 to up to €654,575,478.00, by issuing up to 476,054,893 new shares (which includes 147,144,445 new shares that would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity (as defined below) which will not be issued (as further described below)), consisting of (i) up to 140,358,663 new shares originating from a capital increase against cash contributions from the Company's authorised capital 2022/I, the proceeds of which shall be used primarily for the full repayment of the €420.0 million silent participation with rights of conversion into shares of the Company (the "**Convertible Silent Participation**") made available by the German Economic Stabilisation Fund (*Wirtschaftsstabilisierungsfonds*, "**WSF**") and the bonds with warrants issued on 1 October 2020 to the WSF, consisting of a warrant-linked bond convertible into shares of the Company in an outstanding amount of €58.7 million and 58,674,899 warrants (together, the "**2020 Bonds with Warrants**") (the "**Capital Increase I**") and (ii) up to 335,696,230 new shares originating from a concurrent capital increase against cash contributions from the Company's authorised capital 2022/II, the proceeds of which shall, be used to repay in full current drawings under the KfW Facility and to partly repay current drawings under the €1.454 billion revolving credit facility for cash drawings made available by 20 commercial banks (the "**Cash Facility**"). In addition, the Company intends to significantly reduce the €2.1 billion credit line under the KfW Facility (as further described in Section "*D.3 Why is this prospectus being produced?*" below) (the "**Capital Increase II**" and together with the Capital Increase I, the "**Capital Increases**"), each such share representing a notional value of €1.00 and carrying full dividend rights as from 1 October 2022.

In connection with the Capital Increases, the existing shareholders of the Company (other than Unifirm and Severgroup or their ultimate beneficial owner Alexey Mordashov or Marina Mordashova or natural or legal persons, entities or bodies associated with them listed in Annex I (the "**EU Sanctions List**") of Council Regulation (EU) No 269/2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine (the "**EU Sanctions Regulation**") or natural or legal persons, entities or bodies directly or indirectly controlled by any of them (together the "**Major Shareholder Sanctioned Persons or Entities**")) will be granted indirect subscription rights (together the "**Subscription Rights**"). As of the date of this prospectus, no subscription rights will be granted to Unifirm or Severgroup or any other Major Shareholder Sanctioned Person or Entity as the shares held by Unifirm and Severgroup are subject to a loss of rights pursuant to section 44 (1) WpHG due to incorrect voting rights notifications, and the asset freeze pursuant to the applicable EU Sanctions and UK Sanctions (each as defined below). With respect to the 147,144,445 new shares from the Capital Increases that would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity, the Capital Increases will therefore not be implemented (i.e. these shares will not be issued) since no subscription rights are granted to the Major Shareholder Sanctioned Persons or Entities and subscription rights can therefore not be exercised by the Major Shareholder Sanctioned Persons or Entities.

By way of the Capital Increases, the Company's registered share capital thus will be increased by €328,910,448.00 to €507,431,033.00 by issuing 328,910,448 new ordinary registered shares with no-par value (*auf den Namen lautende Stückaktien*) with a proportionate amount of €1.00 of the share capital and carrying full dividend rights from 1 October 2022.

The Offer Shares will be offered:

- In a subscription offer (*Bezugsangebot*) to existing shareholders (other than Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity) and holders of subscription rights to New Shares by way of (i) a public offering in Germany and the UK, (ii) private placements in the United States to qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and (iii) private placements to eligible investors outside the United States in reliance on Regulation S under the Securities Act (the "**Subscription Offer**"); and
- Offer Shares not subscribed for in the Subscription Offer (for the avoidance of doubt not including any new shares that would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity) (the "**Rump Shares**") in private placements to eligible or qualified investors in certain other jurisdictions (the "**Rump Placement**", and, together with the Subscription Offer, the "**Offering**").

The Offer Shares will be offered in the Subscription Offer to the Company's existing shareholders, other than Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity, for subscription at a ratio of 8:3 (i.e., offer for the subscription of 8 New Shares per 3 existing shares).

As a result of the amendment of the EU Sanctions Regulation by Council Implementing Regulation (EU) 2022/336 of 28 February 2022 (Annex 1. Persons, no. 695), published in the evening of 28 February 2022, Alexey Mordashov, who indirectly through Severgroup and Unifirm currently holds 30.91% in the Company's share capital, was included in the EU Sanctions List. As a result of such inclusion in the EU Sanctions List, Alexey Mordashov and all funds and economic resources belonging to, owned, held or controlled by Alexey Mordashov or any natural or legal persons, entities or bodies associated with Alexey Mordashov listed in the EU Sanctions List became subject to an asset freeze and a prohibition on making any funds or economic resources available, directly or indirectly, to or for the benefit of Alexey Mordashov or legal persons owned or controlled by him pursuant to Art. 2 of the EU Sanctions Regulation (the "**EU Sanctions**").

On 15 March 2022, Alexey Mordashov was designated as a UK asset freeze target pursuant to the Sanctions and Anti-Money Laundering Act 2018 and the Russia (Sanctions) (EU Exit) Regulations 2019. As a result, any person within the territory of the UK, any UK national or any UK incorporated entity or body with regard to its activities anywhere in the world ("**UK Person**") is prohibited from: (i) dealing with funds or economic resources owned, held or controlled by Alexey Mordashov if that UK Person knows, or has reasonable cause to suspect, that they are dealing with such funds or economic resources; (ii) directly or indirectly, making funds or economic resources available to Alexey Mordashov if they know, or have reasonable cause to suspect, that they are making the funds so available; and (iii) directly or indirectly, making funds or economic resources available for the benefit of Alexey Mordashov if they know, or have reasonable cause to suspect, that they are making the funds so available (the "**UK Sanctions**").

On 2 March 2022 and 3 March 2022, the Company received notifications on managerial transactions from Unifirm and Severgroup regarding the transfer of 4.13% (equalling 3.75% after the capital increase carried out by the Company in May 2022) of the Company's share capital by Unifirm to Severgroup on 28 February 2022 (the "**Severgroup Transaction**"). On 4 March 2022, the Company received voting rights notifications from Alexey Mordashov and from Ondero, respectively, regarding the Severgroup Transaction and a purported transfer of all shares in Unifirm held by the Alexey Mordashov-controlled intermediate holding companies KN-Holding and Rayglow to Ondero on 28 February 2022, purportedly having resulted in the acquisition by Ondero of the majority of shares in, and thereby control over, Unifirm and, as a consequence, in the attribution via Unifirm of 29.87% (or 27.16% after the capital increase carried out by the Company in May 2022) of the voting rights in the Company to Ondero (the "**Ondero Transaction**"). On 16 March 2022, the Company received a further voting rights notification from Marina Mordashova, expressing to amend and replace Ondero's voting rights notification of 4 March 2022, stating that the voting rights in the Company held by Unifirm are attributed, via Ondero and Ranel Assets Limited, ultimately to Marina Mordashova. As a result of the further amendment of the EU Sanctions Regulation by Council Implementing Regulation (EU) 2022/878 of 3 June 2022 (Annex 1. Persons, no. 1156), Marina Mordashova was included in the EU Sanctions List, whereby Marina Mordashova and all funds and economic resources belonging to, owned, held or controlled by her or any natural or legal persons, entities or bodies associated with her listed in the EU Sanctions List became subject to the EU Sanctions. Marina Mordashova is not a direct target of a UK asset freeze but may be considered to be indirectly targeted as a result of her relationship with Alexey Mordashov.

The purported transfer of shares in Unifirm under the Ondero Transaction is provisionally ineffective (*schwebend unwirksam*), because the Ondero Transaction is subject to a notification obligation pursuant to section 55a (1) no. 18 alt. 1 of the Foreign Trade Ordinance (*Außenwirtschaftsverordnung*; "**AWV**") and would have required approval pursuant to section 58a AWV in order to become effective (section 15 (3) AWG). Such approval has not been obtained. The Federal Ministry of Economics and Climate Protection (*Bundesministerium für Wirtschaft und Klimaschutz*, "**BMWK**") initiated an investment review procedure (*Investitionsprüfverfahren*) in accordance with the AWG. The Company was informed by the BMWK that the purported transfer of shares in Unifirm under the Ondero Transaction is therefore assumed to be provisionally ineffective (*schwebend unwirksam*) due to a violation of section 15 (3) AWG. As a result, the voting rights notifications received by the Company relating to the purported transfer of shares in Unifirm under the Ondero Transaction were incorrect. Likewise, the voting rights notifications received by the Company relating to the Severgroup Transaction were incorrect as they should have included the indirect shareholding of Alexey Mordashov in TUI through Unifirm due to the Ondero Transaction being provisionally ineffective (*schwebend unwirksam*). Due to the incorrect voting rights notifications pursuant to section 33 (1) WpHG, the rights from the shares held by Unifirm and Severgroup in the Company, including any voting rights and subscription rights, are currently subject to a loss of rights (section 44 (1) sentence 1 WpHG). In addition, any granting of subscription rights to Unifirm or Severgroup or any other Major Shareholder Sanctioned Person or Entity is prohibited under the applicable EU Sanctions and UK Sanctions. Therefore, Unifirm and Severgroup will not receive any Subscription Rights to New Shares in order to comply with applicable EU Sanctions and UK Sanctions.

Existing shareholders, other than Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity, can exercise their Subscription Rights to the 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 depositary bank. The subscription price per New Share to be paid by existing shareholders is €5.55 (the "**Subscription Price**"). Barclays, BofA Securities, Citigroup, COMMERZBANK, Deutsche Bank and UniCredit Bank AG (together, the "**Lead Joint Global Coordinators**"), HSBC and Société Générale (together the "**Co-Joint Global Coordinators**") will act as joint global coordinators, joint bookrunners and underwriters and Crédit Agricole CIB, ING and Natixis (together the "**Joint Bookrunners**" and, together with the Lead Joint Global Coordinators and the Co-Joint Global

Coordinators, the “**Underwriters**”) will act as joint bookrunners and underwriters for the Offering, in each case pursuant to an underwriting agreement between the Company, the Lead Joint Global Coordinators, the Co-Joint Global Coordinators and the Joint Bookrunners entered into on 24 March 2023 (the “**Underwriting Agreement**”). Merrill Lynch International, 2 King Edward Street, London EC1A 1HQ, and Barclays Bank PLC, 1 Churchill Place, London E14 5HP, in each case pursuant to a sponsor agreement between the Company and them entered into on 24 March 2023, are acting as joint sponsors (the “**Sponsors**”) under the UK Listing Rules with respect to the approval of the prospectus by the FCA and applications for the UK Admission (as defined below). Deutsche Bank (in this capacity, the “**Subscription Agent**”) will act as subscription agent (*Bezugsstelle*) for the Subscription Offer and as the Listing Agent for the admission of the New Shares to the HSE. The Subscription Price must be paid on 17 April 2023 at the latest.

The Underwriters have agreed pursuant to the terms of the Underwriting Agreement to underwrite any Offer Shares, including any Rump Shares (for the avoidance of doubt not including any new shares that would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity) that will not be sold in the Rump Placement (the “**Unplaced Rump Shares**”) at the Subscription Price. The underwriting is subject to terms and conditions in line with market practice. The Underwriters may offer or sell such Unplaced Rump Shares, which they are required to subscribe for as underwriters, outside the Offering (including by way of a coordinated sell-down). The Lead Joint Global Coordinators (on behalf of themselves and the other Underwriters) may also arrange sub-underwriting for some, all or none of the Unplaced Rump Shares.

The Subscription Rights are fully transferable, but it should be noted that it is not possible to migrate a Subscription Right between the UK and Germany. The definitive number of Rump Shares available for sale will be determined after the Subscription Period expires.

Timetable. The following is a summary timetable showing key expected dates for the Offering:

24 March 2023	Approval of this prospectus by BaFin and approval of the UK prospectus by the FCA
24 March 2023	Publication of this prospectus and the UK prospectus
27 March 2023	International transfers of shares in the Company between the CREST system in the UK and the Clearstream system in Germany paused from close of business
27 March 2023	Subscription Offer published
28 March 2023	Subscription Period begins; Subscription Rights trading on HSE and FSE begins, existing shares of the Company will be quoted “ex subscription rights” on the HSE, the FSE and the London Stock Exchange
29 March 2023	Record date for Subscription Rights entitlements
30 March 2023	International transfers of shares in the Company between the CREST system in the UK and the Clearstream system in Germany resume from open of business
	DI Pre-Emptive Rights (pre-emptive subscription rights to acquire additional DIs, the “**DI Pre-Emptive Rights**”) Subscription Period begins; DI Pre-Emptive Rights begin trading on a multilateral trading facility of the London Stock Exchange
12 April 2023	Subscription Rights and DI Pre-Emptive Rights cease trading
17 April 2023	Subscription Period and DI Pre-Emptive Rights Subscription Period end
18 April 2023	Rump Placement, if any
24 April 2023	Commencement of trading in the New Shares
	Settlement of New Shares with shareholders and investors

Dilution. To the extent that the existing shareholders do not exercise any of their Subscription Rights, based on 178,520,585 outstanding shares immediately prior to the Subscription Offer, and assuming that 328,910,448 New Shares will be issued, each shareholder’s percentage ownership in the Company’s share capital and voting rights will be diluted by approximately 64.82%. In particular, Unifirm’s and Severgroup’s voting power will be significantly diluted to 9.55% and 1.32%, respectively, following the Offering as no Subscription Rights may be exercised by Unifirm and Severgroup in the Subscription Offer. To the extent that the existing shareholders (excluding Unifirm and Severgroup), who together currently hold approximately 69.09% of the Company’s share capital and voting rights based on 178,520,585 outstanding shares immediately prior to the Subscription Offer, exercise their Subscription Rights in full, the existing shareholders’ (excluding Unifirm and Severgroup) aggregate percentage ownership in the Company’s share capital and voting rights following the Offering will increase to 89.13% (as no Subscription Rights may be exercised by Unifirm and Severgroup in the Subscription Offer as aforedescribed). This corresponds to an increase by 29.00% for each existing shareholder (excluding Unifirm and Severgroup) following the Offering.

Based on a book value of shareholders’ equity of the Company, as of 31 December 2022, which was €101.6 million, and therefore €0.06 per share, calculated on the basis of 1,785,205,853 shares outstanding as of 31 December 2022 and considering the Capital Decreases to 178,520,585 shares, would have amounted to €0.57 per share as of 31 December 2022, this corresponds to an increase in the book value of the shareholders’ equity of the Company by €3.10 or 544.17% per share for existing shareholders. Investors who acquire New Shares in the Offering will experience an immediate dilution in value of approximately €1.88 per share (corresponding to 33.94%).

Expenses. We expect to incur expenses of approximately €66.76 million in connection with the Offering. Investors will not be charged any expenses.

Admission to Trading. The Company, together with the Listing Agent, will apply for the admission to trading of the New Shares on the regulated market segment (*regulierter Markt*) of the HSE and the inclusion into trading in the Open Market segment of the FSE. The applications for admission to trading of the New Shares on the HSE and inclusion of the New Shares in the Open Market segment of the FSE will be filed on or about 18 April 2023. On or about 17 April 2023, applications will also be made to the FCA for the New Shares to be admitted 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 (together, the "**UK Admission**"). The admissions to trading of the New Shares on the HSE and the inclusion into trading in the Open Market segment of the FSE are expected to become effective on or about 20 April 2023. The admission to trading of the New Shares on the London Stock Exchange is expected to become effective on or about 24 April 2023.

D.2. Who is the offeror and the person asking for admission to trading?

Offerors. Barclays Bank Ireland PLC, a public limited company with its registered seat in One Molesworth Street, Dublin 2, D02 RF29, Ireland, incorporated in and operating under the laws of Ireland; BofA Securities Europe SA, a stock corporation with its registered seat in 51 rue La Boétie, 75008 Paris, France, incorporated in and operating under the laws of France; Citigroup Global Markets Europe AG, a stock corporation with its registered seat in Reuterweg 16, 60323 Frankfurt am Main, Germany incorporated in and operating under the laws of Germany; COMMERZBANK Aktiengesellschaft, a stock corporation with its registered seat in Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany, incorporated in and operating under the laws of Germany; Deutsche Bank Aktiengesellschaft, a stock corporation with its registered seat in Taunusanlage 12, 60325 Frankfurt am Main, Germany, incorporated in and operating under the laws of Germany; UniCredit Bank AG, a stock corporation with its registered seat in Arabellastraße 12, 81925 Munich, Germany incorporated in and operating under the laws of Germany; HSBC Trinkaus & Burkhardt GmbH a limited liability company with its registered seat in Hansaallee 3, 40549 Dusseldorf, Germany incorporated in and operating under the laws of Germany; Société Générale, a stock corporation with its registered seat in 29 boulevard Haussmann, 75009 Paris, France, incorporated in and operating under the laws of France; Crédit Agricole Corporate and Investment Bank, a stock corporation with its registered seat in 12, Place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, France, incorporated in and operating under the laws of France; ING Bank N.V., a stock corporation with its registered seat in Bijlmerdreef 24, 1102 CT Amsterdam, The Netherlands, incorporated in and operating under the laws of The Netherlands; Natixis, a stock corporation with its registered seat in 7 promenade Germaine Sablon, 75103 Paris, France, incorporated in and operating under the laws of France and TUI AG, a stock corporation with its registered seat in Berlin and Hanover, Germany, incorporated in and operating under the laws of Germany.

Person asking for Admission to Trading. The Company, together with the Listing Agent, will apply for the admission to trading on the HSE and the inclusion into trading on the Open Market of the FSE.

D.3. Why is this prospectus being produced?

Reasons for the Offering and the Admission to Trading. The principal purpose of the Offering is to repay indebtedness and to improve our capital position.

Proceeds. Assuming the sale of all Offer Shares at the Subscription Price, we would generate gross proceeds of around €1,825.45 million. After deduction of Offering-related expenses, we would receive estimated net proceeds of around €1,758.69 million.

Use of Proceeds. The Company intends to use the net proceeds of the Offering of approx. €1,758.69 million to reduce interest costs and debt by (i) first, repaying from the net proceeds of the Capital Increase I of approx. €750.5 million in full the €420.0 million Convertible Silent Participation made available by the WSF and repurchasing in full the outstanding €58.7 million 2020 Bonds with Warrants, including all 58,674,899 warrants, issued to the WSF at a repayment and repurchase price corresponding to their total market value of around €730.1 million, plus accrued interest of approx. €20.4 million, and (ii) second, using the net proceeds of the Capital Increase II of approx. €1,008.19 million to repay in full current drawings under the KfW Facility, which as of 23 March 2023, the latest practicable date prior to the date of this prospectus, amounted to around €440.0 million. The Company intends to use the remaining net proceeds of the Capital Increase II of approx. €568.19 million to partly repay current drawings under the Cash Facility, with drawings amounting to around €1,437.80 million as of 23 March 2023, the latest practicable date prior to the date of this prospectus, which consequently would reduce such drawings to approx. €869.61 million. In addition, the Company intends to significantly reduce the €2.1 billion credit line under the KfW Facility to approx. €1.1 billion, in compliance with its obligation under the Syndicated Facilities Agreement to apply an amount equal to at least 50% of the net proceeds received from the Capital Increases for the cancellation of KfW Facility commitments. By creating additional liquidity headroom, the net proceeds from the Capital Increases will enable the Company to fulfil such obligation towards KfW and to operate without the so reduced KfW Facility commitments in the future.

Underwriting. Pursuant to the Underwriting Agreement and the Sponsors' Agreement, the Underwriters have agreed to:

- offer the Offer Shares to the existing shareholders (other than Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity) in the Subscription Offer and thereafter to offer any Rump Shares in the Rump Placement;
- underwrite any Offer Shares, including the Unplaced Rump Shares, and to subscribe for these shares (which do not include any new shares that would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity) at the end of the Subscription Period; and
- the Company is obliged to pay the Underwriters a base fee of 2.375% of the gross proceeds of the Offering, which will be split between the Underwriters according to the respective underwriting quota set out in the Underwriting Agreement, and a discretionary fee of up to 0.125% of the gross proceeds of the Offering. In addition, pursuant to the Underwriting Agreement, the Company is obliged to pay a process fee to certain of the Underwriters. Furthermore, pursuant to a sponsors' agreement each of the Sponsors have agreed to act as sponsors under the UK Listing Rules with respect to the approval of the prospectus and applications for UK admission and the Company is obliged to pay each of the two Sponsors a fee of €1.0 million. The maximum commissions to be paid by the Company to the Underwriters amount to approximately €56.76 million.

Lock-up Undertakings. In the Underwriting Agreement, the Company has further agreed that, for a period of 180 days after the settlement of the Capital Increases, it will not, without the prior written consent of the Lead Joint Global Coordinators on behalf of the Underwriters:

- except as agreed between the Company and the WSF, KfW or any other state entity in connection with further state aid measures, carry out any capital increase, issue any convertible bonds, exchangeable bonds or other securities which are convertible, exchangeable, exercisable into, or otherwise give the right to subscribe for or acquire its ordinary shares, whether directly or indirectly; or
- enter into any swap or other agreement, arrangement or transaction that transfers, confers or allots, in whole or in part, directly or indirectly, any of the economic consequences of the ownership of its shares (whether any such swap, agreement, arrangement or transaction is to be settled by delivery of ordinary shares, cash or otherwise).

Most Material Conflicts of Interest Pertaining to the Offering: None.

German Translation of the Summary – Zusammenfassung

A. Einleitung mit Warnhinweisen

A.1. Dieser Prospekt, dessen wesentlicher Bestandteil diese Zusammenfassung ist, bezieht sich auf ein öffentliches Angebot in Deutschland und die Zulassung zum Handel an einem regulierten Markt in Deutschland von 328.910.448 neu auszugebender Aktien der TUI AG (die „**Gesellschaft**"). Die Rechtsträgerkennung („**LEI**") der Gesellschaft lautet 529900SL2WSPV293B552. Die internationale Wertpapier-Identifikationsnummer („**ISIN**") der neuen Aktien lautet DE000TUAG505.

A.2. Die Begriffe „**TUI**", „**Gruppe**" „**wir**", „**uns**" und „**unser**" beziehen sich innerhalb dieser Zusammenfassung auf die Gesellschaft zusammen mit ihren Tochtergesellschaften.

A.3. Die Geschäftsadresse der Gesellschaft lautet: Karl-Wiechert-Allee 4, 30625 Hannover, Deutschland. Unsere Telefonnummer lautet +49 (511) 566-00. Unsere Website ist www.tuigroup.com. Informationen auf unserer Website sind nicht Bestandteil dieses Prospekts.

A.4. Die Gesellschaft beabsichtigt, 328.910.448 neue, auf den Namen lautende Stückaktien (jeweils eine „**Neue Aktie**" und zusammen die „**Neuen Aktien**") auszugeben (die keine neuen Aktien enthalten, die auf unsere Aktionärinnen Unifirm Limited, die ihren Sitz, nach Kenntnis der Gesellschaft, in Limassol, Zypern („**Unifirm**") hat, oder Severgroup LLC, die ihren Sitz, nach Kenntnis der Gesellschaft, in Moskau, Russland („**Severgroup**") hat, oder eine andere Sanktionierte Person oder Gesellschaft des Hauptaktionärs (wie unten definiert) entfallen würden; für weitere Informationen, siehe „*D.1. Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?*") werden von der Barclays Bank Ireland PLC, One Molesworth Street, Dublin 2, D02 RF29, Irland, LEI: 2G5BKIC2CB69PRJH1W31, Telefonnummer +353 (0)1 6182600 („**Barclays**"); von BofA Securities Europe SA, 51 rue La Boétie, 75008 Paris, Frankreich, LEI: 549300FH0WJAPEHTIQ77, Telefonnummer +33 (0) 1 8770 0000 („**BofA Securities**"); von der Citigroup Global Markets Europe AG, Reuterweg 16, 60323 Frankfurt am Main, Deutschland, LEI: 6TJCK1B7E7UTXP528Y04, Telefonnummer +49 (0)69 13660 („**Citigroup**"), von der COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Deutschland LEI: 851WYGNLUQLFZBSYGB56, Telefon +49 (0)69 1 36 20 („**COMMERZBANK**"); von der Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Deutschland, LEI: 7LTWFZYICNSX8D621K86, Telefonnummer: +49 (0)69 91000 („**Deutsche Bank**"), von der UniCredit Bank AG, Arabellastraße 12, 81925 München, Deutschland, LEI: 2ZCNRR8UK83OBTEK2170, Telefonnummer +49 (0)89 378-0 („**UniCredit Bank AG**"); von HSBC Trinkaus & Burkhardt GmbH, Hansaallee 3, 40549 Düsseldorf, Deutschland, LEI: JUNT405OW8OY5GN4DX16, Telefonnummer +49 (0)211 910-0 („**HSBC**"); von der Société Générale, 29 boulevard Haussmann, 75009 Paris, Frankreich, LEI: O2RNE8IBXP4R0TD8PU41, Telefonnummer +33 153 435700 („**Société Générale**"); der Crédit Agricole Corporate and Investment Bank, 12, Place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, Frankreich, LEI: 1VUV7VQFKUOQSJ21A208, Telefonnummer +33 1 4189 0000 („**Crédit Agricole CIB**"); von ING Bank N.V., Bijlmerdreef 24, 1102 CT Amsterdam, Niederlande, LEI: 3TK20IVIUJ8J3ZU0QE75, Telefonnummer +31 20 576 4190 („**ING**"); von Natixis, 7 promenade Germaine Sablon, 75103 Paris, Frankreich, LEI: KX1WK48MPD4Y2NCUIZ63, Telefonnummer +33 1 58 19 43 00 („**Natixis**") sowie von der Gesellschaft im Rahmen eines Bezugsangebots (das „**Bezugsangebot**") an die bestehenden Aktionäre der Gesellschaft (mit Ausnahme von Unifirm und Severgroup oder andere Sanktionierte Personen oder Gesellschaften des Hauptaktionärs (wie unten definiert)) angeboten. Deutsche Bank wird als Listing Agent (in dieser Funktion, der „**Listing Agent**") agieren und, zusammen mit der Gesellschaft, die Zulassung der Neuen Aktien zum Handel im regulierten Markt der Niedersächsischen Börse zu Hannover (die „**HSE**") und der Einbeziehung im Freiverkehr der Frankfurter Wertpapierbörse (die „**FSE**") beantragen.

A.5. Die Bundesanstalt für Finanzdienstleistungsaufsicht („**BaFin**"), Marie-Curie-Str. 24-28, 60439 Frankfurt am Main, Deutschland, Telefonnummer +49 (228) 4108-0, hat diesen Prospekt am 24. März 2023 als zuständige Behörde gem. der Verordnung (EU) 2017/1129 des Europäischen Parlaments und des Rates vom 14. Juni 2017 in seiner geänderten Fassung (die „**Prospektverordnung**") gebilligt. Für die Zwecke der UK Zulassung (wie nachstehend definiert) wird voraussichtlich am selben Tag ein separater Prospekt von der britischen Finanzaufsichtsbehörde („**FCA**") gebilligt werden, da der Prospekt nach dem Austritt des Vereinigten Königreichs („**UK**") aus der Europäischen Union („**EU**") unter der Prospektverordnung nicht mehr an die FCA notifiziert werden kann.

A.6. Diese Zusammenfassung sollten Sie als Einleitung zu diesem Prospekt verstehen. Jede Entscheidung, in die Neuen Aktien zu investieren, sollte unter Berücksichtigung des gesamten Prospekts erfolgen. Eine Investition in die Neuen Aktien birgt Risiken. Sie könnten das gesamte investierte Kapital oder einen Teil davon verlieren.

A.7. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger nach nationalem Recht die Kosten für die Übersetzung dieses Prospekts vor Prozessbeginn zu tragen haben.

A.8. Nur diejenigen Personen haften zivilrechtlich, die für diese Zusammenfassung samt etwaigen Übersetzungen die Verantwortung übernommen haben. Dies gilt jedoch nur für den Fall, dass diese Zusammenfassung, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, irreführend, unrichtig oder widersprüchlich ist oder dass sie, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, nicht die Basisinformationen vermittelt, die in Bezug auf Investitionen in Neue Aktien für die Investoren eine Entscheidungshilfe darstellen würden.

B. Basisinformationen über den Emittenten

B.1. Wer ist der Emittent der Wertpapiere?

Geschäftssitz und Rechtsform. Die Gesellschaft ist eine Aktiengesellschaft nach deutschem Recht. Sie hat ihren Sitz in Hannover und Berlin, Deutschland. Die Gesellschaft ist im Handelsregister des Amtsgerichts Hannover, Deutschland, unter der Nummer HRB 6580 eingetragen. Zudem ist sie unter der Nummer HRB 321 in dem Handelsregister des Amtsgerichts Berlin-Charlottenburg, Deutschland, eingetragen (zusammen das „**Handelsregister**"). Die LEI der Gesellschaft lautet 529900SL2WSPV293B552.

Haupttätigkeiten. Wir sind ein Tourismus-Konzern, der Reiseveranstalter, Reisebüros sowie Online-Portale, Fluggesellschaften, Hotels und Kreuzfahrtschiffe beinhaltet.

Hauptanteilseigner: Die folgende Tabelle zeigt unsere Aktionäre, die zum Zeitpunkt dieses Prospekts einen nach deutschem Recht meldepflichtigen Anteil am Kapital oder Stimmrechte an der Gesellschaft halten.

	Vor dem Angebot		Nach dem Angebot	
Aktionär	**Aktien(1)**	**%**	**Aktien(2)**	**%(2)**
Unifirm Limited(3)	48.479.167	27,16	48.479.167	9,55
Severgroup LLC(4)	6.700.000	3,75	6.700.000	1,32

(1) Zeigt die Anzahl der Aktien nach den von der Hauptversammlung der Gesellschaft am 14. Februar 2023 beschlossenen Kapitalherabsetzungen (die „**Kapitalherabsetzungen**").

(2) Unterstellt, dass jeder der oben aufgeführten Hauptaktionäre (mit Ausnahme von Unifirm und Severgroup) alle seine Bezugsrechte (wie nachfolgend definiert) ausübt.

(3) Unifirm befindet sich nach Kenntnis der Gesellschaft zu 33,99% im Besitz der KN-Holding Limited Liability Company, die ihren Sitz, nach Kenntnis der Gesellschaft, in Vologda Region, Russland („**KN-Holding**"), hat, deren eigentlicher Eigentümer Alexey Mordashov ist, der eine 100%ige Beteiligung an KN-Holding hält. Die restlichen 66,01% befinden sich nach Kenntnis der Gesellschaft indirekt im Besitz von Alexey Mordashov über die Severgroup und Rayglow Limited, die ihren Sitz, nach Kenntnis der Gesellschaft, in Limassol, Zypern („**Rayglow**"), hat. Die Gesellschaft geht davon aus, dass die von Alexey Mordashov und Ondero Limited, die ihren Sitz, nach Kenntnis der Gesellschaft, in Tortola, Britische Jungferninseln („**Ondero**"), hat, am 4. März 2022 erhaltenen Stimmrechtsmitteilungen in Bezug auf die Ondero-Transaktion (wie nachfolgend definiert) sowie die am 16. März 2022 von Marina Mordashova erhaltene Stimmrechtsmitteilung unrichtig sind, da die Ondero Transaktion (wie nachfolgend definiert) aufgrund §15 Abs. 3 des Außenwirtschaftsgesetzes („**AWG**") schwebend unwirksam ist (für nähere Informationen, siehe „*D.1. Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?*").

(4) Am 4. März 2022 erhielt die Gesellschaft eine Stimmrechtsmitteilung von Alexey Mordashov bezüglich der Übertragung von 4,13% (entspricht 3,75% nach der im Mai 2022 von der Gesellschaft durchgeführten Kapitalerhöhung) des Grundkapitals der Gesellschaft durch Unifirm an Severgroup am 28. Februar 2022 (nähere Informationen finden Sie unter „*D.1. Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?*"). Severgroup steht nach Kenntnis der Gesellschaft im Eigentum von Alexey Mordashov und wird von Alexey Mordashov kontrolliert. Die Gesellschaft geht davon aus, dass eine solche Übertragung vor der Veröffentlichung und dem Inkrafttreten der Aufnahme von Alexey Mordashov in die EU-Sanktionsliste (wie unten definiert) erfolgte.

Zum Datum dieses Prospekts kontrolliert Alexey Mordashov Unifirm und Severgroup, die derzeit gemeinsam 30,91% des ausgegebenen Grundkapitals und der Stimmrechte an der Gesellschaft halten. Diese Beteiligung und die zugrundeliegenden Stimmrechte werden nach Durchführung des Angebotes auf jeweils 9,55% und 1,32% verwässert. Zum Datum dieses Prospektes können Unifirm und Severgroup jegliche Rechte aus den von ihr an der Gesellschaft gehaltenen Aktien, einschließlich etwaiger Stimmrechte in Bezug auf diese Aktien sowie etwaige Bezugsrechte (wie unten definiert), die im Rahmen des Bezugsangebots (wie unten definiert) auf Unifirm und Severgroup entfallen würden, aufgrund der unrichtigen Stimmrechtsmitteilungen, welche einen Rechtsverlust der von Unifirm und Severgroup gehaltenen Aktien in die Gesellschaft nach § 44 Abs. 1 des Wertpapierhandelsgesetzes („**WpHG**") zur Folge hatten, nicht ausüben. Darüber hinaus ist die Ausübung jeglicher Rechte, die aus diesen Aktien resultieren, einschließlich Stimmrechten und Bezugsrechten, durch Unifirm oder Severgroup unzulässig, da diese Rechte einer Vermögenssperre gemäß den anwendbaren EU-Sanktionen und UK-Sanktionen (wie unten definiert) unterliegen. Für nähere Informationen siehe „*D.1. Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?*". Folglich wird die Gesellschaft zum Datum dieses Prospekts nicht von einem ihrer Aktionäre kontrolliert.

Geschäftsleitung. Unsere Geschäftsleitung setzt sich aus den Mitgliedern unseres Vorstands zusammen („**Vorstand**"). Diese sind: Sebastian Ebel, Vorstandsvorsitzender; David Burling, CEO Markets & Airlines; Mathias Kiep, Finanzvorstand; Sybille Reiß, Personalleiterin, Arbeitsdirektorin; und Peter Krueger, CSO & CEO Holiday Experiences.

Abschlussprüfer. Unser Abschlussprüfer ist die Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hannover, Deutschland („**Deloitte**").

B.2. Welches sind die wesentlichen Finanzinformationen über den Emittenten?

Die nachfolgend dargestellten Finanzinformationen basieren auf dem geprüften Konzernabschluss zum und für das am 30. September 2022 beendete Geschäftsjahr („**Geschäftsjahr 2022**"), der in Übereinstimmung mit den International Financial Reporting Standards, wie sie in der Europäischen Union anzuwenden sind („**IFRS**") und den ergänzenden Vorschriften des § 315 lit. e HGB erstellt wurde und vergleichende Finanzinformationen für das zum 30. September 2021 beendete Geschäftsjahr („**Geschäftsjahr 2021**") enthält (der „**Geprüfte Konzernabschluss**") sowie dem ungeprüften verkürzten Konzernzwischenabschluss für den zum 31. Dezember 2022 beendeten Dreimonatszeitraum („**Q1 2023**"), der Vergleichsinformationen für den zum 31. Dezember 2021 beendeten Dreimonatszeitraum („**Q1 2022**") enthält, der in Übereinstimmung mit den IFRS zur Zwischenberichterstattung (IAS 34) erstellt wurde (der „**Ungeprüfte Verkürzte Konzernzwischenabschluss**").

Der Geprüfte Konzernabschluss wurde von Deloitte geprüft und es wurde ein uneingeschränkter Bestätigungsvermerk erteilt. Der Ungeprüfte Verkürzte Konzernzwischenabschluss wurde nicht geprüft, sondern einer prüferischen Durchsicht durch Deloitte unterzogen und Deloitte hat eine Bescheinigung nach prüferischer Durchsicht erteilt.

Soweit Finanzinformationen in den Tabellen in der Zusammenfassung dieses Prospekts als „geprüft” gekennzeichnet sind, wurden diese Informationen dem Geprüften Konzernabschluss entnommen. Die Bezeichnung „ungeprüft” in den Tabellen in der Zusammenfassung dieses Prospekts weist auf Finanzinformationen hin, die dem Ungeprüften Verkürzten Konzernzwischenabschluss oder unseren Buchhaltungsunterlagen oder internen Management-Berichtssystemen entnommen wurden oder die auf der Grundlage von Zahlen aus den oben genannten Quellen berechnet wurden.

Ausgewählte Informationen entnommen oder abgeleitet aus der Konzern-Gewinn- und Verlustrechnung

	Q1		Geschäftsjahr	
	2022	2023	2021	2022
	(ungeprüft)		(geprüft, sofern nicht anders angegeben)	
	(€ Millionen)			
Umsatzerlöse	**2.369,2**	**3.750,5**	**4.731,6**	**16.544,9**
Umsatzkosten	2.472,4	3.661,4	5.955,4	15.613,3
Umsatzwachstum im Periodenvergleich (%)		58.3	(40,4)[1]	249,7
Bruttoverlust / -gewinn	**(103,2)**	**89,2**	**(1.223,8)**	**931,7**
Verwaltungsaufwendungen	201,7	242,6	840,5	746,3
Weitere Erträge[1, 2]	44,7	20,0	40,2	187,2
Weitere Aufwendungen[1, 3]	144,4	139,1	437,6	518,5
Ergebnis vor Ertragsteuern	**(404,5)**	**(272,6)**	**(2.461,7)**	**(145,9)**
Steuern vom Einkommen und vom Ertrag (Aufwand+ /Ertrag -)	(17,9)	(40,8)	19,2	66,7
Konzernverlust	**(386,5)**	**(231,8)**	**(2.480,9)**	**(212,6)**
Davon:				
Anteil der Aktionäre der TUI AG am Konzerngewinn (-verlust)	(384,3)	(256,1)	(2.467,2)	(277,3)
Anteil nicht beherrschender Gesellschafter am Konzerngewinn/-verlust	(2,3)	24,3	(13,8)	(64,6)
Unverwässertes und verwässertes Ergebnis je Aktie (€)	(0,27)	(0,14)	(2,58)	(0,17)

(1) Ungeprüft.
(2) Bestehend aus sonstigen Erträgen, Finanzerträgen, Ergebnis aus nach der Equity-Methode bewerteten Unternehmen und Wertminderungen(+)/-aufholungen (-) auf Nettoinvestitionen in nach der Equity-Methode bilanzierten Unternehmen.
(3) Bestehend aus anderen Aufwendungen, Wertminderungsaufwendungen auf finanzielle Vermögenswerte sowie Finanzaufwendungen.

Ausgewählte Informationen aus der Konzernbilanz

	31. Dezember	30. September	
	2022	2021	2022
	(ungeprüft)	(geprüft)	
	(€ Millionen)		
Langfristige Vermögenswerte	11.091,9	11.222,3	11.351,7
Kurzfristige Vermögenswerte	3.481,8	2.933,3	3.903,8
Summe Aktiva	**14.573,7**	**14.155,7**	**15.255,5**
Eigenkapital vor nicht beherrschenden Anteilen	(689,2)	(1.085,8)	(141,6)
Eigenkapital	101,6	(418,4)	645,7
Langfristige Rückstellungen und Verbindlichkeiten	7.677,7	7.710,5	5.867,0
Kurzfristige Rückstellungen und Verbindlichkeiten	6.794,4	6.863,6	8.742,7
Summe Passiva	**14.573,7**	**14.155,7**	**15.255,5**

Ausgewählte Informationen aus der Konzern-Kapitalflussrechnung

	Q1		Geschäftsjahr	
	2022	2023	2021	2022
	(ungeprüft)		(geprüft)	
	(€ Millionen)			
Mittelzufluss / -abfluss aus der laufenden Geschäftstätigkeit	(964,6)	(1.670,9)	(151,3)	2.077,8
Mittelzufluss / -abfluss aus der Investitionstätigkeit	(53,2)	(147,6)	704,7	(308,2)
Mittelzufluss / -abfluss aus der Finanzierungstätigkeit	1.077,2	1.634,7	(233,5)	(1.630,9)

B.3. Welches sind die zentralen Risiken, die für den Emittenten spezifisch sind?

Die in diesem Abschnitt B.3. dargelegten Risikofaktoren beschreiben zusammen mit den nachstehend unter Abschnitt C.3. genannten Risiken die 15 Risiken, die zum Zeitpunkt der Erstellung dieses Prospekts die zentralen Risiken und für die Gesellschaft spezifisch sind, wobei die negativen Auswirkungen, die sie auf uns haben könnten und die Wahrscheinlichkeit ihres Eintretens, berücksichtigt werden.

Risiken im Zusammenhang mit unserem Geschäft und unserer Branche:

- Verschiedene makroökonomische Faktoren, insbesondere die aktuelle wirtschaftliche Rezession sowie die Inflation in der EU und dem Vereinigten Königreich, können unser Geschäft erheblich beeinträchtigen, indem sie die Fähigkeit oder Bereitschaft von Kunden, Geld für Reisen auszugeben, verringern und unsere Betriebsergebnisse negativ beeinflussen.

- Der Russland-Ukraine-Konflikt und die von zahlreichen Ländern und multinationalen Unternehmen als Reaktion darauf verhängten Sanktionen sowie Gegenmaßnahmen Russlands hatten und haben möglicherweise weiterhin negative Auswirkungen auf die Weltwirtschaft, die globalen Kapitalmärkte, Lieferketten, Energiepreise und -versorgung, was sich jeweils negativ auf die Geschäftstätigkeit des Konzerns auswirken könnte.
- Die COVID-19-Pandemie und ihre Auswirkungen sowie Mutationen von COVID-19 hatten in den letzten Perioden erhebliche nachteilige Folgen für unsere Einnahmen und Rentabilität, unseren Cashflow und unsere Liquidität, unsere Pläne und Ziele sowie unseren Aktienkurs und bleiben zumindest kurzfristig ein Risiko für unser Geschäft und unsere Branche.
- Unser Geschäft wird darunter leiden, wenn wir uns nicht an Veränderungen im Kundenverhalten und an Präferenzen der Kunden anpassen können.
- Politische Instabilität, Naturkatastrophen, Unfälle und andere Ereignisse, die außerhalb unserer Kontrolle liegen, können die Kundennachfrage möglicherweise verringern und sich somit ungünstig auf unser Geschäft auswirken.
- Erheblicher Wettbewerb in der europäischen Tourismusindustrie könnte zu Preissenkungen oder zum Verlust von Kunden führen.
- Überkapazitäten in unseren Flugzeugen, Hotels und Kreuzfahrtschiffen oder in der gesamten Branche können sich nachteilig auf uns auswirken.
- Das vertikal integrierte Geschäftsmodell der Unternehmensgruppe bedeutet, dass dieses unverhältnismäßig stark von einem Rückgang der Einnahmen betroffen ist.
- Europäische und nationale Beschränkungen für das Halten von Anteilen an Fluggesellschaften könnten zum Verlust der Betriebs- und Streckenlizenzen der Gruppe führen, uns zwingen, unsere Fluggesellschaften zu veräußern oder andere nachteilige Auswirkungen zur Folge haben.
- Aufgrund der Abhängigkeit von Drittanbietern bezüglich Dienstleistungen und Einrichtungen könnten wir erhebliche Störungen unseres Betriebs erfahren und erhöhten Gebühren, Gebühren oder anderen Kosten ausgesetzt sein.

Risiken in Bezug auf unser Finanzprofil:

- Unsere beträchtliche Fremdfinanzierungs- und Schuldendienstverpflichtungen könnten unser Geschäft, unsere Finanzlage oder unser Betriebsergebnis erheblich nachteilig beeinflussen.

C. Basisinformationen über die Wertpapiere

C.1. Welches sind die wichtigsten Merkmale der Wertpapiere?

Art, Gattung, Nennbetrag und ISIN. Die Neuen Aktien sind Namensaktien mit einem rechnerischen Nennbetrag (der anteilige Betrag am Grundkapital von jeder Aktie) von jeweils €1,00. Die ISIN der Neuen Aktien lautet DE000TUAG505.

Währung und Anzahl der Aktien. Unsere Aktien sind in Euro denominiert. Zum Zeitpunkt dieses Prospekts haben wir 178,520,585 Aktien ausstehend. Alle Aktien sind vollständig eingezahlt. Nach Durchführung der Kapitalerhöhung werden 507.431.033 Aktien ausgegeben sein.

Stimmrechte. Jede Neue Aktie berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft. Es bestehen keine Stimmrechtsbeschränkungen.

Gewinnberechtigung. Die Neuen Aktien sind ab dem 1. Oktober 2022 und für alle nachfolgenden Geschäftsjahre voll gewinnberechtigt. Aktionäre werden bei Dividendenzahlungen entsprechend ihres anteiligen Betrags am Grundkapital beteiligt.

Rechte bei Liquidation. Die Neuen Aktien werden am Liquidationserlös entsprechend ihres anteiligen Betrags am Grundkapital der Gesellschaft beteiligt.

Rang. Die Neuen Aktien sind im Fall der Insolvenz gegenüber allen übrigen Aktien derselben Gattung gleichrangig. Sie sind gegenüber sämtlichen Verbindlichkeiten der Gesellschaft nachrangig.

Übertragbarkeit. Die Neuen Aktien sind frei übertragbar.

Dividenden und Dividendenpolitik. Die Bedingungen des Konsortialkreditvertrags (der „**Konsortialkreditvertrag**“) unseres revolvierenden Kredits in Höhe von €2,1 Mrd., der von der KfW als staatlicher Kreditgeber zur Verfügung gestellt wurde (die „**KfW-Fazilität**“) erlauben es uns grundsätzlich nicht, eine Dividende zu zahlen, solange die Beträge aus dieser KfW-Fazilität ausstehen. Selbst wenn wir wieder zur Profitabilität zurückkehren, werden wir keine Dividenden für das am 30. September 2023 endende Geschäftsjahr zahlen können, solange diese KfW-Fazilität aussteht.

C.2. Wo werden die Wertpapiere gehandelt?

Es werden Anträge auf Zulassung der Neuen Aktien zum Handel im regulierten Markt an der HSE und auf Einbeziehung zum Handel in den Freiverkehr der Frankfurter Wertpapierbörse („**FSE**") gestellt. Es wird darüber hinaus ein Antrag bei der FCA gestellt werden, damit die Neuen Aktien zum Premium-Listing-Segment der Official List und zum Handel am Hauptmarkt für börsennotierte Wertpapiere der Londoner Wertpapierbörse zugelassen werden (die „**UK-Zulassung**").

Die bestehenden Aktien der Gesellschaft sind und die Neuen Aktien werden voraussichtlich zugelassen und gehandelt:

- unter dem Symbol „TUI" in der Form von Depositary Interest, oder DIs („**DIs**"), mittels des CREST Systems im Premium Listing Segment der Official List der FCA am Haupthandelsplatz der Londoner Wertpapierbörse; und
- unter dem Symbol „TUI" im regulierten Markt der HSE.

Die bestehenden Aktien der Gesellschaft sind und die Neuen Aktien werden voraussichtlich einbezogen und gehandelt unter dem Symbol „TUI1" im Freiverkehr der FSE mit dem Handel über die elektronische Handelsplattform Xetra („**Xetra**").

C.3. Welches sind die zentralen Risiken, die für die Wertpapiere spezifisch sind?

- Die Bestände der Aktionäre, die sich nicht an dem Angebot beteiligen, werden erheblich verwässert, d.h. der Wert ihrer Aktien und ihre Kontrollrechte werden negativ beeinflusst.
- Die Bedingungen der KfW-Fazilität verbieten uns grundsätzlich die Ausschüttung von Dividenden. Selbst wenn wir wieder zur Profitabilität zurückkehren, wird das Unternehmen keine Dividenden zahlen können, solange die KfW-Fazilität aussteht.
- Wird das Angebot nicht vollzogen oder sinkt der Kurs der TUI Aktie stark ab, verfallen die Bezugsrechte (wie untenstehend definiert) oder werden wertlos.

D. Basisinformationen über das öffentliche Angebot von Wertpapieren und die Zulassung zum Handel an einem geregelten Markt

D.1. Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?

Das Angebot. 328.910.448 Angebotsaktien (die keine neuen Aktien enthalten, die auf Unifirm oder Severgroup oder andere Sanktionierte Personen oder Gesellschaften des Hauptaktionärs (wie nachfolgend definiert und näher beschrieben) entfallen würden) werden im Rahmen eines öffentlichen Angebots in Deutschland und im Vereinigten Königreich angeboten.

Am 24. März 2023 hat der Vorstand der Gesellschaft, mit Zustimmung des Aufsichtsrats der Gesellschaft (der „**Aufsichtsrat**") vom selben Tag, eine Erhöhung des eingetragenen Grundkapitals der Gesellschaft von €178.520.585,00 um bis zu €476.054.893,00 auf bis zu €654.575.478,00 beschlossen, indem bis zu 476.054.893 neue Aktien (die 147.144.445 neue Aktien einschließen, die auf Unifirm und Severgroup oder andere Sanktionierte Personen oder Gesellschaften des Hauptaktionärs (wie nachfolgend definiert) entfallen würden und daher nicht ausgegeben werden (wie nachfolgend näher beschrieben)), bestehend aus (i) bis zu 140.358.663 neuen Aktien, die aus einer Kapitalerhöhung gegen Bareinlagen aus dem genehmigtem Kapital 2022/I der Gesellschaft stammen, deren Erlöse zur vollständigen Rückzahlung der wandelbaren Stillen Einlage in Höhe von €420 Mio. mit Wandlungsrechten in Aktien der Gesellschaft (die „**wandelbare Stille Einlage**"), die durch den deutschen Wirtschaftsstabilisierungsfonds (der „**WSF**") geleistet wurde, sowie der am 1. Oktober 2020 an den WSF ausgegebenen Optionsschuldverschreibungen mit einem ausstehendem Betrag von €58,7 Millionen, bestehend aus einer Optionsanleihe, die in Aktien der Gesellschaft wandelbar ist, und 58.674.899 Optionsscheinen (die „**Optionsanleihen 2020**"), verwendet werden sollen (die „**Kapitalerhöhung I**"), und (ii) bis zu 335.696.230 neuen Aktien, die aus einer gleichzeitigen Kapitalerhöhung gegen Bareinlage aus dem genehmigten Kapital 2022/II der Gesellschaft stammen, und deren Erlöse für eine vollständige Rückzahlung der derzeitigen Inanspruchnahme der KfW Fazilität und der teilweisen Rückzahlung der derzeitgen Inanspruchnahme der revolvierenden Kreditfazilität in Höhe von €1,454 Mrd. für Barinanspruchnahmen, die von 20 Geschäftsbanken zur Verfügung gestellt wurde, (die „**Barfazilität**") verwendet werden sollen. Darüber hinaus beabsichtigt die Gesellschaft, die Kreditlinie der KfW Fazilität in Höhe von €2,1 Mrd. deutlich zu reduzieren (die „**Kapitalerhöhung II**" und zusammen mit der Kapitalerhöhung I, die „**Kapitalerhöhungen**") (zusammen die „**Angebotsaktien**") (wie in Abschnitt „*D.3 Weshalb wird der Prospekt erstellt?*" näher beschrieben), wobei jede Aktie einen rechnerischen Nennwert von €1.00 hat und ab dem 1. Oktober 2022 mit vollen Dividendenrechten ausgestattet sein wird.

Im Zusammenhang mit den Kapitalerhöhungen erhalten die bestehenden Aktionäre der Gesellschaft (mit Ausnahme von Unifirm und Severgroup oder deren letztlichen wirtschaftlichen Eigentümer Alexey Mordashov oder Marina Mordashova oder mit diesen in Verbindung stehenden natürlichen oder juristischen Personen, Einrichtungen oder Organisationen, die in Anhang I (die „**EU-Sanktionsliste**") der Verordnung (EU) Nr. 269/2014 des Rates über restriktive Maßnahmen angesichts von Handlungen, die die territoriale Unversehrtheit, Souveränität und Unabhängigkeit der Ukraine untergraben oder bedrohen (die „**EU- Sanktionsverordnung**") aufgeführt sind, oder von diesen unmittelbar oder mittelbar kontrollierten natürlichen oder juristischen Personen, Einrichtungen oder Organisationen (gemeinsam, die „**Sanktionierten Personen oder Gesellschaften des Hauptaktionärs**")) ein mittelbares Bezugsrecht (zusammen, die „**Bezugsrechte**"). Zum Zeitpunkt dieses Prospekts werden keine Bezugsreche an Unifirm oder Severgroup oder anderen Sanktionierten Personen oder Gesellschaften des Hauptaktionärs ausgegeben werden, da die Aktien, die von Unifirm oder Severgroup gehalten werden, einem Rechtsverlust nach § 44 Abs 1 WpHG aufgrund unrichtiger Stimmrechtsmitteilungen und der Vermögenssperre aufgrund der anwendbaren EU-Sanktionen und UK-Sanktionen (jeweils wie unten definiert) unterliegen. In Bezug auf die 147.144.445 neuen Aktien aus den Kapitalerhöhungen, die auf Unifirm oder Severgroup oder andere Sanktionierte Personen oder Gesellschaften des Hauptaktionärs entfallen würden, werden die Kapitalerhöhungen daher nicht durchgeführt (d.h. diese Aktien werden nicht ausgegeben), da den Sanktionierten Personen oder Gesellschaften des Hauptaktionärs keine Bezugsrechte gewährt werden und Bezugsrechte daher nicht von den Sanktionierten Personen oder Gesellschaften des Hauptaktionärs ausgeübt werden können.

Im Wege der Kapitalerhöhungen wird das eingetragene Grundkapital der Gesellschaft demnach um €328.910.448,00 auf €507.431.033,00 erhöht, indem 328.910.448 neue auf den Namen lautende Stückaktien mit einem anteiligen Betrag am Grundkapital von €1,00, die ab dem 1. Oktober 2022 voll gewinnanteilsberechtigt sind, ausgegeben werden.

Die Angebotsaktien werden angeboten:

- In einem Bezugsangebot den bestehenden Aktionären (mit Ausnahme von Unifirm oder Severgroup oder anderen Sanktionierten Personen oder Gesellschaften des Hauptaktionärs) und Inhabern von Bezugsrechten auf Neue Aktien im Wege (i) eines öffentlichen Angebots in Deutschland und in der UK, (ii) in Privatplatzierungen in den Vereinigten Staaten an qualifizierte institutionelle Käufer gemäß der Definition in Rule 144A des Securities Act (der „**Securities Act**") und (iii) in Privatplatzierungen an qualifizierte Investoren außerhalb der Vereinigten Staaten unter Berufung auf Regulation S des Securities Act (das „**Bezugsangebot**"); und
- Angebotsaktien, die nicht im Bezugsangebot bezogen wurden (diese enthalten zur Klarstellung keine neuen Aktien, die auf Unifirm oder Severgroup oder andere Sanktionierte Personen oder Gesellschaften des Hauptaktionärs entfallen würden) (die „**Restaktien**"), werden in einer Privatplatzierung an berechtigte oder qualifizierte Anleger in bestimmten anderen Gerichtsbarkeiten (die „**Rump-Platzierung**", zusammen mit dem Bezugsangebot, das „**Angebot**") angeboten.

Die Angebotsaktien werden den Aktionären der Gesellschaft, mit Ausnahme von Unifirm und Severgroup oder anderen Sanktionierten Personen oder Gesellschaften des Hauptaktionärs, in einem Bezugsverhältnis von 8:3, angeboten (d.h. Angebot zur Zeichnung von 8 Neuen Aktien entfallend auf 3 bestehende Aktien).

Infolge der am Abend des 28. Februar 2022 veröffentlichten Änderung der EU- Sanktionsverordnung durch die Durchführungsverordnung (EU) 2022/336 des Rates vom 28. Februar 2022 (Anhang 1. Personen, Nr. 695) wurde Alexey Mordashov, der mittelbar über Severgroup und Unifirm derzeit 30,91% der Aktien der Gesellschaft hält, in die EU-Sanktionsliste aufgenommen. Infolge dieser Aufnahme in die EU-Sanktionsliste wurden Alexey Mordashov und sämtliche Gelder und wirtschaftlichen Ressourcen, die Alexey Mordashov oder in der EU-Sanktionsliste aufgeführten mit Alexey Mordashov verbundenen natürlichen oder juristischen Personen, Organisationen oder Einrichtungen gehören oder von ihm bzw. ihnen besessen, gehalten oder kontrolliert werden, einer Vermögenssperre unterworfen und es gilt ein Verbot, Gelder oder wirtschaftliche Ressourcen unmittelbar oder mittelbar Alexey Mordashov oder von ihm kontrollierten juristischen Personen bereitzustellen gemäß Art. 2 der EU- Sanktionsverordnung (die „**EU-Sanktionen**").

Am 15. März 2022 wurde Alexey Mordashov gemäß dem Sanctions and Anti-Money Laundering Act 2018 und den Russia (Sanctions) (EU Exit) Regulations 2019 als Ziel des Einfrierens von Vermögenswerten in der UK ausgewiesen. Infolgedessen ist es jeder Person im Hoheitsgebiet des Vereinigten Königreichs, jedem Staatsangehörigen des Vereinigten Königreichs oder jeder im Vereinigten Königreich eingetragenen juristischen Person oder Organisation im Hinblick auf ihre Aktivitäten überall auf der Welt („**UK Person**") untersagt: (i) mit Geldern oder wirtschaftliche Ressourcen zu handeln, die Alexey Mordashov gehören, von ihm gehalten oder kontrolliert werden, wenn diese UK Person weiß oder begründeten Anlass zu der Annahme hat, dass sie mit solchen Geldern oder wirtschaftlichen Ressourcen handelt; (ii) Alexey Mordashov unmittelbar oder mittelbar Gelder oder wirtschaftliche Ressourcen zur Verfügung zu stellen, wenn sie wissen oder begründeten Anlass zu der Annahme haben, dass sie die Gelder zur Verfügung stellen; und (iii) unmittelbar oder mittelbar Gelder oder wirtschaftliche Ressourcen zugunsten von Alexey Mordashov zu Verfügung zu stellen, wenn sie wissen oder begründeten Anlass zu der Annahme haben, dass sie die Gelder zur Verfügung stellen (die „**UK-Sanktionen**").

Am 2. März 2022 und 3. März 2022 erhielt die Gesellschaft Meldungen über Eigengeschäfte von Führungskräften von Unifirm und Severgroup bezüglich einer am 28. Februar 2022 erfolgten Übertragung von 4,13% (entspricht 3,75% nach der im Mai 2022 von der Gesellschaft durchgeführten Kapitalerhöhung) des Grundkapitals der Gesellschaft von Unifirm an Severgroup (die „**Severgroup-Transaktion**"). Am 4. März 2022 erhielt die Gesellschaft Stimmrechtsmitteilungen von Alexey Mordashov bzw. von Ondero bezüglich der Severgroup-Transaktion und einer angeblich am 28. Februar 2022 erfolgten Übertragung aller durch die von Alexey Mordashov kontrollierten Zwischenholdings KN-Holding und Rayglow gehaltenen Unifirm-Anteile an Ondero (die „**Ondero-Transaktion**"), was angeblich zum Erwerb der Mehrheit der Anteile an Unifirm und damit der Kontrolle über Unifirm durch Ondero und folglich zur Zurechnung von 29,87% (oder 27,16% nach der von der Gesellschaft im Mai 2022 durchgeführten Kapitalerhöhung) der Stimmrechte an der Gesellschaft an Ondero führte. Am 16. März 2022 erhielt die Gesellschaft eine weitere Stimmrechtsmitteilung von Marina Mordashova, die angabegemäß die Stimmrechtsmitteilung von Ondero vom 4. März 2022 ändern und ersetzen sollte und der zufolge die von Unifirm gehaltenen Stimmrechte an der Gesellschaft über Ondero und Ranel Assets Limited letztendlich Marina Mordashova zugerechnet werden sollten. In Folge einer weiteren Änderung der EU- Sanktionsverordnung durch die Durchführungsverordnung (EU) 2022/878 des Rates vom 3. Juni 2022 wurde Marina Mordashova in die EU-Sanktionsliste aufgenommen, wodurch Marina Mordashova und sämtliche Gelder und wirtschaftlichen Ressourcen, die ihr oder in der EU-Sanktionsliste aufgeführten mit ihr verbundenen natürlichen oder juristischen Personen, Einrichtungen oder Organisationen gehören oder von ihr bzw. ihnen besessen, gehalten oder kontrolliert werden, den EU-Sanktionen unterworfen wurden. Marina Mordashova ist kein unmittelbares Ziel des Einfrierens von Vermögenswerten im Vereinigten Königreich, kann jedoch aufgrund ihrer Beziehung zu Alexey Mordashov als mittelbares Ziel des Einfrierens von Vermögenswerten angesehen werden.

Die angebliche Übertragung von Aktien an Unifirm im Rahmen der Ondero Transaktion ist schwebend unwirksam, da die Ondero-Transaktion einer Meldepflicht nach § 55a Abs. 1 Nr. 18 Alt. 1 der Außenwirtschaftsverordnung („**AWV**") unterliegt und für ihre Wirksamkeit einer Genehmigung nach § 55a Abs. 1 Nr. 18 Alt. 1 AWV bedurft hätte (§ 15 Abs. 1 S. 1 AWG). Eine solche Genehmigung ist nicht eingeholt worden. Das Bundesministerium für Wirtschaft und Klimaschutz („**BMWK**") hat daraufhin ein Investitionsprüfverfahren gemäß dem AWG eingeleitet. Der Gesellschaft wurde vom BMWK mitgeteilt, dass die angebliche Übertragung von Aktien an Unifirm im Rahmen der Ondero-Transaktion daher wegen eines Verstoßes gegen § 15 Abs. 1 Satz 1 AWG schwebend unwirksam ist. Die der Gesellschaft zugegangenen Stimmrechtsmitteilungen zu der angeblichen Übertragung von Aktien an Unifirm im Rahmender Ondero-Transaktion sind daher unrichtig. Genauso sind die Stimmrechtsmitteilung bezüglich der Severgroup-Transaktion unrichtig, da sie aufgrund der schwebenden Unwirksamkeit der Ondero-Transaktion die mittelbare Beteiligung von Alexey Mordashov an TUI über Unifirm hätte beinhalten müssen. Aufgrund der unrichtigen Stimmrechtsmitteilungen nach § 33 Abs. 1 WpHG unterliegen die Rechte aus den von Unifirm und Severgroup gehaltenen Aktien an der Gesellschaft, einschließlich etwaiger Stimm- und Bezugsrechte, derzeit einem Rechtsverlust (§ 44 Abs. 1 Satz 1 WpHG). Darüber hinaus ist jegliche Gewährung von Bezugsrechten an Unifirm oder Severgroup oder eine andere Sanktionierte Person oder Gesellschaft des Hauptaktionärs nach den anwendbaren EU-Sanktionen und UK-Sanktionen verboten. Unifirm und Severgroup erhalten daher keine Bezugsrechte auf die Neuen Aktien, um die anwendbaren EU-Sanktionen und UK-Sanktionen einzuhalten.

Die bestehenden Aktionäre, mit Ausnahme von Unifirm oder Severgroup oder anderen Sanktionierten Personen oder Gesellschaften des Hauptaktionärs, können ihre Bezugsrechte auf die angebotenen Neuen Aktien während der Bezugsfrist vom 28. März 2023 bis zum 17. April 2023 einschließlich (die „**Bezugsfrist**") über ihre jeweilige Depotbank ausüben. Der Bezugspreis je Neuer Aktie, der von den bestehenden Aktionären gezahlt werden muss, beträgt €5,55 (der „**Bezugspreis**"). Barclays, BofA Securities, Citigroup, COMMERZBANK, Deutsche Bank und UniCredit Bank AG (zusammen, die „**Lead Joint Global Coordinators**"), HSBC und Société Générale (zusammen die „**Co-Joint Global Coordinators**") werden als Joint Global Coordinators, gemeinsame Bookrunner und Konsortialbanken und Crédit Agricole CIB, ING und Natixis (zusammen die „**Joint Bookrunners**", und zusammen mit den Lead Joint Global Coordinators und den Co-Joint Global Coordinators, die „**Konsortialbanken**") werden als gemeinsame Bookrunner und Konsortialbanken für das Angebot fungieren, jeweils gemäß eines Übernahmevertrags zwischen der Gesellschaft, den Lead Joint Global Coordinators, den Co-Joint Global Coordinators und den Joint Bookrunners, der am 24. März 2023 abgeschlossen wurde (der „**Übernahmevertrag**"). Merrill Lynch International, 2 King Edward Street, London EC1A 1HQ, und Barclays Bank PLC, 1 Churchill Place, London E14 5HP, jeweils gemäß dem zwischen der Gesellschaft und ihnen am 24. März 2023 geschlossenen Sponsor-Vertrag, fungieren als gemeinsamen Sponsoren (die „**Sponsoren**") gemäß den UK Listing Rules in Bezug auf die Billigung des Prospekts durch die FCA und die Anträge auf UK-Zulassung (wie nachstehend definiert). Deutsche Bank wird als Bezugsstelle (in dieser Eigenschaft die „**Bezugsstelle**") für das Bezugsangebot fungieren und als Listing Agent für die Zulassung der Neuen Aktien an der HSE. Der Bezugspreis muss spätestens am 17. April 2023 bezahlt werden.

Die Konsortialbanken haben sich unter den Bedingungen des Übernahmevertrags verpflichtet, alle Angebotsaktien, einschließlich jeglicher Restaktien, die nicht im Zuge der Rump-Platzierung verkauft wurden (diese enthalten zur Klarstellung keine neuen Aktien, die auf Unifirm oder Severgroup oder andere Sanktionierte Personen oder Gesellschaften des Hauptaktionärs entfallen würden) (die „**Unplatzierten Restaktien**") zum Bezugspreis zu übernehmen. Die Übernahme erfolgt zu marktüblichen Bedingungen und Konditionen. Die Konsortialbanken können solche Unplatzierte Restaktien, die sie als Konsortialbanken zu zeichnen haben, außerhalb des Angebots anbieten oder verkaufen (auch im Wege eines koordinierten Verkaufs). Die Lead Joint Global Coordinators (in ihrem Namen und dem der Konsortialbanken) können auch eine Zeichnung für einige, alle oder keine der Unplatzierten Restaktien veranlassen.

Die Bezugsrechte sind frei übertragbar. Es ist jedoch zu beachten, dass es nicht möglich ist, ein Bezugsrecht zwischen dem Vereinigten Königreich und Deutschland zu übertragen. Die endgültige Anzahl der zum Verkauf verfügbaren Restaktien wird nach Ablauf der Bezugsfrist feststehen.

Zeitplan. Nachstehend folgt eine Zusammenfassung des Zeitplans mit den wichtigsten erwarteten Daten für das Bezugsangebot:

24. März 2023	Billigung dieses Prospekts durch die BaFin und Billigung des UK Prospekts durch die FCA

24. März 2023	Veröffentlichung dieses Prospekts und des UK Prospekts
27. März 2023	Internationale Transfers von Aktien der Gesellschaft zwischen dem CREST System in UK und dem Clearstream System in Deutschland pausiert ab Geschäftsschluss
27. März 2023	Veröffentlichung des Bezugsangebots
28. März 2023	Beginn der Bezugsfrist und des Bezugsrechtshandels an der HSE und FSE. Die bestehenden Aktien der Gesellschaft werden „Ex Bezugsrecht“ an der HSE, der FSE und der Londoner Wertpapierbörse notiert.
29. März 2023	Stichtag für die Bezugsrechtsberechtigung
30. März 2023	Internationale Transfers von Aktien der Gesellschaft zwischen dem CREST System in UK und dem Clearstream System in Deutschland werden ab Geschäftsbeginn wiederaufgenommen Beginn der Bezugsfrist für DI-Bezugsrechte (Bezugsrechte zum Erwerb zusätzlicher DIs, die „**DI-Bezugsrechte**“); Beginn des Handels der DI-Bezugsrechte an einem multilateralen Handelssystem der LSE
12. April 2023	Einstellung des Handels der Bezugsrechte und DI-Bezugsrechte
17. April 2023	Ende der Bezugsfrist und der Bezugsfrist der DI-Bezugsrechte
18. April 2023	Privatplatzierung etwaig verbliebener Restaktien
24. April 2023	Handelsaufnahme der Neuen Aktien Lieferung der Neuen Aktien an die Aktionäre und Investoren

Verwässerung. Soweit Aktionäre ihre Bezugsrechte, basierend auf 178.520.585 unmittelbar vor der Veröffentlichung des Bezugsangebots ausstehenden Aktien und unter der Annahme, dass 328.910.448 Neue Aktien ausgegeben werden, nicht ausüben, würde sich der prozentuale Anteil eines jeden Aktionärs am Grundkapital der Gesellschaft und an den Stimmrechten um etwa 64,82% je bestehender Aktie verringern. Insbesondere die Stimmrechte von Unifirm und Severgroup werden nach dem Angebot jeweils deutlich auf 9,55% bzw. 1,32% verwässert, da im Bezugsangebot keine Bezugsrechte von Unifirm und Severgroup ausgeübt werden können. Soweit die bestehenden Aktionäre (mit Ausnahme von Unifirm und Severgroup), die, basierend auf 178.520.585 ausstehenden Aktien unmittelbar vor dem Bezugsangebot, zusammen derzeit ca. 69,09% des Grundkapitals und der Stimmrechte der Gesellschaft halten, ihre Bezugsrechte vollständig ausüben, wird der prozentuale Gesamtanteilsbesitz der bestehenden Aktionäre (mit Ausnahme von Unifirm und Severgroup) am Aktienkapital und an den Stimmrechten der Gesellschaft nach dem Angebot auf 89,13% steigen (da Unifirm und Severgroup, wie zuvor beschrieben, keine Bezugsrechte im Bezugsangebot ausüben können). Dies entspricht einer Erhöhung um 29,00% für jeden bestehenden Aktionär (mit Ausnahme von Unifirm und Severgroup) nach dem Angebot.

Auf der Basis eines Nettobuchwerts des den Aktionären der Gesellschaft zurechenbaren Eigenkapitals zum 31. Dezember 2022, der €101,6 Millionen und damit €0,06 je Aktie betrug, berechnet auf der Grundlage von 1.785.205.853 Aktien zum 31. Dezember 2022, und der unter Berücksichtigung der Kapitalherabsetzungen auf 178.520.585 zum 31. Dezember 2022 €0,57 je Aktie betragen hätte, entspricht dies einer Erhöhung des Buchwerts des den Aktionären der Gesellschaft zurechenbaren Eigenkapitals der Gesellschaft um €3,10 oder 544,17% je Aktie für die bestehenden Aktionäre. Investoren, die im Rahmen des Angebots die Neuen Aktien erwerben, werden einer sofortigen Verwässerung im Wert von etwa €1,88 pro Aktie (entsprechend 33,94%) unterliegen.

Kosten. Wir gehen davon aus, dass im Zusammenhang mit dem Angebot Kosten in Höhe von etwa €66,76 Millionen anfallen werden. Den Anlegern werden keine Kosten in Rechnung gestellt.

Zulassung zum Handel. Die Gesellschaft wird, gemeinsam mit dem Listing Agent, die Zulassung der Neuen Aktien zum Handel im regulierten Markt an der HSE und die Einbeziehung zum Handel im Freiverkehr der FSE beantragen. Die Anträge auf Zulassung der Neuen Aktien zum Handel an der HSE sowie auf Einbeziehung der Neuen Aktien in den Freiverkehr der FSE werden am oder um den 18. April 2023 gestellt. Am oder um den 17. April 2023 werden auch Anträge bei der FCA gestellt, damit die Neuen Aktien zum Premium-Listing-Segment der Official List und zum Handel am Hauptmarkt für börsennotierte Wertpapiere der Londoner Börse zugelassen werden (die „**UK Zulassung**“). Die Zulassung der Neuen Aktien zum Handel an der HSE und Einbeziehung zum Handel im Freiverkehr der FSE wird voraussichtlich am oder um den 20. April 2023 erfolgen. Die Zulassung der Neuen Aktien zum Handel an der London Stock Exchange wird voraussichtlich am oder um den 24. April 2023 erfolgen.

D.2. Wer ist der Anbieter und die Zulassung zum Handel beantragende Person?

Anbieter. Barclays Bank Ireland PLC, öffentliche Gesellschaft mit beschränkter Haftung mit eingetragenem Sitz in One Molesworth Street, Dublin 2, D02 RF29, Irland, eingetragen und tätig nach dem Recht von Irland; BofA Securities Europe SA, Aktiengesellschaft mit eingetragenem Sitz in 51 rue La Boétie, 75008 Paris, Frankreich, eingetragen und tätig nach französischem Recht; Citigroup Global Markets Europe AG, eine Aktiengesellschaft mit eingetragenem Sitz in Reuterweg 16, 60323 Frankfurt am Main, Deutschland, eingetragen und tätig nach deutschem Recht; COMMERZBANK Aktiengesellschaft, Aktiengesellschaft mit eingetragenem Sitz in Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Deutschland, eingetragen und tätig nach deutschem Recht; Deutsche Bank AG, Aktiengesellschaft mit eingetragenem Sitz in Taunusanlage 12, 60325 Frankfurt am Main, Deutschland, eingetragen und tätig nach deutschem Recht; UniCredit Bank AG, eine Aktiengesellschaft mit eingetragenem Sitz in Arabellastraße 12, 81925 München, Deutschland, eingetragen und tätig nach deutschem Recht; HSBC Trinkaus & Burkhardt GmbH, eine Gesellschaft mit beschränkter Haftung mit eingetragenem Sitz in Hansaallee 3, 40549 Düsseldorf, Deutschland, eingetragen und tätig nach deutschem Recht; Société Générale, eine Aktiengesellschaft mit eingetragenem Sitz in 29 boulevard Haussmann, 75009 Paris, Frankreich, eingetragen und tätig nach französischem Recht; Crédit Agricole Corporate and Investment Bank, eine Aktiengesellschaft mit eingetragenem

Sitz in 12, Place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, Frankreich, eingetragen und tätig nach französischem Recht; ING Bank N.V., eine Aktiengesellschaft mit eingetragenem Sitz in Bijlmerdreef 24, 1102 CT Amsterdam, Niederlande, eingetragen und tätig nach niederländischem Recht; Natixis, eine Aktiengesellschaft mit eingetragenem Sitz in 7 promenade Germaine Sablon, 75103 Paris, Frankreich, eingetragen und tätig nach französischem Recht sowie TUI AG, eine nach deutschem Recht gegründete und tätige Aktiengesellschaft mit Sitz in Berlin und Hannover, Deutschland.

Zulassungsantragssteller. Die Gesellschaft wird, zusammen mit dem Listing Agent, die Zulassung zum Handel an der HSE und die Einbeziehung in den Freiverkehr der FSE beantragen.

D.3. Weshalb wird der Prospekt erstellt?

Gründe für das Angebot und die Zulassung zum Handel. Der Hauptzweck des Angebots ist, Schulden zurückzuzahlen und unsere Kapital- und Liquiditätsposition zu stärken.

Erlöse. Unter der Annahme des Verkaufs aller Angebotsaktien zum Bezugspreis würden wir einen Bruttoerlös von rund €1.825,45 Mio. erzielen. Nach Abzug der Kosten im Zusammenhang mit dem Angebot würden wir einen geschätzten Nettoerlös von rund €1.758,69 Mio. erhalten.

Zweckbestimmung der Erlöse. Die Gesellschaft beabsichtigt, die Nettoerlöse aus dem Angebot in Höhe von rund €1.758,69 Mio. zu verwenden, um die Zinskosten und die Nettoverschuldung zu reduzieren, indem sie (i) erstens, aus den Nettoerlösen der Kapitalerhöhung I in Höhe von rund €750,50 Mio. die Wandelbare Stille Einlage in Höhe von €420,0 Mio., die vom WSF zur Verfügung gestellt wurde, und die ausstehenden 2020 Optionsschuldverschreibungen in Höhe von €58,7 Mio., einschließlich sämtlicher 58.674.899 Optionsscheine, die an den WSF ausgegeben wurden, zu einem ihrem Gesamtmarktwert entsprechenden Rückführungs- bzw. Rückkaufpreis in Höhe von etwa €730,10 Mio. zuzüglich aufgelaufener Zinsen in Höhe von etwa €20,40 Mio., vollständig zurückführt bzw. zurückkauft, und (ii) zweitens, aus den Nettoerlösen der Kapitalerhöhung II in Höhe von rund €1.008,19 Mio. die derzeitige Inanspruchnahme der KfW Fazilität, die sich zum 23. März 2023, dem letzten praktikablen Datum vor dem Datum dieses Prospekts, auf etwa €440,00 Mio. belief, vollständig zurückzahlt. Die Gesellschaft beabsichtigt, die danach verbleibenden Nettoerlöse aus der Kapitalerhöhung II in Höhe von rund €568,19 Mio. zur teilweisen Reduzierung der derzeitigen Inanspruchnahme der Barfazilität, zu verwenden, die zum 23. März 2023, dem letzten praktikablen Datum vor dem Datum dieses Prospekts, etwa €1.437,80 Mio. betrug, was somit diese Inanspruchnahme auf rund €869,61 Mio. reduzieren würde. Darüber hinaus beabsichtigt die Gesellschaft, die €2,1 Mrd. Kreditlinie unter der KfW Fazilität auf rund €1,1 Mrd. zu reduzieren, in Übereinstimmung mit ihrer Verpflichtung aus dem Konsortialkreditvertrag, Kreditlinien unter der KfW Fazilität zu reduzieren, indem sie einen Betrag in Höhe von mindestens 50 Prozent der Nettoerlöse aus den Kapitalerhöhungen zur teilweisen Aufhebung von Kreditlinien unter der KfW-Fazilität verwendet. Durch Schaffung von zusätzlichem Liquiditätsspielraum ermöglichen die Nettoerlöse aus den Kapitalerhöhungen der Gesellschaft, diese Verpflichtung gegenüber der KfW zu erfüllen und in Zukunft ohne die so teilweise aufgehobenen Kreditlinien unter der KfW Fazilität zu operieren.

Übernahme. Nach dem Übernahmevertrag und dem Sponsorvertrag sind die Konsortialbanken verpflichtet:

- die Angebotsaktien den bestehenden Aktionären (mit Ausnahme von Unifirm oder Severgroup oder anderen Sanktionierten Personen oder Gesellschaften des Hauptaktionärs) zum Bezug anzubieten und danach alle Restaktien in der Rump-Platzierung anzubieten; und
- die Angebotsaktien, einschließlich der Unplatzierten Restaktien, zu übernehmen und diese Aktien (die keine neuen Aktien enthalten, die auf Unifirm oder Severgroup oder andere Sanktionierte Personen oder Gesellschaften des Hauptaktionärs entfallen würden) am Ende der Bezugsfrist zu zeichnen; und
- die Gesellschaft ist verpflichtet, den Konsortialbanken eine Basisgebühr von 2,375% der Bruttoerlöse, die zwischen den Konsortialbanken entsprechend der jeweiligen im Übernahmevertrag enthaltenen Zeichnungsquote aufgeteilt werden, sowie eine freiwillige Gebühr von bis zu 0,125% der Bruttoerlöse zu zahlen. Zudem ist die Gesellschaft gemäß Underwriting Agreement verpflichtet, eine Prozessgebühr an bestimmte Konsortialbanken zu zahlen. Darüber hinaus ist die Gesellschaft, gemäß des Sponsorvertrags, in dem sich die Sponsoren bereit erklärt haben, im Rahmen der britischen Börsenzulassungsregeln bei der Billigung des Prospekts und den Anträgen auf Zulassung im Vereinigten Königreich als Sponsoren aufzutreten, verpflichtet, an jeden der beiden Sponsoren jeweils eine Gebühr von €1,0 Mio. zu zahlen. Die maximale Gesamtgebühr, die von der Gesellschaft an die Konsortialbanken zahlbar sein kann, beträgt circa €56,76 Mio.

Lock-up Verpflichtungen. Im Übernahmevertrag hat sich die Gesellschaft ferner verpflichtet, für einen Zeitraum von 180 Tagen nach der Abwicklung der Kapitalerhöhungen, es sei denn, wie zwischen der Gesellschaft und dem WSF, der KfW oder einer anderen staatlichen Stelle vereinbart:

- keine Kapitalerhöhung durchzuführen; oder
- keine Wandelschuldverschreibungen, Umtauschanleihen oder andere Wertpapiere auszugeben, die wandelbar, umtauschbar, ausübbar sind in, oder anderweitig das Recht auf die Zeichnung oder den Erwerb von Stammaktien verleihen, sei es direkt oder indirekt; oder

- keinen Swap oder eine andere Vereinbarung, Absprache oder Transaktion abzuschließen, durch die die wirtschaftlichen Folgen des Eigentums der Aktien ganz oder teilweise, direkt oder indirekt übertragen, verliehen oder zugeteilt werden (unabhängig davon, ob ein solcher Swap, eine solche Vereinbarung, Absprache oder Transaktion durch die Lieferung von Stammaktien, mit Bargeld oder auf andere Weise beglichen werden soll), ohne vorherige schriftliche Zustimmung durch die Lead Joint Global Coordinators im Namen der Konsortialbanken.

Wesentliche Interessenkonflikte im Zusammenhang mit dem Angebot. Keine.

1. Risk Factors

This prospectus relates to the public offering in Germany and the admission to trading on a regulated market of newly issued shares (the "**New Shares**" or the "**Offer Shares**") of TUI AG (the "**Company**") in Germany. An investment in the Offer Shares involves risk. Before you make any investment decision regarding the New Shares, you should carefully read the risks described in this section.

The following discussion is divided into three categories:

- ***Risks related to our business and industry*** discusses risks specific to our group that arise from our business operations or from the wider tourism industry in which we operate.
- ***Risks related to our financial profile*** discusses risks relating to our financial management or our financing structure, including our debt financing.
- ***Risks related to the shares and the admission to trading*** discusses risks relating to an investment in the New Shares.

The risk factors we present in this prospectus are limited to risks that are specific to the Company or its shares and are material for making an informed investment decision. We have assessed the materiality of the risk factors based on the probability of their occurrence and the expected magnitude of their negative impact. If any of these risks materialise, you could lose all or part of your investment.

The risk factors in each category describe the risks that we believe, as of the date of this prospectus, to be the most material risks affecting us and the Offer Shares in that category and are presented in order of materiality, taking into account the expected magnitude of their negative impact on the Company or its shares and the probability of their occurrence.

In this risk factors discussion, the terms "**TUI**", "**Group**", "**we**", "**us**" and "**our**" refer to TUI AG together with its consolidated subsidiaries. The term "**Company**" refers to TUI AG as issuer of the New Shares. The term "**Offering**" relates to:

- the subscription offer (*Bezugsangebot*) to existing shareholders (other than Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity (each as defined below)) and holders of subscription rights to New Shares by way of (i) a public offering in Germany and the United Kingdom ("**UK**"), (ii) private placements in the United States to qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and (iii) private placements to eligible investors outside the United States in reliance on Regulation S under the Securities Act (the "**Subscription Offer**"); and
- the offering of Offer Shares not subscribed for in the Subscription Offer (for the avoidance of doubt not including any new shares that would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity) in private placements to eligible or qualified investors in certain other jurisdictions (the "**Rump Placement**").

1.1 Risks related to our business and industry

1.1.1. Various macroeconomic factors, in particular the current economic recession and inflation in the European Union and the UK, may adversely affect our business by diminishing customer ability or willingness to spend money on our holidays and negatively impact our results of operations.

A number of macroeconomic factors have an impact on the tourism industry and on our Group specifically. Economic conditions in our source markets are a major driver of demand for our travel services and holidays. Spending on leisure travel and tourism is discretionary and competes with other expenses and, as a consequence, these effects can impact demand.

A weak or uncertain macroeconomic environment, high or increasing inflation (including in relation to energy prices), recession, increasing unemployment rates or increases in interest rates, direct or indirect taxes, stagnant or declining wages or the cost of living could reduce consumers' disposable income and therefore cause significant reduction in demand for travel and tourism as consumers may reduce or eliminate their spending on travel, or opt for alternative, lower-cost substitutes which, in turn, could have an impact on our short-term growth rates and lead to margin erosion.

Furthermore, events and developments outside the economic sphere, including volatility in global financial markets, macroeconomic policy, trade policy and conflicts, business and consumer sentiment, monetary policy (i.e., interest rates), commodity prices, public and private debt levels and government policies targeting public spending such as fiscal austerity policies, as well as geopolitical developments, social or political unrest, war, terrorist acts and other hostilities, natural catastrophes and outbreaks of disease (such as the SARS-COV-2 coronavirus ("**COVID-19**") pandemic) have had, and may in the future have, in addition to their direct negative effects discussed elsewhere in this section, indirect and strongly negative effects on the economy. Negative developments in Europe and the UK, in particular, can harm our business and operating results. We generated an aggregate 60.8% and 62.3% of our revenue in Europe and 36.9% and 34.2% of our revenue in the UK in the fiscal year ended 30 September 2022 ("**Fiscal 2022**") and the three-month period ended 31 December 2022 ("**Q1 2023**"), respectively. During economic downturns, the ability of our customers to make expenditures may decline significantly, which could result in fewer bookings or the suspension or cancellation of existing or planned bookings. Likewise, capital constraints and increased borrowing costs due to rising interest rates may adversely impact the financial condition of our customers. Such capital constraints may result in the suspension or cancellation of existing or planned bookings. Even where adverse economic developments have not affected potential customers personally, concern over possible future impacts such as unemployment or reduced income can lessen consumer confidence, driving down demand for discretionary goods and services such as tourism.

Recent developments which have had a significant impact on macroeconomic conditions around the world include the COVID-19 pandemic and the ongoing military conflict in the Ukraine (the "**Russia-Ukraine Conflict**"). The COVID-19 pandemic has had serious adverse economic consequences, including declining economic growth, numerous business insolvencies, and significantly increased unemployment, resulting in decreased per capita income and disposable income. Europe, in particular, has been severely affected by the pandemic. Virtually no part of the continent has escaped unscathed, and the virus and its consequences have had a very serious and adverse effect on major European economies, including our major source markets such as Germany and the UK, as well as Italy, France and Spain. Although the impact of the COVID-19 pandemic on economic activity has diminished, the global geopolitical and economic environment remains challenging. The Russia-Ukraine Conflict and the sanctions and export-control measures instituted by the European Union ("**EU**"), the UK, the United States, Canada and Japan, among others, against Russian and Belarusian persons and entities in response have contributed and will likely continue to contribute to increased inflationary pressures (including increased prices for oil and natural gas), gas supply shortages, supply chain disruptions, market volatility and economic uncertainty, particularly in Europe (please also see risk factor "*1.1.2. The Russia-Ukraine Conflict and the sanctions imposed by numerous countries and multinational entities in response, as well as countermeasures by Russia, have had, and may continue to have, adverse impacts on the global economy, the global capital markets, supply chains, energy prices and supplies, any of which could negatively impact the Group's operations.*").

In June 2022, the World Bank warned that the Russia-Ukraine Conflict had magnified the slowdown in the global economy triggered by the COVID-19 pandemic and predicted that the global economy was entering what could become a protracted period of low growth and elevated inflation in which, for many countries, economic recession will likely be difficult to avoid.

In particular, global gross domestic product ("**GDP**") growth has declined from 5.8% in 2021 to 3.0% in 2022, significantly lower than the 4.1% that the World Bank predicted in January of 2022 (source: World Bank, "OECD Economic Outlook, Interim Report September 2022"). Global growth is expected to weaken further over 2023 and 2024 as the Russia-Ukraine Conflict disrupts economic activity, investment and trade, and as pent-up demand built up during the COVID-19 pandemic fades and accommodative fiscal and monetary policies are withdrawn or tempered by central banks and governments. GDP growth rates in the Group's key markets are also expected to decrease compared to 2021, with the Eurozone declining from 5.2% in 2021 to 3.1% in 2022 and 0.3% in 2023 (source: OECD Economic Outlook, Interim Report, September 2022).

Meanwhile, inflation rates have recently increased significantly in Europe and even more in the UK. The inflation rate in the Eurozone was 8.5% in January 2023 (source: Eurostat January 2023) compared to 5.1% in January 2022 (source: Eurostat January 2022). Inflation in the Eurozone is expected to be approximately 5.8% in 2023 (source: FactSet). Meanwhile, the inflation rate in the UK was 10.1% in January 2023 (source: ONS January 2023), compared to 5.5% in January 2022 (source: ONS January 2022). Inflation in the UK is expected to be approximately 6.9% in 2023 (source: FactSet). Further increases in inflation rates and actions taken by central banks and other state actors to combat rising inflation rates, such as recent increases in base interest rates by the United States Federal Reserve, the European Central Bank (the "**ECB**") and the Bank of England could further undermine economic growth, and contribute to regional or global economic recessions, cause declines in consumer spending and confidence and increase borrowing costs, among other effects, each of which could materially adversely impact our business and financial results.

The inflationary environment and related intensified general price increase (in particular due to rising energy costs) combined with an increase in interest rates, may continue and lead to a significant reduction of private budgets available for travel, thus lowering purchasing power and resulting in declining customer demand, and significantly impact our near-term growth rates. While we may increase product prices in order to mitigate the impact of inflation, competitive pressures may constrain our ability to do so, and so we may remain subject to market risk with respect to inflationary pressures. Furthermore, increasing inflation has put upward pressure on the cost of fuel (please also see risk factor "*1.1.14. We are vulnerable to rising fuel costs and changes in the type of fuel we are permitted to use.*") and other operating costs, and our ability to raise prices to counteract increased fuel and other operating costs (such as labour costs) may be limited, which may reduce our operating profit to the extent where we are not able to pass on related price increases to our customers. In addition, our initiatives to offset headwinds from inflation in our fuel and other operating costs may not be sufficient to mitigate these risks.

A failure to accurately anticipate higher inflation and factor it into our product pricing assumptions may also result in mispricing of our products, which could materially and adversely impact our operating results.

We cannot currently predict the extent or duration of the Russia-Ukraine Conflict or its direct or indirect impact on our business, results of operations, cash flows and financial condition. Periods of economic weakness or recession, high or increasing inflation, rising interest rates, fiscal or political uncertainty, market volatility, declining employment levels, declining demand for travel and consumer demand for related activities and services, disruption to the global capital or credit markets or the public perception that any of these events could occur or deteriorate, could lead to further economic instability, restricted access to debt and equity financing and counterparty defaults, which may negatively affect the performance of our business.

In late 2009, a number of countries within the Eurozone underwent sovereign debt crises. The crisis created the risk of contagion to other, more fiscally stable, countries, particularly France and Germany. The crisis itself as well as the austerity measures adopted in response caused uncertainty about the stability and overall standing of the European Monetary Union. Although its severity appears to have abated somewhat over recent years, concerns that the Eurozone sovereign debt crisis could re-emerge have been heightened by the macroeconomic effects of the COVID-19 pandemic and Russia-Ukraine Conflict.

Re-emergence of the sovereign debt crisis could lead to the reintroduction of national currencies in one or more Eurozone countries or the abandonment of the euro, which could materially adversely affect our businesses. Additionally, any such re-emergence could trigger the unwinding of other aspects of European integration that have benefited our businesses.

1.1.2. The Russia-Ukraine Conflict and the sanctions imposed by numerous countries and multinational entities in response, as well as countermeasures by Russia, have had, and may continue to have, adverse impacts on the global economy, the global capital markets, supply chains, energy prices and supplies, any of which could negatively impact the Group's operations.

The Russia-Ukraine Conflict has prompted the EU and numerous countries to impose sanctions on a wide range of Russian and Belarusian state and corporate entities and individuals, including extensive trade embargoes, travel bans, asset freezes and the exclusion of certain Russian and Belarusian banks from the global financial system, among other measures. In response, Russia has sanctioned persons and entities within so-called "non-friendly" countries and terminated gas supply contracts to several countries and entities in Europe. The unpredictable nature of the conflict means that further sanctions, against Russia and Belarus or Russian and Belarusian entities, and further retaliatory actions by Russia and Belarus against the imposing countries, including the possible expropriation of assets owned by nationals of, or companies based in, such sanctioning countries, including the Group, may be forthcoming.

Although the Group has no direct exposure to Ukraine or Russia, as none of our operations or assets are located in either market, our business, financial condition and results of operations have been and could continue to be materially adversely affected by the Russia-Ukraine Conflict in a number of ways. The Russia-Ukraine Conflict and the related sanctions have created significant global economic uncertainty and have threatened to exacerbate pre-existing global economic challenges such as those arising from the COVID-19 pandemic and its consequences, increasing inflation (including energy prices) and slowing economic growth (please see risk factor "*1.1.1. Various macroeconomic factors, in particular the current economic recession and inflation in the European Union and the UK, may adversely affect our business by diminishing customer ability or willingness to spend money on our holidays and negatively impact our results of operations.*"). Capital markets and exchange rate volatility has increased significantly and the risk of a global economic recession, or recessions in key economies like the United States and Europe, has increased. Such developments may lead to a decline in the willingness or ability of customers to purchase travel or related activities and services.

The conflict and the related sanctions have also caused and may continue to cause volatility in oil and natural gas prices and could potentially lead to shortages or further energy price increases of these resources. These developments have caused and may continue to cause significant increases in energy prices which, in turn, significantly increased our input costs (please also see risk factor "*1.1.14. We are vulnerable to rising fuel costs and changes in the type of fuel we are permitted to use.*").

Other consequences of the conflict and related sanctions which have adversely impacted, and will likely continue to adversely impact, the travel industry, including the Group, as well as the suppliers we rely on, include increased bottlenecks in global supply chains, shortages of fuel, as well as price volatility for fuel more generally.

However, we cannot predict the impact of Russian actions in the Ukraine or of heightened military conflict or geopolitical instability that may follow, including heightened operating risk in Europe, additional sanctions or counter sanctions, cyber disruption or attacks. The Russia-Ukraine Conflict may also escalate further, or expand to other countries, which in addition to further negative economic impacts could lead to travel restrictions.

If any of the foregoing risks were to materialise, our business, financial condition and results of operations could be materially and adversely affected. Such risks may also have the effect of heightening many of the other risks described in this section, such as those relating to inflation, capital markets volatility and the Group's ability to access additional capital, any of which could materially and adversely affect our business, financial condition and results of operations.

1.1.3. The COVID-19 pandemic and its effects, as well as mutations of COVID-19 have had material adverse consequences for our revenue and profitability, cash flow and liquidity, plans and goals, and share price in recent periods and remains a risk to our business and industry over at least the short-term.

After late 2019, when the first cases of COVID-19 were reported in China, the outbreak rapidly spread and grew globally, including throughout Europe and, by 11 March 2020, was declared a pandemic by the World Health Organisation. In response to the COVID-19 pandemic, at various times since February 2020 many governments around the world implemented, a variety of measures targeting a reduction in the spread of COVID-19, including travel restrictions and bans, instructions to residents to practice social distancing, quarantine advisories, shelter-in-place orders and required closures of non-essential businesses. Individuals' ability to travel had been curtailed through border closures, mandated travel restrictions and limited operations of hotels and airlines. In addition to the severe shock caused to the global economy in general, measures related to the COVID-19 pandemic resulted in a material decrease in consumer spending and an unprecedented decline in travel and consumer demand for related activities and services since early 2020. Our financial results and prospects are almost entirely dependent on the sale of such travel and travel-related services. As a result, the pandemic has had a significant negative impact on our business, financial condition, results of operations, cash flows and liquidity position. The Company's audited consolidated financial statements as of and for the fiscal year ended 30 September 2020 ("**Fiscal 2020**") are available to the public on the Company's website and are not included in this prospectus. Due to the impact of the COVID-19 pandemic on the financial performance of the Company in the second half of Fiscal 2020, the results for the full year of Fiscal 2020 should not be viewed as directly comparable to our financial statements for fiscal year ended 30 September 2021 ("**Fiscal 2021**") and Fiscal 2022 results. In particular, our financial statements for Fiscal 2021 were strongly influenced by factors and events that do not pertain to the financial statements for Fiscal 2022 we present in this prospectus. Our results of operations were marked by significantly lower levels of revenue in Fiscal 2021 even after business operations could be partially resumed, further exacerbated by additional restrictions introduced as a result of a resurgence of the COVID-19 pandemic in autumn of 2020. During this period, we also incurred pandemic-related expenses which were of no relevance prior to the outbreak and in Fiscal 2022, including refunds to customers cancelling their holidays and costs for the repatriation of customers from destinations abroad.

Among others, the COVID-19 pandemic had caused us to lose revenue and has imposed significant costs. These losses and costs resulted from many factors, including:

- reduced demand for vacations and cruises;
- guest compensation;
- itinerary modifications, redeployments and cancellations;
- travel restrictions and advisories;
- the unavailability of destinations and ports; and
- costs to return our passengers and certain staff and crew members to their home destinations.

While restrictions have been eased globally and our revenue in Fiscal 2022 increased, reflecting a normalisation of the business environment in tourism to an approximate pre-pandemic level, the development of revenue in the first half of Fiscal 2022 continued to be significantly impacted by measures to contain the spread of COVID-19. We cannot predict with any certainty whether further additional waves of infections, including the emergence of new variants, or other public health emergencies, will occur and as a result, we may experience similar adverse effects to our business, results of operations, financial position and cash flows as prior periods. Among others, the greatest area of uncertainty will be the impact on consumer confidence, should travel restrictions be reintroduced. The impact of any such future event will ultimately depend on future developments, many of which are outside our control. These include:

- the severity, extent and duration of the global pandemic and its impact on the travel industry and consumer spending more broadly;
- actions taken by national, state and local governments to contain the pandemic or treat its impact, including travel restrictions and bans, requirements of a negative test for the Coronavirus for entry into a country, required closures of non-essential businesses and aid and economic stimulus efforts;
- the effect of the changes in hiring levels;
- the health and productivity of management and our employees;
- the impact on our contracts and relationships with our partners, such as travel agencies, suppliers and other vendors;
- the speed and extent of the expected recovery across the broader travel ecosystem; and
- the duration, timing and severity of the impact on customer spending, including the economic recession resulting from the pandemic.

An outbreak of another disease or similar public health emergency, or fear of such an event, that affects travel demand, travel behaviour or travel restrictions could have a material adverse impact on our business, financial condition and operating results. Outbreaks of other diseases could also result in increased government restrictions and regulation, such as those actions described above or otherwise, which could adversely affect our operations.

Our ability to attract and retain customers and staff depends, in part, upon the perception and reputation of the Group and our brands and the public's concerns regarding the health and safety of leisure travel generally, including on aircraft and cruise ships as well as in hotels. Actual or perceived risk of infection, or a public perception that we are not adequately enforcing preventive public-health measures such as mask wearing, could have an adverse effect on the public's perception of the Group, which could harm our reputation and business.

Moreover, we cannot predict the impact that the recovery from the COVID-19 pandemic will continue to have on our partners, such as our joint venture partners, third-party owners of the hotels we lease or manage, third-party service providers, travel agencies, suppliers and other vendors. In particular, if our partners are unable to maintain the properties and service indebtedness, or experience financing difficulties, our results of operations and reputation could suffer. Bankruptcies, sales or foreclosures involving our or our partners' properties could, in some cases, result in the termination of our management or franchise contracts and eliminate our anticipated income and cash flows, which would negatively affect our results of operations. Partners with financial difficulties may be unable or unwilling to pay us amounts that we are entitled to on a timely basis or at all.

Current and ongoing economic conditions also could affect our ability to enter into management and franchise contracts with potential partners, who may be unable to obtain financing or face other delays in developing projects. As a result, some hotel projects in our development pipeline may not enter our system when we anticipate, or at all, and new projects may enter our pipeline at a slower rate than in the past, thereby negatively affecting our overall growth. Likewise, if we or our partners are unable to access capital to make physical improvements to our properties, the quality of our properties may suffer, which may negatively impact our reputation and business.

In addition, this prospectus contains forecasts regarding market data, growth rates, economic performance and other developments in the travel industry. We derived this information from third-party sources. Those sources may not fully reflect the current and potential ultimate impact of the pandemic and the Russia-Ukraine Conflict on the economy, society and markets in which we operate. Their forecasts are subject to a degree of uncertainty. If they prove incorrect, then our own forecasts, as well as plans and assumptions we have made on the basis of those studies, may also be incorrect, and we will then be unable to achieve benefits or avoid harms as planned on the basis of those forecasts.

1.1.4. Our business will suffer if we cannot adapt to changes in customer behaviour and preferences.

To succeed, we must introduce and expand products and services that meet customer demands and preferences. These preferences can change rapidly and unpredictably. Public perception about the safety or desirability of various forms of travel could also lead to changed patterns for international and national leisure activities that may affect the demand for our products.

COVID-19 has substantially changed the expectations of our customers, including with respect to a heightened sensitivity to cleanliness and hygiene standards and social distancing measures. For example, outbreaks of COVID-19 on ships of some of our competitors, and the resulting illness and, in some cases, loss of life have subjected cruises generally to negative publicity. This publicity could have a long-term impact on the appeal of cruises, which would diminish demand for vacations on our ships. In addition, customers could be discouraged from travelling outside their country if newly introduced restrictions on travel, such as mandatory quarantine and/or testing requirements ahead or after the vacation would be implemented.

Other factors can drive changing customer behaviour and preferences. We expect that these factors will continue to affect our business even in the absence of COVID-19 or similar widespread virus or disease outbreaks. For example, bad weather at any of our destinations, or unseasonably warm weather in our source markets, could reduce demand for travel to our "sun and beach" destinations, which are important contributors to our revenue.

Moreover, environmental considerations have an increasing impact on travel decisions as a growing number of customers pay more attention to the fact that a company acts in a climate-friendly, preferably climate-neutral manner. Quality holiday experiences rely on beautiful and biodiverse destinations, thriving communities, stable weather and customer comfort, some of which are at risk given the long-term effects of climate. For example, the Maldives, where TUI owns hotels, have been identified as destinations at risk from sea level rise (source: Storlazzi et al., in Science Advances, April 2018). In addition, the customer demand is currently changing to more sustainable and lower carbon holiday products. As a result, customers may reduce travel by aircraft or cruise ships if they believe these modes of travel are harmful to the environment. To take account of this trend, our goal is to become a net-zero company by 2050 at the latest and we aim to achieve significant reductions in emissions by 2030 in all our business areas. We may fail to achieve this goal at all or in the anticipated timeframe, as for example, technologies that facilitate a fully carbon-neutral air and sea transport are yet to be developed, or may incur greater than anticipated costs in attempting to achieve this target, any of which could have a negative impact on how we are perceived by our customers, which, in turn, could result in a decline in demand for our products and services and negatively impact our reputation. Changes in social expectations and growing concerns about climate change may impact market demand for long distance vacations, or vacations at all, if they are linked to air-travel. Besides this reputational risk, the foreseen consequences of climate change include harsher average weather conditions and more frequent extreme weather events, such as hurricanes, hail storms, heat waves or extreme cold spells. These changes might affect the booking behaviour of our customers as some destinations may be less desirable. This could result in a decrease of bookings, causing a loss of revenues. Furthermore, to cope with degraded operational conditions, costly and time-consuming measures may be required by us to meet more stringent regulation and keep our destinations attractive.

We must also understand and anticipate customer behaviour, which changes over time and may vary from market to market. In recent years for example, customers have increasingly tended to book holidays nearer the time of travel than was traditionally the case. This trend has been and may be further intensified in the future by COVID-19 due to reduced visibility on ability to travel in the near term and the possibility of having to self-quarantine on return from holiday destinations. This change in booking behaviour makes it more difficult for us to engage in seasonal planning and adjust capacity to react to short-term changes in customer demand and could have a significant impact on our working capital.

If our products and services fail to attract and retain customers, or if we fail to adapt to changing customer demands and preferences, we could suffer deceased revenue, loss of market share and a diminished reputation.

1.1.5. Political instability, natural catastrophes, accidents and other events outside our control may reduce customer demand and otherwise unfavourably affect our business.

Events outside our control can have a material effect on our business. These events may include:

- geopolitical events, such as political instability, social unrest, civil war, terrorist attacks, failing governments and international conflicts, such as the Russia-Ukraine Conflict;
- cyber attacks or acts of sabotage relating to critical infrastructure, such as airport infrastructure;
- natural events, such as the COVID-19 pandemic and other outbreaks of virus or disease, climate change (including any resulting rise in sea levels) and other natural catastrophes; and
- operational events, such as accidents and incidents involving our aircraft, cruise ships, hotels or other travel products and services.

Any of these events can have a powerful effect on travellers' perception of the risk involved in booking holidays with us, which can translate into reduced demand and a decrease in revenue.

Because we operate worldwide, both domestic and international geopolitical events could adversely affect demand for our products and services. For example, political instability and terrorist events in recent years in Türkiye, Egypt, Tunisia and other North African countries and the related travel warnings and restrictions imposed by various governments have had a significant impact on customer demand for holidays in these destinations. In some cases, we have incurred substantial costs to repatriate customers at short notice.

Events in our source markets, destination countries or elsewhere can lead to travel bans and restrictions. They can also dampen existing and potential customers' desire for travel. These factors have included:

- pandemics, epidemics and other public health crises, including not only the COVID-19 pandemic but also outbreaks such as the Zika epidemic in South and Central America in 2015-2016 and the Ebola epidemic in Western Africa in 2014;
- aircraft and maritime disasters such as the 2015 crash of Germanwings flight 9525, the 2014 shooting down of Malaysia Airlines flight 17 over the Ukraine; and the 2012 grounding of the *Costa Concordia* off the Italian coast;
- ongoing armed conflict in Syria and elsewhere;
- the ongoing Russia-Ukraine Conflict;
- ash clouds generated by volcanic eruptions, such as the 2010 eruption of Eyjafjallajökull in Iceland, which caused massive disruptions to air traffic over Europe and beyond for up to a month; and
- adverse or extreme weather conditions such as hurricanes, floods and typhoons, or wildfires (such as those experienced in certain areas of Southern Europe in Summer 2021).

The Russia-Ukraine Conflict is particularly affecting our primary input material, fuel, by disrupting global energy markets and contributing to a significant increase in fuel costs (please see also risk factor "*1.1.14. We are vulnerable to rising fuel costs and changes in the type of fuel we are permitted to use.*") as well as other service costs due to rising energy prices.

Moreover, hotels and airlines have in recent years been the subject of terrorist attacks, notably in Tunisia, India, Spain, Egypt, Russia, Türkiye and Sri Lanka. In particular, in June 2015 we suffered a terrorist attack at the Riu Imperial Marhaba Hotel at Port El Kantaoui, a beachfront tourist complex near Sousse, Tunisia. In this attack, a gunman killed 38 people and wounded a further 39. Furthermore, cruise ship piracy has occurred in the Gulf of Aden.

In addition to events that affect large groups, we are also exposed to risk from accidents and incidents involving individuals. These could include drowning or "slip and fall" accidents at our sites, food poisoning at dining facilities, and injuries sustained during guest activities and excursions.

Any accident, incident or technical issue involving our aircraft, cruise ships, hotels or other travel products and services which we provide or acquire could create a public perception that our products, services or destinations are unsafe. Unfavourable media coverage following such an accident, incident or technical issue could exacerbate this impact. As a result, our reputation could suffer and demand for our products and services could decrease. Moreover, potential customers could also lose confidence in the tourism industry generally, including our Group, even if such incidents involved aircraft, cruise ships, hotel or facilities of other companies.

An accident or incident involving damage to or the destruction of one of our aircraft or cruise ships would result in temporary or permanent loss of the aircraft or ship from service and the need to repair or replace it. Such events could also give rise to claims for compensation from injured passengers and the survivors of deceased passengers.

The operation of cruise ships and airplanes carries an inherent risk of loss. Factors that can result in loss include:

- adverse or extreme weather conditions such as hurricanes, floods and typhoons, or wildfires;
- aviation and maritime disasters;
- oil spills and other environmental mishaps;
- mechanical failure, collisions and human error; and
- war, terrorism, piracy, political action, civil unrest and insurrection.

All of these factors are external events outside our control. Any of them may lead to loss of life or property, loss of revenue or increased costs, and a reduction in customer spending on holidays and leisure travel products. They may also lead to prolonged business interruptions as well as to substantial claims by customers for accommodation, alternative travel, repatriation or medical treatment. In addition, the frequency and severity of natural disasters may increase due to climate change.

1.1.6. Significant competition in the European tourism industry could lead to reduced prices or to a loss of customers.

We face significant competition in our core European tourism markets.

Spending on travel and tourism is discretionary and price sensitive as well as competitive. The economic outlook remains uncertain due to, in particular, the Russia-Ukraine Conflict, which has had and is expected to continue to have a significant impact on customer spending, especially in Europe, as a result of which competition may be more intense in the future. In addition, in a weakened economy, companies that have competing properties or services may reduce room rates and other prices which could also reduce our average revenues and harm our operating results. Furthermore, in recent years there has been an emergence of successful substitute business models, such as web-based travel and hotel portals, that allow end users to combine the individual elements of a holiday trip on their own and book them separately.

Some of our competitors focusing on offering the separate components of a travel package, such as flights, hotels, accommodation or leisure activities, that customers can themselves integrate into a package. Other competitors, operating primarily over the internet, offer only one or a few of these components, with customers integrating a package from the offerings of multiple providers. Historically, we focused primarily on integrated holiday packages. This approach enabled us to maximise our vertical integration and, as a result, efficiently tap our aircraft, hotel and cruise line capacities. More recently, we, like some competitors, have also begun marketing separate travel components, which may result in a reduced ability for us to maximise efficiencies. In addition, we could lose customers or be forced to reduce prices due to the increased price transparency these competitors have created.

Prior to the outbreak of the COVID-19 pandemic, the tourism industry has in recent years experienced a substantial increase in travel and tourism businesses focused on online distribution, such as Expedia and Booking.com. These businesses typically have lower cost structures than traditional retail travel businesses. In some cases, they may have offerings more favourable to ours for both travellers and suppliers, in terms of pricing, connectivity and supply breadth. This development has resulted in increased competition and, in certain cases, overcapacity. Both these developments have driven down selling prices and may continue to do so.

We also face increasing competition from online portal and search companies, such as Google, as well as metasearch sites, such as Trivago and Kayak. These sites aggregate travel search results across supplier, online travel and other websites. Metasearch companies and search engines may redirect potential customers to competitors' websites. In addition, some search companies charge us each time a user accesses our website through their search engine, even if the user does not purchase our products or services. If a substantial number of users access our websites through these search engines but do not purchase our products or services, our expenses could increase, reducing our profit margin.

Additionally, search engine companies have shown increasing interest to diversify into the online travel channel, as evidenced by recent technological innovations and proposed and actual acquisitions by companies such as Google or Microsoft. Many search engine companies have achieved significant brand recognition based on their historical operations. If they begin selling travel products, they could ultimately become our direct competitors, leveraging their brand recognition to win market share and capture customers who might otherwise have booked their travel with TUI.

Low-cost airlines have further exacerbated pressure to reduce prices. On many routes, these airlines compete successfully against charter airlines, including our own, that offer the flight component of vacation packages. If we cannot maintain a competitive cost structure compared to these low-cost carriers, we may be unable to offer competitive prices to customers for package holidays involving flights on our aircraft. As a consequence, we could in turn suffer loss of customers to other businesses, such as hotels at holiday destinations.

Our cruise line business also faces intense competition. The customers we target in the luxury cruise market can choose from a very wide range of travel and vacation options. If these customers consider other vacation and travel options – for example, luxury hotels – as more attractive than ours, our cruise business would suffer. We also face competition in our budget and premium cruise submarkets from newly built ships joining the market. The new ships have increased capacity in these submarkets, exacerbating pricing pressure.

1.1.7. Excess capacity in our aircraft, hotels and cruise ships or in the overall industry can affect us adversely.

Our success depends on the optimal utilisation of our resources. These resources include the aircraft, hotels and cruise ships that we own and aircraft, hotel and cruise ship capacities that we lease, or are committed to lease, on a long-term basis. With the market environment returning to normal and the Group's business volume rising substantially after the COVID-19 pandemic-related restrictions have been lifted, capacity bottlenecks in third party infrastructure led to temporary business interruptions in Fiscal 2022, which we were only able to influence to a limited extent. Conversely, there is a risk that utilisation rates will be negatively impacted by reduced customer demand due to the current macroeconomic uncertainty (please also see risk factor "*1.1.1. Various macroeconomic factors, in particular the current economic recession and inflation in the European Union and the UK, may adversely affect our business by diminishing customer ability or willingness to spend money on our holidays and negatively impact our results of operations.*"). Furthermore, in anticipation of a strong recovery after the COVID-19 pandemic, competitors may significantly increase their capacities which may result in excess capacities in the travel industry, which could have a negative effect on our pricing and severely impact our profitability.

Assuming that the cruise segment fully recovers from the significant harm it suffered as a result of the COVID-19 pandemic and the current economic uncertainty, the expansion of our cruise ship fleet could lead to overcapacity in the market and, in particular, to cannibalisation of bookings for older ships. These developments could lead to write-offs and higher than expected restructuring costs.

To the extent that we purchase additional capacity from third parties, we are able to make capacity adjustments only to the extent that our contracts with those third parties permit.

1.1.8. *The Group's vertically-integrated business model means it is disproportionately impacted by a decline in revenues.*

We operate a vertically-integrated business model, which means that we own and operate the majority of our airplanes. In addition, 12 of our 16 cruise ships are owned by TUI Cruises, a joint venture in which we hold a 50% interest. Prior to our July 2020 transfer of former subsidiary Hapag-Lloyd Cruises to TUI Cruises, we directly owned or leased nine of our then 16 cruise ships. A high proportion of the Group's operating overheads and certain other costs, such as lease payments and labour, therefore remain relatively constant even if there is a decline in revenues. This is because the expenses of owning and operating airplanes, hotels and cruise ships are not significantly reduced if occupancy and use decline, particularly in the short term. Our fixed and semi-variable costs represented a substantial proportion of our cost base in Fiscal 2022 and include long-term lease obligations, business rates and service charges, among others.

Therefore, a decline in revenues, whether as a result of macro-economic factors or specific events like pandemics (including COVID-19), terrorist attacks, natural disasters or wars (including the ongoing Russia-Ukraine Conflict) has a disproportionately adverse effect on us compared to competitors who operate franchise or other asset-light models, where a significant proportion of operational costs would fall on franchisees or other third-parties. Due to our large ownership interests and freehold or long-term leasehold of our cruise ships, airplanes and hotels, we are likely to be less impacted than other vertically-integrated competitors who lease the majority of their airplanes, cruise ships or hotels and therefore have to pay rent. Nonetheless, a decline in our revenue may have a disproportionately material adverse effect on our business, financial condition, results of operations and prospects relative to other companies operating in the same sector.

1.1.9. *Corporate strategic or restructuring projects and cost saving actions may not be successful or may take longer and be more expensive than anticipated.*

We periodically undertake strategic or restructuring projects to make operations more efficient and/or reduce our cost base. There is an inherent risk with any large strategy or restructuring program that it requires a significant amount of management time and thus may affect or impair the ability of our management team to run our business effectively until completion of the restructuring. Any such strategy or restructuring program may take longer than expected, or difficulties relating to its implementation may arise and there can be no assurance that the actual cost of a restructuring program will not exceed our cost estimates.

Furthermore, we may not be able to retain personnel with the appropriate skill-set for the tasks associated with the implementation of a strategic or restructuring program, which could materially impair the Company's strategy and restructuring programmes.

In particular, we are continuing to implement our digital transformation strategy with the aim to grow our integrated model both by further developing our product offering and strengthening our digital customer acquisition capabilities. Our focus is on evolving our business operations and improving the customer experience through engaging, intuitive and consistent customer services. We may not be able to implement this strategy successfully or at all within the targeted timeframe, or the implementation could be more costly than expected.

1.1.10. *European and national restrictions on airline ownership could result in the loss of the Group's airline operating and route licenses, force us to divest our airline businesses or result in other adverse effects.*

European and national restrictions on airline ownership could result in the loss of our airline operating and route licenses and, consequently, force us to reduce our participation in the Group's airline business or result in other adverse effects on our airline business. The Company owns and controls the shareholdings of four air carriers in four EU member states as well as one airline in the UK. In the European countries in which our airlines operate, an air carrier is permitted to operate airline services only if it is majority owned, and effectively controlled, by one or more member states of the European Economic Area or their nationals. The carrier must be able to prove this at any time. Failure to do so may eventually result in withdrawal of, or a refusal to issue, the carrier's operating license or route licenses. In the UK, an air carrier is permitted to operate airline services only if it is majority owned, and effectively controlled, by the UK or their nationals or one or more EU member states or their nationals. In addition, there may be national ownership restrictions applicable to the granting of route licenses to our airlines.

As of the date of this prospectus, the Company is majority owned and controlled by nationals of the EEA and, thus, continues to meet the requirements of Regulation (EC) No. 1008/2008 on common rules for the operation of air services in the Community of 24 September 2008 (the "**Airline Operations Regulation**") and the Airline Operations Regulation as it forms part of UK law by virtue of the EUWA.

No mechanism is currently in place to prevent the majority of the Company's shares at any time from being held by non-EEA nationals. The Company's charter does not contain provisions, such as for the disenfranchisement of non-EEA shareholders, that operate automatically to ensure compliance with the ownership requirements. An authorisation of the executive board of the Company (*Vorstand*; the "**Executive Board**") to request non-EEA shareholders to sell their shares, to disenfranchise non-EEA shareholders or to issue new shares to EEA nationals for the purpose of maintaining the Group's airline operating and route licenses could only be given if the Company were within the scope of the German Aviation Compliance Documenting Act (*Luftverkehrsnachweissicherungsgesetz*; "**LuftNaSiG**"). This would require the Company to qualify as an "air carrier company" pursuant to the LuftNaSiG and the applicable EU law provisions; that is, the Company itself would have to possess operating and route licenses and corresponding air traffic rights.

In order to prevent the risk of a withdrawal of airline operation licenses the Company is assessing possible options, should they be required, to restructure its airline activities in such a way that they are compliant with regard to the ownership and control requirements under the applicable mandatory law. We cannot assure you that any measures we might take to be compliant with ownership requirements, including an issuance of additional share capital to EEA nationals only on a non-preemptive basis, would be successful.

1.1.11. Our branding strategy creates the risk that damage to our reputation in one part of our business could harm other parts of our business operating under the same or a related brand.

Intellectual property – primarily, our brand names, trademarks and service marks – are important to our business. We operate under a number of individual brands as well as our group-wide umbrella TUI brand. This strategic reliance on our brands places us at risk if those brands and our reputation are damaged. Negative events affecting individual components of the tourism value chain, such as bad publicity about individual tour operators, hotel companies, airlines or cruise lines, could damage reputation of our Group as a whole.

For example, in May and June 2022, poor services of some direct and indirect suppliers caused disruptions to our flight operations predominantly at, but not limited to, certain of our UK airports. Such incidents, which also affected the flight operations of some of our competitors, led to unfavourable publicity about the travel industry in general resulting in reputational damage and may lead to a loss of business. Our brands, image and reputation constitute a significant part of our value proposition. Our success over the years has largely depended on our ability to develop our brands and image as a, in our opinion, world leading tourism group. Travellers expect high quality travel products and services at competitive prices. Negative events could lead to customer complaints and damage our reputation and brands. In addition to reports of COVID-19 outbreaks aboard our aircraft or ships or at our destinations, such events could include:

- poor quality of products and services, provided by our third-party travel suppliers that we offer under our brands;
- failure to meet customers' expectations;
- failure to reimburse for unsatisfactory products or services; or
- the exchange of customer complaints or negative reviews on social network websites.

In addition, our image could suffer if an accident occurs on charter flights we have sold.

Negative publicity in respect of the response of tourism companies to holiday cancellations, and of airlines to customers' inability to lawfully travel for non-essential purposes, could also cause our branding and public image to suffer. The UK government confirmed its plans in April 2022 to grant the Competition and Markets Authority ("**CMA**") the power to directly enforce consumer laws, directly impose fines on businesses of up to 10% of their worldwide turnover, and award compensation to consumers. The investigation by the CMA into consumer refunds during the COVID-19 pandemic was resolved by the provision by TUI of two sets of undertakings with which it either was already in compliance or would continue to comply with. This was achieved without the need for the CMA to bring court action against TUI. However, the CMA did successfully bring court action against other operators. Similarly, in other markets certain regulators are expected to take a more active role (for example, the Belgian and Dutch competition authorities, who have recently indicated that they will be generally increasing their staffing levels). A variety of different regulators and powerful consumer advocacy bodies, from time to time, can focus upon the travel industry in different markets or across multiple markets. In the Netherlands, for example, the Autoriteit Consument & Market (ACM) is currently focused upon price transparency. Current price transparency mechanisms across the industry could be deemed insufficient, which could lead to a risk of brand damage and remediation.

Reports of improper responses by us or other tourism providers to the requirements of competition authorities may taint public perception of the TUI Group and of our industry in general, making customers less likely to book their holidays with us. We cannot assure you that we will successfully maintain and enhance consumer awareness of our brands. Even if we do succeed, our efforts may not be cost-effective. As new media and technologies, such as social media and smartphones, continue to evolve rapidly, we will need to allocate additional funds to promote our brands through these channels. If we cannot adapt our brand strategy, we may lose market share.

1.1.12. Our business depends on IT systems.

Our business, especially in its yield management activities and in the provision of central administration, depends heavily on IT systems. Our tourism business, reservation systems and administrative operations rely on the continuous functioning of our IT systems for sales through travel agents and direct sales of vacations and travel services to customers over the internet. We also depend on the continuous functioning of our IT systems for the dynamic customisation of holiday packages.

Our strategy focuses on digital customer acquisition. For example, we are streamlining the digital customer experience via the operation of a single customer account platform, implementing a common payment process, and deploying marketing and recommendations which cover all TUI products (including in-flight and hotel). We also focus on enhancing our app to enable customers to access all TUI products and services more easily, as well as targeting further growth in the proportion of digital sales made in-app. This is expected to facilitate a full product suite offering and cross-selling, and increase the number of holiday and experience touchpoints we have with the customer. Given the importance of our digital offering, outages or significant failure to smoothly implement such systems, disruption or cyber-breach may delay our implementation of such digital platforms or disrupt our growth in digital customer acquisition and may thus have material adverse effects on our revenues and results of operations.

TUI Group is also vulnerable to rapid changes in technology. Our business may suffer if we do not:

- keep up with the latest IT developments;
- address legacy inefficiencies and complexities of our existing IT infrastructure;
- protect our systems from cyber related attacks;
- protect personal customer data that we store and transmit;
- ensure continuity of service for critical IT systems; or
- execute our IT strategy and developments in line with customer expectations.

1.1.13. Third party attempts to breach our IT systems or data security or the existence of any other security vulnerabilities may result in financial loss, liability, measures taken by authorities or loss of reputation.

IT systems are vulnerable to disruptions, damage, power outages, hacking attacks, acts of terrorism or sabotage, computer viruses, fires and other events, and programming errors. We invest to reduce the likelihood and consequence of digital threats, but these dangers cannot be entirely avoided. Furthermore, we collect, store and use confidential data, for instance, customer data. The unauthorised access by third parties, the misuse or unintended disclosure of confidential data by our employees or third party attempts to fraudulently induce employees to disclose sensitive information in order to gain access to sensitive data may result not only in the disclosure of business secrets, but also violate privacy provisions, and, thus, constitute administrative or criminal offences and subject us to damage claims and lead to administrative fines. This is an evolving risk due to increasing global cyber-crime activity. At the same time, increasing dependence on digital sales and customer care increases our exposure and susceptibility to cyber-attacks. The risk of cyber-attacks may also be heightened as a result of the Russia-Ukraine Conflict. We cannot assure that the security measures we have put in place will continue to successfully defend against these attacks. The measures we apply and regularly review to mitigate digital threats may be insufficient to prevent certain types of security vulnerabilities. Future actual or perceived security vulnerabilities could cause us to incur significant additional costs to alleviate problems caused by any such vulnerabilities. Because the techniques used to obtain unauthorised access, disable or degrade service or sabotage systems change frequently and often are not recognised until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures.

Any such breach or unauthorised access may result in financial loss, liabilities towards customers, measures taken by authorities or loss of reputation.

1.1.14. We are vulnerable to rising fuel costs and changes in the type of fuel we are permitted to use.

Fuel costs constitute a significant proportion of the operating costs of our aircraft and cruise ships. Both the cost and availability of fuel are subject to wide price fluctuations as a result of many economic and political factors and events that are beyond our control, including, without limitation, increases in demand, sudden disruptions in supply and other concerns about global supply, as well as market speculation. Increases in fuel costs usually lead to increases in holiday prices. While fuel prices have stabilised over the last few months, if fuel prices were to rise again, TUI Group may need to impose fuel surcharges on short, medium and long-haul flights, where possible. These increased prices and additional charges could reduce demand for TUI Group’s travel products.

While fuel hedging capacity has significantly improved since the COVID-19 pandemic, available hedging lines are still less than our forecast requirements, which prevents us from hedging as high a proportion of our fuel exposures as we would have been able to prior to the pandemic.

We cannot assure you that any measures we may take to mitigate the negative consequences of our limited hedging or the inability to hedge fuel, such as use of flex pricing in markets where it is possible to do so, will be effective in protecting our margins.

Oil prices in Fiscal 2022 and beyond were significantly higher than in Fiscal 2021 and increased significantly following Russia's invasion of Ukraine in February 2022. The Russia-Ukraine Conflict and the resulting sanctions have also caused and may continue to cause volatility in oil and natural gas prices and could potentially lead to shortages of these resources. Germany and other European countries rely to a significant extent on oil and natural gas sourced from Russia, and plans to reduce this exposure will require an extended period of time to take effect. Russia has cut exports of natural gas to various European countries and has progressively reduced, or for short periods of time, paused entirely, deliveries of natural gas to other European countries, including Germany, and could potentially entirely cut off the supply of natural gas to Germany or cut off the supply of natural gas to other European countries. On 30 May, 2022, EU leaders reached an agreement to ban most Russian oil imports (including oil and petroleum products, but with a temporary exemption for oil delivered from Russia by pipeline). Further uncertainty in the oil market and its effects on the oil prices is driven by the decision of the Organisation of the Petroleum Exporting Countries ("**OPEC**") and Azerbaijan, Bahrain, Brunei, Kazakhstan, Malaysia, Mexico, Oman, the Philippines, Russia, South Sudan and Sudan (together with the OPEC the "**OPEC Plus members**") to cut the output by 2 million barrels per day and the European ban on importing Russian seaborne crude oil as of 5 December 2022 (due to Council Regulation (EU) 2022/879 amending Regulation (EU) No. 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine) combined with a price cap on Russian oil implemented by the G7 and Australia. The cap has been set at a maximum price of 60 U.S. dollars per barrel for crude oil and is adjustable in the future in order to respond to market developments and took effect after 5 December 2022 for crude and 5 February 2023 for refined petroleum products. Europe and the United States announced that they will enforce the price cap by using their control over petroleum shipping carriers and the companies that provide them (re)insurance. If these developments significantly reduce imports of Russian oil before securing alternative sources, or if Russia unilaterally ceases or further limits the supply of oil to European countries, including Germany, this will likely cause further increases in oil prices. Other consequences could include oil supply shortages.

As international prices for aircraft and cruise ship fuel are denominated in U.S. dollars, our fuel costs also expose us to certain exchange rate risks. The recent increase in inflationary pressures has prompted central banks to raise interest rates. The aggressive tightening of U.S. interest rates by the U.S. Federal Reserve versus slower monetary tightening by other central banks, notably the ECB and Bank of England, has widened interest rate differentials, causing appreciation of the U.S. dollar against other currencies like the euro and the pound sterling. This has had a negative impact on the U.S. dollar denominated input costs for the Group's unhedged positions. Substantial price increases or adverse exchange rates may force us to impose fuel surcharges on short, medium and long-haul flights. In the event of a fuel shortage resulting from a disruption of oil imports or otherwise, including, without limitation, any such events resulting from international terrorism, prolonged hostilities in oil-producing regions or the suspension of production by any significant producer, additional increases in fuel prices or a curtailment of scheduled services could result.

Although our ability to hedge our currency exposure has significantly improved since the COVID-19 pandemic, the hedging lines available to us remain below our forecast requirements, which prevents us from hedging as high a proportion of our currency exposures as we would have been able to prior to the pandemic. We have hedged a proportion of jet fuel for the Winter 2022/23 season and continue to build up hedge cover for Summer 2023 season. Such hedges against movements in fuel prices that we enter into cannot completely mitigate this risk, as a result of which our cost of sales may be higher than anticipated. Furthermore, hedges create risks of their own. We are subject to a general credit risk as counterparties to hedging transactions may default on their obligations. In addition, even hedges that seek to stabilise fuel price fluctuations can have negative effects, as they may also cause us to forgo the benefits of favourable movements in the price of fuel. Although, the proportion of forecast fuel requirements we have hedged is currently lower than our current forecast requirements, and we believe there is therefore a low risk of being in an over-hedged position for any unhedged portion of forecast fuel requirements, this absence of an extensive hedge position creates a risk that if fuel prices were to rise higher in the future, we may be unable to pass on those additional fuel costs to customers.

The price of fuel may trend higher, and average fuel prices for future years may be higher than current prices. There also cannot be any assurance that our current or any future hedging arrangements will be adequate to protect us from increases in the price of fuel or that we will not incur losses due to high fuel prices, either alone or in combination with other factors.

In addition, future regulatory requirements, in particular with regard to our cruise ships, could require us to use more expensive types of fuel and could increase the cost of our holiday prices. For example, as of January 2020, the International Convention for the Prevention of Pollution from Ships (MARPOL) adopted by the International Maritime Organization sets a global limit on fuel sulphur content of 0.5% (reduced from the previous 3.5% global limit). Furthermore, we could be impacted by the proposed revision of the Energy Taxation Directive (2003/96/EC) of 27 October 2003 ending the energy tax exemption applicable to aviation fuels used on commercial flights within the EU, which may lead to an increase of tax rates on aviation fuel over a ten year period to reach an EU-wide minimum rate (see also risk factor "*1.1.18. We may be subject to additional costs as a result of our requirement to comply with increasing regulatory measures aimed at restricting the emission of greenhouse gases and related models of emission rights trading.*").

Failure to forecast our costs accurately may result in additional costs or claims or loss of customers, which could have a material adverse effect on our business, financial condition and results of operations. Increasing inflation has put upward pressure on the price of labour, materials and services. This has added to the complexity on pricing of long-term contracts where we are not able to pass on related price increases to our customers.

1.1.15. Our activities in foreign markets involve country-specific risks, particularly in jurisdictions with less developed economies or legal systems than those of Western Europe.

We have existing operations in emerging markets such as China and India. We also plan to expand operations or entry into selected new markets if attractive opportunities arise. We are therefore likely to be increasingly active in countries with lower levels of political, legal and economic stability and with different cultural values compared to Western Europe.

Operations in emerging markets may increase the difficulties we face in developing, managing and staffing global operations as a result of distance, language and cultural differences and the complexities of implementing standardised processes and quality management globally. Our global operations expose us to a variety of risks over which we have little influence, any of which could adversely affect our business. These risks tend to be higher in emerging markets and developing nations, which may have legal, regulatory and commercial standards different to, and in some case less developed than, those in our Western European home markets. These risks include:

- political, social, economic, financial or market instability;
- insufficient anti-corruption controls;
- insufficiently developed and differentiated legal and administrative systems;
- inability to enforce contractual rights and collect receivables through foreign legal systems;
- foreign investment and loan restrictions;
- limits on the repatriation of funds; and
- trade restrictions, economic sanctions, or expropriations.

1.1.16. We could experience significant disruption to our operations and are exposed to increases in charges, fees or other costs as a result of our dependence on third-party service and facility providers.

We depend on third parties to provide essential services and infrastructures. These third-party providers include:

- IT service providers;,
- hotel operators;
- other airlines;
- suppliers of aircraft services;
- aircraft manufacturers;
- tours and activity providers;
- third-party agents;
- airport operators; and
- cruise terminals.

The efficiency, timeliness and quality of contract performance by third-party providers are largely beyond our control. We cannot assure you that the services they provide will be satisfactory or meet our required quality levels.

The third-party services and facilities we rely on in conducting our business may become restricted, be temporarily halted, cease permanently or become unavailable on commercially acceptable terms. For example, a carrier might cease air operations as a result of financial difficulties or insolvency, technical problems or strikes. If the airframes or engines of aircraft we receive do not meet expected performance or quality standards, including with respect to fuel efficiency, safety and reliability, we could face higher financing and operating costs than planned. For instance, in March 2019, the U.S. Federal Aviation Administration and the European Aviation Safety Agency, or EASA, grounded all Boeing 737 MAX aircraft, resulting in a temporary suspension of production of new aircrafts by Boeing. In addition to any direct adverse effects such developments could have on our operations and finances, they could also erode customers' confidence in our ability to offer reliable services. For example, even after the full return of 737 MAX to service, it remains possible that some potential customers may be unwilling to fly on the aircraft.

We further rely on third parties which provide travel and related infrastructure that is critical for our operations, e.g. airport infrastructure. Due to global tensions resulting in a more hostile environment, such critical infrastructure might be subject of cyber attacks or acts of sabotage. Any such disruption may also impact our ability to maintain continuous business operations.

The strong industry recovery immediately after the COVID-19 pandemic, compounded by a tight labour market, has led to significant operational issues and disruptions in the airport industry caused by third party suppliers and airports due to shortage of ground handling and security staff, particularly in the UK and the Netherlands, resulting in the increase of delayed departures and flight cancellations, and related costs. We incurred costs as a result of compensation claims and remedial action, amounting to approximately €133 million in Fiscal 2022. In addition, due to the increased demands on our service operations, we have experienced a higher level of customer complaints resulting from airport disruptions, resulting in delays responding to these inquiries.

Furthermore, adverse effects could occur as a result of the loss or expiration of contracts with third-party service or facility providers or our inability to negotiate replacement contracts with other service providers at comparable rates, or to enter into such contracts in any new markets we seek to access. Third-party suppliers may attempt to increase the prices they demand for goods or services. We may be unable to prevent the imposition of higher prices, particularly where the choice of suppliers of a given good or service, or in a given geographic market, is limited. When prices increase, we may be unable to pass the price increase on to customers. In that event, our operating expenses would increase, reducing profitability.

In addition, some of the measures that we have taken to mitigate the effects of the COVID-19 pandemic on our business may harm third party service providers and other business partners. For example, in one of our countermeasures against the financial effects of the pandemic, we invoked force majeure clauses in contracts with third-party hoteliers to cancel capacity or postpone payments. In November 2020, media reported critically of these measures by a number of hoteliers, particularly in Greece, who claimed that their loss of contract revenue from TUI was harming them financially. It is possible that some of our third-party providers may become insolvent through the direct and indirect effects of the pandemic, including loss of business from us in application of these clauses. It may be difficult or impossible for us to replace those providers in their specific markets. Our relationship with providers who emerge from the crisis successfully may be damaged, and we cannot assure you that we will be able to restore them. As a result, even measures that we take because we believe they are an essential part of our action plan in response to the COVID-19 pandemic could have an indirect negative effect on our business. In the past, third-party contractors have attempted to reduce the commissions they pay to us. When these attempts succeed, they reduce our revenue if we cannot offset the reductions by increasing sales volume. We cannot assure you that we will be able to do so.

1.1.17. *We operate in regulated industries. Regulation may limit our operational flexibility and/or increase our costs, while non-compliance with regulations could lead to legal or regulatory sanctions.*

The industries in which we operate, including tour operating, airlines, hotels and cruise lines, are heavily regulated within the countries that we are present in. In addition to the ownership restrictions affecting our airlines and the limitation of emission of greenhouse gases, regulated areas include:

- the provision of tourism services and associated consumer protection;
- our airlines' requirement to hold operating licenses;
- compliance with security regulations;
- the availability of take-off and landing slots for our airlines;
- air travel passenger rights;
- environmental regulations affecting our airlines, cruise ships and hotels;

- sanctions imposed by national and international authorities, such as the U.S. Treasury Department's Office of Foreign Assets Control, or OFAC, with respect to activities or transactions with certain countries, governments, entities and individuals. In particular, any financial sanctions as enacted *inter alia* by the U.S. Treasury Department's Office of Foreign Assets Control, or OFAC, by the competent UK or the EU or EU member states may affect our operations, e.g. in view of the need for increased screenings of shareholders, suppliers or customers or in view of the operation of our business in certain geographical areas or when using service providers like banks;
- rules and requirements, and in particular financial undertakings, imposed by the International Air Transport Association, or IATA, as a prerequisite for selling flight tickets of airlines that are IATA members; and
- the need for permits to build and operate cruise ships, hotels and resorts.

From 1 January 2023, the German Supply Chain Due Diligence Act (*Lieferkettensorgfaltspflichtengesetz*, "**LkSG**") requires companies with a minimum of 3,000 employees to: (i) conduct an appropriate risk analysis to identify human rights and environment-related risks in their supply chains; (ii) take respective preventive measures and remedial action; (iii) adopt a policy statement on human rights protection in their supply chains; (iv) implement grievance procedures to allow for the reporting of human rights violations and ensure appropriate follow-up measures; and (v) report on their compliance with the due diligence obligations. The Federal Office for Economic Affairs and Export Control (*Bundesamt für Wirtschaft und Ausfuhrkontrolle*) will enforce these new obligations by means of information and discovery requests, remediation orders as well as financial penalties and exclusion from public procurement. The LkSG does not introduce new provisions on civil liability, yet liability of the Company under civil law arising independently of the LkSG remains unaffected. Furthermore, if we fail to comply with our legal obligations under the LkSG, this may trigger administrative fines. These can amount to up to €8 million euro or up to 2% of our revenue.

In addition, the European Commission adopted a Proposal for a Directive on Corporate Sustainability Due Diligence on 23 February 2022 ("**CSDD Proposal**"), which is currently being presented to the European Parliament and the Council for approval. The proposal differs from the LkSG, e.g., by expanding the scope of addressees of the affected companies and the list of protected goods, by extending the due diligence obligations to the entire value chain, and by introducing a new civil law liability element for breaches of due diligence obligations. Furthermore, the CSDD Proposal introduces duties for the directors of the relevant EU companies, including setting up and overseeing the implementation of the due diligence processes and integrating due diligence into the corporate strategy. In addition, when fulfilling their duty to act in the best interest of the company, directors must take into account the human rights, climate change and environmental consequences of their decisions. If adopted, Member States will have two years to transpose the Directive into national law. This may lead to adjustments of the LkSG. To ensure compliance with future due diligence obligations, Member States will have to establish penalties. It is envisaged that administrative fines will be set on the basis of a company's turnover to ensure a proportionate level of penalty.

On 1 January 2016, the Directive (EU) 2015/2302 of the European Parliament and of the Council of 25 November 2015 on package travel and linked travel arrangements ("**Package Travel Directive**") came into force, which obliges tour operators to provide security for refunds and the repatriation of travellers in case travel organisers go bankrupt. On 1 July 2021 the German legislators adopted a revised implementation of the Package Travel Directive pursuant to which travel providers of package tours (within the meaning of section 651a of the German Civil Code (German: *Bürgerliches Gesetzbuch*, "**BGB**")) and travel agents with associated travel services (within the meaning of section 651w BGB) (each a "**Provider**") who achieved a turnover of €10 million or more in the previous financial year are obliged to secure by insurance the advance payments received from travellers and the return transport of the travellers in the event of insolvency of the Provider as from 1 November 2021 (pursuant to section 651r BGB (in conjunction with section 651w BGB)). Insolvency insurance for package tours is only provided by Deutsche Reisesicherungsfonds GmbH ("**DRSF**"). The fees that Providers have to pay in order to be covered by DRSF amount to 1% of their annual turnover. Additionally, the Provider must deposit with the DRSF securities amounting to at least 5% but no more than 9% of its annual turnover. The security amount to be paid by the Provider depends on the market development and the creditworthiness of the Provider. As a result of the extended securities to be deposited with the DRSF, the amount of commissions payable to the banks providing those guarantees also increases.

Compliance with these new regulations, or new or changed interpretations or enforcement of existing regulations may impose significant costs on us and limit the flexibility of our business practices. Should we fail to comply with certain regulations, this may entail limitations in the operation of certain parts of our business, increased costs of operation, fines or other administrative sanctions. Applicable regulations could be extended to include further environmental, consumer protection or other areas of regulation. Additionally, our industry may be subject to enhanced health and safety requirements in the future due to the COVID-19 pandemic. Furthermore, the various regulatory regimes to which our international operations subject us may conflict, so that compliance with the regulatory requirements in one jurisdiction may create regulatory issues in another jurisdiction. Furthermore, members of our governing bodies, employees, representatives, or agents may intentionally or unintentionally violate applicable laws and internal quality standards and procedures, including in relation to compliance with laws and regulations regarding products and services, financing, employment and general corporate and criminal law, anti-corruption laws, sanctions or trade control laws and regulations.

We typically require customers to pre-pay a portion of the price of their holiday at the time they make their booking, paying the remainder shortly before their departure date. We cannot assure you that courts or authorities in our source markets will not restrict our ability to charge prepayments. In addition, in response to events such as the insolvency of Thomas Cook, regulators may in future require us to segregate prepayments by customers as restricted cash. Either development would reduce our available cash position. In April 2021, the Civil Aviation Authority launched a consultation on potential changes to the Air Travel Organiser's License ("**ATOL**") regime in respect of the use of customer monies for the funding of an ATOL holder's operations. The options considered include a segregation of funds, meaning that any customer prepayment would become restricted cash. In addition, regulatory authorities have relatively broad discretion to grant, renew and revoke licenses and approvals and to implement regulations. Accordingly, such regulatory authorities could prevent or temporarily suspend us from carrying on some or all of our activities or otherwise penalise us if our practices were found not to comply with applicable regulatory or licensing requirements or any interpretation of such requirements by the regulatory authority.

1.1.18. We may be subject to additional costs as a result of our requirement to comply with increasing regulatory measures aimed at restricting the emission of greenhouse gases and related models of emission rights trading.

We are subject to various regulatory provisions intended to reduce emissions of greenhouse gases such as carbon dioxide ("**CO_2**"). These provisions are stringent, and we expect that their stringency will increase over the near to medium term.

We may be subject to additional costs due to changes in "cap and trade" schemes, such as the European Emissions Trading Scheme (the "**EU ETS**"), which is a system that requires businesses operating aircraft routes within, to or from the EU to measure their CO_2 emissions and account for those emissions by surrendering credits. The EU included air traffic emissions as part of the EU ETS since 2012. However, the European authorities have decided to exempt all flights between countries in the European Economic Area and between third countries from the EU ETS until 2023 (the so-called "stop-the-clock"). Following the end of the Brexit-related transition period, the UK has introduced its own emissions trading scheme ("**UK ETS**"), which has applied since 1 January 2021 and is modelled on the EU ETS. The UK ETS applies to aircraft operators operating above applicable thresholds and covers UK domestic flights and flights departing from the UK to Gibraltar, the EEA and offshore installations. Under the EU ETS and the UK ETS airlines are granted initial CO_2 emission allowances based on historical performance and CO_2 efficiency benchmark.

In October 2016, the International Civil Aviation Organization ("**ICAO**") adopted the Carbon Offsetting and Reduction Scheme for International Aviation ("**CORSIA**") in order to monitor, report and offset annual CO_2 emissions from international civil aviation that exceed 2020 levels. Unlike the EU ETS that sets an upper limit for the total amount of emissions, CORSIA is an "offsetting scheme" under which total emissions may increase, but must be compensated by offsets. To compensate for CO_2 emissions above 2020 levels in international aviation and achieve carbon-neutral growth over time, emitters are required to purchase emissions units. We may not be able to pass on the costs relating to the purchase of such emission units to our customers via ticket prices and/or freight charges.

On 14 July 2021, the European Commission adopted a set of proposals to revise and update legislation aimed at aligning current laws with the EU's greenhouse gas emission reduction target of at least 55% below 1990 levels by 2030, by, among others, extending the application of emissions trading to new sectors and tightening the existing EU ETS (the so-called "**Fit for 55 Package**"). Under the Fit for 55 Package, the EU ETS allowances will be phased out over the period 2024 to 2027, reducing the total number of allowances in line with the new 55% target and aligning emission treatment with CORSIA (as defined below). Any shortage of allowances has to be purchased in the open market and/or at government auctions. The cost of such allowances increased significantly during Fiscal 2022. There can be no assurance that we will be able to obtain sufficient carbon credits in the future and we may be subject to sanctions and/or administrative fines in relation to CO_2 emissions for which no CO_2 emission allowance has been granted. Moreover, we may not be able to pass on the cost of the credits to our customers via ticket prices and/or freight charges, which may have a material adverse effect on our operating results and financial condition.

As part of the Fit for 55 Package, the European Commission is also proposing a regulation aimed at the mandatory introduction and gradual ramp-up of sustainable aviation fuels used for intra-EU air navigation. There can be no assurance that sufficient sustainable aviation fuels will be available in the market for us to purchase or that the cost of sustainable aviation fuels will not have a material adverse effect on our operating costs and, thus, impact our operating and financial results. The proposals further include a revision of the Energy Taxation Directive (2003/96/EC) of 27 October 2003 ending the energy tax exemption applicable to aviation fuels used on commercial flights within the EU. The proposed tax rates on aviation fuel would gradually increase over a ten year period to reach an EU-wide minimum rate. Sustainable and alternative aviation fuels will partly remain exempted during this transition phase. The introduction of the proposed tax rates on aviation fuel would significantly increase our costs and materially adversely affect our financial results. Furthermore, in the event that such proposals were to be enacted in the EU the proposed legislative changes may result in competitive disadvantage compared to our competitors operating primarily outside of Europe.

Some national governments have implemented country-specific air traffic taxes to target carbon emissions or other environmental impact caused by flights. For example, the German Air Travel Tax Act (German: *Luftverkehrsteuergesetz*, the "**Air Travel Tax Act**"), imposes a travel tax on all bookings from 1 September 2010, and charged for passengers departing from a German airport with a commercial airline to a domestic or international destination from 1 January 2011. The Air Travel Tax Act provides for a reduction mechanism which shall be offset against the German government's revenue from aviation-related EU ETS trading. Pursuant to this mechanism, the tax rates can be lowered on a percentage basis at the beginning of each calendar year by statutory order. The percentage reduction is calculated on the basis of the ratio of the German governments previous year's revenue from the EU ETS trading up to an amount of €1 billion. This mechanism takes into account that aviation has been included in emissions trading since 2012, and that, since then, the German government has received proceeds from the auctioning of certificates. According to the explanatory memorandum to the bill, the reference figure for calculating the reduction of €1 billion is based on the originally estimated target revenue from the aviation tax. Some other European countries and the UK have also introduced similar air travel taxes. We may not be able to pass on current and future air travel tax costs in their entirety to its customers via ticket prices and/or freight charges.

As of the date of this prospectus, the EU imposes a system for monitoring, reporting and verification ("**MRV**") of carbon emissions by ships. On 18 December 2022, the EU Council and the EU Parliament reached a provisional agreement according to which the EU ETS will also be extended to the maritime sector, which includes a gradual introduction of obligations for shipping companies to surrender allowances: 40% for verified emissions from 2024, 70% for 2025 and 100% for 2026. Most large vessels are expected to be included in the scope of the EU ETS as from entry into force of the amended EU ETS. Big offshore vessels of over 5,000 gross tonnage and above will be included in the MRV system for ships exceeding 5,000 gross tonnage (GT) on all voyages to, from and between ports in the European Economic Area (EEA) and subject to the Regulation (EU) 2015/757 (the "**EU MRV Regulation**") from 2025 and included in the EU ETS from 2027. General cargo vessels and off-shore vessels between 400-5,000 gross tonnage will be included in the EU MRV Regulation from 2025 and their inclusion in EU ETS will be reviewed in 2026. The EU Council and the EU Parliament further agreed to include non-CO_2 emissions (methane and N_2O) in the EU MRV Regulation from 2024 and in the EU ETS from 2026. There can be no assurance that we will be able to obtain sufficient carbon credits in the future and we may be subject to sanctions and/or administrative fines in relation to CO_2 emissions for which no CO_2 emission allowance has been granted. Moreover, we may not be able to pass on the cost of the credits to our customers via ticket prices and/or freight charges, which may have a material adverse effect on our operating results and financial condition.

Given increasing levels of concern about climate change, greenhouse gas emissions and environmental matters generally among both governments and the public at large, we expect that environmental regulations will, as a general trend, increase in stringency. For example, in November 2021, a group of 18 countries, including the UK, France and the Netherlands, announced a declaration, committing the signatories to jointly develop an emissions target with the goal of reaching "net zero" emissions in the aviation sector by 2050 at the latest. As of the date of this prospectus, however, we cannot predict how, or how quickly, these regulations will come into force. Nor can we predict whether we will be able to comply with these regulation or the precise ways in which such new and stricter regulation will affect our business. Any future regulatory requirements could limit our operational flexibility, increase our administrative burden, impose new and significant costs, and subject us to administrative sanctions or fines in the case of non-compliance.

1.1.19. *TUI Group may face environmental risks from both its divested businesses and the businesses it currently operates.*

Environmental, health and safety risks with respect to our current tourism business particularly arise in connection with our aircraft and cruise shipping operations, but may also occur in connection with our hotel business.

The Company was originally founded as a state-owned entity by the Prussian state government to own and operate the Prussian state's coal and non-ferrous metal mines, smelters and salt works. Until the mid-1990s, the Company was thus active predominantly in the areas of industry, transport and natural resources. Divested or abandoned former business fields, such as logistics, trading, energy, mining and other industrial businesses, involved the use, processing, extraction, storage or transportation of substances that are harmful to health and the environment or other activities that may potentially be harmful to health or the environment. As a consequence, we may, under indemnity agreements or otherwise, be subject to continuing environmental or health and safety liabilities that arise from these divested or abandoned businesses, many of which are or were active in the heavy industry sector.

We may also be liable for clean-up costs of contaminated sites (*Sanierung von Altlasten*) which might have been caused by our former industrial operations (for example, by metallurgical plants) and for potential restoration costs for unstable mine shafts in connection with our former mining activities.

Furthermore, our current operations, especially our cruises and flight operations, carry and use large amounts of oil derivatives such as kerosene and marine diesel. If these fluids are leaked into the environment, they may contaminate soil or pollute (sea) water and cause inadvertent environmental damage. The event of such contamination or pollution could result not only in significant fines or administrative sanctions, but also in considerable costs for removal restoration and disposal as well as further liability risks. Flight operations inherently cause noise which impacts the neighbourhoods located close to the airports. To reduce noise pollution, authorities might reduce flight slots at airports, which might have an adverse impact on the capacity we can offer from these respective airports.

Environmental regulations could be tightened, which could lead to considerable costs or have other negative effects on our operations. Public knowledge of such environmental damage caused by us could also damage our reputation significantly.

1.1.20. We are exposed to risks in connection with joint ventures and other associated companies.

We conduct our business in part through joint ventures and associated companies in which we hold a non-controlling interest. Significant joint ventures are TUI Cruises GmbH ("**TUI Cruises**"), Grupotel dos S.A. ("**Grupotel**") and Sunwing Travel Group Inc. ("**Sunwing**"), a vertically integrated travel company that encompasses tour operators, an airline and retail travel agencies.

In July 2020, we completed the transfer of our former subsidiary Hapag-Lloyd Cruises to TUI Cruises. Due to the full recovery of the cruise industry from the COVID-19 pandemic, we expect that the importance of the TUI Cruises joint venture to the Group's business and earnings will increase significantly in future periods, thereby also increasing our exposure to joint venture-related risks.

The COVID-19 pandemic has had deleterious effects on our material joint ventures similar to those it had on the Group directly. The COVID-19 pandemic immediately and significantly reduced the ability of these joint ventures to generate earnings, part of which they could distribute to us in the form of dividends. We expect that dividends contributed by joint ventures will remain reduced to nil or significantly diminished at least over the short to medium term. We cannot predict whether or when the negative impact of the pandemic on dividends received from joint ventures will be reversed.

Sunwing (in which TUI holds a 49% economic stake and 25% of the voting rights) has completed a strategic review of its US and Canadian tour operating business, as well as the options regarding its US and Canadian tour operating as well as the Canadian airline businesses (together the "**Sunwing Strategic Review Perimeter**"). This strategic review has resulted in a decision to dispose of the Sunwing Strategic Review Perimeter, and Sunwing resolved to enter into an agreement with Westjet Airlines Ltd. for a contribution of both cash and shares, and to restructure the Sunwing Strategic Review Perimeter to facilitate the disposal. As of 10 March 2023, the Government of Canada has approved the acquisition of the Sunwing Strategic Review Perimeter by WestJet Airlines Ltd. However, closing of the transaction is still subject to the satisfaction of certain contractual terms and conditions precedent. Should closing of the transaction not occur, a closure, refinancing, disposal or merger of the Sunwing Strategic Review Perimeter may be required. Any such extended decision-making process may lead to a temporary suspension or definitive withdrawal of critical operating licenses of the Sunwing Strategic Review Perimeter, or may subject the Sunwing Strategic Review Perimeter to significant penalties or claims, and significantly affect Sunwing's ability to conduct its US and Canadian tour operating as well as its Canadian airline businesses, which in turn, may ultimately lead to an insolvency of the Sunwing Strategic Review Perimeter. Any of these measures or potential outcomes would be expected to only have a moderate net impact on TUI Group level.

Our ability to fully exploit the strategic potential in markets in which we operate through joint ventures or associated companies would be impaired if we were unable to agree with joint venture partners or joint shareholders, some of which are also significant shareholders of the Company, on strategy and implementation. The interests of our joint venture partners or joint shareholders could conflict with our interests or the interests of the Company's shareholders.

In addition, joint venture partners or joint shareholders could under certain conditions terminate contractual relationships, exercise option rights to acquire or sell interests in our joint ventures or otherwise influence the day-to-day business of our joint ventures or other associated companies. For example, the Company entered into a shareholder agreement with Hotel Obelisco S.A., a company wholly owned by the Riu family and incorporated in Mallorca, Spain ("**Obelisco**") with respect to RIUSA II S.A. ("**RIUSA II**"), a fully-consolidated company through which the Company operates the RIU branded hotels. The Company granted Obelisco the right to acquire up to 100% of the Company's interests in RIUSA II (the "**RIUSA II Call Acquisition Right**") if, among other events, any shareholder, or group of shareholders, obtains shares in the Company which allows such shareholder(s) to control the Company's General Shareholders' Meetings (to be calculated using the average majorities of shareholders in the Company's General Shareholders' Meetings over the last three years) (the "**RIUSA II Change of Control Event**"). If the RIUSA II Call Acquisition Right is exercised, the value of the shares will be determined by an internationally recognised accounting firm.

As a result of the low shareholder attendance at the shareholders' meeting of the Company held on 25 March 2021, a RIUSA II Change of Control Event has been triggered due to Unifirm's 32.00% shareholding at that time in the Company (as of the date of this prospectus, such shareholding amounts to 27.16%) and, consequently, the RIUSA II Call Acquisition Right could have been executed in 2021 and 2022 and may still be executed in 2023. Though Obelisco has not executed the RIUSA II Call Acquisition Right in 2021 and 2022, there is no guarantee that we will be successful in obtaining a waiver by Obelisco for a potential execution of the RIUSA II Call Acquisition Right in 2023 and as a consequence, we might be obligated to transfer our shareholding in RIUSA II to Obelisco. In the Hotels & Resorts segment, the Group profit attributable to non-controlling interests primarily relates to the RIUSA II group with €64.2 million in Fiscal 2022. As we currently hold 50% of the shares of RIUSA II, the transfer of our shareholding would thus materially adversely affect our earnings. Moreover, we could be subjected to fiduciary obligations to joint venture partners or joint shareholders, which could prevent or impede our ability to unilaterally expand in a business area in which such a joint venture or associated company operates.

Important joint venture partners or key management personnel of our joint venture partners (in particular with respect to the hotel business) may also become restricted, temporarily or permanently unavailable or may permanently cease to operate (for example, as a result of financial difficulties, technical problems, strikes or personal incidents).

We cannot assure you that the compliance policies, procedures and programs we have established to ensure ethical and compliant joint venture business operations will successfully prevent our joint ventures from violating applicable laws or regulations. If such violations occur, we could be required to restructure or terminate them and our reputation could suffer.

See also risk factor "*1.2.3. The terms of the documentation relating to the KfW Facility (included in the Syndicated Facilities Agreement) place significant restrictions on us.* "

1.1.21. *We face risks associated with the restructuring of our business and ongoing obligations and liabilities in respect of divestments.*

In the course of the restructuring of our tourism activities, we have made a number of significant disposals, such as the disposal of Hapag-Lloyd Cruises completed in early July 2020 and the disposal of Riu Hotels S.A. ("**Riu Hotels**") which closed on 31 July 2021. As a result of these disposals, we have certain continuing obligations, liabilities and indemnities, in particular tax indemnities.

Furthermore, we have contingent liabilities resulting from guarantees of financial and non-financial obligations of companies that we have since divested and guarantees issued with respect to joint venture companies' external financial obligations. These contingent liabilities amounted to €89.6 million as of 31 December 2022. We may assume similar guarantees in relation to businesses that we divest in the future. The invocation of any of these obligations as well as claims that may arise in connection with such disposals, and any disposals which may be affected in the future, could require us to make substantial payments, reducing our liquidity.

In addition, future restructuring measures could be hindered if we do not find buyers at all or in time or achieve sufficient value.

1.1.22. *Our success depends on our ability to retain key management and personnel.*

The performance and results of our business depend upon the efforts and capabilities of the senior management team and our entire workforce (including joint ventures and other cooperation partners). Our success also depends on the ability to attract and retain a highly-skilled workforce. In particular, our strategic plans call for a significant increase in the digitalisation of our business. Competition for the expert IT personnel is intense, thus we will need to successfully implement this strategy. Even if we successfully execute our digitalisation strategy, we will need to retrain and upskill our staff to use our new systems. We cannot assure you that we will be able to attract and retain the specialist personnel we need or to successfully retool our worldwide staff. This risk has increased as a result of the cost saving measures related to our employees as well due to the tourism industry becoming a less attractive sector for employees during the COVID-19 pandemic. In order to address these challenges and to retain and attract existing and future employees we have implemented a new people strategy. Besides others, this focusses on a multi-layered recruitment approach, including the implementation of a new employer branding strategy to point out TUI as an attractive employer on the labour market. However, we cannot guarantee that such strategy will be successful, and as a result we may fail to attract new and retain our existing personnel.

Furthermore, due to the increased inflation and only minor or no tariff adjustments in the past two years, there is an increased risk of a loss of talent. To cope with this, we are currently reviewing group wide the existing country-specific salary structures to benchmark ourselves with other comparable industries with the aim to pay market-median. In some entities increases have already been announced or implemented, while in others reviews and negotiations are still ongoing. As competition for such key roles is intense, we face the risk that members of the Executive Board and management personnel of certain subsidiaries of the Group may depart from TUI as a result of such restrictions, which could lead to considerable expertise and process knowledge being lost by us or access thereto being gained by our competitors. There can be no assurance that we are able to attract and recruit adequate replacements with the appropriate capabilities and experience, which may result in our inability to pay competitive remunerations.

1.1.23. Labour disturbances could disrupt our business.

With 49,979 employees around the world as of 31 December 2022, our relationships with employees, European and local works councils, trade unions and other employee representatives are important to our business. We cannot assure that the good relationships we believe we have established with employees and their unions will continue to be amicable or that we will not be affected by strikes, work stoppages, sick-outs, unionisation efforts, or other types of conflict with labour unions or employees. We have in the past been affected by such industrial actions, in particular by a sick-out of TUIfly pilots in 2016, and may not exclude that we will be subject to labour disturbances that may disrupt our business. For example, the recent increase in inflationary pressures in the general economy could lead to unrealistic expectations by trade unions and excessive pay demands that could lead to labour unrest.

1.1.24. Processing, storage, use and disclosure of personal data could give rise to liabilities.

In processing traveller transactions, we and certain of our third-party service providers collect, process, transmit and store large volumes of personal data specifically, information relating to identified or identifiable living natural persons.

Most of the data processed by the Group relates to individual customers and can include data categories such as names and home addresses of customers, credit card information, bank account data, and information contained in passports and other personal identification documents. Breaches of our security could therefore result in the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, this personal data transmitted, stored or otherwise processed by the Group.

The Group is subject to a number of laws and regulations relating to privacy and data protection, including the General Data Protection Regulation (Regulation (EU) 2016/679) (the "**EU GDPR**"), and the EU GDPR as retained into UK domestic law following the UK's withdrawal from the EU on 31 December 2020 (the "**UK GDPR**"). Regulators can impose inter alia significant monetary fines for violations of the EU GDPR and UK GDPR (and other data protection laws applicable to the Group), including in the event of a personal data breach. For example, non-compliance with the EU GDPR or UK GDPR may result in monetary penalties of up to 4 per cent of the Group's worldwide turnover in the preceding fiscal year. Failure to comply with the EU GDPR can also result in claims for compensation for financial or non-financial damages claimed by individuals under Article 82 EU GDPR and cease and desist claims. Non-compliance may further result in proceedings or actions against the Group by governmental authorities, including corresponding costs for litigation, or require changes to the Group's operations and/or the cessation or modification of use of certain personal data sets. Individual EU member states including Germany, also provide criminal sanctions for specific severe violations. Finally, in addition to these regulatory risks, infringement of the EU GDPR and UK GDPR can lead to reputational risk and significantly undermine customers' trust in our business.

In the event of regulatory action against a Group company following a violation of data protection law or regulation, the size of potential fines (such as in the event of personal data breach) and the Group's cost of providing its products and services, could result in changes to its business practices, and could prevent the Group from offering certain services in jurisdictions in which it operates. Meeting all data protection law requirements is complex, in particular taking into account that there are still material legal uncertainties in various respects and that data protection authorities continuously publish more detailed guidance and courts are continuously deciding on the interpretation of certain aspects and requirements of the EU GDPR. Although the Group has implemented contracts, policies and procedures designed to ensure compliance with applicable laws and regulations, there can be no assurance that its employees, contractors, partners, service providers or agents will not violate such laws and regulations or the Group's contracts, policies and procedures. Additionally, public perception and standards related to data protection can shift rapidly in ways that may affect the Group's reputation, or which may influence legislators and regulators to enact regulations and laws that may limit the Group's ability to provide certain services.

We could also be adversely affected if expanded domestic or international legislation or regulations require changes in our business practices, or if governing jurisdictions interpret or implement applicable data protection laws or regulations in ways that negatively affect our business. This risk could be increased if regulatory initiatives or requirements in the various jurisdictions where we operate result in conflicting legal requirements with respect to the processing of personal data. This is particularly true in jurisdictions where privacy laws or regulators take a broader view of how personal data is defined, or – in case of the EU – where member state regulators have different interpretations of EU GDPR or take different approaches to enforcement and the exercise of rights under EU GDPR, therefore subjecting the processing of such personal data to restrictions that may be obstructive to the Group's operations and the operations of its customers, partners and data providers.

1.1.25. Transferring personal data internationally could give rise to liabilities.

The Group is also subject to restrictions under data protection laws in relation to the international transfer of personal data. For example, in order to transfer personal data outside of the EEA or UK to a non-adequate country, data protection law (including the EU GDPR or UK GDPR, as applicable) requires the relevant Group company (exporting personal data) to ensure an appropriate transfer mechanism for the data transfer to the relevant data importer (recipient of the personal data). In the event a regulator or court imposes additional restrictions on such data transfers, in addition to potential fines, there may be operational interruption in the performance of services for customers and the internal processing of employee personal data by the Group, as well as increased regulatory liabilities.

For example, the decision by the Court of Justice of the EU in *Data Protection Commissioner v. Facebook Ireland and Maximillian Schrems* (Case C-311/18) in July 2020 ("**Schrems II**") and guidance published by the European Commission and European Data Protection Board ("**EDPB**") and data protection authorities in the EU have created complexity and uncertainty regarding such data transfers. The European Commission and the UK Government, respectively, are also currently working with the US Government to implement replacement frameworks for EU-US and UK-US data transfers (which are not expected to be available till at least spring 2023 at the earliest in the case of the EU-US framework, and later in the case of the UK-US framework). It is expected that these frameworks will also be challenged in the courts, resulting in further uncertainty as to the specific provisions of any final rules. Following Schrems II, the European Commission adopted an updated set of standard contractual clauses ("**SCCs**") – the most commonly used mechanism for data transfers under EU GDPR, and until 22 March, the UK GDPR – which made using SCCs as a transfer mechanism more onerous for data exporters and importers. This is particularly the case for data transfers from the EU or UK to countries where the national laws provide for mass surveillance powers and insufficient judicial redress for individuals from the EU or UK. As a concurrent compliance measure, the Group is monitoring developments and guidance published by the EDPB and the UK Information Commissioner's Office ("**ICO**"), as well as assessing data transfers from the UK or EU to non-adequate jurisdictions on a case-by-case basis to consider whether additional safeguards are required (to supplement the existing SCCs) to ensure the transferred data is afforded a level of protection essentially equivalent to that guaranteed within the EU and UK. The Group is further adopting the new SCCs with existing data importers (unless the processing of personal data has changed, in which case the agreement should be updated upon the change in processing), for which the new SCCs must be put in place by 27 December 2022.

The situation in relation to international data transfers from the EEA and UK continues to evolve. The implementation of UK IDTAs and compliance with new guidance on international transfers may result in additional expense and increased compliance risk for the Group. Notable recent developments include: In March 2022, new international data transfer agreements ("**UK IDTAs**") (published by the ICO) to be used for transferring personal data from the UK to non-adequate countries came into force. Until this time, the old EU SCCs (which the UK had retained following Brexit) were being used to legitimise data transfers from the UK. Any organisations transferring personal data outside of the UK must use the UK IDTAs in any new agreements concluded from 21 September 2022. Agreements entered into before 21 September 2022 can continue to rely on the old EU SCCs, but these must be transitioned to the new UK IDTAs by 21 March 2024 (unless the processing of personal data has changed, in which case the agreement should be updated upon the change in processing). This ICO has also announced that it will publish guidance on the UK IDTAs in due course. Further, following the end of the formal transition period for Brexit (on 31 December 2020), the EU GDPR and other EU privacy legislation that was in force in the UK (at 31 December 2020) was retained substantively in UK law. Currently therefore, UK data protection law is closely aligned with EU data protection law. To the extent UK data protection laws diverge from EU laws in the future (see next paragraph), we may need to implement additional procedures and processes to comply with data privacy laws in the UK and/or EU, including to facilitate data transfers from the EU to the UK. The European Commission adopted an adequacy decision in respect of the UK on 28 June 2021, which permits the transfer of personal data from the EU to the UK without further specific safeguards in place. This decision was adopted in accordance with the procedure set out in the EU GDPR, on the basis that the UK offers an adequate level of protection for personal data, and runs in its current form for four years. The UK has also made similar "adequacy regulations" in favour of the EEA, which permit the transfer of personal data from the UK to the EEA without further specific safeguards. In July 2021, the UK Government introduced the Data Protection and Digital Information Bill (the "**Bill**") to the UK Parliament. The Bill, among other things, aims to amend certain accountability obligations under UK GDPR, allow a greater variety of cookies to be used without user consent, and introduce a risk-based approach to international transfers of personal data. The Bill's passage through Parliament has currently been paused so it can be further considered by the UK Government. Additionally, in October 2022, the Secretary of State for the UK Government department responsible for the Bill announced plans to replace the UK GDPR with a bespoke UK data protection regime that is more business friendly. It is unclear what impact this announcement will have on the Bill, and whether it will lead to significant further changes to the UK's current data protection regime.

Any changes to the UK data protection regime imposed by the above-described reforms may represent a divergence from the level of protection offered by the EU GDPR and would therefore give rise to the risk of a revocation of the adequacy decision granted by the European Commission in June 2021, as the UK may no longer be considered by the European Commission to offer sufficient protection for personal data for this to remain in effect (although the UK Government has signalled that it aims to maintain EU adequacy while implementing any reforms). If the adequacy decision were to be revoked as a consequence of any reform of UK data protection laws, the UK would become a third country for the purposes of EU data protection law and the Group may need to implement changes to our contractual, technical and operational procedures in order to carry out compliant data flows between the EU and UK. We have already prepared SCCs to facilitate EU-UK data transfers in the event the European Commission revokes the formal adequacy decision for the UK.

1.1.26. We are exposed to risks associated with payment fraud and online commerce security.

Secure internet transmission of confidential information is essential in maintaining customer and supplier confidence in our online platforms and distribution channels. Security breaches, whether instigated on our system or third-party internet-based systems, could significantly harm our business.

Individuals or groups may attempt to disrupt the availability, confidentiality, integrity and resilience of our IT systems. If they succeed, they could disrupt key operations, such as our booking systems, make it difficult to recover critical services, damage assets and compromise the integrity and security of both corporate and customer data. This could result in loss of trust from our customers, employees and other stakeholders, reputational damage, legal or regulatory proceedings and direct or indirect financial loss.

In particular, any disruption to or unavailability of our systems as a result of a cybersecurity incident could remove or severely curtail our ability to book vacations, hotel rooms, flights or cruises for our customers and could result in significant reputational damage to the TUI Group and our brands.

The cybersecurity threat continues to evolve globally in sophistication and potential significance, particularly in light of our growing digital footprint. We believe that the cybersecurity threat is likely to be heightened in the period while the COVID-19 pandemic persists.

Many of our commercial partners, including credit card companies, impose data security standards that we must meet. Historically, we have incurred substantial expense to protect against and remedy security breaches and their consequences. As a general tendency, our commercial partners are making their standards more stringent, and costs for implementation and compliance are increasing. Our efforts to meet these new and revised standards are likely to increase our costs, and we cannot assure you that we will succeed in meeting them.

Furthermore, we cannot assure you that our security measures will prevent security breaches. A party that is able to circumvent our security systems could misappropriate proprietary information or cause significant interruptions in our operations. Security breaches could also expose us to a risk of loss or litigation and possible liability. This could damage our reputation, causing customers and potential customers to lose confidence in our security and reducing their willingness to use our websites, resulting in reduced demand for our products and services.

We may be held liable for accepting fraudulent credit or debit cards or cheques as payment for transactions and are subject to other payment disputes with our customers for such sales. Risk of payment fraud may increase in the future, in particular as a result of increasing volumes of online payments. We may be unable to prevent or mitigate these risks.

If we are unable to prevent the use of fraudulent credit or debit cards or cheques, we could be liable to suppliers. Our revenue from such sales could also be subject to automatic charge backs related to fraudulent transactions from credit or debit card processing companies or demands from the relevant banks.

1.1.27. We are exposed to risk relating to sureties for potential financial obligations and to insurance. We may not be fully protected against damage, losses and certain liabilities under our insurance coverage, and our insurance premiums may increase.

We are obligated by various regulators, such as the UK Civil Aviation Authority, to provide security for certain potential financial obligations. Historically, we have covered these obligations both through corporate guarantees and through travel bonds and similar instruments provided by commercial banks and insurers. As a result of the effects of the COVID-19 pandemic, our credit ratings have declined. Surety providers may, therefore, impose more onerous conditions in the sureties they provide for us. Certain banks and surety providers have terminated or declined to renew existing travel bonds for the next season. Although our credit rating has been upgraded in October 2021 due to the general recovery in the travel industry, there is a risk that our credit rating will decline in the future. If we are unable to provide security through sureties or corporate guarantees, we would need to post cash collateral to cover these obligations, reducing our cash position and increasing our need for liquidity.

Decreased ratings may also make trade insurers unwilling to cover our trade payables. If we cannot obtain adequate trade insurance, our suppliers may be unwilling to sell to us on standard trade terms, such a 30- or 60-day payment cycle, instead demanding cash payment in advance.

More generally, we maintain insurance policies intended to protect us from losses arising from a variety of causes, including:

- loss of or damages to our assets e.g. caused by fire or natural catastrophes;
- claims for bodily injury and property damage caused by legal liability;
- health and accident of our employees;
- fire, collision, and liability arising out of the operation of our cruise ships;
- loss of, or damage to, and liabilities arising out of operating our aircrafts; and
- war, terrorist attacks, piracy, and political instability may be insured to a certain extend as well.

We cannot be certain that our current insurance policies are sufficient to cover all losses and damages that may be suffered from these types of events. Furthermore, we have no assurance that we will be able to renew or expand our current insurance policies on commercially reasonable terms in the future. For example, we experienced lower limits, higher deductibles and difficult conditions for certain insurances such as cyber insurance.

1.1.28. Our legal relationships with customers are generally based on standard contracts and forms; any errors in the documentation could therefore affect a large number of customer relationships.

We maintain contractual relationships with a multitude of customers. The administration of these relationships requires the use of general terms and conditions as well as various standard contracts and forms with a large number of individual customers. As a result, ambiguities or errors in the formulation or application thereof may present a significant risk due to the large number of such documents executed. In light of circumstances that are constantly changing due to new laws and judicial decisions, as well as the increasing influence of European law on national law, it is possible that not all of our general terms and conditions, standard contracts and forms will comply at all times with currently applicable legislation in the EU or in other countries. Should problems of application or errors occur, or should individual provisions or entire contracts or agreements become or be held invalid, then, because of our use of standardised contracts and forms, this could affect numerous customer relationships and lead to significant adverse consequences.

1.1.29. We may not achieve our sustainable development targets.

We consider sustainability an integral part of our business model and corporate strategy, and thus further elaborate our strategy, which we already consider to be comprehensive, to address environmental, social and governmental ("**ESG**") concerns. We particularly aim to reduce the environmental impact of our holidays as we recognise that environmental considerations have an increasing impact on travel decisions. A large number of consumers and employees pay more attention to the fact that a company acts in a sustainable way, and we face increasing regulatory scrutiny by regulators, interest groups and other third parties.

Our sustainability targets include achieving net-zero emissions across our operations and supply chain by 2050 at the latest, setting near-term science-based emission reduction targets, changing the way we use resources and becoming a circular business, enabling 20 million customers a year to make sustainable holiday choices by 2030 and co-creating the sustainable destination of the future. We may be unsuccessful in driving forecast sustainability improvements across our operations, or the implementation of our sustainability targets could be more costly as expected. We may also be unable to influence destinations to manage tourism more sustainably, and our suppliers may fail to uphold our sustainability standards. If we are not successful in achieving these targets and driving social and environmental improvements across our operations, and are therefore not being perceived as a leader in sustainability, or if our suppliers do not uphold our corporate and social responsibility standards, or if we fail to influence destinations to manage tourism more sustainably, this could result in a decline in stakeholder confidence, reputational damage, reduction in demand for our products and services and loss of competitive advantage. Furthermore, if we fall short of achieving our long-term target to sustainably develop our and meet the objectives of the Paris Agreement, sustained and long-term damage to certain of our current and future destinations could result.

Our sustainability targets are also reflected in various national and international sustainability ratings and benchmarks which TUI is evaluated on. For instance, in the atmosfair Airline Index (published in 2018), TUI Airways (in the UK) and TUIfly Germany were ranked 1st and 4th, respectively, as the most carbon-efficient airlines globally. In addition, the Company is represented on the sustainability index FTSE4Good in recognition of its transparency and for meeting strict social, environmental and governance standards. We have further submitted our targets for reducing emissions from aircraft, cruise ships and hotels to the non-governmental organisation Science Based Targets initiative (SBTi) for validation and confirmation that the 2030 emission reduction targets set by TUI are based on the latest findings of climate science and are in line with the goals of the Paris Agreement. If any of our sustainability targets are not met, this may be reflected negatively in our sustainability ratings and could damage our reputation. Furthermore, failure to achieve or comply with one or more of our sustainability targets could result in TUI being downgraded in one or more sustainability ratings or benchmarks, which in turn could have a material adverse effect on our reputation.

On 28 November 2022, the European Council formally adopted the Corporate Sustainability Reporting Directive ("**CSRD**"). The CSRD will apply to large capital market-oriented companies, such as the Company, for financial years starting on or after 1 January 2024 with the new disclosures therefore appearing in annual reports published in 2025. The CSRD aims to significantly expand the existing non-financial reporting requirements of public companies. For example, companies that have to comply to the CSRD will be required to report information on a wider scope of sustainability matters and their reporting must cover not only sustainability risks they face, but also the impact of their business on society and the environment. Reports must be certified by an accredited independent auditor or certifier. The CSRD further notes that members of a company's administrative, management and supervisory bodies have a "collective responsibility" for ensuring that sustainability information is prepared and published in accordance with the CSRD requirements.

In addition, the EU Taxonomy Regulation requires that companies such as the Company which are subject to non-financial reporting under the Non-Financial Reporting Directive include information in their non-financial statements on how and to what extent the company's activities are linked to environmentally sustainable economic activities. The reporting obligation has been applicable with respect to the environmental objectives "climate change mitigation" and "climate change adaptation" since 1 January 2022 and will be applicable with respect to four additional specified environmental objectives from 1 January 2023. Members of a company's management or supervisory board can be held criminally liable if they breach reporting obligations. Within the framework of the implementation of the CSRD, penalties are expected to also cover violations of the EU Taxonomy Regulation.

A failure to meet the above regulation could lead to, among others, financial penalties, damage claims, and reputational damage. The regulations described above may also be costly and challenging to implement and comply with and we may not be able to comply with them in a timely and commercially viable manner. Moreover, related costs are likely to increase further in the future, given the expected increase in scrutiny, regulatory changes or novel interpretations of current regulations and stricter enforcement by regulators.

1.2 Risks related to our financial profile

1.2.1. Our substantial leverage and debt service obligations could materially adversely affect our business, financial condition or results of operations.

We are highly leveraged and have significant debt service obligations. We expect that our substantial leverage will continue for the foreseeable future. Our strategy to improve our financial risk profile, in particular by reducing indebtedness, may be unsuccessful.

As at 31 December 2022, our total debt (defined as the sum of current and non-current financial liabilities and current and non-current lease liabilities) was €6,887.7 million and our net debt (which we defined as of that date as financial liabilities and lease liabilities less cash and cash equivalents and current short-term interest-bearing investments) was €5,259.9 million.

On 15 September 2014, the Company, as borrower, entered into a syndicated credit facilities agreement with, among others, the financial institutions named therein as original lenders and UniCredit Bank AG (previously UniCredit Luxembourg S.A.) as facility agent (as amended on 26 September 2014, 17 December 2015 and 20 July 2017, and as amended and restated on 8 April 2020, 13 August 2020 and 27 July 2021, the "**Syndicated Facilities Agreement**"). Prior to 8 April 2020, the Syndicated Facilities Agreement consisted of:

- a €1,535,000,000 revolving credit facility for cash drawings made available by twenty commercial banks (the "**Cash Facility**") (subsequently reduced to €1,454,444,444); and
- a €215,000,000 letter of credit facility for issuing bonds, bank guarantees and letters of credit provided by commercial banks (the "**Bonding Facility**") (subsequently reduced to €190,000,000.00).

As part of our response to the effects of the COVID-19 pandemic on our business, we subsequently included an additional revolving credit facility for cash drawings under our Syndicated Facilities Agreement. In particular, in April 2020, KfW, as state lender, provided a revolving credit facility (the "**KfW Facility**", together with the Cash Facility and the Bonding Facility, the "**Syndicated Facilities**") in an initial amount of €1,800,000,000 under the Syndicated Facilities Agreement and subsequently increased the KfW Facility by €1,050,000,000 (the "**KfW Increase Amount**") in August 2020 to a size of €2,850,000,000. The KfW Facility was provided under the KfW programme 855 – Direct Participation in Syndicated Financings (*Direktbeteiligung für Konsortialfinanzierung*) (the "**KfW Programme**") which forms part of a state aid programme set up in reaction to the COVID-19 pandemic.

We cancelled a portion of the KfW Facility in an amount of approximately €414 million on 1 April 2022, of around €25 million on 19 May 2022 and of around €311 million on 27 May 2022, so that the KfW Facility has an outstanding amount of €2,100,300,000 as of the date of this prospectus. Furthermore, we are subject to the risk that, over the longer term, we may be unable to generate sufficient cash flow to make scheduled payments on debt or may be unable to obtain sufficient funding to satisfy obligations to service or refinance the Group's debt.

The final maturity of the Syndicated Facilities was extended from 20 July 2022 to 19 July 2024. In each case, the availability period ends one month prior to that date. There is a risk that the final maturity of the Syndicated Facilities will not be extended beyond 19 July 2024.

Furthermore, the Company issued Schuldschein loans in the form of German-law promissory notes on 27 June 2018 in a total nominal amount of €425,000,000 with tenors of 5, 7 and 10 years and a blended interest rate of initially about 1.7% p.a. (the "**2018 Schuldschein**").

On 1 October 2020, the Company issued bonds with warrants to the German Economic Stabilisation Fund (*Wirtschaftsstabilisierungsfonds*; the "**WSF**") in the principal amount of €150 million (the "**2020 Bonds with Warrants**"). In accordance with their terms, the warrants (the "**2020 Warrants**") have subsequently been detached from the bonds (the "**2020 Bonds**") and are, therefore, separate instruments. The 2020 Bonds bear interest at an annual rate of 9.5% and have an initial term of six years. Issuance of the 2020 Bonds with Warrants was a further condition precedent to the utilisation of the KfW Increase Amount.

On 1 April 2022, we partially redeemed the Bonds with Warrants at a purchase price of €91.3 million (plus interest and repayment penalties). The Company intends to repurchase in full the outstanding €58.7 million 2020 Bonds with Warrants, including all 58,674,899 2020 Warrants issued to the WSF at a repayment price of €730.1 million, from the net proceeds of the Capital Increase I.

On 4 January 2021, the Company issued silent participations (*stille Beteiligungen*) in an aggregate amount of €1,091 million to the WSF, comprising of a €420 million silent participation with rights of conversion into shares of the Company (the "**Convertible Silent Participation**") and a €671 million silent participation with no conversion rights (the "**Non-Convertible Silent Participation**" and together with the Convertible Silent Participation, the "**Silent Participations**") to the WSF. On 30 June, 2022, the Non-Convertible Silent Participation was repaid in full plus interest to the WSF. The Company intends to repay in full the Convertible Silent Participation from the net proceeds of the Capital Increase I.

On 16 April 2021, the Company issued €400 million senior unsecured convertible bonds due 2028 convertible into ordinary registered shares of the Company. On 6 July 2021, the Company increased the aforementioned convertible bonds by issuing further senior unsecured bonds convertible into ordinary registered shares of the Company due 2028 in an aggregate principal amount of €189.6 million which were consolidated and form a single issue (*Gesamtemission*) with the €400 million convertible bonds issued on 16 April 2021 (together the "**2021 Convertible Bonds**").

The Syndicated Facilities Agreement and the 2018 Schuldschein are guaranteed by certain subsidiaries of the Company.

Pursuant to the Package Travel Directive and its transposition into German law we have to issue guarantees secured by bank guarantees to the DRSF. As of the date of this prospectus, we have outstanding a guarantee line of €345.6 million entered into with KfW IPEX Bank GmbH ("**KfW IPEX**") in connection with the Package Travel Directive. The guarantee amounts to €268.8 million issued by KfW IPEX on 31 October 2022. We expect to enter into a further guarantee amounting to €76.8 million in April 2023.

Our substantial current level of indebtedness presents the risk that we might not generate sufficient cash to service our indebtedness, to make scheduled payments on debt or may be unable to obtain sufficient funding to satisfy obligations to service or refinance the Group's debt. A failure to make scheduled payments or otherwise satisfy our obligations under financing arrangements could result in indebtedness of the Group being accelerated.

Our leveraged capital structure could also limit our ability to finance acquisitions, projects, operations and future business opportunities. In particular, our leverage could:

- make it more difficult for us to satisfy our debt obligations (including under the Syndicated Facilities Agreement, the 2018 Schuldschein, the 2020 Bonds and the 2021 Convertible Bonds);
- increase our vulnerability to a downturn in the Group's business or economic and industry conditions;
- limit our ability to obtain additional financing to fund future operations, capital expenditures, business opportunities, acquisitions and other general corporate purposes and increasing the cost of any future borrowings;
- require us to dedicate a substantial portion of our cash flows from operations to the payment of principal of, and interest on, our indebtedness, which means that these cash flows will not be available to fund our operations, capital expenditures, acquisitions or other corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business, the competitive environment and our industry; and
- place us at a competitive disadvantage compared to competitors that are not as highly leveraged.

1.2.2. We may be unable to generate sufficient cash to service our indebtedness, including due to factors outside our control, and may be forced to take other actions to satisfy our obligations under our financing arrangements, which may not be successful. The COVID-19 pandemic has significantly increased this risk. Any future credit rating downgrades may make it costlier or more difficult for us to obtain additional financing.

We are highly leveraged and have significant debt service obligations. Our ability to make payments on or to refinance our debt obligations, including under the Syndicated Facilities Agreement, the 2018 Schuldschein, the 2020 Bonds and the 2021 Convertible Bonds, will depend on our future operating performance and ability to generate sufficient cash. See also risk factor "*1.2.1. Our substantial leverage and debt service obligations could materially adversely affect our business, financial condition or results of operations.*"

In addition, macro-economic uncertainties and changes in customer behaviour driven by the COVID-19 pandemic, such as the trend for customers to book their holidays with less lead time, has made it more difficult for us to anticipate the amount of cash we would have available to service our indebtedness.

Due to a significant improvement in the business environment and the strengthening of the balance sheet structure, Moody´s upgraded our long-term rating from Caa1 to B3 in October 2021. Over the same period, Standard & Poor´s also upgraded the long-term rating from CCC+ to B-. Moody's has assigned a positive outlook while Standard & Poor's has assigned a stable outlook. Despite the improvement in the ranking compared to the first downgrade in the middle of 2020, the rating is directly related to the further development of the macroeconomic environment over which we have no influence. See also risk factor "*1.1.1. Various macroeconomic factors, in particular the current economic recession and inflation in the European Union and the UK, may adversely affect our business by diminishing customer ability or willingness to spend money on our holidays and negatively impact our results of operations.*" There is a risk that our credit ratings will decline in the future, if the macroeconomic environment also declines. If this is the case, it will be more difficult, or even impossible, for us to obtain additional needed financing as certain institutional investors are required by law or by their own operating procedures to purchase only securities of companies that have a certain minimum rating, i.e. are of investment grade. If we are able to obtain such financing, it is likely that we will need to pay higher rates of interest than would have been the case under our earlier, higher ratings. Furthermore, the covenants and other conditions attached to such financing may be more onerous. If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities or capital expenditures;
- sell assets;
- raise additional debt or equity financing in amounts that could be substantial; or
- restructure or refinance all or a portion of our debt on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all, or that those actions would yield sufficient funds to satisfy our obligations under the Group's indebtedness.

In particular, our ability to make payments on, restructure or refinance our debt will depend in part on our financial condition at such time as well as on many factors outside of our control, including then-prevailing conditions in the international credit and capital markets and on general economic, financial, competitive, market, legislative, regulatory and other factors. In addition, the ongoing trend towards passengers booking vacations on shorter notice can make it more difficult for us as a general matter to predict future cash flows. Any refinancing of our debt could be at higher interest rates than our current debt and may require us to comply with more onerous covenants, which could further restrict our business operations, or might not be available at all. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest or principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit ratings, which could harm our ability to incur additional indebtedness.

In the absence of operating results and resources sufficient to service our indebtedness, the Group could face substantial liquidity problems and might be required to dispose of material assets or operations to meet debt service and other obligations. The terms of our Syndicated Facilities Agreement restrict our ability to transfer or sell assets and the use of proceeds from any such disposition. We may not be able to consummate certain dispositions or to obtain the funds that we could have realised from the proceeds of such dispositions, and any proceeds we realize from asset dispositions may not be adequate to meet our debt service obligations then due.

1.2.3. The terms of the documentation relating to the KfW Facility (included in the Syndicated Facilities Agreement) place significant restrictions on us.

As part of our response to the effects of the COVID-19 pandemic on our business, and in particular the immediate and severe effect the pandemic had on our operating cash flow and liquidity, in April 2020 KfW provided the KfW Facility in the initial amount of approximately €1.8 billion as an additional revolving credit facility under our Syndicated Facilities Agreement. Subsequently, in August 2020, KfW agreed to increase the KfW Facility by the KfW Increase Amount of approximately €1.05 billion to a total amount of approximately €2.85 billion. On 1 April 2022, we cancelled a portion of the KfW Facility in an amount of approximately €414 million. On 19 May 2022, we cancelled a further portion of around €25 million and of approximately €311 million on 27 May 2022, so that the KfW Facility has an outstanding amount of approximately €2.1 billion as of the date of this prospectus. The Company intends to cancel a further portion of the KfW Facility, which would be reduced to approximately €1.1 billion after completion of the Offering. Under the terms of the Syndicated Facilities Agreement, dividend payments or the adoption of certain share buy-back related resolutions would result in a full cancellation of the KfW Facility and an obligation to repay all amounts outstanding under the KfW Facility.

The Syndicated Facilities Agreement gives the KfW the option to require the Company to prepay amounts and cancel commitments under the KfW Facility, in whole or in part, under certain circumstances. This imposes further restrictions on the Company, including *inter alia*:

- restrictions on making dividend payments or (subject to certain exceptions) issuing or buying back shares;
- restrictions on the way we conduct our business; and
- restrictions on our ability to purchase or make investments in other companies or expand our business.

We intend to repay in full the €420.0 million Convertible Silent Participation made available by the WSF, and repurchase in full the outstanding €58.7 million 2020 Bonds with Warrants, including all 58,674,899 warrants issued to the WSF from the net proceeds of the Capital Increase I. If we would not receive any proceeds from the Offering or are not able to use the proceeds as intended, we would be subject to further restrictions relating to the Convertible Silent Participation and the Bonds with Warrants.

Furthermore, joint ventures operate a substantial portion of our business and have historically generated a significant portion of our earnings. Our material joint ventures, like the Group itself, operate businesses that have been seriously and adversely affected by the COVID-19 crisis. We have little or no ability to influence the decision of a joint venture company to seek, or refrain from seeking, emergency state assistance. Joint ventures that obtain such assistance may be bound by provisions similar to those under the Syndicated Facilities Agreement (due to the KfW Facility), restricting or prohibiting the payment of dividends or similar distributions to us while the assistance remains in effect. In these cases, an affected joint venture would not contribute to our earnings, even if it otherwise had distributable profits that could have been paid as a dividend.

See also risk factor "*1.3.1. Risks related to the shares and the admission to trading—The holdings of shareholders who do not participate in the Offering will be significantly diluted, i.e., the value of their shares and their control rights will be negatively impacted.*"

1.2.4. Our profitability and cash flows are subject to seasonal fluctuations and to external shocks that affect the travel industry or customer confidence in travel, which could adversely affect our ability to comply with financial covenants in some of our financing arrangements in the long term.

Tourism is an inherently seasonal business. In our case, we earn most of our profits in the European summer months. Historically, the level of demand for our services has fluctuated over the course of a calendar year, causing our results to fluctuate accordingly. Demand has historically been highest in the summer season from May through October and lowest in the winter season from November through April (except for the days around Christmas, New Year and Easter). At the same time, we incur a significant proportion of our expenses more evenly throughout the year. Our profitability therefore fluctuates during the year, with the majority of profits generated in the summer season. As a result of this seasonality, disruptions to our business operations that occur during the summer season could have particularly adverse effects.

Cash flows are similarly seasonal. Cash inflows tend to be higher in the summer, as we receive advance payments and final balances from customers. Conversely, cash inflows tend to be lower in winter as we settle liabilities with many suppliers after the end of the summer season.

If we do not adequately manage cash balances through the winter low period, our reduced liquidity could make it more difficult for us to settle our liabilities as they fall due and to ensure that we remain in compliance with the financial covenants in our financing arrangements in the long term.

Under the Syndicated Facilities Agreement, we are obligated to maintain a maximum ratio of net borrowings to EBITDA as at 31 March and 30 September of each year and a minimum ratio of EBITDAR to net fixed charges for the test period ending on 31 March and 30 September of each year. More specifically, the ratio of net borrowings to EBITDA shall not be more than 4.5 to 1 in respect of the first two test periods falling after the suspension from the obligation to comply with the covenants that was agreed with the lenders under the Syndicated Facilities Agreement and lasted through and including 31 March 2022 (the "**Syndicated Facilities Covenant Holiday**"), respectively, and not more than 3 to 1 in respect of any test period thereafter. The ratio of EBITDAR to net fixed charges shall not be less than 2.25 to 1 in respect of the first two test periods falling after the Syndicated Facilities Covenant Holiday, respectively, and not less than 2.5 to 1 in respect of any test period thereafter. The covenants were last tested as at 30 September 2022 and the Company was in full compliance. Pursuant to the terms of the Syndicated Facilities Agreement, we will next be required to test compliance with the above covenants as at 31 March 2023, with the results of the test required to be determined within 90 days, and as at 30 September 2023, with the results of the test required to be determined within 120 days.

Even in a reasonable worst case scenario, we currently expect to remain in compliance with both of the financial covenants under the Syndicated Facilities Agreement until the final maturity of the Syndicated Facilities on 19 July 2024. However, we cannot guarantee that the increased general price levels of the last few months will not continue, in particular due to rising energy costs, leading to a significant reduction in the private budget available for travel services and, thus, lowering purchasing power, which could lead to a decline in customer demand, which, in turn, could impact our earnings (please also see risk factor "*1.1.1. Various macroeconomic factors, in particular the current economic recession and inflation in the European Union and the UK, may adversely affect our business by diminishing customer ability or willingness to spend money on our holidays and negatively impact our results of operations."*). In addition, an increase in fuel costs and services, especially those that we purchase in U.S. dollars, could lead to an increase in our input costs (please also see risk factor "*1.1.14. We are vulnerable to rising fuel costs and changes in the type of fuel we are permitted to use.*") and result in a profit decline. Further burdens on our costs and consequently a profit decline could result from continued or increased disruptions to our flight operations. If these risks or other risks were to materialise, compliance with the above covenants could be jeopardised.

Even if the lenders under the Syndicated Facilities Agreement agree to provide a new covenant holiday or default waiver, they may require us to pay significant amounts for them. If we cannot obtain a new covenant holiday or default waiver, the lenders under the Syndicated Facilities Agreement will have the right (to be determined by the required majority of lenders under the Syndicated Facilities Agreement, and subject to prior consent from the state lenders (as such term is defined in the Syndicated Facilities Agreement, i.e., currently, the KfW)) to accelerate all or part of their respective commitments. Such an acceleration, on the basis that it would relate to commitments under the Syndicated Facilities Agreement in excess of €50 million, would also render all or part of the amounts outstanding under the 2021 Convertible Bonds and the 2018 Schuldschein subject to cross-acceleration, as a result of which they would become immediately due and payable. We could then be required to make large payments on short notice; if we cannot make those payments, we could become insolvent.

1.2.5. We have significant liabilities in connection with under-funded pension benefit plans, particularly in the UK.

We have significant liabilities in the form of pension commitments arising from defined benefit pension plans, most of which are currently underfunded.

The following figures represent the best estimate of the current state of our pension obligations. As of 30 September 2022, the present value of our funded defined benefit pension plans, the substantial majority of which are in the UK, was €1,918.0 million. The fair value of the plan assets as of that date was €2,076.4 million. As of 31 December 2022 we had established provisions for our unfunded pension plans and similar obligations, the substantial majority of which are in Germany, totalling €655.4 million. The contributions to the defined benefit schemes may change as a result of changes in investment performance, mortality, inflation and interest rates and as a result of other actuarial experience factors not matching the assumptions.

The Company has provided guarantees to the trustees of some of its UK defined benefit schemes in which it guarantees the payment of contributions to those schemes (up to the total deficit on a buy-out basis) by its subsidiary undertakings and has given certain negative pledge commitments to those trustees. Changes to the funding position of the pension schemes may require the Company to contribute additional funding to satisfy pension obligations.

1.2.6. Impairment of goodwill and long-lived assets have had a negative impact on our results of operations.

We evaluate goodwill and other intangible assets with indefinite useful lives for impairment on an annual basis, or more frequently when circumstances indicate that the carrying value of a reporting unit may not be recoverable. Property, plant and equipment, intangible assets and right of use assets with a definite useful live are tested for impairment only after triggering events.

In Fiscal 2021, we recorded impairments on property plant and equipment, intangible assets and right of use assets in an aggregate amount of €155.5 million. In the Fiscal 2022, we recorded impairments on property, plant and equipment, other intangible assets and right of use assets in an aggregate amount of €73.9 million. In Q1 2023 we recorded impairments on property plant and equipment, other intangible assets and right of use assets in an aggregate amount of €4.2 million.

We recognise impairment charges where the carrying amount of our cash generating units plus the allocated goodwill exceeds the recoverable amount. The recoverable amount is the higher of

- fair value less costs of disposal, based on a market valuation approach; and
- the present value of future cash flows, based on continued use (value in use).

The determination of recoverable amounts reflects numerous assumptions that are subject to various risks and uncertainties, including key assumptions about the recovery of the travel business after COVID-19 and our projected future operating results and cash flows. This determination also reflects key assumptions about matters outside our control, such as discount rates and market comparables. In making this determination, we must exercise significant judgment and make significant estimates. Our actual results could differ materially from those judgments and estimates.

Several factors including a challenging operating environment, impacts affecting consumer demand or spending, the deterioration of general macroeconomic conditions, or other factors could result in a change to the future cash flows we expect to derive from our operations. Reductions of the cash flows used in the impairment analyses may lead us to re-evaluate the assumptions reflected in our current projections, resulting in the recording of an impairment charge to a reporting unit’s tradename or goodwill.

More generally, we may also be required to recognize impairment of goodwill in the ordinary course of business, for reasons unrelated to the COVID-19 pandemic. In the course of restructuring the Group over recent years, we recorded considerable goodwill as a result of acquisitions. As of 31 December 2022, we carried goodwill of €2,952.0 million on our statement of financial position, representing 20.3% of total assets as of that date. A prolonged economic downturn, particularly in the tourism industry, with lower than expected cash flows, as well as changes in the discount rate, could materially affect our future results by requiring us to record impairment charges with respect to some or all of this goodwill.

1.2.7. Changes in accounting standards or in our accounting policies and practices (including segment reporting) may have a negative impact on our reported financial position and results, and may reduce the comparability of our financial information across periods.

We prepare our consolidated financial statements in accordance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e (1) of the German Commercial Code (*Handelsgesetzbuch*). In addition, we prepare our Unaudited Condensed Consolidated Interim Financial Statements in accordance with IFRS as adopted by the EU on interim financial reporting (IAS 34). These accounting standards are subject to change. These changes can negatively affect our reported financial condition, results of operations and cash flows, even if all other factors remain equal. In addition to any direct, negative effect on our reported financial condition, these accounting changes can reduce the comparability of our financial statements over different time periods, making them less useful to investors as a tool for monitoring our ongoing performance.

Where it is apparent, following a significant change in the nature of our entity's operations or a review of our financial statements, that another presentation or classification would be more appropriate, we may have to change the presentation and classification of items. We cannot assure you that any such future change in accounting practices would not have detrimental effects on the Group.

Significant M&A activity can also affect the comparability of our financial information across periods. For example, on 31 July 2021 we completed the sale of our former joint venture, Riu Hotels, in which we held a 49% interest. Any contribution of Riu Hotels to our results of operations was represented in our share of result of investments accounted for using the equity method until 31 July 2021, and, as a result no longer contributes to our results of operations beginning on 1 August 2021. Accordingly, while the Underlying EBIT in Fiscal 2021 had the benefit of the contribution of Riu Hotels to our results, which was not the case in Fiscal 2022, Q1 2022 and Q1 2023 and any future periods.

1.2.8. Our business and results of operations are affected by fluctuations in exchange rates and interest rates.

The substantial cross-border element of our business operations exposes us to fluctuations in exchange rates. This is due to the imbalance between the currencies in which we generate revenue and incur costs, and also to the fact that some of our subsidiaries, particularly in the UK and the Nordic countries outside Finland, operate in functional currencies other than the euro, which is the Group's reporting currency.

For example, certain of our costs of sales, including hotel accommodation, destination services and aviation jet fuel and bunker oil, are denominated in currencies other than the currencies in which customers pay for their holidays. This transaction risk relates primarily to the euro/U.S. dollar, the euro/sterling and the sterling/U.S. dollar exchange rates.

We are also subject to translation risk relating to currency exchange rates. We generate revenue and incur expenses in non-euro currencies. We translate these amounts into euro on consolidation. In general, appreciation of the value of the euro against a relevant non-euro currency reduces the impact of the non-euro revenue or expense on our consolidated, euro-denominated financial statements.

Recent developments in global currency markets have led to a devaluation of the euro and many other currencies compared to the U.S. dollar. As a result, our unhedged fuel costs and other services, including those that we purchase in U.S. dollars, have increased in Fiscal 2022, when expressed in euro. According to current forecasts, the strength of the U.S. dollar is expected to continue for the foreseeable future.

The recent increase in inflationary pressures has prompted central banks to raise interest rates. The aggressive tightening of U.S. interest rates by the U.S. Federal Reserve versus slower monetary tightening by other central banks, notably the ECB and the Bank of England, has widened interest rate differentials and has further bolstered the value of the U.S. dollar against other currencies, including the euro and the pound sterling. This has had and will continue to have a negative impact on the U.S. dollar denominated input costs for the Group's unhedged fuel costs and other services.

We cannot assure that the hedging transactions or other measures we may take to mitigate exchange rate risk will succeed. If we have not adequately hedged our currency exposure, a significant negative change in exchange rates could result in a mismatch between our costs and revenue, significantly affecting our results of operations. Adverse exchange rate movements may also force us to impose fuel surcharges on short, medium and long-haul flights. In the event of a fuel shortage resulting from a disruption of oil imports or otherwise, including, without limitation, any such events resulting from international terrorism, prolonged hostilities in oil-producing regions, such as the Russia-Ukraine Conflict, or the suspension of production by any significant producer, additional increases in fuel prices or a curtailment of scheduled services could result (see also risk factor "*1.1.14. We are vulnerable to rising fuel costs and changes in the type of fuel we are permitted to use.*"). Furthermore, hedging transactions create an inherent risk that a counterparty may default on its obligations. Furthermore, if our hedging policy is too rigid, we may be unable to respond to competitive pricing pressures during the season.

If that is the case, our ability to manage and mitigate exchange rate risk will be reduced, and our exposure to currency risk will increase. We cannot assure you that any measures we may take to mitigate the negative consequences of our inability or reduced ability to hedge foreign exchange exposures, such as use of flex pricing in markets where it is possible to do so, will be effective in protecting our margins.

We are also subject to risk from floating-rate primary and derivative financial instruments. A substantial part of our indebtedness, including borrowings under the Syndicated Facilities and a portion of our 2018 Schuldschein, bears interest at floating rates. These interest rates could rise significantly in the future, thereby increasing our interest expenses associated with these obligations and reducing cash flow available for other purposes. Although we currently hedge a portion of the interest rate with respect to the floating rate portion of the 2018 Schuldschein we may not be able to replace or extend such hedges, on terms that are acceptable to us or at all, and any such hedge may not be fully effective, which would expose us to interest rate risk.

1.2.9. Tax audits and changes in the general tax environment may lead to additional taxes being payable by us

We are subject to tax audits in jurisdictions in which we carry out our business or in which we are subject to tax for other reasons. All tax assessment notices which are not yet final and are subject to review could be changed by the tax authorities. As a consequence of current or future tax audits or as a result of possibly divergent tax law interpretations by the tax authorities or tax courts, we could be obliged to pay additional taxes in jurisdictions where we operate.

Our business is subject to the general tax environment in various jurisdictions that are linked to our activities. Changes in tax legislation, administrative practice or case law can have adverse consequences for us. For example, there are currently several initiatives being considered at local, state, EU and OECD level which relate, inter alia, to changes to the limitation of interest deductions, the non-recognition of business expenses (based on hybrid elements in the financial product or the parties involved in a transaction or due to a certain residency or place of business of the contractual counterparty), the establishment of anti-abuse and other rules to avoid base erosion and profit shifting (BEPS). Further, changes to tax legislation may result from the implementation of Pillar I and Pillar II, which target global changes to tax regimes to address challenges from the digitalisation of the economy as well as the introduction of a minimum effective tax rate. Within certain limits these changes or amendments may have retroactive effect. If adverse changes in the tax framework should occur, we could be obliged to pay additional taxes in the jurisdictions in which we are subject to tax.

1.2.10. We could be exposed to tax risks regarding the loss of tax losses and tax loss carry-forwards in connection with the possible change of the shareholder structure of the Company.

As of 31 December 2022, the Company had recorded substantial current losses, loss carry-forwards and interest carry-forwards. These have not been audited by the German Tax Authorities (*Finanzamt*). Section 8c of the German Corporate Income Tax Act (*Körperschaftsteuergesetz*, "**KStG**") provides for an elimination where more than 50% of the shares in a corporation have been acquired within a five-year period by one individual shareholder, a group of shareholders acting in concert or if a comparable event occurs. Section 8c KStG applies *mutatis mutandis* to interest carry-forwards. If we are unable to utilise these losses and carry-forwards in future periods, our after tax profit for those periods will be reduced.

1.2.11. We are unable to fully deduct interest on our financial liabilities.

A certain amount of the Company's substantial annual refinancing expenses (i.e., interest payments) is not deductible for tax purposes under the German interest barrier rules (*Zinsschranke*). The interest barrier rules generally provide for a limitation on the deduction of a business' net interest expenses equal to 30% of its taxable EBITDA.

For purposes of the interest barrier rules, all businesses belonging to the same German fiscal unity for corporate income and trade tax purposes (*Organschaft*) are treated as a single business. Any non-deductible amount exceeding this threshold can be carried forward and, subject to various restrictions, may be deductible in future years. The interest carry-forward could, for example, be cancelled in connection with certain changes in the shareholder structure of the Company in accordance with the same principles outlined above regarding loss carry-forwards.

1.2.12. If TUI Cruises cannot continue to participate in the tonnage tax regime in Germany, or if the tonnage tax regime as such is discontinued or amended, tax expenses may increase significantly.

TUI Cruises has elected for the tonnage tax regime in Germany. Comparable tax regimes exist in several other European countries. For example, some of the cruise ships operated by Marella Cruises are also subject to the English tonnage tax regime.

Under the tonnage tax regime, a substantial portion of TUI Cruises' corporate income tax is calculated by reference to the tonnage of its ships, independently from actual income earned. Its income tax liability therefore depends primarily on the tonnage of its fleet, rather than on the profitability of its business. In order to remain within the tonnage tax regime, a specified proportion of the vessels TUI Cruises operates must be managed in Germany (*inländische Bereederung*), registered in a German register and predominantly operated on the high seas or between non-German harbours.

1.2.13. Our levels of indebtedness may increase our vulnerability to general adverse economic conditions and limit our ability to make investments and restrictive covenants in our financing arrangements could limit our operating and financial flexibility.

The terms and conditions of our existing debt instruments contain, and any future debt instrument we enter into, may contain, covenants that significantly restrict our ability to incur, guarantee or secure additional indebtedness and require us to maintain specified financial ratios. Also, capital markets indebtedness that we may incur in the future, including a potential senior unsecured bond that is currently under consideration, will likely contain a number of restrictive covenants. Such covenants could restrict, among other things, our ability to: make certain loans or investments; incur indebtedness or issue guarantees; sell, lease, transfer or dispose of assets and subsidiary stock; merge or consolidate with other companies; transfer all or substantially all of our assets; pay dividends and make other restricted payments; create or incur liens; agree to limitations on the ability of our subsidiaries to pay dividends or make other distributions; and enter into transactions with affiliates. Such covenants could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise. For example, although we currently expect to be able to meet our working capital requirements in the short to medium term, such new restrictions could materially adversely affect our ability to finance our operations and capital needs, pursue acquisitions, investments or alliances or restructure our organisation later in the future. Our ability to meet financial ratios may be affected by events beyond our control.

Although we currently expect to remain in compliance with the financial covenants provided under our existing debt instruments in the short to medium term, we cannot assure you that we will be able to meet these or any future ratios and tests later in the future. There is a risk that our earnings and profit could be reduced due to the current macroeconomic environment, including general price increases, and/or higher costs as a result of an increase in our fuel costs, or due to continued or increased disruptions to our flight operations (see also risk factor "*1.2.4. Our profitability and cash flows are subject to seasonal fluctuations and to external shocks that affect the travel industry or customer confidence in travel, which could adversely affect our ability to comply with financial covenants in some of our financing arrangements in the long term.*"). If these risks were to occur, we may be out of compliance with the covenants in certain of our debt facilities. In the event of a default under these facilities or certain other defaults under other agreements, the relevant lenders could accelerate all or part of their respective commitments and declare all amounts owed to them to be immediately due and payable. In addition, a default under certain of our debt instruments could result in a cross-default or cross-acceleration under certain of our other existing debt facilities. Borrowings under other debt instruments that contain cross-default or cross-acceleration provisions may, as a result, also be accelerated and become immediately due and payable. Our immediately available liquid funds and short-term cash flows may then not be sufficient to fully repay these debts in such circumstances.

We may also incur substantial additional indebtedness in the future. The covenants in existing financing instruments do not fully prohibit the Company or its subsidiaries from incurring more indebtedness. If new debt is added to our current debt levels, the related risks that we now face could intensify. The incurrence of additional indebtedness would increase the leverage-related risks described in these risk factors.

Furthermore, central bank actions to reduce inflation, including raising interest rates, could increase our cost of borrowing and the cost of new financing, which, in turn, could make it more difficult to obtain financing for our operations or investments on favourable terms.

1.3 Risks related to the shares and the admission to trading

1.3.1. The holdings of shareholders who do not participate in the Offering will be significantly diluted, i.e., the value of their shares and their control rights will be negatively impacted.

The subscription rights (*Bezugsrechte;* the "**Subscription Rights**") for New Shares will expire if they are not exercised on or before the end of the Subscription Period on 17 April 2023. If a shareholder does not exercise the Subscription Rights granted to it, its percentage shareholding in TUI will decline and its voting rights will be diluted. This dilution will be proportional to the percentage rate by which the share capital of the Company is increased and to the extent to which the shareholder does not participate in the Capital Increases.

Even where a shareholder sells unexercised Subscription Rights prior to the expiration of the Subscription Period, the consideration received by such shareholder may not be sufficient to fully compensate such shareholder for the dilution of their percentage ownership of the New Shares that may result from the Capital Increases. Furthermore, after the Subscription Period ends, Subscription Rights that have not been exercised will expire and holders that have not exercised those Subscription Rights will not receive compensation for any expired Subscription Rights.

1.3.2. The Company is a holding company. Its ability to meet its obligations and to pay dividends depends on its subsidiaries' ability to generate revenue and to provide it with funds.

The Company functions as a holding company for our Group, has no material independent operations of its own and derives substantially its entire consolidated revenue from its operating subsidiaries. Consequently, the Company's cash flows and its ability to meet its obligations and to pay dividends is dependent upon the profitability and cash flow of its subsidiaries and payments by such subsidiaries to the Company in the form of loans, dividends, fees, rental payments, or otherwise. The ability of subsidiaries, joint ventures and associated companies to make payments to the Company may be restricted by factors including applicable corporate and other laws and regulations as well as by covenants, restrictions and other terms of financing agreements to which these companies are or will be a party. In addition to any limitations on payment to the Company in such agreements, failure to comply with the covenants and restrictions contained in such agreements could trigger defaults under those agreements which could delay or preclude the distribution of dividend payments or any other similar payments to the Company.

1.3.3. The terms of the KfW Facility effectively prohibit us from distributing dividends. Even if we return to profitability, the Company will be unable to pay dividends while the KfW Facility remains outstanding. Any future state assistance we receive may impose similar terms.

Under the terms of the KfW Facility the Executive Board and the Supervisory Board of the Company are obliged, not to propose to the Annual General Meeting any dividend distribution for the respective previous fiscal year until the repayment of the KfW Facility. This prohibits us effectively from distributing dividends even if the Company returns to profitability. Even if the Company has a legal obligation to pay a dividend and, thus, the foregoing does not apply, we believe that it would not be advisable for the Company's shareholders to adopt a resolution on the payment of dividends even if the Company were otherwise able to pay a dividend. In the recent past, public perception has been very critical of companies that have paid dividends despite having received emergency state aid. If the Company's shareholders would adopt a resolution on the payment of dividends, our reputation and, thus, our business might suffer and any further negotiations with governmental authorities on certain matters, in particular on additional emergency state aid, could be negatively affected.

1.3.4. The Underwriting Agreement between the Company and the Underwriters allows for the agreement to be terminated under certain circumstances, which may result in the Capital Increases being withdrawn by the Company and investors who have acquired Subscription Rights losing such investment.

The offer of the New Shares will be made on the basis of the Underwriting Agreement signed by the Company and the Underwriters on 24 March 2023, that may be terminated at any time by the Lead Joint Global Coordinators on behalf of the Underwriters prior to the filing of the application for registration of the implementation of the Capital Increases with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hanover, Germany under number HRB 6580 and with the commercial register (*Handelsregister*) of the district court (*Amtsgericht*) of Berlin-Charlottenburg under HRB 321, (together, the "**Commercial**

Registers") (scheduled to occur on 19 April 2023) under certain circumstances provided for under the terms and conditions of the Underwriting Agreement (including in the event of a suspension of trading on or by any of the Hanover Stock Exchange, the Frankfurt Stock Exchange, the London Stock Exchange or the New York Stock Exchange or any other regulated financial market within the European Economic Area, a suspension of trading of any securities of the Company, a general moratorium on commercial banking activities, an outbreak of hostilities or escalation of hostilities or terror attacks or any material adverse change in national or international financial, political, industrial or economic conditions). In addition, the Underwriters' obligations under the Underwriting Agreement are subject to certain customary conditions. If these conditions are not fulfilled or waived, the Underwriting Agreement will not take effect.

If the Lead Joint Global Coordinators on behalf of the Underwriters terminate the Underwriting Agreement prior to the filing of the application for registration of the implementation of the Capital Increases with the Commercial Registers, the Offering and Capital Increases will not proceed and the Subscription Rights will expire and become worthless. Under these circumstances investors will not be entitled to delivery of New Shares. Any investors engaging in short selling transactions bear the risk of being unable to meet their obligation to deliver New Shares. The agents brokering the Subscription Rights transactions will not reverse such short selling transactions. Investors who purchased Subscription Rights will accordingly suffer a loss. The Lead Joint Global Coordinators cannot terminate the Underwriting Agreement after the application for registration of the implementation of the Capital Increases has been filed with the Commercial Registers, save that the Lead Joint Global Coordinators may terminate the Underwriting Agreement if the Company successfully withdraws the application for registration of the implementation of the Capital Increases with both Commercial Registers which is at the discretion of each Commercial Register, or the Commercial Registers do not register the Capital Increases within the timeframe specified in the subscription certificate to be issued by the Underwriters (currently two business days from the date of the application, i.e., until 20 April 2023). In such case, the Offering and Capital Increases will also not proceed and the Subscription Rights will expire and become worthless, and the consequences described above occur.

There is also a risk that the Commercial Registers could not register the implementation of the Capital Increases for certain technical or practical reasons, including, for example, an inaccuracy or error in the application, which, if the Company will be unable to correct the inaccuracy or error within the two days following the application, will result in a termination right of the Underwriters. In such case, the Offering and Capital Increases will not proceed, and the Subscription Rights will expire and become worthless, and the consequences described above will occur. However, the Lead Joint Global Coordinators may elect not to terminate the Underwriting Agreement, and to work with the Company to submit a new subscription certificate with a new two business day deadline to register the implementation of the Capital Increases with both Commercial Registers, with the risk that the Capital Increases may again not being registered with any of the Commercial Registers, due to similar inaccuracies or errors.

There is no scenario in which the Lead Joint Global Coordinators could terminate the Underwriting Agreement, but the Commercial Registers could still register the Capital Increases.

1.3.5. It is not certain that Subscription Rights trading will develop, and the Subscription Rights may be subject to greater quoted market price fluctuations than the shares of TUI.

The Company intends to provide for the DI Pre-Emptive Rights to be traded during the period from 30 March 2023 until 12 April 2023 on a multilateral trading facility of the London Stock Exchange. Subscription Rights are also expected to be traded on the regulated market of the

Hanover Stock Exchange and the Open Market segment of the Frankfurt Stock Exchange from 28 March 2023 until 12 April 2023. The Company does not intend to apply for Subscription Rights trading on any other stock exchange. The Company cannot assure that active Subscription Rights trading on a stock exchange will develop during this period nor that there will be sufficient liquidity in Subscription Rights trading for the Subscription Rights during this period. The development of the quoted market price of the Company's shares is one of the factors influencing the price of the Subscription Rights, which, however, may also be subject to considerably stronger price fluctuations than the shares.

Failure to exercise or sell the Subscription Rights will cause the Subscription Rights to lapse without compensation and result in a dilution of shareholding.

The Subscription Rights of shareholders who fail to exercise or sell their Subscription Rights prior to the end of the Subscription Period will expire and become null and void, and shareholders will not receive any compensation for them. The proportionate ownership and voting interest in the Company of shareholders who fail (or are not able) to exercise their Subscription Rights will be diluted. Even if shareholders elect to sell their unexercised Subscription Rights, the consideration they receive for them may not be sufficient to fully compensate them for the dilution of their percentage ownership of shares that may be caused as a result of the Offering. The Company will receive the net proceeds of any sale of New Shares in respect of which any shareholder does not validly exercise its Subscription Rights.

1.3.6. The interests of our major shareholder may be inconsistent with the interests of other shareholders.

As of the date of this prospectus, Alexey Mordashov controls Unifirm Limited ("**Unifirm**") and Severgroup LLC ("**Severgroup**"), who together currently hold 30.91% of the issued share capital in the Company. Such shareholding and the corresponding holding in voting rights will be diluted to 9.55% and 1.32%, respectively, following completion of the Offering. As of the date of this prospectus, Unifirm and Severgroup cannot exercise any rights from the shares they hold in the Company, including any voting rights in respect of those shares and any Subscription Rights (as defined below) that would have been attributable to Unifirm or Severgroup in the Subscription Offer, due to incorrect voting rights notifications, which resulted in a loss of rights from such shares pursuant to section 44 (1) German Securities Trading Act (*Wertpapierhandelsgesetz*; "**WPHG**").

Furthermore, as a result of the amendment of Council Regulation (EU) No 269/2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine (the "**EU Sanctions Regulation**") by Council Implementing Regulation (EU) 2022/336 of 28 February 2022 (Annex 1. Persons, no. 695), published in the evening of 28 February 2022, Alexey Mordashov was included in the EU Sanctions List. As a result of their inclusion in the EU Sanctions List, Alexey Mordashov and all funds and economic resources belonging to, owned, held or controlled by Alexey Mordashov or any natural or legal persons, entities or bodies associated with Alexey Mordashov listed in the EU Sanctions List became subject to an asset freeze and a further prohibition on making any funds or economic resources available, directly or indirectly, to or for the benefit of Alexey Mordashov or legal persons owned or controlled by him applies pursuant to Art. 2 of the EU Sanctions Regulation (the "**EU Sanctions**"). As of the date of this prospectus, any exercise by Unifirm or Severgroup of the rights associated with the shares they hold in the Company, including voting rights and Subscription Rights, is prohibited under the applicable EU Sanctions.

As of the date of this prospectus, the Company is, thus, not controlled by any of its shareholders. Although Unifirm's and Severgroup's shareholding will be significantly diluted to 9.55% and 1.32%, respectively, following the Offering as no Subscription Rights may be exercised by Unifirm and Severgroup in the Subscription Offer, we expect that Alexey

Mordashov will remain the Company's ultimate major shareholder, and, as such, may be able to exert significant influence on the Company going forward if the current loss of voting rights pursuant to section 44(1) WpHG, the applicable EU Sanctions and the applicable UK Sanctions should be removed. This may include, among other things, the ability to veto certain fundamental corporate decisions and, depending on the presence levels at our shareholders' meetings, to pass other corporate resolutions regarding our legal and capital structure. The interests of our major shareholder could conflict with the interests of our other shareholders. In addition, our major shareholder may, in the future, own businesses that directly compete with ours in certain respects or do business with us.

1.3.7. Future sales or anticipated sales of a substantial number of shares or similar transactions conducted by our principal shareholders or other shareholders could cause the price of the Company's shares to fall significantly.

Due to the relatively high combined shareholding of our principal shareholders Unifirm and Severgroup, which are to our knowledge ultimately controlled by the Mordashov family; and Riu Hotels, which is controlled by SARANJA S.L., which is in turn controlled by Luis Riu and Carmen Riu, the price for the Company's shares could decline significantly if our principal shareholders were to sell a substantial portion of their shares in the market. However, a sale of shares by Unifirm or Severgroup may only take place once (i) the current EU Sanctions are removed, which subject all funds and economic resources belonging to, owned, held or controlled by Unifirm or Severgroup or any related natural or legal person, entity or body listed in the EU Sanctions List, including the shares held by Unifirm and Severgroup, to an asset freeze pursuant to Art. 2(1) of the EU Sanctions Regulation (for more detailed information, please see risk factor "*1.3.6. The interests of our major shareholder may be inconsistent with the interests of other shareholders."*), which means that Unifirm and Severgroup may *inter alia* not transfer these funds, whereby the volume, amount, location, ownership or possession of the funds are changed and (ii) applicable UK Sanctions are removed (for more detailed information, please see risk factor "*1.3.6. The interests of our major shareholder may be inconsistent with the interests of other shareholders.*"). As a result, Unifirm and Severgroup may not sell their shares in the market. Likewise, the price for the Company's shares could decline substantially if other shareholders sell a large number of shares in the market or investors expect such sales.

1.3.8. The price of the Company's shares has been, and may continue to be, volatile.

The price and the trading volume of the Company's shares is determined by supply and demand for its shares, which is influenced by a variety of factors, including, but not limited to, the further development of the COVID-19 pandemic and the Russia-Ukraine Conflict (including the impact of the COVID-19 pandemic and the Russia-Ukraine Conflict on us and the travel industry more broadly), earnings expectations of investors and the reporting of results by the Company or its competitors, changes in earnings projections and investments recommendations by analysts, changes in macroeconomic conditions, or general market volatility. Over the past five years, the Company's shares, which are listed on the London Stock Exchange and the Hanover Stock Exchange and included into trading on the Open Market of the Frankfurt Stock Exchange, have traded as low as €1.21 and as high as €20.66. General market conditions or a global or local downturn in equities markets could cause the price of the Company's shares to decline significantly, even if the Group's business, its prospects or earnings outlook have not changed. Global stock markets in general have recently experienced extreme volatility primarily as a result of the ongoing COVID-19 pandemic. Certain developments, such as a significant decline in share price or a lack of trading liquidity, could also lead to an exclusion of the Company's shares from indices in which its shares are included, which could add additional selling pressure on the Company's shares with a corresponding decline of the price for the Company's shares.

1.3.9. *Future offerings of debt or equity securities or debt securities convertible into equity of the Company could have a negative effect on the price of the Company's shares, and future capital measures could dilute existing shareholders' interests in the Company.*

In the future, the Company may need additional capital to finance its business operations and growth. Although the Company has no current plans to raise capital through offerings of debt securities (potentially including convertible debt securities) or additional equity securities, it could be seeking to raise capital through debt or equity offerings in the future. The same is true for any future acquisitions of or investments in other companies made with newly issued shares of the Company or the exercise of stock options by the employees in the context of equity compensation programs. The issuance of additional equity securities or securities with a right to equity conversion would dilute the economic and voting rights of existing shareholders if and to the extent that subscription rights are not offered to and exercised by the existing shareholders. Such capital measures could also have negative effects on the price of the Company's shares.

A number of factors could also make it difficult or impossible to execute a further capital increase, or could delay the Company's ability to consummate the transaction. If it were to seek to implement a capital increase in excess of authorised capital at the time, the Company would need to obtain a resolution of the general shareholders' meeting increasing authorised capital.

1.3.10. *The Company's historical earnings, cash flows and other historical financial data are not necessarily predictive of its earnings or its other key financial figures going forward.*

The financial information discussed in this prospectus and the financial statements that have been reproduced herein relate to the TUI Group's performance in past periods. The Group's future development and performance may, however, deviate significantly from past results. The historical earnings and other historical financial data are therefore not necessarily predictive of the Group's earnings or other key financial performance indicators going forward.

In particular, the effects of the COVID-19 pandemic may limit the comparability of the financial statements presented in this prospectus with each other, as well as the comparability of our historical financial statements with future financial statements. Our financial statements for Fiscal 2021 were strongly influenced by factors and events that do not pertain to the financial statements for Fiscal 2022. Whereas the first month of Fiscal 2021 still benefited from a partially resumed business, our results of operations from November to June of Fiscal 2021 were marked by an almost total absence of revenue as a result of the renewed travel restrictions. During Fiscal 2021, we also incurred pandemic-related expenses which were of no relevance prior to the outbreak and in Fiscal 2022, as well as fixed costs common across all periods presented in this prospectus, many of which were not materially affected by the pandemic. Even if we are able to resume full business operations, we expect that the effects of the pandemic will continue to have an effect on our financial condition and results of operations over at least the near to medium term, limiting the comparability of the financial statements for those periods with our historical financial statements, including those from the recent past.

1.3.11. *The rights of shareholders in a German stock corporation may differ from the rights of shareholders in companies organised under the laws of other jurisdictions.*

TUI AG is a company organised under the laws of Germany. The rights of shareholders in a German company are based on its articles of association and applicable laws and regulations and may differ from the rights of shareholders of stock corporations organised under the laws of other jurisdictions. As such, it may be difficult or impossible to enforce rights against the Company that may be common in other jurisdictions.

1.3.12. Holders of TUI AG DIs are subject to applicable DI arrangements.

As TUI AG Shares are German securities, they are not eligible to be settled directly within CREST. CREST is the electronic settlement system for UK and Irish securities operated by Euroclear UK & International Ltd which allows trades in securities listed on the Official List of the UK Financial Conduct Authority (the "**FCA**") to be settled. In order to enable settlement in CREST, the Company entered into depositary arrangements which enable investors to hold and settle TUI AG Shares in CREST in the form of depositary interests ("**DIs**"). DIs represent entitlements to underlying non-UK shares (in this case, TUI AG Shares).

TUI AG DIs represent entitlements to the Company's Shares. Holders of TUI AG DIs are able to exercise their shareholder rights (including the right to vote at general shareholders' meetings and the right to subscribe for new TUI AG Shares on a pre-emptive basis) attached to TUI AG DIs by instructing Link Market Services Trustees Limited (the "**Depositary**") to exercise these rights on their behalf and, therefore, the process for exercising rights will take longer for holders of TUI AG DIs than for holders of TUI AG Shares. Consequently, the Depositary will set a deadline for receiving instructions from all TUI AG DI holders ("**DI Holders**") regarding the relevant Company corporate event. The holders of TUI AG DIs may be granted shorter periods in which to exercise the pre-emptive rights carried by the DI Pre-emptive Rights than the TUI AG Shareholders have in which to exercise rights carried by TUI AG Shares. The Depositary will not exercise voting rights in respect of TUI AG DIs for which it has not received voting instructions within the established term.

Unexercised Subscription Rights or DI Pre-emptive Rights will lapse and will not be sold. The New Shares to which those unexercised Subscription Rights or DI Pre-emptive Rights relate may be sold in the Rump Placement, but shareholders will not be entitled to receive any proceeds from such sale, including any premium under Listing Rule 9.5.4 as such payment is restricted under the laws of Germany.

The Company is organised under the laws of Germany and the offering is therefore being undertaken in accordance with German company law and in line with German market practice. German market practice differs from market practice in certain other jurisdictions, including the UK.

Consequently, under the laws of Germany and in line with German market practice, Subscription Rights or DI Pre-emptive Rights that are not exercised during the Subscription Period will lapse and be of no value. This includes any Subscription Rights or DI Pre-emptive Rights that an investor acquires during the subscription rights trading period but that are not then exercised before the end of the Subscription Period. This differs to a typical rights issue conducted in the UK, where rights that are not exercised do not lapse, and would typically be sold in a Rump Placement following the rights issue, and shareholders would be entitled, pursuant to Listing Rule 9.5.4, to receive any premium over the subscription price (net of expenses and provided such amount exceeds £5) that can be achieved in such a sale.

While it is proposed that the New Shares that would have been issued had the Subscription Rights or DI Pre-emptive Rights been exercised will be sold in the Rump Placement, if a premium above the Subscription Price were able to be achieved from such a sale, shareholders will not be entitled to receive that premium. This is because in Germany, company law would prohibit the Company from distributing any such premium to shareholders. Accordingly, shareholders will not be entitled to receive any premium under Listing Rule 9.5.4 on the sale of any New Shares to which they were entitled had they exercised their Subscription Rights or DI Pre-emptive Rights during the Subscription Period.

Furthermore, there will be no entitlement to fractional shares in connection with the Offering. Accordingly, no fractional entitlements will be sold as part of the Offering as could be the case in the UK under Listing Rule 9.5.13.

2. General Information

In this prospectus, the terms "**TUI**", "**Group**", "**we**", "**us**" and "**our**" refer to TUI AG together with its consolidated subsidiaries. The term "**Company**" refers to TUI AG as issuer of the shares being offered by this prospectus.

This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any New Shares, Subscription Rights, DI Pre-emptive Rights or New DIs (each as defined below and together the "**Securities**") offered by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

Neither the delivery of this prospectus nor any sale made hereunder shall under any circumstances imply that there has been no change in the Company's affairs or that the information set forth in this prospectus is correct as of any date subsequent to the date hereof.

Investors should only rely on the information in this prospectus. No person has been authorised to give any information or to make any representations in connection with the Offering, other than those contained in this prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Sponsors, the Lead Joint Global Coordinators, the Co-Joint Global Coordinators, any of the Underwriters or the Financial Adviser.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved. Any decision to subscribe or purchase the Securities should be based solely on this prospectus. Prospective investors should read this entire document and, in particular, the Section "*1. Risk Factors"* of this prospectus when considering an investment in the Company.

The Company's website and any other websites mentioned herein do not form part of this prospectus.

2.1 Responsibility for the contents of the prospectus

TUI AG, with its registered seat in Hanover and Berlin, Germany, and its business address at Karl-Wiechert-Allee 4, 30625 Hanover, Germany, a German stock corporation (*Aktiengesellschaft* or *AG*) registered with the Commercial Registers, telephone +49 (511) 566-00 (the "**Company**"), Barclays Bank Ireland PLC, One Molesworth Street, Dublin 2, D02 RF29, Ireland ("**Barclays**"), BofA Securities Europe SA, 51 rue La Boétie, 75008 Paris, France ("**BofA Securities**"), Citigroup Global Markets Europe AG, Reuterweg 16, 60323 Frankfurt am Main, Germany ("**Citigroup**"), COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany ("**COMMERZBANK**"), Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Germany ("**Deutsche Bank**"), and UniCredit Bank AG, Arabellastraße 12, 81925 Munich, Germany ("**UniCredit Bank AG**", and together with Barclays, BofA Securities, Citigroup, COMMERZBANK and Deutsche Bank,the "**Lead Joint Global Coordinators**"), HSBC Trinkaus & Burkhardt GmbH, Hansaallee 3, 40549 Dusseldorf, Germany ("**HSBC**") and Société Générale, 29 boulevard Haussmann, 75009 Paris, France ("**Société Générale**", and together with HSBC the "**Co-Joint Global Coordinators**") will act as joint global coordinators, joint bookrunners and underwriters and Crédit Agricole Corporate and Investment Bank, 12, Place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, France ("**Crédit Agricole CIB**"), ING Bank N.V., Bijlmerdreef 106, 1102 CT Amsterdam, The Netherlands ("**ING**") and Natixis, 7 promenade Germaine Sablon, 75013 Paris, France ("**Natixis**", and together with Crédit Agricole CIB and ING, the "**Joint Bookrunners**" and, together with the Lead Joint Global Coordinators and the Co-Joint Global Coordinators, the "**Underwriters**") each assume responsibility for the contents of this prospectus pursuant to section 8 German Securities Prospectus Act (*Wertpapierprospektgesetz*) and Article 11 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended (the "**Prospectus Regulation**") and hereby declare that, to the best of their knowledge, the information contained in the prospectus is in accordance with the facts and that the prospectus makes no omission likely to affect its import.

Neither the Company nor the Underwriters are required by law to update this prospectus subsequent to the date hereof, except in accordance with Article 23 of the Prospectus Regulation, which stipulates that every significant new factor, material mistake, or material inaccuracy relating to the information included in a prospectus which may affect the assessment of the securities and which arises or is noted between the time when the prospectus is approved and the closing of the offer period or the time when trading on a regulated market begins, whichever occurs later, shall be mentioned in a supplement to the prospectus without undue delay. In any event, the obligation to supplement a prospectus no longer applies when a prospectus is no longer valid.

This prospectus will be valid until the commencement of trading of the New Shares on the Regulated Market of the Hanover Stock Exchange that is expected to take place on 24 April 2023. The obligation to supplement a prospectus in the event of any significant new factors, material mistakes or material inaccuracies no longer applies when the prospectus is no longer valid.

Investors bringing a claim related to information contained in this prospectus before a court may, pursuant to the national legislation of the relevant member state of the EEA, be required to bear the costs of translating the prospectus before legal proceedings are initiated.

As of the date of this prospectus, the shares of the Company have been admitted to trading on the premium listing segment of the Official List of the FCA and to trading on the Main Market of the London Stock Exchange and on the regulated market segment (*regulierter Markt*) of the Hanover Stock Exchange (*Niedersächsische Börse zu Hannover e.V.*; the "**HSE**"), which are regulated markets within the meaning of Art. 2(j) of the Prospectus Regulation and Art. 2(j) of the UK Prospectus Regulation, respectively, for more than 18 months. Furthermore, the New Shares are fungible with all previously-issued shares of the Company admitted to trading on the London Stock Exchange and the HSE. Accordingly, the Company has made use in this prospectus of the simplified disclosure regime for secondary issuances within the meaning of Article 14 of the Prospectus Regulation and in accordance with Annex 3 and Annex 12 of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 and Article 14 of the UK Prospectus Regulation and in accordance with Annex 3 and Annex 12 of the Delegated Regulation (EU) 2019/980 which is part of UK law by virtue of the EUWA ("**Prospectus RTS Regulation**"), in both cases, by issuers whose securities have been admitted to trading on a regulated market or an SME growth market continuously for at least the last 18 months and who issue securities fungible with existing securities which have been previously issued.

2.2 Approval of the prospectus

The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienst-leistungsaufsicht*; "**BaFin**"), Marie-Curie-Str. 24-28, 60439 Frankfurt, Germany, Tel.: +49 (228) 4108-0 as competent authority under the Prospectus Regulation, approved this prospectus on 24 March 2023.

BaFin has only approved this document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. You should not consider this approval as an endorsement of the Company or of the quality of the securities that are the subject of this prospectus. You should make your own assessment as to the suitability of investing in the New Shares.

Following approval by BaFin, we will publish this prospectus as well as any supplements thereto on our website (www.tuigroup.com). You may also obtain print copies of this prospectus and any supplements thereto free of charge during regular business hours at the Company's registered office.

2.3 Subject matter of the prospectus

This prospectus relates to the public offering in Germany of 328,910,448 New Shares, consisting of:

- 140,358,663 New Shares originating from a capital increase against cash contributions from the Company's authorised capital 2022/I resolved by the Executive Board on 24 March 2023, with approval of the Supervisory Board of the same date, the proceeds of which shall be used primarily for the full repayment of the €420.0 million silent participation with rights of conversion into shares of the Company (the "**Convertible Silent Participation**") made available by the German Economic Stabilisation Fund (*Wirtschaftsstabilisierungsfonds*, "**WSF**") and the bonds with warrants issued on 1 October 2020 to the WSF consisting of a warrant-linked bond convertible into shares of the Company in an outstanding amount of €58.7 million and 58,674,899 warrants (together, the "**2020 Bonds with Warrants**") (the "**Capital Increase I**"); and
- 188,551,785 New Shares originating from a concurrent capital increase against cash contributions from the Company's authorised capital 2022/II resolved by the Executive Board on 24 March 2023, with approval of the Supervisory Board of the Company (*Aufsichtsrat*) of the same date, the proceeds of which shall be used to repay in full current drawings under the revolving credit facility made available by KfW as state lender (the "**KfW Facility**"), and to partly repay current drawings under the €1.454 billion revolving credit facility for cash drawings made available by 20 commercial banks (the "**Cash Facility**"). In addition, the Company intends to significantly reduce the €2.1 billion credit line under the KfW Facility (as further described in Section "*5.3 Use of proceeds*") (the "**Capital Increase II**" and together with the Capital Increase I, the "**Capital Increases**")

(together, the "**Offer Shares**").

The Offer Shares will be offered in the combined Offering (as defined and further described below in Section "*3. The Offering*").

In addition, this prospectus relates to the admission to trading of 328,910,448 New Shares on the regulated market segment (*regulierter Markt*) of the HSE. Each New Share has a notional value (the proportionate amount of the share capital attributable to each share) of €1.00 and full dividend rights from 1 October 2022.

The New Shares have the International Securities Identification Number (ISIN) DE000TUAG505, the German Securities Identification Number (*Wertpapier-Kennnummer*, WKN) TUA G50, and the ticker symbol "TUI" ("TUI1" on the FSE and HSE).

2.4 Certain definitions

As used in this prospectus:

- "**Blue Diamond**" means the Blue Diamond brand of hotels and resorts, currently operated by Sunwing. We transferred our former subsidiary, Blue Diamond Hotels & Resorts Inc., St Michael, Barbados, to Sunwing in 2016.
- "**Hapag-Lloyd Cruises**" means Hapag-Lloyd Kreuzfahrten GmbH, Hamburg, Germany, our former wholly-owned subsidiary, transferred in July 2020 to TUI Cruises.
- "**Marella**" means Marella Cruises, a brand within our Cruises segment operated by TUI UK.
- "**Musement**" means Musement S.p.A., Milan, Italy, our wholly-owned subsidiary.

- “**Robinson**” means Robinson Club GmbH, Hanover, Germany, our wholly-owned subsidiary.
- “**Riu Hotels**” means Riu Hotels S.A., Palma de Mallorca, Spain. On 27 May 2021, we entered into a memorandum of understanding in relation to the disposal of our 49% stake in Riu Hotels to SARANJA S.L., which then held the remaining 51% in Riu Hotels (the “**RIU Transaction**”). The RIU Transaction closed on 31 July 2021. As a result, SARANJA S.L. is currently the sole shareholder of Riu Hotels holding 100% of its shares. However, the core of the long-standing strategic hotel partnership between Riu and TUI continues to be RIUSA II S.A. (“**RIUSA II**”), a fully-consolidated company in which we hold a 50% interest and through which the Company operates the Riu branded hotels.
- “**Sunwing**” means Sunwing Travel Group, Inc, Toronto, Canada, an associate company in which we hold a 49% interest.
- “**TUI Cruises**” means TUI Cruises GmbH, Hamburg, Germany, a joint venture in which we hold a 50% interest.
- “**TUI Germany**” means TUI Germany GmbH, Hanover, Germany, our wholly-owned subsidiary.
- “**TUI UK**” means TUI UK Limited, Luton, England, our wholly-owned subsidiary.
- “**TUIfly**” means TUIfly GmbH, Langenhagen, Germany, our wholly-owned subsidiary.

2.5 Presentation of financial information

2.5.1. Historical financial information

This prospectus includes:

- our audited consolidated financial statements as of and for the fiscal year ended 30 September 2022, which include comparative financial information for the fiscal year ended 30 September 2021 (the “**Audited Consolidated Financial Statements**”);
- our unaudited condensed consolidated interim financial statements as of and for the three-month period ended 31 December 2022, which include comparative financial information for the three-month period ended 31 December 2021 (the “**Unaudited Condensed Consolidated Interim Financial Statements**” and, together with the Audited Consolidated Financial Statements, the “**Consolidated Financial Statements**”); and
- the statutory financial statements of the Company as at and for the fiscal year ended 30 September 2022 (the “**Statutory Financial Statements**”).

You will find the Consolidated Financial Statements in this prospectus beginning on page F-1.

The Company’s audited consolidated financial statements as of and for the fiscal year ended 30 September 2020 are available to the public on the Company’s website and are not included in this prospectus. Due to the impact of the COVID-19 pandemic and the associated governmental measures (as described in Section “*1.1.3. The COVID-19 pandemic and its effects, as well as mutations of COVID-19 have had material adverse consequences for our revenue and profitability, cash flow and liquidity, plans and goals, and share price in recent periods and remains a risk to our business and industry over at least the short-term.*”) on the financial performance of the Company in the second half of Fiscal 2020, the results for the full year of Fiscal 2020 should not be viewed as directly comparable to the Fiscal 2021 and the Fiscal 2022 results.

We prepared our Audited Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union (“**EU**”) (“**IFRS**”) and the additional requirements of section 315e of the German Commercial Code (*Handelsgesetzbuch* or "**HGB**"). The Company prepared its Statutory Financial Statements in accordance with the generally accepted accounting principles set forth in the HGB, which we refer to in this prospectus as "**German GAAP**". The Unaudited Condensed Consolidated Interim Financial Statements were prepared in accordance with IFRS on interim financial reporting (IAS 34).

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Aegidientorplatz 2A, 30159 Hanover, Germany ("**Deloitte**") have audited and issued an unqualified opinion on our Audited Consolidated Financial Statements and on the Company's Audited Statutory Financial Statements. The Unaudited Condensed Consolidated Interim Financial Statements have not been audited but reviewed by Deloitte and Deloitte issued a review report.

Where financial information in the tables in this prospectus is presented as "audited", we extracted this information from the Audited Consolidated Financial Statements or the Audited Statutory Financial Statements. Financial information in the prospectus presented in tables as "unaudited" is not extracted from the Audited Consolidated Financial Statements or the Statutory Financial Statements but was taken from the Unaudited Condensed Consolidated Interim Financial Statements or our accounting records or internal management reporting systems or has been calculated based on figures from the above-mentioned sources.

2.5.2. Fiscal years

Our fiscal year runs from October 1 through September 30 of each calendar year. In this prospectus, references to a fiscal year are to the calendar year in which the fiscal year ends. For example, "Fiscal 2022" refers to the fiscal year ended on 30 September 2022.

2.5.3. Alternative performance measures

In this prospectus we present, in addition to information from our Audited Consolidated Financial Statements and our Unaudited Condensed Consolidated Interim Financial Statements, our:

- Underlying EBIT, or Underlying earnings before interest and taxes;
- Underlying EBITDA, or Underlying EBIT adjusted for underlying depreciation (defined as depreciation, amortisation and write-downs of other intangible assets and write-downs of property, plant and equipment, investments and current assets insofar as they are not included in separately disclosed items);
- EBITDA, or earnings before interest, income taxes, goodwill impairment and amortisation and write-ups of other intangible assets, depreciation and write-ups of property, plant and equipment, investments and current assets;
- EBITDAR, or EBITDA before long term rental, leasing (all contracts with an initial lease period of more than one year) and leasing expenses (including expenses related to low value and short-term leases);
- total debt, which we define as the sum of current and non-current financial liabilities and lease liabilities;
- net debt, which we define as financial liabilities and lease liabilities less cash and cash equivalents and current short-term interest-bearing investments;
- leverage ratio, which we define as the ratio of gross debt (defined as the sum of gross financial liabilities, lease liabilities and defined benefit obligations recognised on the balance sheet) to EBITDA; and
- net leverage ratio, which we define as net debt divided by EBITDA.

These measures are not required by, nor are they recognised under or presented in accordance with, IFRS, German GAAP or accounting principles generally accepted in the United States. Each of these measures is an alternative performance measure, or APM, as defined in the guidelines issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 on alternative performance measures. We present Underlying EBIT in this prospectus because our management believes that, when read in conjunction with our Audited Consolidated Financial Statements, they are useful as additional tools to measure our operating performance and profitability, helping to provide a more complete view of our historical performance and of the development of our operating performance on a consistent basis over the periods under review, without regard to impairment of goodwill or to other factors that we deem to be non-operating, which can vary widely depending on accounting methods, and without the effect of factors that we do not believe are typical in our business or indicative of our underlying financial performance.

Other APMs that we use are EBITDAR, EBITDA, Underlying EBITDA, total debt, net debt, leverage ratio and net leverage ratio. We use these measures, or have used them, because our management believes that they are useful additional tools for analysing our business performance and for managing our capital and because they are used to measure compliance with the covenants under certain of our financing arrangements.

You should use caution when reviewing our APMs. You should not regard them as:

- an absolute measure of our consolidated financial performance or liquidity;
- alternatives to revenue, group profit or any other performance measures prepared in accordance with IFRS; or
- an alternative to cash flow from operating activities as a measure of our consolidated cash flows or liquidity.

In addition, other companies that present APMs, whether on an adjusted or underlying basis or not, may present these figures on a basis different to ours. You should not regard our APMs as comparable with measures reported by other companies, even if those other measures are similarly named.

2.5.3.1. Underlying EBIT

Our management uses Underlying EBIT as a key performance indicator, or KPI. We believe that EBIT is, on an international basis, a commonly used and understood KPI in our industry.

We define the EBIT in Underlying EBIT as earnings before interest, income taxes and result of the measurement of the Group’s interest hedges.

In calculating Underlying EBIT from EBIT we adjust for separately disclosed items (including any goodwill impairment) and expenses from purchase price allocations.

Separately disclosed items include adjustments for income and expense items impacting the assessment of the operating profitability of the segments and the Group due to their amount and frequency. These separately disclosed items include gains on disposal from investments, gains and losses from the sale of assets and restructuring and integration expenses. In addition, adjustments are shown for all effects from purchase price allocations, ancillary acquisition costs and conditional purchase price payments. Adjustments made in the reconciliation to underlying EBIT also include goodwill impairments.

We derived our EBIT for Fiscal 2022 and Fiscal 2021 from our Audited Consolidated Financial Statements and for Q1 2022 and 2021 from our Unaudited Condensed Consolidated Interim Financial Statements and then adjusted our reported earnings before income taxes to calculate our Underlying EBIT.

The following table shows how we reconcile our Underlying EBIT to our reported earnings before income taxes for the periods indicated:

	Q1		Fiscal	
	2022	**2023**	**2021**	**2022**
	(unaudited)		*(audited)*	
	(€ million)			
Earnings before income taxes	**(404.5)**	**(272.6)**	**(2,461.7)**	**(145.9)**
Net interest expense (excluding expense / income from measurement of interest hedges)	131.6	110.5	439.1	478.9
Expense (income) from measurement of interest hedges	1.5	3.4	9.8	(13.0)
EBIT[1, 2]	**(271.4)**	**(158.7)**	**(2,012.8)**	**320.0**
Adjustments:				
Separately disclosed items[3]	(9.3)	(0.7)	(95.9)	58.7
Expense from purchase price allocation	7.1	6.4	33.2	30.1
Underlying EBIT[1]	**(273.6)**	**(153.0)**	**(2,075.5)**	**408.7**

(1) APM that are not recognised under IFRS or German GAAP.
(2) EBIT by definition includes impairment of goodwill.
(3) These separately disclosed items were as follows:

Q1 2022 — Net income from separately disclosed items of €9.3 million included income of €21 million from the sale of Nordotel S.A. to our joint venture Grupotel, partly offset by €9 million restructuring expenses in Germany and €3 million restructuring expenses in All Other Segments.

Q1 2023 — Net income for separately disclosed items of €0.7 million included €2 million income from the release of restructuring provisions in Markets & Airlines and €1 million release of restructuring provisions in Holiday Experiences, partly offset by €2 million restructuring expenses in All Other Segments.

Fiscal 2021 — Net income for separately disclosed items of €95.9 million included €54 million from the reversal of provisions as well as other obligations in connection with restructuring measures no longer required in the Central Region due to the lower than expected reduction in fleet size at TUIfly, plus a further €2 million of such reversals in the Western Region. In addition, restructuring expenses of €149 million related to the segments TUI Musement (€12 million), Northern Region (€11 million), Central Region (€21 million), Western Region (€55 million) and All other segments (€50 million). Furthermore, also reflected were gains or losses on disposal from the sale of our 49% stake in the joint venture Riu Hotels to a company of the Riu Group (€197 million), the closure of TUI Musement's Mauritius business (€–2 million) and the sale of a stake in an aircraft asset company in the Northern (€–2 million) and Western (€–1 million) Regions, the sale of two hotel companies in Hotels & Resorts (€–4 million) and in the Western Region (€2 million) were adjusted.

Fiscal 2022 — Net expenses for separately disclosed items of €58.7 million included restructuring expenses of €94 million relating to the segments Hotels & Resorts (€37 million), Central Region (€21 million), Northern Region (€19 million), TUI Musement (€9 million), All Other Segments (€14 million) and Western Region (€3 million). Partly offsetting these expenses were income from the Western Region of €9 million from the reversal of restructuring provisions no longer required. In addition, income of €19 million from the sale of Nordotel S.A. to our joint venture Grupotel, €16 million from the subsequent purchase price adjustment of the disposal of our 49% stake in the Riu Hotels joint venture to a company of the Riu Group in the previous fiscal year were adjusted.

The following tables show how we reconcile the Underlying EBIT of our business lines and segments to the earnings before income taxes of each such business line and segment for the fiscal years indicated:

Holiday Experiences—Total

	Q1		Fiscal	
	2022	2023	2021	2022
	(Unaudited, except otherwise noted)			
	(€ million)			
Earnings before income taxes	**4.2**	**35.1**	**(459.2)**	**380.8**
Net interest expense (excluding expense/income from measurement of interest hedges)	31.9	23.0	93.8	104.6
Expense (income) from measurement of interest hedges	—	—	—	—
EBIT[1]	**36.1**	**58.1**	**(365.4)**	**485.4**
Adjustments:				
Separately disclosed items[2]	(21.2)	(0.7)	(177.6)	10.4
Expense from purchase price allocation	1.8	1.8	7.5	8.8
Underlying EBIT[1]	**16.7**	**59.2**	**(535.4)***	**504.6***

* Audited.

(1) APMs that are not recognised under IFRS or German GAAP.

(2) These separately disclosed items were as follows:

Q1 2022	Net income for separately disclosed items of €21.2 million included disposal proceeds from the sale of Nordotel S.A. to our joint venture Grupotel.
Q1 2023	Net income for separately disclosed items of €0.7 million included €1.0 million release of restructuring provisions no longer needed in TUI Musement for the termination of the Tantur / TUI Russia business in the previous financial year.
Fiscal 2021	Net income for separately disclosed items of €177.6 million included €197 million gain on disposal of our 49% stake in the joint venture Riu Hotels to a company of the Riu Group, partly offset by restructuring expenses in TUI Musement (€12 million), expenses in connection with the sale of two hotel companies in Hotels & Resorts (€4 million) and the closure of TUI Musement's Mauritius business (€2 million).
Fiscal 2022	Net expenses for separately disclosed items of €10.4 million included restructuring expenses of €45 million related to the segments Hotels & Resorts (€37 million) and TUI Musement (€9 million). These were partly offset by disposal proceeds of €19 million from the sale of Nordotel S.A. to our joint venture Grupotel and €16 million from the subsequent purchase price adjustment of the disposal of our 49% stake in the Riu Hotels joint venture to a company of the Riu Group in the previous fiscal year.

Holiday Experiences—Hotels & Resorts

	Q1		Fiscal	
	2022	2023	2021	2022
	(Unaudited, except otherwise noted)			
	(€ million)			
Earnings before income taxes	**55.5**	**55.4**	**(35.7)**	**396.8**
Net interest expense (excluding expense from measurement of interest hedges)	26.9	15.9	75.1	81.9
Expense (income) from measurement of interest hedges	—	—	—	—
EBIT[1]	**82.4**	**71.3**	**39.4**	**478.8**
Adjustments:				
Separately disclosed items[2]	(21.3)	0.7	(192.1)	1.8
Expense from purchase price allocation	—	—	—	—
Underlying EBIT[1]	**61.1**	**71.9**	**(152.7)***	**480.6***

* Audited.

(1) APMs that are not recognised under IFRS or German GAAP.

(2) These separately disclosed items were as follows:

Q1 2022	Net income for separately disclosed items of €21.3 million included disposal proceeds from the sale of Nordotel S.A. to our joint venture Grupotel.
Q1 2023	Net expense for separately disclosed items of €0.7 million included subsequent purchase price adjustments.
Fiscal 2021	Net income for the separately disclosed items of €192.1 million included a €197 million gain on disposal of our 49% stake in the joint venture Riu Hotels to a company of the Riu Group, partly offset by the sale of two hotel companies in Hotels & Resorts (-€4 million).
Fiscal 2022	Net expenses for separately disclosed items of €1.8 million included restructuring expenses of €37 million which were partly offset by disposal proceeds of €19 million from the sale of Nordotel S.A. to our joint venture Grupotel and €16 million from the subsequent purchase price adjustment of the disposal of our 49% stake in the Riu Hotels joint venture to a company of the Riu Group in the previous fiscal year.

Holiday Experiences—Cruises

	Q1		Fiscal	
	2022	2023	2021	2022
	(Unaudited, except otherwise noted) (€ million)			
Earnings before income taxes	**(33.7)**	**(1.2)**	**(285.2)**	**(6.7)**
Net interest expense (excluding expense from measurement of interest hedges)	1.9	1.3	7.7	7.5
Expense (income) from measurement of interest hedges	—	—	—	—
EBIT[1]	**(31.7)**	**0.2**	**(277.5)**	0.8
Adjustments:				
Separately disclosed items[2]	—	—	—	—
Expense from purchase price allocation	—	—	—	—
Underlying EBIT[1]	**(31.7)**	**0.2**	**(277.5)***	**0.8***

* Audited.
(1) APMs that are not recognised under IFRS or German GAAP.
(2) These separately disclosed items were as follows:

Q1 2022	None.
Q1 2023	None.
Fiscal 2021	None.
Fiscal 2022	None.

Holiday Experiences—TUI Musement

	Q1		Fiscal	
	2022	2023	2021	2022
	(Unaudited, except otherwise noted) (€ million)			
Earnings before income taxes	**(17.7)**	**(19.1)**	**(138.3)**	**(9.3)**
Net interest expense (excluding expense from measurement of interest hedges)	3.1	5.7	11.0	15.2
Expense (income) from measurement of interest hedges	—	—	—	—
EBIT[1]	**(14.6)**	**(13.4)**	**(127.3)**	**5.9**
Adjustments:				
Separately disclosed items[2]	0.1	(1.4)	14.4	8.6
Expense from purchase price allocation	1.8	1.8	7.5	8.8
Underlying EBIT[1]	**(12.7)**	**(13.0)**	**(105.3)***	**23.2***

* Audited.
(1) APMs that are not recognised under IFRS or German GAAP.
(2) These separately disclosed items were as follows:

Q1 2022	Net expenses for separately disclosed items of €0.1 million included restructuring expenses.
Q1 2023	Net income for separately disclosed items of €1.4 million included €1 million release of restructuring provisions from the termination of the Tantur /TUI Russia business in Fiscal 2022.
Fiscal 2021	Net expenses for separately disclosed items of €14.4 million included €12 million restructuring expenses and €2 million related to the closure of TUI Musement's Mauritius business.
Fiscal 2022	Net expenses for separately disclosed items of €8.6 million included restructuring expenses of €9 million for the Tantur business.

Markets & Airlines—Total

	Q1		Fiscal	
	2022	2023	2021	2022
	(Unaudited, except otherwise noted*)*			
	(€ million)			
Earnings before income taxes....................	**(315.1)**	**(244.9)**	**(1,705.4)**	**(296.3)**
Net interest expense (excluding expense from measurement of interest hedges)..................	42.3	48.4	176.5	195.2
Expense (income) from measurement of interest hedges..	—	—	—	—
EBIT[1]	**(272.8)**	**(196.5)**	**(1,528.9)**	**(101.1)**
Adjustments:				
Separately disclosed items[2]...........................	8.4	(1.9)	32.3	34.5
Expense from purchase price allocation........	5.4	4.6	25.7	21.3
Underlying EBIT[1]	**(259.0)**	**(193.9)**	**(1,470.9)***	**(45.3)***

* Audited.

(1) APMs that are not recognised under IFRS or German GAAP.

(2) These separately disclosed items were as follows:

Q1 2022	Net expenses for separately disclosed items of €8.4 million included restructuring expenses of €9 million in the Central Region for the closure of First Business Travel, partly offset by a release of restructuring provisions no longer required in the Northern Region.
Q1 2023	Net income for separately disclosed items of €1.9 million included income of €1.7 million in the Western Region from the release of restructuring provisions no longer needed and €0.2 million from the release of restructuring provisions no longer needed in the Central Region.
Fiscal 2021	Net expenses totalling €32.3 million in financial year 2021 include restructuring expenses of €87 million that were incurred in Northern Region (€11 million), Central Region (€21 million) and Western Region (€55 million). Furthermore, disposal results from the sale of an investment in an aircraft asset company in Northern Region (a loss of €2 million) and Western Region (a loss of €1 million) and the sale of two hotel companies in the Western Region (€2 million) were included in separately disclosed items. These expenses were partly offset by an income of €54 million from the reversal of restructuring provisions no longer required in the Central Region due to the lower than expected reduction in fleet size at TUIfly, and €2 million in the Western Region.
Fiscal 2022	Net expenses for separately disclosed items of €34.5 million included restructuring expenses of €34 million in the segments Northern Region (€21 million), Central Region (€19 million) and Western Region (€3 million) partly offset by €9 million from the reversal of restructuring provisions no longer required in the Western Region.

Markets & Airlines—Northern Region

	Q1		Fiscal	
	2022	2023	2021	2022
	(Unaudited, except otherwise noted*)*			
	(€ million)			
Earnings before income taxes....................	**(181.7)**	**(138.5)**	**(1,018.6)**	**(167.1)**
Net interest expense (excluding expense from measurement of interest hedges)	6.1	12.7	23.6	29.5
Expense (income) from measurement of interest hedges..	—	—	—	—
EBIT[1]	**(175.6)**	**(125.7)**	**(995.1)**	**(137.6)**
Adjustments:				
Separately disclosed items[2]..........................	(0.3)	—	13.1	19.1
Expense from purchase price allocation	4.2	3.7	16.2	16.9
Underlying EBIT[1]	**(171.7)**	**(122.0)**	**(965.8)***	**(101.6)***

* Audited.

(1) APMs that are not recognised under IFRS or German GAAP.

(2) These separately disclosed items were as follows:

Q1 2022	None.
Q1 2023	None.
Fiscal 2021	Net expenses for separately disclosed items of €13.1 million included €11 million restructuring expenses, as well as the loss from the sale of a stake in an aircraft asset company when adjusted in Northern Region (€2 million).
Fiscal 2022	Net expenses for separately disclosed items of €19.1 million reflected restructuring expenses for the UK airline.

Markets & Airlines—Central Region

	Q1		Fiscal	
	2022	2023	2021	2022
	(Unaudited, except otherwise noted*)*			
	(€ million)			
Earnings before income taxes....................	**(65.5)**	**(25.4)**	**(300.0)**	**60.5**
Net interest expense (excluding expense from measurement of interest hedges)	1.5	(2.8)	2.7	5.3
Expense (income) from measurement of interest hedges..	—	—	—	—
EBIT[1]	**(64.0)**	**(28.2)**	**(297.3)**	**65.8**
Adjustments:				
Separately disclosed items[2]..........................	8.7	(0.2)	(32.7)	20.9
Expense from purchase price allocation	0.3	0.1	1.4	1.1
Underlying EBIT[1]	**(55.0)**	**(28.3)**	**(328.6)***	**87.8***

* Audited.

(1) APMs that are not recognised under IFRS or German GAAP.

(2) These separately disclosed items were as follows:

Q1 2022	Net expenses for separately disclosed items of €8.7 million included restructuring expenses of €9 million in Germany for the closure of First Business Travel.
Q1 2023	Net income for separately disclosed items of €0.2 million included income of €0.3 million in Germany from the release of restructuring provisions no longer needed, partly offset by restructuring expenses of €0.1 million in Italy.
Fiscal 2021	Net income of €32.7 million included €54 million from the reversal of restructuring provisions no longer required in the Central Region due to the lower than expected reduction in fleet size at TUIfly, partly offset by restructuring expenses of €21 million.

Fiscal 2022 Net expenses for separately disclosed items of €20.9 million included restructuring expenses for the airline and retail business.

Markets & Airlines—Western Region

	Q1		Fiscal	
	2022	2023	2021	2022
	(Unaudited, except otherwise noted) (€ million)			
Earnings before income taxes	**(37.7)**	**(49.9)**	**(254.6)**	**(52.0)**
Net interest expense (excluding expense from measurement of interest hedges)	4.6	7.2	18.0	22.7
Expense (income) from measurement of interest hedges	—	—	—	—
EBIT[1]	**(33.2)**	**(42.6)**	**(236.6)**	**(29.3)**
Adjustments:				
Separately disclosed items[2]	—	(1.7)	52.0	(5.6)
Expense from purchase price allocation	0.8	0.7	8.0	3.4
Underlying EBIT[1]	**(32.4)**	**(43.7)**	**(176.6)***	**(31.5)***

* Audited.

(1) APMs that are not recognised under IFRS or German GAAP.

(2) These separately disclosed items were as follows:

Q1 2022 None.

Q1 2023 Net income for separately disclosed items of €1.7 million included the release of restructuring expenses no longer needed at our Belgian airline.

Fiscal 2021 Net expenses for separately disclosed items of €52.0 million included €55 million restructuring expenses that were incurred in the Western Region. Furthermore, disposal results from the sale of an investment in an aircraft asset company (a loss of €1 million) and a disposal gain from the sale of a hotel company in Western Region (€2 million) were included in the separately disclosed items. These expenses were partly offset by €2 million from the reversal of restructuring provisions which were no longer required.

Fiscal 2022 Net income for separately disclosed items of €5.6 million included income of €9 million from the reversal of restructuring provisions no longer required in France, partly offset by restructuring expenses of €3 million for the Belgian airline.

All other segments

	Q1		Fiscal	
	2022	2023	2021	2022
	(Unaudited, except otherwise noted) (€ million)			
Earnings before income taxes	**(93.5)**	**(62.8)**	**(297.1)**	**(230.4)**
Net interest expense (excluding expense from measurement of interest hedges)	57.4	39.2	168.8	179.1
Expense (income) from measurement of interest hedges	1.5	3.4	9.8	(13.0)
EBIT	**(34.7)**	**(20.2)**	**(118.5)**	**(64.4)**
Adjustments:				
Separately disclosed items[2]	3.4	2.0	49.4	13.8
Expense from purchase price allocation	—	—	—	—
Underlying EBIT[1]	**(31.3)**	**(18.3)**	**(69.1)***	**(50.5)***

* Audited.

(1) APMs that are not recognised under IFRS or German GAAP.

(2) These separately disclosed items were as follows:

Q1 2022 Net expenses for separately disclosed items of €3.4 million reflected restructuring expenses.

Q1 2023	Net expenses for separately disclosed items of €2.0 million included restructuring expenses.
Fiscal 2021	Net expenses for separately disclosed items of €49.4 million reflected restructuring expenses.
Fiscal 2022	Net expenses for separately disclosed items of €13.8 million reflected restructuring expenses.

2.5.3.2. *EBITDA, EBITDAR and Underlying EBITDA*

We also use the APMs EBITDA; EBITDAR and Underlying EBITDA for capital management purposes and, in the case of EBITDA and EBITDAR, because they are measures of covenant compliance under certain of our financing agreements. We define these APMs as follows:

- *EBITDA* is earnings before interest, income taxes, goodwill impairment and amortisation and write-downs of other intangible assets, depreciation and write-downs of property, plant and equipment, investments and current assets;
- *EBITDAR* is EBITDA before long-term rental, leasing and leasing expenses; and
- *Underlying EBITDA* is Underlying EBIT adjusted for underlying depreciation.

The following table shows how we reconcile our EBITDA and EBITDAR to our earnings before income taxes for the periods indicated:

	Q1		Fiscal	
	2022	**2023**	**2021**	**2022**
	(unaudited)		*(audited, unless stated otherwise)*	
	(€ million)			
EBIT[1]	**(271.4)**	**(158.7)**	**(2,012.8)**	**320.0**
Amortisation (+), depreciation (+), impairment (+) and write-backs (-) of other intangible assets and property, plant and equipment, right-of-use assets and investments	215.9	216.8	1,012.4	883.4
Of which				
Impairment of other intangible assets, property, plant and equipment and right-of-use assets	2.2	4.2	155.5	73.9
Reversal of impairment losses on other intangible assets and property, plant, equipment and right-of-use assets	4.9	—	37.0	50.4
Amortisation / depreciation of other intangible assets, property, plant and equipment and right-of-use assets	218.6	212.6	894.1	859.8
EBITDA[1]	**(55.5)**	**58.0**	**(1,000.4)**	**1,203.3**
Long-term rental, leasing and leasing expenses	4.0	(0.2)	23.4*	11.3*
EBITDAR[1,2]	**(51.5)**	**57.8**	**(977.0)***	**1,214.6***

* Unaudited.
(1) APMs that are not recognised under IFRS or German GAAP.
(2) EBITDAR is not presented in the financial statements.

The following table shows how we reconcile our Underlying EBITDA to our Underlying EBIT on a consolidated basis for the periods indicated:

	Q1		Fiscal	
	2022	2023	2021	2022
	(unaudited)		(audited, except otherwise noted)	
	(€ million)			
Underlying EBIT	(273.6)	(153.0)	(2,075.5)	408.7
Underlying depreciation[1,2]	208.2	211.3	930.3	815.9
Underlying EBITDA[1]	(65.4)	58.3	1,145.2	1,224.6

(1) Unaudited. APMs that are not recognised under IFRS or German GAAP.
(2) We define underlying depreciation as depreciation, amortisation and write-downs of other intangible assets and write-downs of property, plant and equipment, investments and current assets insofar as they are not included in separately disclosed items.

2.5.3.3. *Total debt*

The following table below shows a reconciliation of our total debt to financial liabilities as at the dates indicated:

	31 December	30 September	
	2022	2021	2022
	(unaudited)	(audited, except otherwise noted)	
	(€ million)		
Current financial liabilities	291.6	284.6	319.9
Non-current financial liabilities	3,660.2	3,036.1	1,731.4
Lease liabilities	2,935.9	3,229.4	3,207.5[1]
Total debt[2]	**6,887.7**	**6,550.1**	**5,258.8**

(1) Aircraft: €2,508 million; Hotels: €271 million; Ships: €147 million; Other: €282 million.
(2) Unaudited. An APM that is not recognised under IFRS or German GAAP.

2.5.3.4. *Net debt*

The following table below shows a reconciliation of our net debt to financial liabilities as at the dates indicated:

	31 December	30 September	
	2022	2021	2022
	(unaudited)	(audited except otherwise noted)	
	(€ million)		
Financial debt[1]	3,951.8	3,320.8	2,051.3
Thereof Bonds[2,3]	577.5	*641.5*	*580.5*
Thereof Liabilities to banks	3,309.3	*2,612.6*	*1,382.6*
Thereof Other liabilities[2]	65.0	*66.6*	*88.2*
Lease liabilities[4]	2,935.8	3,229.4	3,207.5
Cash and cash equivalents	(1,542.7)	(1,583.9)	(1,736.9)
Short-term interest-bearing investments[5]	(85.0)	(12.1)	(85.8)
Net debt[5]	**5,259.9**	**4,954.2**	**3,436.2**
EBITDA[2]	1,317.0[6]	(1,000.4)	1,203.3
Net leverage Ratio %[2,5]	**3.99**	**(4.95)**	**2.86**
Net Pension Obligations[7]	536.3	798.0	437.9

(1) Sum of current and non-current financial liabilities.
(2) Unaudited.
(3) Comprising of the Bonds with Warrants and the Convertible Bonds.
(4) Sum of current and non-current lease liabilities.
(5) An APM that is not recognised under IFRS or German GAAP.
(6) Last-twelve-months ("**LTM**") EBITDA for the twelve-month period ended 31 December 2022.

(7) Recognised as defined benefit obligations in the Company's balance sheet.

The following table below shows the calculation of our leverage ratio, including a reconciliation of our gross debt to financial liabilities as at the dates indicated:

	31 December	30 September	
	2022	2021	2022
	(unaudited)	*(audited except otherwise noted)*	
		(€ million)	
Financial debt[1]	3,951.8	3,320.8	2,051.3
Bonds[2,3]	577.5	*641.5*	*580.5*
Liabilities to banks	3,309.3	*2,612.6*	*1,382.6*
Other liabilities[2]	65.0	*67*	*88*
Lease liabilities[4]	2,935.8	3,229.4	3,207.5
Net pension obligations[5]	536.3	798.0	437.9
Gross debt[2,6]	7,424.0	7,348.2	5,696.8
% of *EBITDA[2,6]*	1,317.0[7]	(1,000.4)	1,203.3
Leverage Ratio	**5.6**	**(7.3)**	**4.7**

(1) Sum of current and non-current financial liabilities.
(2) Unaudited.
(3) Comprising of the Bonds with Warrants and the Convertible Bonds.
(4) Sum of current and non-current lease liabilities.
(5) Recognised as defined benefit obligations in the Company's balance sheet.
(6) An APM that is not recognised under IFRS or German GAAP.
(7) LTM EBITDA for the twelve month period ended 31 December 2022.

2.5.4. Rounding

We have rounded certain figures included in this prospectus. As a result, the figures shown in tables as totals may not be the exact sum of the figures that precede them. Similarly, percentage changes may not be exact, because they can be based on underlying figures that have been rounded.

2.5.5. Constant currency

Where indicated, we compare results from one period to another period in this prospectus using variances calculated at constant exchange rates for local currencies. To present that information, we have recalculated the more-current period figures in each case using the same weighted average foreign currency-to-euro exchange rates that had been employed for the preceding period. We express certain of our results in terms of a percentage change in local currency in order to provide what we believe to be a better representation of the period-to-period developments in our businesses around the world by excluding the impact of changes in foreign currency exchange rates.

2.6 Forward-looking statements

This prospectus contains forward-looking statements. These forward-looking statements include descriptions of:

- expected ongoing consequences of the COVID-19 pandemic;
- our strategy and objectives;
- trends that can affect our results of operations and financial condition;
- general economic conditions; and
- legal and regulatory proceedings.

In some cases, you can identify forward-looking statements by words such as "believes", "expects" or "estimates". Other forward-looking statements describe intentions, targets or goals. These are outcomes that we plan for and seek to achieve, but we may prove unable to do so. You should understand these statements as descriptions of intention, not as assurances of any specific result.

The forward-looking statements contained in this prospectus reflect the beliefs and assumptions of our management, based on the information currently available to them. Although our management believes that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that those expectations will prove correct.

Forward-looking statements involve uncertainties and assumptions. Numerous factors, many of them beyond our control, could cause our actual results to differ from those expressed in our forward-looking statements.

Forward-looking statements are inherently uncertain, and we caution you not to place undue reliance on them in making an investment decision about the New Shares.

The Company, the Underwriters and the Sponsors expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this prospectus to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law.

2.7 Currency

In this prospectus, all references to:

- "**euro**", "**EUR**" and "**€**" mean the single currency introduced on 1 January 1999 at the start of the third stage of economic and monetary union pursuant to the Treaty on the Functioning of the EU, as amended or supplemented from time to time;
- "**sterling**", the "**British pound**" and "**£**" mean the lawful currency of the UK; and
- "**dollars**" and "**$**" mean the lawful currency of the United States.

2.8 Market and industry information

This prospectus contains historical data and forecasts regarding market size, market share, market position, growth rates, economic performance, and other industry data pertaining to us and our business.

We have derived certain market and industry data in this prospectus from the following third-party sources:

- Boston Consulting Group, *COVID-19 Consumer Sentiment Snapshot #10: The Trip Back,* 18th May 2020 (https://www.bcg.com/publications/2020/covid-consumer-sentiment-survey-snapshot-5-18-20) ("**BCG**")
- Berlitz, Berlitz Cruise Guide 2020 ("**Berlitz**")
- CLIA, *2021 State of the Cruise Industry Outlook* (https://cruising.org/-/media/research-updates/research/2021-state-of-the-cruise-industry_optimized.ashx) ("**CLIA, 2021 State of the Industry**")
- CLIA, *2022 State of the Cruise Industry Outlook* (https://cruising.org/en-gb/news-and-research/research/2022/january/state-of-the-cruise-industry-outlook-2022) ("**CLIA, 2022 State of the Industry**")
- Cruise Market Watch, *Growth of the Ocean Cruise Liner Industry* (https://cruisemarketwatch.com/growth/) ("**Cruise Market Watch**")
- FVW, New ships power double-digit German cruise market growth, 19 February 2020 ("**FVW**")

- IATA, Air Passenger Market Analysis, December 2022 (https://www.iata.org/en/iata-repository/publications/economic-reports/air-passenger-market-analysis---december-2022/) ("**IATA Analysis, December 2022**")
- IATA, Global Outlook for Air Transport – December 2022 (https://www.iata.org/en/iata-repository/publications/economic-reports/global-outlook-for-air-transport---december-2022/) ("**IATA Outlook, December 2022**")
- Phocuswright, Tours & Activities Come of Age: Global Travel Activities Marketplace 2014-2020, July 2017 ("**Phocuswright**")
- United Nations World Tourism Organization, *World Tourism Barometer Excerpt*, Volume 18, January 2020 (https://doi.org/10.18111/wtobarometereng) ("**UNWTO, January 2020**")
- United Nations World Tourism Organisation, World Tourism Barometer and Statistical Annex abstract, January 2022 (https://www.e-unwto.org/doi/abs/10.18111/wtobarometereng.2022.20.1.1) ("**UNWTO, January 2022**")
- United Nations World Tourism Organisation, *Tourism recovery accelerates to reach 65% of pre-pandemic levels* (https://www.unwto.org/news/tourism-recovery-accelerates-to-reach-65-of-pre-pandemic-levels) ("**UNWTO, November 2022**")
- Tourism data, global and regional tourism performance (https://www.unwto.org/tourism-data/global-and-regional-tourism-performance) ("**UNWTO, Tourism Data**")
- World Travel & Tourism Council, *Global Economic Impact & Trends 2021* (https://wttc.org/Portals/0/Documents/Reports/2021/Global%20Economic%20Impact%20and%20Trends%202021.pdf?ver=2021-07-01-114957-177) ("**WTTC, June 2021**")
- YouGov survey on behalf of TUI, surveying 2,042 people in February 2023, (https://www.finanzen.net/nachricht/aktien/jahresstart-geglueckt-tui-deutschland-mit-starkem-buchungsauftakt-zum-jahresbeginn-tui-aktie-profitiert-12233471) ("**Recent Customer Survey**")
- C. D. Storlazzi, S. B. Gingerich, A. van Dongeren, O. M. Cheriton, P. W. Swarzenski, E. Quataert, C. I. Voss, D. W. Field, H. Annamalai, G. A. Piniak, R. McCall: Most atolls will be uninhabitable by the mid-21st century because of sea-level rise exacerbating wave-driven flooding, published in Science Advances on 25 April 2018 (https://www.science.org/doi/pdf/10.1126/sciadv.aap9741) ("**Storlazzi et al., in Science Advances, April 2018**")
- Eurostat: monthly data (annual rate of change) January 2023 (https://ec.europa.eu/eurostat/documents/2995521/15893627/2-01022023-AP-EN.pdf/eda196ce-0a4c-618e-4155-ef2f464fcc4e) ("**Eurostat January 2023**")
- Eurostat: monthly data (annual rate of change) January 2022 (https://ec.europa.eu/eurostat/documents/2995521/14233881/2-02022022-AP-EN.pdf/ae797c3b-899c-8d61-afd6-a08eb5f086f6) ("**Eurostat January 2022**")
- ONS Census 2023 on Consumer price inflation, UK: January 2023 (https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/january2023) ("**ONS January 2023**")
- ONS Census 2022 on Consumer price inflation, UK: January 2022 (https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/january2022) ("**ONS January 2022**")

- Economic Outlook of the United Kingdom and the European Union, provided by FactSet Economics, FactSet Economic Estimates (https://www.factset.com/) (“**FactSet**”)
- Sean Goulding Carroll: In world first, EU legislators agree to price shipping emissions on 30 November 2022 (https://www.euractiv.com/section/maritime/news/in-world-first-eu-legislators-agree-to-price-shipping-emissions/) (“**Euractiv**”)

Where we cite information from these sources in this prospectus, we have identified the source.

We have accurately reproduced the cited information from these sources. As far as we are aware and are able to ascertain from information published by the authors of each such source, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, due to the nature of market research and ongoing pandemic these sources may not fully reflect the ultimate impact of the global COVID-19 pandemic, which as at the date of this prospectus is ongoing and whose end cannot be predicted. Because the nature of market research and potential effects of this pandemic on the economy, society and markets in which we operate we cannot build estimates with absolute certainty, all measurements current forecasts are subject to a degree of uncertainty. This applies particularly in the context of links and interrelations between the global financial markets, economies and political decisions. Each of these factors may have its own separate influence on economic and political developments; taken together, their combined effect is impossible to foresee. Consequently, you should not place undue reliance on the information we have derived from these sources.

Where we present market or industry information in this prospectus without citing a source, that information represents the judgment of our management. Our management has based its judgments on information we have obtained from trade and business associations, independent third-party reports that are not publicly available, consultants and other contacts within our industry, and information published by competitors that we believe is reliable, as well as on its professional expertise and experience. Although we believe that our internal judgments are reasonable, they have not been verified by independent sources. We cannot assure you that they are accurate, and a third party using different methods to assemble, analyse or compute market data might come to conclusions that differ from ours.

We do not intend, and do not assume any obligation, to update either the third-party or the internally-derived market and industry information set forth in this prospectus. As a result, that information, and estimates based on it, may not be reliable indicators of our future performance or of the performance of our market and industry more generally.

2.9 Documents available for inspection

For as long as this prospectus is valid, you can obtain copies of the following documents on our website (www.tuigroup.com/en-en/investors):

- the Company’s Articles of Association (“**Articles of Association**”) in their currently valid form;
- our audited consolidated financial statements as of and for the fiscal year ended 30 September 2022, which include comparative financial information for the fiscal year ended 30 September 2021 (the “**Audited Consolidated Financial Statements**”);
- our unaudited condensed consolidated interim financial statements as of and for the three-month period ended 31 December 2022, which include comparative financial information for the three-month period ended 31 December 2021 (the “**Unaudited Condensed Consolidated Interim Financial Statements**” and, together with the Audited Consolidated Financial Statements, the “**Consolidated Financial Statements**”); and

- the statutory financial statements of the Company as at and for the fiscal year ended 30 September 2022 (the "**Statutory Financial Statements**").

In addition, you may inspect these documents during regular business hours at our offices at Karl-Wiechert-Allee 4, 30625 Hanover, Germany as well as on our website under www.tuigroup.com/en-en/investors.

We will make our future annual and interim consolidated IFRS financial statements and the Company's unconsolidated annual German GAAP financial statements available on our website and at our offices. We will also publish the Company's German GAAP financial statements in the German Federal Gazette (*Bundesanzeiger;* the "**Federal Gazette**").

3. The Offering

3.1 Subject matter of the Offering

This offering of new ordinary registered shares (which do not include any new shares that would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity (as defined and further described below)) with no par value, each such share with a notional value (the proportionate amount of the share capital attributable to each share) of €1.00 of the Company consists of:

- 140,358,663 New Shares originating from the Capital Increase I resolved by the Executive Board on 24 March 2023, with approval of the supervisory board of the Company (*Aufsichtsrat*) (the "**Supervisory Board**") of the same date; and
- 188,551,785 New Shares originating from the concurrent Capital Increase II resolved by the Executive Board on 24 March 2023, with approval of the Supervisory Board of the same date,

with full dividend rights as of 1 October 2022 (the "**Offer Shares**").

On 24 March 2023, the Company's Executive Board, with approval of the Supervisory Board of the Company of the same date, resolved to increase the Company's registered share capital from €178,520,585.00 by up to €476,054,893.00 to up to €654,575,478.00 by issuing up to 476,054,893 new shares (which includes 147,144,445 new shares that would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity (each as defined below) which will not be issued (as further described below)), consisting of (i) up to 140,358,663 new shares originating from a capital increase against cash contributions from the Company's authorised capital 2022/I, the proceeds of which shall be used primarily for the full repayment of the €420.0 million silent participation with rights of conversion into shares of the Company (the "**Convertible Silent Participation**") made available by the German Economic Stabilisation Fund (*Wirtschaftsstabilisierungsfonds*, "**WSF**") and the bonds with warrants issued on 1 October 2020 to the WSF consisting of a warrant-linked bond convertible into shares of the Company in an outstanding amount of €58.7 million and 58,674,899 warrants (together, the "**2020 Bonds with Warrants**") (the "**Capital Increase I**") and (ii) up to 335,696,230 new shares originating from a concurrent capital increase against cash contributions from the Company's authorised capital 2022/II, the proceeds of which shall be used to repay in full current drawings under the KfW Facility and to partly repay current drawings under the Cash Facility. In addition, the Company intends to significantly reduce the €2.1 billion credit line under the KfW Facility (as further described in Section "*5.3 Use of proceeds*" below) (the "**Capital Increase II**" and together with the Capital Increase I, the "**Capital Increases**"), each such share representing a notional value of €1.00 and carrying full dividend rights as from 1 October 2022.

In connection with the Capital Increases, the existing shareholders of the Company (other than Unifirm Limited, which, to the knowledge of the Company, has its registered office in Limassol, Cyprus ("**Unifirm**") and Severgroup LLC, which, to the knowledge of the Company, has its registered office in Moscow, Russia ("**Severgroup**") or their ultimate beneficial owner Alexey Mordashov or Marina Mordashova or natural or legal persons, entities or bodies associated with them listed in Annex I (the "**EU Sanctions List**") of Council Regulation (EU) No 269/2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine (the "**EU Sanctions Regulation**") or natural or legal persons, entities or bodies directly or indirectly controlled by any of them (together the "**Major Shareholder Sanctioned Persons or Entities**")) will be granted indirect subscription rights (together the "**Subscription Rights**"). As of the date of this prospectus, no subscription rights will be granted to Unifirm or Severgroup or any other Major Shareholder Sanctioned Person or Entity as the shares held by Unifirm and Severgroup are subject to a loss of rights pursuant to section 44 (1) German Securities Trading Act (*Wertpapierhandelsgesetz*; "**WpHG**") due to incorrect voting rights notifications and the asset freeze pursuant to the applicable EU Sanctions and UK Sanctions (each as defined below). With respect to the 147,144,445 new shares from the Capital Increases that would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity, the Capital Increases will therefore not be implemented (i.e. these shares will not be issued) since no subscription rights are granted to the Major Shareholder Sanctioned Persons or Entities and subscription rights can therefore not be exercised by the Major Shareholder Sanctioned Persons or Entities.

By way of the Capital Increases, the Company's registered share capital thus will be increased by €328,910,448.00 to €507,431,033.00 by issuing 328,910,448 new ordinary registered shares with no-par value (*auf den Namen lautende Stückaktien*) with a proportionate amount of €1.00 of the share capital and carrying full dividend rights from 1 October 2022.

As a result of the amendment of the EU Sanctions Regulation by Council Implementing Regulation (EU) 2022/336 of 28 February 2022 (Annex 1. Persons, no. 695), published in the evening of 28 February 2022, Alexey Mordashov, who indirectly through Severgroup and Unifirm currently holds 30.91% in the Company's share capital, was included in Annex I of the EU Sanctions List. As a result of their inclusion in the EU Sanctions List, Alexey Mordashov and all funds and economic resources belonging to, owned, held or controlled by Alexey Mordashov or natural or legal persons, entities or bodies associated with him became subject to an asset freeze and a prohibition on making any funds or economic resources available, directly or indirectly, to or for the benefit of Alexey Mordashov or legal persons owned or controlled by him pursuant to Art. 2 of the EU Sanctions Regulation (the "**EU Sanctions**").

On 15 March 2022, Alexey Mordashov was designated as a UK asset freeze target pursuant to the Sanctions and Anti-Money Laundering Act 2018 and the Russia (Sanctions) (EU Exit) Regulations 2019. As a result, any person within the territory of the UK, any UK national or any UK incorporated entity or body with regard to its activities anywhere in the world ("**UK Person**") is prohibited from: (i) dealing with funds or economic resources owned, held or controlled by Alexey Mordashov if that UK Person knows, or has reasonable cause to suspect, that they are dealing with such funds or economic resources; (ii) directly or indirectly, making funds or economic resources available to Alexey Mordashov if they know, or have reasonable cause to suspect, that they are making the funds so available; and (iii) directly or indirectly, making funds or economic resources available for the benefit of Alexey Mordashov if they know, or have reasonable cause to suspect, that they are making the funds so available (the "**UK Sanctions**").

On 2 March 2022 and 3 March 2022, the Company received notifications on managerial transactions from Unifirm and Severgroup regarding the transfer of 4.13% (equalling 3.75% after the capital increase carried out by the Company in May 2022) of the Company's share capital by Unifirm to Severgroup on 28 February 2022 (the "**Severgroup Transaction**"). On 4 March 2022, the Company received voting rights notifications from Alexey Mordashov and from Ondero Limited, whose registered office, to the knowledge of the Company, is in Tortola, British Virgin Islands ("**Ondero**"), respectively, regarding the Severgroup Transaction and a purported transfer of all shares in Unifirm held by the Alexey Mordashov-controlled intermediate holding companies KN-Holding Limited Liability Company, whose registered office, to the knowledge of the Company, is in Vologda Region, Russia ("**KN-Holding**") and Rayglow Limited, whose registered office, to the knowledge of the Company, is in Limassol, Cyprus ("**Rayglow**") to Ondero, on 28 February 2022, purportedly having resulted in the acquisition by Ondero of the majority of shares in, and thereby control over, Unifirm and, as a consequence, in the attribution via Unifirm of 29.87% (or 27.16% after the capital increase carried out by the Company in May 2022) of the voting rights in the Company to Ondero (the "**Ondero Transaction**"). On 16 March 2022, the Company received a further voting rights notification from Marina Mordashova, expressing to amend and replace Ondero's voting rights notification of 4 March 2022, stating that the voting rights in the Company held by Unifirm are attributed, via Ondero and Ranel Assets Limited, ultimately to Marina Mordashova. As a result of the further amendment of the EU Sanctions Regulation by Council Implementing Regulation (EU) 2022/878 of 3 June 2022 (Annex 1. Persons, no. 1156), Marina Mordashova was included in the EU Sanctions List, whereby Marina Mordashova and all funds and economic resources belonging to, owned, held or controlled by her or any natural or legal persons, entities or bodies associated with her listed in the EU Sanctions List became subject to the EU Sanctions. Marina Mordashova is not a direct target of a UK asset freeze but may be considered to be indirectly targeted as a result of her relationship with Alexey Mordashov.

The purported transfer of shares in Unifirm under the Ondero Transaction is provisionally ineffective (*schwebend unwirksam*), because the Ondero Transaction is subject to a notification obligation pursuant to section 55a (1) no. 18 alt. 1 of the Foreign Trade Ordinance (*Außenwirtschaftsverordnung*; "**AWV**") and would have required approval pursuant to section 58a AWV in order to become effective (section 15 (3) AWG). Such approval has not been obtained. The Federal Ministry of Economics and Climate Protection (*Bundesministerium für Wirtschaft und Klimaschutz*, "**BMWK**") initiated an investment review procedure (*Investitionsprüfverfahren*) in accordance with the AWG. The Company was informed by the BMWK that the purported transfer of shares in Unifirm under the Ondero Transaction is therefore assumed to be provisionally ineffective (*schwebend unwirksam*) due to a violation of section 15 (3) AWG. As a result, the voting rights notifications received by the Company relating to the purported transfer of shares in Unifirm under the Ondero Transaction were incorrect. Likewise, the voting rights notifications received by the Company relating to the Severgroup Transaction were incorrect as they should have included the indirect shareholding of Alexey Mordashov in TUI through Unifirm due to the Ondero Transaction being provisionally ineffective (*schwebend unwirksam*). Due to the incorrect voting rights notifications pursuant to section 33 (1) WpHG, the rights from the shares held by Unifirm and Severgroup in the Company, including any voting rights and subscription rights, are currently subject to a loss of rights (section 44 (1) sentence 1 WpHG). In addition, any granting of subscription rights to Unifirm or Severgroup or any other Major Shareholder Sanctioned Person or Entity is prohibited under the applicable EU Sanctions and UK Sanctions. Therefore, Unifirm and Severgroup will not receive any Subscription Rights to New Shares in order to comply with applicable EU Sanctions and UK Sanctions.

The Offer Shares will be offered:

- In a subscription offer (*Bezugsangebot*) to the existing shareholders (other than Unifirm or Severgroup or any other Major Shareholder Sanctioned Person or Entity) and holders of subscription rights to New Shares by way of (i) a public offering in Germany and the UK, (ii) private placements in the United States to qualified institutional buyers ("**QIBs**"), as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and (iii) private placements to eligible investors outside the United States (the "**Subscription Offer**"); and
- Offer Shares not subscribed for in the Subscription Offer (for the avoidance of doubt not including any new shares that would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity) (the "**Rump Shares**") in private placements to eligible or qualified investors in certain jurisdictions (the "**Rump Placement**", and, together with the Subscription Offer, the "**Offering**").

The Offer Shares are not being offered to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity or any other natural or legal person, entity or body subject to applicable EU sanctions and UK sanctions.

In the United States, the Offer Shares will be offered to QIBs in reliance on Rule 144A. Outside the United States, the Offer Shares will be offered in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**").

The Subscription Rights are fully transferable, but it should be noted that it is not possible to migrate a Subscription Right between the UK and Germany. The definitive number of Rump Shares (for the avoidance of doubt not including any new shares that would have been attributable to Unifirm, Severgroup or any other Major Shareholder Sanctioned Person or Entity) available for sale will be determined after the Subscription Period expires. The Subscription Period is from 28 March 2023 until 17 April 2023 inclusive (the "**Subscription Period**"). Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Germany, LEI: 7LTWFZYICNSX8D621K86, telephone +49 (69) 91000 (in this capacity, the "**Subscription Agent**") will act as subscription agent (*Hauptbezugsstelle*) for the Subscription Offer. The Subscription Price must be paid on 17 April 2023 at the latest.

The Lead Joint Global Coordinators and the Co-Joint Global Coordinators will act as joint global coordinators, joint bookrunners and underwriters and, Crédit Agricole CIB, ING and Natixis (together the "**Joint Bookrunners**" and, together with the Lead Joint Global Coordinators and the Co-Joint Global Coordinators, the "**Underwriters**") will act as joint bookrunners and underwriters for the Offering, in each case pursuant to an underwriting agreement entered into on 24 March 2023 (the "**Underwriting Agreement**"). Merrill Lynch International and Barclays Bank PLC, in each case pursuant to a sponsor agreement between the Company and them entered into on 24 March 2023 (the "**Sponsors' Agreement**"), are acting as joint sponsors ("**Sponsors**") under the UK Listing Rules with respect to the applications to FCA for the New Shares to be admitted 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.

Deutsche Bank will act as the listing agent (in this capacity, the "**Listing Agent**") for the admission to trading of the New Shares on the regulated market segment (*regulierter Markt*) of the HSE.

The Underwriters have agreed with the Company in the Underwriting Agreement to underwrite any Offer Shares, including any Rump Shares (for the avoidance of doubt not including any new shares that would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity) not sold in the Rump Placement (the "**Unplaced Rump Shares**") at the Subscription Price, subject to market standard conditions. The Underwriters may offer or sell such Unplaced Rump Shares, which they are required to subscribe for as underwriters, outside the Offering (including by way of a coordinated sell-down). The Lead Joint Global Coordinators (on behalf of themselves and the other Underwriters) may also arrange sub-underwriting for some, all or none of the Unplaced Rump Shares.

3.2 Subscription Offer

The following is an English convenience translation of the subscription offer (*Bezugsangebot*). The German language version, which is legally binding, is expected to be published in the Federal Gazette on or around 27 March 2023; registered holders of depositary interests ("**DIs**"), should also refer to "*—Terms, expected timetable and subscription procedures for the Subscription Offer in the UK—Registered holders of DIs*" below.

TUI AG

Hanover/Berlin, Germany

Subscription Offer

(ISIN DE000TUAG505 / WKN TUA G50)

The executive board (*Vorstand*) of TUI AG (the "**Company**") (the "**Executive Board**") resolved on 24 March 2023, with the approval of the supervisory board (*Aufsichtsrat*) (the "**Supervisory Board**") of the Company of the same date, to increase the Company's registered share capital from €178,520,585.00 by up to €476,054,893.00 to up to €654,575,478.00, by issuing up to

476,054,893 new shares (which includes 147,144,445 new shares that would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity (as defined below) which will not be issued (as further described below)), consisting of:

(i) up to 140,358,663 new shares originating from a capital increase against cash contributions from the Company's authorised capital 2022/I, the proceeds of which shall be used primarily for the full repayment of (i) the €420.0 million silent participation with rights of conversion into shares of the Company made available by the German Economic Stabilisation Fund (*Wirtschaftsstabilisierungsfonds*, "**WSF**") and (ii) the bonds with warrants issued on 1 October 2020 to the WSF consisting of a warrant-linked bond convertible into shares of the Company in an outstanding amount of €58.7 million and 58,674,899 warrants (together, the "**Bonds with Warrants**") (the "**Capital Increase I**"); and

(ii) up to 335,696,230 new shares originating from a concurrent capital increase against cash contributions from the Company's authorised capital 2022/II, the proceeds of which shall be used to repay in full current drawings under the KfW Facility and to partly repay current drawings under the €1.454 billion revolving credit facility for cash drawings made available by 20 commercial banks. In addition, the Company intends to significantly reduce the €2.1 billion credit line under the KfW Facility (the "**Capital Increase II**" and together with the Capital Increase I, the "**Capital Increases**").

328,910,448 New Shares (which do not include any new shares that would have been attributable to Unifirm Limited ("**Unifirm**") and Severgroup LLC ("**Severgroup**") or Alexey Mordashov or Marina Mordashova or any natural or legal person, entity or body associated with them listed in Annex I of Council Regulation (EU) No 269/2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine or any natural or legal person, entity or body directly or indirectly controlled by any of them (together the "**Major Shareholder Sanctioned Persons or Entities**"), the "**Offer Shares**") will be offered in a combined subscription offer as set forth herein with indirect subscription rights (the "**Subscription Rights**") for existing shareholders (other than Unifirm and Severgroup or any Major Shareholder Sanctioned Person or Entity). With respect to the 147,144,445 new shares from the Capital Increases that would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity, the Capital Increases will not be implemented. See Section "*3.1 Subject matter of the Offering*".

By way of the Capital Increases, the Company's registered share capital will thus be increased by €328,910,448.00 to €507,431,033.00 by issuing 328,910,448 new ordinary registered shares with no-par value (*auf den Namen lautende Stückaktien*) with a proportionate amount of €1.00 of the share capital and carrying full dividend rights from 1 October 2022 (the "**New Shares**"). The issue price corresponds to the minimum issue price (section 9 (1) AktG) of €1.00 per new no-par value share (the "**Issue Price**").

The statutory Subscription Rights shall be granted to all shareholders, except for Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity, in such manner that the New Shares (which do not include any new shares that would have been attributable to Unifirm or Severgroup or any other Major Shareholder Sanctioned Person or Entity) will be 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 Price with the obligation (i) to offer the New Shares to the shareholders of the Company (other than Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity) for subscription at a fixed subscription price in the amount of €5.55 (the "**Subscription Price**"), (ii) to deliver the shares in accordance with the exercised Subscription Rights when the implementation of the Capital Increases has become effective, and (iii) to pay the difference between the Issue Price and the Subscription Price – after deduction of a reasonable commission as well as the costs and disbursements – to the Company (indirect subscription right within the meaning of section 186 (5) sentence 1 AktG).

The indirect subscription is to be offered to the shareholders (other than Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity) at a subscription ratio of 8:3 (8 New Shares offered for every 3 existing shares, the "**Subscription Ratio**"). The Subscription Ratio is to be rounded down to a maximum of three decimal places. Any fractional amount shall be excluded from the subscription right.

Barclays Bank Ireland PLC, One Molesworth Street, Dublin 2, D02 RF29, Ireland ("**Barclays**"), BofA Securities Europe SA, 51 rue La Boétie, 75008 Paris, France ("**BofA Securities**"), Citigroup Global Markets Europe AG, Reuterweg 16, 60323 Frankfurt am Main, Germany ("**Citigroup**"), COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany ("**COMMERZBANK**"), Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Germany ("**Deutsche Bank**") and UniCredit Bank AG, Arabellastraße 12, 81925 Munich, Germany ("**UniCredit Bank AG**" and, together with Barclays, BofA Securities, Citigroup, COMMERZBANK and Deutsche Bank, the "**Lead Joint Global Coordinators**"), HSBC Trinkaus & Burkhardt GmbH, Hansaallee 3, 40549 Dusseldorf, Germany ("**HSBC**") and Société Générale, 29 boulevard Haussmann, 75009 Paris, France ("**Société Générale**" and, together with HSBC the "**Co-Joint Global Coordinators**"), Crédit Agricole Corporate and Investment Bank, 12, Place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, France ("**Crédit Agricole CIB**"), ING Bank N.V., Bijlmerdreef 106, 1102 CT Amsterdam, The Netherlands ("**ING**") and Natixis, 7 promenade Germaine Sablon, 75013 Paris, France ("**Natixis**", and together with Crédit Agricole CIB, ING, HSBC and Société Générale, the "**Joint Bookrunners**" and, together with the Lead Joint Global Coordinators and the Co-Joint Global Coordinators, the "**Underwriters**") have agreed in an underwriting agreement dated 24 March 2023 (the "**Underwriting Agreement**") to offer the New Shares to the existing shareholders of the Company (other than Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity) at the Subscription Ratio and the Subscription Price of €5.55 per New Share, subject to the terms and conditions set out below under "*Important Notices*".

The Underwriters have agreed to underwrite any Offer Shares, including any Offer Shares (which do not include any new shares that would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity) for which subscription rights will not be exercised ("**Rump Shares**") and which will not be sold in a private placement after the subscription period ("**Unplaced Rump Shares**") at the Subscription Price, subject to terms and conditions in line with market practice. The Underwriters may offer or sell such Unplaced Rump Shares, which they are required to subscribe for as underwriters, outside the Offering (including by way of a coordinated sell-down). The Lead Joint Global Coordinators (on behalf of themselves and the other Underwriters) may also arrange sub-underwriting for some, all or none of the Unplaced Rump Shares.

The Subscription Rights (ISIN: DE000TUAG1E4) of the existing shareholders (other than Unifirm and Severgroup and any other Major Shareholder Sanctioned Person or Entity) and attributable to the existing shares of the Company (ISIN DE000TUAG505 / WKN TUA G50) will automatically be delivered by Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany, to the custodian banks on 30 March 2023 as per the holding on 29 March 2023 at 11:59 p.m. CET (record date). The custodian banks are responsible for booking the Subscription Rights to the eligible custodian accounts of such existing shareholders. No Subscription Rights may be booked to any custodian accounts of Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity. Any other natural or legal person, entity or body, which is subject to applicable EU sanctions or UK sanctions, is prohibited from exercising the Subscription Rights. From the beginning of the

Subscription Period on 28 March 2023, the existing shares of the Company (ISIN DE000TUAG505 / WKN TUA G50) will be quoted “ex subscription rights” on the regulated market of the Hanover Stock Exchange, the London Stock Exchange and on the Open Market of the Frankfurt Stock Exchange and on the OTC-markets of all other German stock exchanges.

We kindly request our shareholders – other than Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity or any other natural or legal person, entity or body subject to applicable EU sanctions or UK sanctions – to exercise their Subscription Rights in order to avoid exclusion from participation in the Capital Increases during the Subscription Period

from 28 March 2023 until 17 April 2023 inclusive (the “**Subscription Period**”)

through their custodian banks at the subscription agent mentioned below during normal office hours. Subscription rights not exercised in due time shall lapse and shareholders will not receive any compensation.

Subscription agent is Deutsche Bank. The Subscription Rights are fully transferable, but it should be noted that it is not possible to migrate a Subscription Right between the UK and Germany.

Shareholders may only subscribe for one share or multiples thereof. The notification of the exercise of the Subscription Rights is binding upon receipt by the subscription agent and cannot be altered thereafter. No compensation will be awarded for any Subscription Rights not exercised. Upon expiration of the Subscription Period, the unexercised Subscription Rights will expire and become worthless and holders that have not exercised those Subscription Rights will not receive any compensation for any such expired rights. For the avoidance of doubt: (A) in the event that any shares to which the unexercised Subscription Rights relate are purchased under the Rump Placement, any premium over the Subscription Price received from such purchaser will not be distributed to shareholders under Listing Rule 9.5.4; and (B) there will be no entitlement of shareholders to fractional shares or the proceeds of any sale of aggregated fractional entitlement as part of the Offering under Listing Rule 9.5.13.

The transfer of the New Shares to the investors who have exercised Subscription Rights or who have purchased Rump Shares will be executed by the subscription agent. The implementation of the Capital Increases is subject to the registration in the commercial register of the district court of Berlin-Charlottenburg and in the commercial register of the district court of Hanover (both such commercial registers together the “**Commercial Registers**”), expected on or about 19 April 2023.

Subscription Price

The Subscription Price per New Share subscribed is €5.55. The Subscription Price must be paid on 17 April 2023 at the latest.

Shareholders should take into account that if they choose to exercise their Subscription Rights, they have committed to acquiring the shares of the Company at a Subscription Price potentially higher than would be possible for them through an acquisition on the market, due to the volatility of the Company’s shares and a possible deterioration of market conditions.

Subscription Rights Trading

The Subscription Rights will be traded on the regulated market of the Hanover Stock Exchange from 28 March 2023 through 12 April 2023. Furthermore, they will be traded on the Open Market of the Frankfurt Stock Exchange from 28 March 2023 through 12 April 2023. The price for the Subscription Rights is determined continuously during the ordinary times of trading. On 12 April 2023, the Subscription Rights trading on Xetra will end with a closing auction starting not before 11:45 a.m. CEST and on the Hanover Stock Exchange with a special midday auction starting at 12:00 (noon) CEST. The market price of subscription rights depends, inter alia, on the development of the price of the Company's shares but it may show a significantly higher volatility than the price of the shares. Subscription rights, settled in the form of depositary interests, will also be traded on a multilateral trading facility at the London Stock Exchange, from 30 March 2023 through 12 April 2023.

Important Notice

Prior to making a decision to exercise, purchase or sell Subscription Rights, eligible shareholders and investors are advised to carefully read the securities prospectus dated 24 March 2023, for the public offering of the New Shares (the "Prospectus") and to take particular note of the risks described in the "*Risk Factors*" Section of the Prospectus and to consider such information when making their decision.

The Lead Joint Global Coordinators on behalf of the Underwriters are entitled to terminate the Underwriting Agreement under certain circumstances at any time prior to the filing of the application for registration of the implementation of the Capital Increases with the Commercial Registers. Such circumstances include, a suspension of trading on or by any of the Hanover Stock Exchange, the Frankfurt Stock Exchange, the London Stock Exchange or the New York Stock Exchange or any other regulated financial market within the European Economic Area, a suspension of trading of any securities of TUI AG, a general moratorium on commercial banking activities, an outbreak of hostilities or escalation of hostilities or terror attacks or any material adverse change in national or international financial, political, industrial or economic conditions.

The Lead Joint Global Coordinators cannot terminate the Underwriting Agreement after the application for registration of the implementation of the Capital Increases has been filed with the Commercial Registers, save that the Lead Joint Global Coordinators may terminate the Underwriting Agreement if the Company successfully withdraws the application for registration of the implementation of the Capital Increases with both Commercial Registers which is at the discretion of each Commercial Register, or the Commercial Registers do not register the Capital Increases within the timeframe specified in the subscription certificate to be issued by the Underwriters (currently two business days from the date of the application, *i.e.*, until 20 April 2023).

In the event of a successful termination of the Underwriting Agreement in any such case set out above, the Subscription Rights shall expire. In such a case, a rescission of Subscription Rights trading transactions will not take place. Accordingly, investors who have acquired Subscription Rights in the Subscription Rights trading would suffer a loss in this case. If short sales have occurred, the seller of these shares bears the risk of not being able to fulfil its obligation by delivering New Shares.

In light of the current high volatility of equity prices and the market environment, shareholders should inform themselves of the Company's current share price before exercising their Subscription Rights at the Subscription Price.

Form and Certification of the New Shares

The New Shares (ISIN DE000TUAG505 / WKN TUA G50) will be represented by one or more global certificates, which will be deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760, Eschborn, Germany. The right of a shareholder to have his share confirmed in a share certificate is excluded. Unless the Subscription Period is extended, the New Shares subscribed in connection with the Subscription Offer are expected to be delivered on 24 April 2023 by means of a credit note to the respective securities accounts.

Commission charged by custodian banks

The custodian banks will charge the customary bank commission for the subscription of the New Shares.

Admission to Trading and Listing of the New Shares

The existing shares of the Company (ISIN DE000TUAG505 / WKN TUA G50), settled in the form of DIs, have been admitted to the premium listing segment of the Official List of the FCA and to trading on the Main Market for listed securities of the London Stock Exchange. On or about 17 April 2023, applications will be made to the FCA for the New Shares to be admitted to the premium listing segment of the Official List of the FCA and to trading on the Main Market for listed securities of the London Stock Exchange (together the "**UK Admission**"). It is expected that the UK Admission will become effective and that dealings in the New Shares, settled in the form of depositary interests, will commence on the London Stock Exchange at 8.00 a.m. (London time/BST) on 24 April 2023.

Applications will be made to apply for the admission to trading of the New Shares on the regulated market segment (*regulierter Markt*) of the Hanover Stock Exchange ("**HSE**") and the inclusion into trading in the Open Market segment of the Frankfurt Stock Exchange ("**FSE**"). The applications for admission to trading of the New Shares on the HSE and inclusion of the New Shares in the Open Market segment of the FSE are expected to be filed on or about 18 April 2023. The admission of the New Shares to trading on the regulated market of the HSE and the inclusion into trading in the Open Market segment of the FSE are expected to take place on 20 April 2023. All New Shares will be included in the existing listings of the Company's shares (ISIN DE000TUAG505 / WKN TUA G50) on or about 24 April 2023.

Availability of the Prospectuses

After completion of a completeness check, including an examination of the coherence and comprehensibility of the information provided, which is not to be construed as an endorsement of the New Shares, the prospectuses were approved by the German Federal Financial Supervisory Authority and the FCA on 24 March 2023 and published by the Company on its website (www.tuigroup.com). Upon request, printed versions of the prospectuses will be made available to any investor at TUI AG, Karl-Wiechert-Allee 4, 30625 Hanover, Germany, during normal business hours.

Selling restrictions

The New Shares and the Subscription Rights have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with the securities regulatory authorities of any individual state of the United States of America. The New Shares and the Subscription Rights may at no time be offered, sold, exercised, pledged, transferred or delivered, directly or indirectly, to or within the United States of America, except in a transaction not subject to, or pursuant to an exemption from, the registration requirements of the Securities Act and, in each case, in accordance with any applicable securities laws of any state.

Hanover/Berlin, in March 2023

TUI AG

The Executive Board

3.3 Subscription Rights not exercised and transferability

Subscription Rights not exercised within the Subscription Period will lapse and have no value and any shareholders whose rights have lapsed will not receive any compensation. For the avoidance of doubt: (A) in the event that any shares to which the unexercised Subscription Rights and DI Pre-emptive Rights relate are purchased under the Rump Placement, any premium over the Subscription Price received from such purchaser will not be distributed to shareholders under Listing Rule 9.5.4; and (B) there will be no entitlement to fractional shares or the proceeds of any sale of aggregated fractional entitlements as part of the Offering under Listing Rule 9.5.13.

Any New Shares not subscribed for as a result of the Subscription Offer and those shares for which the Subscription Right was excluded in order to avoid fractional amounts will be offered at a price at least equivalent to the Subscription Price to institutional investors. The Subscription Rights are fully transferable, but it should be noted that it is not possible to migrate a Subscription Right between the UK and Germany. The definitive number of New Shares available for sale in the Rump Placement will be determined after the Subscription Period expires.

3.4 Timetable

The following timetable shows the expected schedule for the Offering and the admission to trading of the New Shares to the Main Market of the London Stock Exchange and the regulated market of the Hanover Stock Exchange and inclusion of the New Shares into trading on the Open Market of the Frankfurt Stock Exchange:

24 March 2023	Approval of this prospectus by BaFin and approval of the UK prospectus by the FCA
24 March 2023	Publication of this prospectus and the UK prospectus
27 March 2023	International transfers of shares in the Company between the CREST system in the UK and the Clearstream system in Germany paused from close of business
27 March 2023	Subscription Offer published (see above)
28 March 2023	Subscription Period begins (00:01 CET)
28 March 2023	Subscription Rights Trading at the Hanover and Frankfurt stock exchange begins (09:00 CET), existing shares of the Company will be quoted “ex subscription rights” on the HSE, the FSE and the London Stock Exchange
29 March 2023	Record date for Subscription Rights entitlements
30 March 2023	Subscription Rights delivered by Clearstream to custodian banks (as per holdings on 29 March 2023) International transfers of shares in the Company between the CREST system in the UK and the Clearstream system in Germany resume from open of business
30 March 2023	Link, as depositary for UK DI Holders, receives Subscription Rights, creates DI Pre-emptive Rights and credits them to UK DI Pre-emptive Rights Holders
30 March 2023	DI Pre-emptive Rights begin trading on MTF of the London Stock Exchange
12 April 2023	Subscription Rights trading at the Hanover and Frankfurt stock exchange ends (noon CEST)
12 April 2023	DI Pre-emptive Rights cease trading on the London Stock Exchange (at close of trading)
17 April 2023	DI Pre-emptive Rights Subscription Periods ends (10:00 BST)
17 April 2023	Subscription Period ends (23:59 CEST)
18 April 2023	Rump Placement, if any
24 April 2023	Commencement of trading in the New Shares at the Hanover and Frankfurt stock exchange (09:00 CEST) New DIs created and credited to relevant accounts Issuance of CREST refund payments if applicable Admission of the New Shares to the Official List of the FCA New Shares begin trading on the Main Market for listed securities of the London Stock Exchange (08:00 BST) Settlement of New Shares

International transfers by registered holders on the Clearstream system to DI Holders on the CREST system in the UK and vice versa will be paused from close of business on 27 March 2023 to open of business on 30 March 2023, but there will be no impact on continued trades in Company shares within the Clearstream system and continued trades in DIs within the CREST system.

3.5 Early termination of the Offering

The Underwriting Agreement provides that the Lead Joint Global Coordinators on behalf of the Underwriters may, under certain circumstances, terminate the Underwriting Agreement, see "*22. Underwriting*".

If the Lead Joint Global Coordinators terminate the Underwriting Agreement prior to the filing of the application for registration of the implementation of the Capital Increases with the Commercial Registers, the Offering and Capital Increases will not proceed and the Subscription Rights will expire and become worthless. Under these circumstances investors will not be entitled to delivery of New Shares, and rescission of Subscription Rights trading transactions will not take place. Accordingly, investors who have acquired Subscription Rights in the Subscription Rights trading would suffer a loss in this case.

If short sales have occurred, the seller of these shares bears the risk of not being able to fulfil its obligation by delivering New Shares.

3.6 Information on the shares

3.6.1. Type of shares, voting rights

The shares of the Company are ordinary registered shares with no par value. As of the date of this prospectus, each share has a notional value (the proportionate amount of the share capital attributable to each share) of €1.00.

The currency of the share capital is euro.

Each share carries one vote at the Company's shareholders' meeting. There are no different voting rights for major shareholders or restrictions on voting rights.

3.6.2. Legal basis for the creation of shares

The Capital Increases represent a capitalisation pursuant to section 22 of the German Stabilisation Fund Act ("**StFG**") as the proceeds shall be used to repay the stabilisation measures made available by the WSF in accordance with section 7(f)(2) WStBG (please also see Section "*5.3. Use of proceeds*"). Therefore, the provisions of the German Act on the Economic Stabilisation Fund ("**WStBG**"), and additionally the German Stock Corporation Act (*Aktiengesetz*; the "**AktG**") on capital increases against cash contributions and sections 182 et seq. AktG form the legal basis for the issuance of the New Shares. The New Shares originate from the Capital Increases resolved by the Executive Board on 24 March 2023, with approval of the Supervisory Board of the same date, increasing the Company's registered share capital by up to €476,054,893.00 by issuing up to 476,054,893 new ordinary registered shares (which includes 147,144,445 new shares that would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity (as defined below) which will not be issued) with a notional value of €1.00. In accordance with section 7(c) WStBG the implementation of the Capital Increases will take effect once the application to register it with the Commercial Registers will be published on the Company's official website (www.tuigroup.com/) and, if not so published beforehand, it will become effective once it has been published in the German Federal Gazette.

The Capital Increases will lead to an increase in the Company's share capital by €328,910,448.00, through the issue of 328,910,448 new ordinary registered shares (which do not include any new shares that would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity), from €178,520,585.00 to a total of

€507,431,033.00. With respect to the 147,144,445 new shares from the Capital Increases that would have been attributable to Unifirm and Severgroup or any Major Shareholder Sanctioned Person or Entity, the Capital Increases will not be implemented.

3.6.3. Dividend rights and liquidation rights

All New Shares will have full dividend rights as of 1 October 2022 and for subsequent fiscal years. In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Company's shares in proportion to their interest in the Company's share capital.

3.6.4. Form and representation of shares

All of the Company's shares are ordinary registered shares with no par value.

As of the date of this prospectus, each share has a notional value (the proportionate amount of the share capital attributable to each share) of €1.00.

All of the existing Shares and the New Shares are represented or will be represented, respectively, by global share certificates, which are or will be deposited with Clearstream, whose address is Mergenthalerallee 61, 65760 Eschborn, Germany.

3.6.5. Delivery and payment

After the end of the Subscription Period and the latest date for payment of the Subscription Price, which is expected to be 17 April 2023, the New Shares are expected to be delivered to investors on 24 April 2023 through the book-entry facilities of Clearstream. All New Shares are expected to be admitted to the existing listing of the Company's shares in the premium listing segment of the Official List of the FCA and on the regulated market segment (regulierter Markt) of the HSE, and included in the existing quotation of the Company's shares in the Open Market segment of the FSE. Trading in the New Shares subscribed for by an investor is not available before the crediting of such shares to the investor's account.

Section 5 (2) of the Articles of Association exclude the shareholders' right to receive individual share certificates to the extent permitted by law and unless mandated by the rules of a stock exchange to which the shares are admitted. The Executive Board determines, with approval of the Supervisory Board, the form of the share certificates.

3.6.6. ISIN / capitalisation compartment / ticker symbol

New Shares:

- International Securities Identification Number (ISIN): DE000TUAG505
- German Securities Identification Number (*Wertpapier-Kennnummer*, WKN): TUA G50
- Ticker Symbol: "TUI" ("TUI1" on the FSE and the HSE)

3.6.7. Transferability

The New Shares are freely transferable in accordance with the legal requirements for ordinary registered shares. A person holding TUI AG DIs through CREST is able to transfer those TUI AG DIs in accordance with the relevant rules and practices of CREST (subject to any legal restrictions on any transfer in any jurisdiction).

With the exception of the lock-up provisions described in "*22.1 Underwriting Agreement*", the shares are not subject to any lock-ups or similar contractual restrictions on transferability.

3.7 Paying agent

Our paying agent is Deutsche Bank AG, Taunusanlage 12, 60325 Frankfurt am Main, Germany.

3.8 Taxation regarding the Offering

The tax laws of Germany, the Company's Member State of incorporation; of the UK, in which the Offering is also being made as a public offering; and your own Member State or relevant non-EEA jurisdiction might have an impact on the income you receive from, or realise on, the New Shares. Before you make an investment decision with respect to the New Shares, you should consult your tax advisors about the specific potential tax consequences that may apply to you if you invest in our shares.

3.9 Information to distributors

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 MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Subscription Rights and the New Shares that are the subject of the Offering have been subject to a product approval process, which has determined that such Subscription Rights and New Shares 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, any person subsequently offering, selling or recommending the Subscription Rights and New Shares (a "**distributor**") should note that: (i) the price of the Subscription Rights and the New Shares may decline and investors could lose all or part of their investment; (ii) the Subscription Rights and the New Shares offer no guaranteed income and no capital protection; and (iii) an investment in the Subscription Rights and the New Shares 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 Underwriters 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 Subscription Rights or the New Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Subscription Rights and the New Shares and determining appropriate distribution channels.

4. The Stabilisation Package

On 2 December 2020, the Company announced a major financing package, signed on 4 January 2021, intended to enable it to improve its liquidity position, repay indebtedness and meet its general capital requirements. The effects of the COVID-19 pandemic and the subsequent whole or partial suspension of our operations in a number of jurisdictions resulted in unprecedented demands on our liquidity and financial position in Fiscal 2020 and Fiscal 2021 and resulted in the need for these financing measures. In this prospectus, we refer to these measures collectively as the "**Stabilisation Package**".

The Stabilisation Package comprised the following measures:

- The issuance of 508,978,534 new ordinary registered shares of the Company with no par value from a capital increase against cash contributions with subscription rights for existing shareholders resolved by an extraordinary general meeting held on 5 January 2021 and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hanover, Germany as well as the commercial register of the district court of Berlin-Charlottenburg, Germany under HRB 321 on 13 January 2021 (the "**January Issuance**");
- The KfW Facility, a €2.85 billion revolving credit facility, made available by KfW as state lender (as described in more detail in Section *"15.2 Existing financing arrangements*"). We have cancelled a portion of the KfW Facility in an amount of around €414 million on 1 April 2022, of around €25 million on 19 May 2022 and of around €311 million on 27 May 2022, so that the KfW Facility has an outstanding amount of €2,100,300,000 as of the date of this prospectus.
- The Company intends to reduce approx. €1.0 billion of the KfW Facility, which will be reduced to €1.1 billion, from the net proceeds of the Capital Increase II, and will include the repayment in full of current drawings, which as of 23 March 2023, the latest practicable date prior to the date of this prospectus, amounted to €440.0 million. For more detailed information, please see Section "*5.3. Use of proceeds*".
- The Silent Participations issued by the Company to the WSF in an aggregate amount of €1,091 million (as described in more detail in Section "*15.3 Material Agreements—Agreements relating to the Silent Participations*"), which comprised two instruments:
  - (i) the Convertible Silent Participation, which was issued in a single tranche of €420 million, and under which the WSF (or its legal successor, e.g., following an assignment) had the right at any time to convert into shares at €1 per share equivalent to a holding of 25% plus one share in the issued share capital of the Company, provided that the WSF's conversion rights under the Convertible Silent Participation and/or the 2020 Warrants are subject to a cap of holding of no more than 25% plus one share in the issued share capital of the Company. As of the date of this prospectus, the WSF has not yet made use of its conversion right under the Convertible Silent Participation. Pursuant to the terms of the repayment agreement (*Rückführungsvereinbarung*) entered into with the WSF on 13 December 2022 (the "**Repayment Agreement**") (as described in more detail in Section *"15.5 Repayment Agreement (Rückführungsvereinbarung) with the WSF*"), the WSF has undertaken not to exercise its conversion rights under the Convertible Silent Participation until 31 December 2023. The Company intends to repay in full the €420.0 million Convertible Silent Participation from the net proceeds of the Capital Increase I (for more detailed information, please see Section "*5.3 Use of proceeds*") pursuant to the terms of the Repayment Agreement.
  - (ii) the €671 million Non-Convertible Silent Participation; on 30 June 2022, the Non-Convertible Silent Participation was repaid in full plus interest to the WSF.

- The 2020 Bonds with Warrants issued to the WSF in the principal amount of €150 million (as described in more detail in "*15.2.4. Material Agreements—Existing financing arrangements—The 2020 Bonds with Warrants*"). In accordance with their terms, the 58,674,899 warrants (the "**2020 Warrants**") have subsequently been detached from the bonds (the "**2020 Bonds**") and are, therefore, separate instruments. The 2020 Warrants entitle the holder (subject to the adjustment of the subscription ratio and the option price according with the terms and conditions of the 2020 Bonds with Warrants) to subscribe to a total of 58,674,899 new TUI shares at an option price of EUR 1.00 each (option rights), whereby the option price can also be paid by paying in the 2020 Bonds. As of the date of this prospectus, no option rights from the 2020 Warrants have been exercised. Pursuant to the terms of the Repayment Agreement (as described in more detail in Section "*15.5. Repayment Agreement (Rückführungsvereinbarung) with the WSF*"), the WSF has undertaken not to exercise its option rights under the 2020 Warrants until 31 December 2023. On 1 April 2022, we partially redeemed the 2020 Bonds with Warrants at a purchase price of €91.3 million (plus interest and repayment penalties). The part of the warrant-linked bond convertible into shares of the Company €58.7 million remained in place. The Company intends to repurchase in full the outstanding €58.7 million 2020 Bonds with Warrants, including and all 58,674,899 2020 Warrants issued to the WSF at a repayment price of €730.1 million, from the net proceeds of the Capital Increase I (for more detailed information, please see Section "*5.3. Use of proceeds*") pursuant to the terms of the repayment agreement (*Rückführungsvereinbarung*) entered into with the WSF on 13 December 2022 (as described in more detail in Section "*15.5. Repayment Agreement (Rückführungsvereinbarung) with the WSF*").
- The €200 million new loan facility (the "**New Loan Facility**") on a secured basis, but otherwise substantially on the same terms as the Syndicated Facilities Agreement, which also includes the €2.85 billion KfW Facility; such New Loan Facility was cancelled in full as of 1 April 2022, and
- the KfW waived the requirement (the "**KfW Reduction Waiver**") that €500 million in commitments under the KfW Facility, which would have been automatically cancelled on 1 April 2021 (the "**KfW Reduction**"), will not be cancelled and will instead have the same maturity date as the remainder of the KfW Facility, i.e., 19 July 2024. Such KfW reduction waiver has been granted on 4 January 2021.

The principal purpose of the Stabilisation Package was to further improve our liquidity position, repay indebtedness and meet our general capital requirements.

5. Reasons for the Offering and Use of Proceeds

5.1 Reasons for the Offering

The principal purpose of the Offering is to repay indebtedness and to improve our capital position.

5.2 Proceeds and costs of the Offering

Assuming that all Offer Shares (which do not include any new shares that would have been attributable to Unifirm or Severgroup or any Major Shareholder Sanctioned Person or Entity) are sold in the Offering at a Subscription Price of €5.55 per New Share, the gross offering proceeds will amount to €1,825.45 million, the total fees and commissions payable to the Underwriters (assuming the full discretionary fee will be paid) are expected to amount to approximately €56.8 million.

As compensation for their services relating to the Company's obligations under the UK Listing Rules and the trading of the New Shares on the London Stock Exchange, each of the two Sponsors is entitled to receive a fee of €1.0 million from the Company. This fee is included in the total amount in the preceding paragraph.

We expect that the aggregate of all other administrative, legal, audit and other costs and expenses in connection with the Offering and the admission of the New Shares to trading on the London Stock Exchange, the HSE and FSE, including publications as well as the fees for the approval of the prospectuses by BaFin and the FCA, will be approximately €10.0 million. Investors will not be charged any expenses.

Based on these assumptions and the resulting estimated total Offering expenses of approximately €66.8 million, we expect that the Company will receive net proceeds from the Offering of approximately €1,758.69 million. The actual amount of net proceeds from the Offering will depend mainly on the final Offering expenses.

5.3 Use of proceeds

The Company intends to use the net proceeds of the Offering of approx. €1,758.69 million to reduce interest costs and net debt by:

- (i) first, repaying from the net proceeds of the Capital Increase I of approx. €750.5 million in full the €420.0 million Convertible Silent Participation made available by the WSF and repurchasing in full the outstanding €58.7 million 2020 Bonds with Warrants, including all 58,674,899 warrants, issued to the WSF at a repayment and repurchase price corresponding to their total market value of around €730.1 million, plus accrued interest of approx. €20.4 million; and
- (ii) second, using the net proceeds of the Capital Increase II of approx. €1,008.19 million to repay in full current drawings under the KfW Facility, which as of 23 March 2023, the latest practicable date prior to the date of this prospectus, amounted to around €440.0 million. The Company intends to use the remaining net proceeds of the Capital Increase II of approx. €568.19 million to reduce current drawings under the Cash Facility, with drawings amounting to around €1,437.8 million as of 23 March 2023, the latest practicable date prior to the date of this prospectus, which consequently would reduce such drawings to approx. €869.61 million.

In addition, the Company intends to significantly reduce the €2.1 billion credit line under the KfW Facility to approx. €1.1 billion, in compliance with its obligation under the Syndicated Facilities Agreement (for more information, please see Section "*15.2.1 The Syndicated Facilities Agreement*") to apply an amount equal to at least 50% of the net proceeds received from the Capital Increases for the cancellation of the KfW Facility commitments. By creating additional liquidity headroom, the net proceeds from the Capital Increases will enable the

Company to fulfil such obligation towards KfW and to operate without the so reduced KfW Facility commitments in the future.

6. Dilution

To the extent that the existing shareholders do not exercise any of their Subscription Rights, based on 178,520,585 outstanding shares immediately prior to the Subscription Offer, and assuming that all New Shares will be issued, each shareholder's percentage ownership in the Company's share capital and voting rights will be diluted by approximately 64.82%. In particular, Unifirm's and Severgroup's voting power will be significantly diluted to 9.55% and 1.32% respectively, following the Offering as no Subscription Rights may be exercised by Unifirm and Severgroup in the Subscription Offer. To the extent that the existing shareholders (excluding Unifirm and Severgroup), who together currently hold approximately 69.09% of the Company's share capital and voting rights based on 178,520,585 outstanding shares immediately prior to the Subscription Offer, exercise their Subscription Rights in full, the existing shareholders' (excluding Unifirm and Severgroup) aggregate percentage ownership in the Company's share capital and voting rights following the Offering will increase to 89.13% (as no Subscription Rights may be exercised by Unifirm and Severgroup in the Subscription Offer as aforedescribed). This corresponds to an increase by 29.00% for each existing shareholder (excluding Unifirm and Severgroup) following the Offering.

The book value of shareholders' equity of the Company, as of 31 December 2022, is calculated as the difference of total assets less current and non-current provisions and liabilities, each as presented in the consolidated statement of financial position of the Company as of 31 December 2022, and was €101.6 million, and therefore €0.06 per share, calculated on the basis of 1,785,205,853 shares outstanding as of 31 December 2022. Considering the Capital Decreases to 178,520,585 shares, the book value would have amounted to €0.57 per share as of 31 December 2022.

Based on the foregoing, and assuming a full implementation of the Capital Increases from €178,520,585.00 by €328,910,448.00 to €507,431,033.00 by issuing 328,910,448 New Shares against contribution in cash, as well as assuming a Subscription Price of €5.55 and following the deduction of commissions, fees and other expenses related to the Offering in the amount of approximately €66.8 million, i.e. assuming net proceeds of approximately €1,758.69 million, the book value of the shareholders' equity of the Company would have been €1,860.29 million or €3.67 per share as of 31 December 2022 (calculated on the basis of 507,431,033 shares issued after the implementation of the Capital Increases in connection with the Offering).

This corresponds to an increase in the book value of the shareholders' equity of the Company by €3.10 or 544.17% per share for existing shareholders as the adjusted book value of the shareholders' equity of the Company exceeds the prior value of the shareholders' equity of the Company (taking into account the Capital Decreases) by this amount or this percentage. For purchasers of New Shares at the Subscription Price of €5.55, this entails a theoretical loss of €1.88 or 33.94% per share against the book value of the shareholders' equity of the Company.

7. Capitalisation and Indebtedness

The following tables show our capitalisation and indebtedness as at 31 December 2022 taken or derived from our accounting records or internal management reporting systems (i) on an actual basis, and (ii) as adjusted for the Capital Decreases, (iii) as adjusted for the combined effects of (ii) and the net proceeds we expect to generate from the Offering, and (iv) as adjusted for the combined effects of (ii), (iii) and our expected use of those proceeds.

	31 December 2022			
	(i) Actual	**(ii) Adjusted for the Capital Decreases**	**(iii) Adjusted for the combined effects of (ii) and the expected net proceeds from the Offering***	**(iv) Adjusted for the combined effects of (ii), (iii) and the expected use of the net proceeds of the Offering****
	(€ million) *(Unaudited)*			
Total current debt (including current portion of non-current debt)[1]	**957.0**	**957.0**	**957.0**	**955.6**
Guaranteed	0.0	0.0	0.0	0.0
Secured[2]	722.3	722.3	722.3	722.3
Unguaranteed/unsecured	234.7	234.7	234.7	233.3[3]
Total non-current debt (excluding current portion of non-current debt)[4]	**5,930.7**	**5,930.7**	**5,930.7**	**4,856.0**
Guaranteed	0.0	0.0	0.0	0.0
Secured[5]	2,622.0	2,622.0	2,622.0	2,622.0
Unguaranteed/unsecured	3,308.7	3,308.7	3,308.7	2,234.0[6]
Shareholder equity[7]	—	—	—	—
a. Share capital[8]	1,785.2	178.5	507.4	507.4[9]
b. Legal reserve(s)	—	—	—	—
c. Other reserves	(1,683.6)[10]	(76.9)	1,352.9	670.3[11]
Total shareholders' equity	**101.6**	**101.6**	**1,860.3**	**1,177.7**
Total capitalisation	**6,989.3**	**6,989.3**	**8,748.0**	**6,989.3**

* Assumes the issuance of 328,910,448 New Shares (which do not include any new shares that would have been attributable to Unifirm or Severgroup or any Major Shareholder Sanctioned Person or Entity) at a Subscription Price of €5.55, with net proceeds of approx. €1,758.69 million.

** The net proceeds of the Offering of around €1,758.69 million will be used (i) first to repay from the net proceeds of the Capital Increase I of approx. €750.5 million the Convertible Silent Participation and the 2020 Warrants which are presented at a book value of €454.5 million in "other reserves", the 2020 Bonds which are presented at a book value of €48.8 million, and accrued interest which is presented at a book value of €17.7 million in "non-current debt" and at a book value of €1.4 million in "current debt" (the difference between the book value as of 31 December 2022 and the repayment price of around €730.1 million, plus interest cost of around €20.4 million of €228.1 million will reduce "other reserves") and (ii) second, by using the net proceeds of the Capital Increase II of approx. €1,008.19 million to repay in full current drawings under the KfW Facility, which as of 23 March 2023, the latest practicable date prior to the date of this prospectus, amounted to around €440.0 million. The Company intends to use the remaining net proceeds of the Capital Increase II of approx. €568.19 million to partly repay current drawings under the Cash Facility, with drawings amounting to around €1,437.80 million as of 23 March 2023, the latest practicable date prior to the date of this prospectus, which consequently would reduce such drawings to approx. €869.61 million. The aforementioned repayments of current drawings under the KfW Facility and the Cash Facility of around €1,008.19 are reflected in the table above. In addition, the Company intends to significantly reduce the €2.1 billion credit line under the KfW Facility to around €1.1 billion, in compliance with its obligation under the Syndicated Facilities Agreement (for more information, please see Section "*15.2.1 The Syndicated Facilities Agreement*") to apply an amount equal to at least 50% of the net proceeds received from the Capital Increases for the cancellation of KfW Facility commitments.

(1) Recorded on our statement of financial position as sum of current financial liabilities and current lease liabilities. Current lease liabilities amounted to €665.4 million as of 31 December 2022.

(2) Mainly relates to leasing liabilities, in particular with respect to airline assets, as well as financing of hotel properties.

(3) Unguaranteed/unsecured portion of the sum of current financial liabilities and non-current lease liabilities less the repayments of accrued interest of €1.4 million on the 2020 Bond with Warrants.

(4) Recorded on our statement of financial position as sum of non-current financial liabilities and non-current lease liabilities. Non-current lease liabilities amounted to €2,270.5 million as of 31 December 2022.

(5) Mainly relates to leasing liabilities, in particular with respect to airline assets, as well as financing of hotel properties.

(6) Unguaranteed/unsecured portion of the sum of non-current financial liabilities and non-current lease liabilities less the repayments of the 2020 Bond of €48.8 million and accrued interest of €17.7 million and repayments of drawings under the KfW Facility and the Cash Facility of €1,008.19 million.

(7) Recorded on our statement of financial position as equity.

(8) Recorded on our statement of financial position as subscribed capital.

(9) "Share Capital" as recorded on our statement of financial position as subscribed capital (€1,785.2 million, less €1,606.7 million allocated to other reserves after the Capital Decrease II plus €328.9 million of the net proceeds from the Offering, which relate to the nominal value of the shares).

(10) Corresponds to the sum of consolidated statement of financial position items (i) capital reserves (€6,085.9 million), (ii) revenue reserves (€-8,980.3 million), (iii) silent participations (€420.0 million) and (iv) non-controlling interest (€790.8 million).

(11) "Other reserves" corresponds to the sum of consolidated statement of financial position items (i) capital reserves of €6,085.9 million, plus €1,606.7 million allocated to capital reserves after the Capital Decrease II plus approx. €1,429.8 million net proceeds from the Offering less €34.5 million on the repurchase of the warrants issued to the WSF, (ii) revenue reserves of €-8,980.3 less €228.1 million, the difference between the repayment price and the book value of the Convertible Silent Participation, the Bonds with Warrants and the warrants issued to the WSF as well as the difference between the book value of the accrued interests and the interest payments on the aforementioned financial instruments, (iii) silent participations of €420.0 million less €420.0 million due to the repurchase and (iv) non-controlling interest of €790.8 million.

		31 December 2022			
		(i) Actual	**(ii) Adjusted for the Capital Decreases**	**(iii) Adjusted for the combined effects of (ii) and the expected net proceeds from the Offering***	**(iv) Adjusted for the combined effects of (ii), (iii) and the expected use of the net proceeds of the Offering****
		(€ million) *(Unaudited)*			
A.	Cash	22.5	22.5	22.5	22.5
B.	Cash equivalents[(1)]	1,520.2	1,520.2	3,278.9	1,520.2
C.	Other current financial assets[(2)]	85.0	85.0	85.0	85.0
D.	**Liquidity** (A + B + C)	**1,627.7**	**1,627.7**	**3,386.4**	**1,627.7**
E.	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	14.9	14.9	14.9	13.5[(3)]
F.	Current portion of non-current financial debt[(4)]	942.1	942.1	942.1	942.1
G.	**Current financial indebtedness** (E + F)	**957.0**	**957.0**	**957.0**	**955.6**
H.	**Net current financial indebtedness** (G - D)	**(670.7)**	**(670.7)**	**(2,429.4)**	**(672.1)**
I.	Non-current financial debt (excluding current portion and debt instruments)[(5)]	5,360.8	5,360.8	5,360.8	4,334.9[(6)]
J.	Debt instruments[(7)]	569.9	569.9	569.9	521.1[(8)]
K.	Non-current trade and other payables[(9)]	2.6	2.6	2.6	2.6
L.	**Non-current financial indebtedness** (I + J + K)	**5,933.3**	**5,933.3**	**5,933.3**	**4,858.6**
M.	**Total financial indebtedness** (H + L)	**5,262.6**	**5,262.6**	**3,480.0**	**4,186.5**

* Assumes the issuance of 328,910,448 New Shares (which do not include any new shares that would have been attributable to Unifirm or Severgroup or any Major Shareholder Sanctioned Person or Entity) at a Subscription Price of €5.55, with net proceeds of approx. €1,758.69 million.

** The net proceeds of the Offering of around €1,758.69 million will be used (i) first to repay from the net proceeds of the Capital Increase I of approx. €750.5 million the Convertible Silent Participation and the 2020 Warrants which are presented at a book value of €454.5 million in "other reserves", the 2020 Bonds which are presented at a book value of €48.8 million, and accrued interest which is presented at a book value of €17.7 million in "non-current debt" and at a book value of €1.4 million in "current debt" (the difference between the book value as of 31 December 2022 and the repayment price of around €730.1 million, plus interest cost of around €20.4 million of €228.1 million will reduce "other reserves") and (ii) second, by using the net proceeds of the Capital Increase II of approx. €1,008.19 million to repay in full current drawings under the KfW Facility, which as of 23 March 2023, the latest practicable date prior to the date of this prospectus, amounted to around €440.0 million. The Company intends to use the remaining net proceeds of the Capital Increase II of approx. €568.19 million to partly repay current drawings under the Cash Facility, with drawings amounting to around €1,437.80 million as of 23 March 2023, the latest practicable date prior to the date of this prospectus, which consequently would reduce such drawings to approx. €869.61 million. The aforementioned repayments of current drawings under the KfW Facility and the Cash Facility of around €1,008.19 are reflected in the table above. In addition, the Company intends to significantly reduce the €2.1 billion credit line under the KfW Facility to around €1.1 billion, in compliance with its obligation under the Syndicated Facilities Agreement (for more information, please see Section "*15.2.1 The Syndicated Facilities Agreement*") to apply an amount equal to at least 50% of the net proceeds received from the Capital Increases for the cancellation of KfW Facility commitments.

(1) Cash equivalents is included in cash and cash equivalents in the Company's consolidated financial statements and consists of call deposits, other current highly liquid financial assets with an original term of a maximum of three months and current accounts.

(2) Recorded on our statement of financial position as current other financial assets.

(3) Recorded on our statement of financial position as the sum of current financial liabilities and current lease liabilities less current portion of non-current financial debt less the payments of accrued interest of €1.4 million on the 2020 Bond with Warrants.

(4) Recorded on our statement of financial position within current financial liabilities.

(5) Recorded on our statement of financial position as the sum of non-current financial liabilities and non-current lease liabilities excluding the positions included as debt instruments defined below.

(6) Corresponds to the sum of non-current financial liabilities and non-current lease liabilities excluding the positions included as debt instruments defined below less the repayment of accrued interest of €17.7 million and repayments of current drawings under the KfW Facility and the Cash Facility of €1,008.19 million.

(7) Recorded on our statement of financial position within non-current financial liabilities; represents the 2020 Bond with Warrants (€48.8 million) and the 2021 Convertible Bond (€521.1 million).

(8) Recorded on our statement of financial position within non-current financial liabilities. Represents the 2020 Bond with Warrants (€48.8 million) and the 2021 Convertible Bond (€521.1 million) less the repayment of the 2020 Bond with Warrants.

(9) Recorded on our statement of financial position as non-current other financial liabilities.

In the table above, figures for financial indebtedness include lease liabilities. As at 31 December 2022, our total lease liabilities were €2,935.9 million, of which €665.4 million were current and €2,270.5 million were non-current.

8. Working Capital Statement

In the opinion of the Company, taking into account the net proceeds from the Offering, the Group's working capital is sufficient to meet its present requirements, that is, for at least 12 months from the date of this prospectus.

9. Operating and Financial Review

You should read the following discussion together with our Consolidated Financial Statements, including the related notes, that you will find beginning on page F-1. For a description of our Consolidated Financial Statements, see Section "*2.5. Presentation of financial information*".

Our historical results are not necessarily indicative of the results that should be expected in the future. The financial information as of and for the fiscal year ended 30 September 2021 presented in this section was taken from the comparative prior year figures contained in the Audited Consolidated Financial Statements for the Fiscal 2022. The financial information as of and for the fiscal year ended 30 September 2020 is available to the public on the Company's website and is not included in this prospectus. Due to the impact of COVID-19 on the financial performance of the Company in the second half of Fiscal 2020, the results for the full year of Fiscal 2020 should not be viewed as directly comparable to the Fiscal 2021 and Fiscal 2022 results.

The financial information as of and for the three-month period ended 31 December 2021 presented in this section was taken from the comparative prior year figures contained in the Unaudited Condensed Consolidated Interim Financial Statements.

In addition, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results may differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this prospectus, including under Section "*1. Risk Factors*" and Section "*2.6. Forward-looking statements*". These factors could include, for example, unforeseen developments in:

- the COVID-19 pandemic and measures taken to control it;
- the Russia-Ukraine Conflict and the resulting economic instability, including a risk of supply chain disruptions, a general slowdown in economic activity and rising prices of input materials, especially fuel and energy;
- macroeconomic conditions generally, including fluctuations in foreign currency exchange rates and commodities prices, particularly prices of fuel;
- political, legal or regulatory matters in the various markets in which we operate, and
- public health crises other than the COVID-19 pandemic as well as natural catastrophes.

Any of these factors could render our plans, estimates and beliefs invalid, causing our actual results to differ from the expectations expressed in our forward-looking statements.

9.1 Overview

We are a globally operating, integrated leisure tourism company with offerings including end-to-end holiday experiences for our customers, with a customer base (which includes our Markets and Airlines customers, but excludes direct and third party distribution customers from our Hotels and Resorts and Cruise segments) of approximately 16.7 million within our ecosystem (as of 30 September 2022).

We use the term "ecosystem" to refer to our broad portfolio of strong tour operators, our own travel agencies, five airlines with 134 aircraft (of which one aircraft is leased), 418 hotels (including third party hotelier operations), 16 cruise vessels and a digital platform for tours and activities (as of 30 September 2022).

9.2 Business segments

We organise our business into three segments, Holiday Experiences, Markets & Airlines and All Other Segments.

Our segments, and the business activities they comprise, are as follows:

Holiday Experiences	
Hotels & Resorts	Group-owned hotels; hotel shareholdings
Cruises	The TUI Cruises joint venture; prior to July 2020, our former subsidiary Hapag-Lloyd Cruises (now part of TUI Cruises), and the British cruise business Marella Cruises
TUI Musement	Companies providing services in the destinations for TUI Markets & Airlines and third-party customers as well as excursion and activities through the Musement platform
Markets & Airlines	
Northern Region	Tour operators and airlines in the UK, Ireland and the Nordic countries; our stake in the tour operation business of the Canadian company Sunwing
Central Region	Tour operators and airlines in Germany; tour operators in Austria, Poland and Switzerland
Western Region	Tour operators and airlines in Belgium and the Netherlands; tour operators in France
All other segments	Business operations for new markets; central corporate functions and interim holdings; Group real estate companies; central tourism functions such as information technology

See Section "*12. Business*" for additional information.

For information on recent developments, see Section "*9.8 Significant changes in our financial position*" below and Section "*26.2 Trend Information*" beginning on page T-1 of this prospectus.

9.3 Key factors affecting our results of operations

As a tourism company, we are dependent on consumer demand for our holiday travel products. Over the past years, we have seen continuous growth of international tourism, as reflected in the increase of international arrivals by 5% on a 10 year average from 2010 to 2019 (UNWTO, January 2020). Leisure travel remains important for consumers even during the current COVID-19 crisis. In the early days of the crisis, a May 2020 consumer sentiment survey by BCG showed that leisure travel was the activity rated as "most missed" across age groups. The rebound in holiday travel following the relaxation of COVID-19 restrictions during 2021 and 2022 demonstrates the resilience of demand and desire to travel.

We believe that the following key factors have historically affected our performance and our results of operations, and we expect them to continue to affect our business in the future:

- Macro-economic environment and market and geopolitical conditions
- Impact of the Russia-Ukraine Conflict
- Specific events outside our control, including the COVID-19 pandemic and its ongoing impact on our longer-term operational and financial performance
- Capacity and yield management
- Exchange rate and currency fluctuations
- Fuel cost fluctuations
- Seasonality

- Long-term effects on goodwill of historical mergers

9.3.1. *Macro-economic environment and market and geopolitical conditions*

Changing economic cycles have an impact on income, unemployment rates and consumption and are thereby affecting touristic supply and demand. During a recession, consumers are more likely to reduce spending for non-essential products such as leisure travel, leading suppliers to lower their prices, which in turn has a negative impact on profitability. Furthermore, events and developments outside the economic sphere, including volatility in global financial markets, macroeconomic policy, trade policy and conflicts, business and consumer sentiment, monetary policy (i.e., interest rates), inflation, commodity prices, public and private debt levels and government policies targeting public spending, such as fiscal austerity policies can have an impact on disposable income, which affects touristic supply and demand.

Furthermore, geopolitical events, domestic political tension, military conflicts, pandemics (such as the COVID-19 pandemic), natural disasters, terrorism or other unforeseen events may prompt unexpected responses from the markets and declines in demand for the Group's travel products and related services. The Russia-Ukraine Conflict and the resulting sanctions, export-control measures and other actions taken in response to it have contributed and will likely continue to contribute to increased inflationary pressures, gas supply shortages, market volatility and economic uncertainty, particularly in Europe. The Russia-Ukraine Conflict has also resulted in higher energy prices and decreasing disposable income. Along with other increases in the cost of living, these factors have driven and continue to drive inflation and reduced consumer confidence. During the course of Fiscal 2022 and Q1 2023, inflation has increased significantly in Europe and the United States.

Inflation has put upward pressure on the cost of fuel and other operating costs, and our ability to raise prices to counteract increased fuel and other operating costs (such as labour costs), which may reduce our operating profit where we are not able to pass on related price increases to our customers.

Going forward, we expect macroeconomic and political conditions to continue to impact consumer confidence and, thus, affect demand for our travel services and holidays. In June of 2022, the World Bank warned that the Russia-Ukraine Conflict has magnified the slowdown in the global economy triggered by the COVID-19 pandemic and predicted that the global economy was entering what could become a protracted period of low growth and elevated inflation. In particular, global GDP growth decreased from 5.7% in 2021 to 2.9% in 2022, significantly lower than the 4.1% that the World Bank predicted in January of 2022 (source: World Bank, "Global Economic Prospects June 2022"). Global growth is expected to remain at a similar level over 2023 and 2024 as the Russia-Ukraine Conflict disrupts economic activity, investment and trade in the near term and pent-up demand built up during the COVID-19 pandemic fades and accommodative fiscal and monetary policies are withdrawn or tempered by central banks and governments. GDP growth rates in the Group's key markets already decreased and are expected to decrease further compared to 2021, with the Eurozone having declined from 5.4% in 2021 to 2.5% in 2022 and expecting to decline further to 1.9% in 2023 and 2024 (source: World Bank, "Global Economic Prospects June 2022"). The intensified general price increase could continue, in particular due to rising energy costs, and could, combined with the increase in interest rates, lead to a significant reduction in the private budget available for travel services, thus lowering purchasing power and result in a decline in customer demand.

In addition, a permanent increase in fuel costs as well as other services, especially those we purchase in US dollars, could lead to an increase in our input costs. Direct impacts on TUI could further result from increasing interest rates which could increase our interest result in relation to our variable interest financing. Both the derivation of future cash inflows and the determination of the interest rate as part of our impairment tests are also expected to be heavily influenced, in particular, by the abovementioned strong general increase in prices and interest rates, which may lead to a decline in demand for tourism products, due to long-lasting price increases for fuel and other input factors, thus, increasing our impairment risk.

We cannot exclude the possibility that further geopolitical issues and/or terrorist acts may have an adverse impact on us, in particular should they occur in any of our key destinations or source markets. Our diverse offer of destinations, however, helps mitigate the impact of geopolitical issues when they are limited to a given country or region.

The dynamics between supply and demand may also be influenced by market-specific conditions, such as the competitive forces. The European airline market is a particular example of a highly competitive market, which is – especially through the entrance of low-cost carriers such as Ryanair and EasyJet – characterised by overcapacities and thus high pressure on margins, even during economic upward cycles.

TUI has a portfolio of different source markets and destinations, which helps to mitigate the impact of economic downturn or difficult market conditions where they are limited to one or a few markets. We have multiple source markets and offer holidays in a wide variety of destinations. This diversified portfolio helps mitigate the impact of economic downturns or difficult market conditions when these are limited to one or a few markets. This is not the case, however, with respect to the COVID-19 pandemic, the Russia-Ukraine Conflict or other events that affect all or most of the markets where we are active.

9.3.2. Impact of the Russia-Ukraine Conflict

As a result of the Russia-Ukraine Conflict, numerous countries and the EU have instituted and continue to institute coordinated sanctions and export-control measures against Russia and Russian and Belarussian persons and entities, including extensive trade embargoes, asset freezes and the exclusion of certain Russian and Belarusian banks from the global financial system, among other measures. In response to the measures imposed against it, Russia has sanctioned persons and entities within so-called "non-friendly" countries. Further actions taken by Western and other states and the EU in response to the Russian invasion of Ukraine, including, among other things, the potential effects of sanctions, export-control measures, travel bans and asset seizures, as well as Russian retaliatory actions, including, among other things, further restrictions on oil and gas exports and cyber-attacks, on the world economy and markets, have contributed and will be likely to continue to contribute to increased energy prices, global supply chain disruptions, fluctuations in exchange rates and market volatility and uncertainty.

Combined with the sanctions on Russian oil and the overall impact of the war on energy markets, these actions have caused and may continue to cause significant increases in energy prices and potential energy shortages throughout Europe as well as adversely impact European economies. In particular, the increase in energy prices has significantly increased our input costs (please also see Section *1.1.14 "We are vulnerable to rising fuel costs and changes in the type of fuel we are permitted to use."*).

9.3.3. Specific events outside our control, including the COVID-19 pandemic and its ongoing impact on our operational and financial performance

External events outside our control can significantly impact our revenue, profitability, financial condition and cash flows. Although many of these are one-off events, their negative impacts may be severe and may persist into subsequent periods.

A prime example is the COVID-19 pandemic and its ongoing impact. The COVID-19 pandemic has had an adverse effect on each of the Group's markets since early 2020. The resulting travel bans and lockdowns had an immediate and severe effect on the tourism industry. As a result of the pandemic, we suspended our tourism operations, including flights, cruises and hotels, for a 13-week period during 2020. This suspension resulted in unprecedented demands on our liquidity and financial position, in particular with respect to cash funding of fixed costs and refunds to customers for cancelled holidays.

In Fiscal 2021, we generated revenue of €4,731.6 million, a significant decrease as compared to Fiscal 2020. We attribute substantially all of the decrease of our revenue in Fiscal 2021 compared to the prior fiscal year to the direct and indirect effects of the pandemic. The appearance of the COVID-19 variants and the sharp increase in infection rates during the so-called "third wave" and "fourth wave" in the first and second quarter of Fiscal 2021, and in the fourth quarter of 2021 and the first quarter of 2022, led to renewed governmental measures, in particular social distancing measures and restrictions on travel. The combination of new and reimposed government advisories, travel restrictions and other countermeasures significantly limited our ability to resume operations and generate revenue during Fiscal 2021.

In Fiscal 2022, our revenue increased to €16,544.9 million as compared to €4,731.6 million in Fiscal 2021, which corresponds to an increase of 249.7%, reflecting a normalisation of the business environment in tourism to an approximate pre-pandemic level in the course of Fiscal 2022. Nevertheless, the development of revenue in the first half of Fiscal 2022 continued to be significantly impacted by measures to contain the spread of COVID-19. In Q1 2023, our business volume was significantly higher than in Q1 2022, as in Q1 2022 our business volume was still impacted by measures to contain the spread of COVID-19. As a result, our revenue increased by 58.3% to €3,750.5 million in Q1 2023 from €2,369.2 million in Q1 2022.

Although the number of COVID-19 cases remained high during Fiscal 2022, in particular due to the rapid spread of the Omicron variant, contact restriction measures and travel restrictions were gradually eased in most countries in the first months of Fiscal 2022 and business was fully resumed in all segments. As of April 2022, the entire fleet of the Cruises Segment was in operation, and as of summer 2022, the Hotels & Resorts Segment was able to offer its entire product portfolio to customers. Demand recovered very robustly, albeit later than assumed in the previous fiscal year's planning due to the travel restrictions in place at the beginning of Fiscal 2022. In the Cruises segment, the recovery in demand started later than in the other segments. A more short-term approach to booking on the part of customers continues to be observed. In addition, the unprecedented restart of business led to flight disruptions, particularly in the UK and the Netherlands, but also in other source markets, which impacted the Group's results. Going forward, further challenges could result from continued or increased flight disruptions. Fiscal 2022 also featured significant price increase, especially for fuel, as well as fluctuations in exchange rates which could not be fully offset by higher travel prices and additionally burdened the result in Fiscal 2022. In Q1 2023, we were only marginally negatively affected by the financial impact of the COVID-19 pandemic. However, the Netherlands were impacted by a softer trading environment and post summer flight disruptions at Schiphol Airport. Fuel and exchange rates were still marked by a continued volatility in Q1 2023.

9.3.4. Capacity and yield management

One of the key factors influencing TUI's profitability is our ability to balance supply and demand, through the management and yielding of risk capacity. The term risk capacity refers to in-house as well as third-party committed capacity, predominantly for aircraft seats, hotel rooms and cruise ship berths.

Ahead of each season, TUI has to take the decision on how much capacity is needed based on forecasted demand. With our large customer base, TUI can satisfy only some of the demand with its own hotels, cruise ships and aircraft - the remainder must be procured from third-party airlines and hoteliers either as committed or non-committed capacity. In an upwards market situation, where demand exceeds supply and pricing power strengthens accordingly, the commitments ensure TUI access to relevant capacity at favourable rates, leading to strong yields. Additional capacity that is bought on the spot (non-committed) may be more expensive due to high demand – or even unavailable – although it can also drive profitable contribution in a strong market, supplementing (rather than cannibalising) our risk programme. In a downward market, prices tend to get lowered for late bookings, therefore, TUI may need to sell committed capacity at zero margin or even at a loss. Thus, the right balance of in-house capacity as well as third-party committed and non-committed capacity is essential to drive TUI's profitability.

TUI's yield management systems are designed to help us optimise the use of risk capacity, and our integrated model allows us flexible capacity management along the whole value chain. We carefully and continuously review available capacity to help balance supply and demand.

For example, capacity plans for summer 2021 were adjusted from original plans to reflect both the then current governmental advice during the COVID-19 pandemic, as well as consumer demand. As a result, during summer 2021, we operated at a capacity of approximately 50% of the volume compared to the fiscal year ended 30 September 2019 ("**Fiscal 2019**") for the peak summer months from July to October 2021. Destinations such as the Balearic Islands, the Canary Islands and the Greek Islands formed the bulk of our capacity for the summer 2021 peak season period.

From April to June of Fiscal 2022, we operated 82% of capacity compared to pre-pandemic levels in 2019. In summer 2022, customer numbers returned to 92% of the pre-crisis level. In Q1 2023, customer numbers returned to 93% of the pre-crisis level.

Pandemic management and containment remains at the forefront of policy decisions. This governmental framework also dictates to what extent and at what time business becomes possible. However, our multi-destination presence, alongside long-term hotelier partnerships in place, means we are well placed to flex our flight routings and remix hotel capacity to other alternative destinations to enable holidays to continue if required.

As of 5 February 2023, 8.7 million bookings have been taken across Winter 2022/23 and Summer 2023 with an encouraging development across both seasons. The start into Fiscal 2023 has seen significant booking momentum with record booking days online in both the UK and Germany. Volumes overall in the last four weeks are now above pre-pandemic levels at higher prices, underlining the popularity of our product offering and a testament to the importance of travel for our customers. Based on the current trend, capacity is expected to be close to pre-pandemic levels. On 30 January 2023, the daily booking rate for Summer 2023 was up 160% compared to 30 January 2019.

As of 5 February 2023, 4.0 million bookings have been taken for the Winter 2022/2023 season with 85% of the programme sold which is broadly in line with Winter 2018/19 levels. Winter 2022/23 bookings stand at 87% of Winter 2018/19 levels up against the 84% we published as part of our Fiscal 2022 announcement on 14 December 2022, highlighting the positive booking development in recent weeks and the trend towards a higher share of short-term bookings with volumes 5% ahead of Winter 2018/19 in the last four weeks. Against Winter 2021/22, bookings are up strongly at 44%, supported by an improved trading environment compared to last year. As of 5 February 2023, the Winter average selling prices ("**ASP**") were up 29% compared to Winter 2018/19 and slightly ahead of the increase of 28% reported at the end of Fiscal 2022. Compared to the prior year, ASP was up 8% which is expected to help to soften the impact from currency exchange volatility and the current higher inflationary environment. In the UK bookings are in line with capacity assumptions with ASP up 25% versus Winter 2018/19. The Canaries, Egypt, Mainland Spain, Cape Verde and Mexico form a key part of our offering for the Winter season.

As of 5 February 2023, Summer 2023 bookings of 4.7 million are at an early stage at 30% of the overall programme sold with the shorter-term booking trend continuing into Summer. Bookings are up 20% year-on-year and at 89% of pre-pandemic levels as of 5 February 2023.

Against Summer 2022, the ASP for the Summer season is up 2% and excluding Summer 2022 re-bookings rolled-forward from previous seasons which included booking incentives, up 6% highlighting customers continued willingness to prioritise spend on travel and experiences. Against pre-pandemic levels ASP is up 24%. In addition, momentum has continued to build in January 2023 with volumes up 50% versus Summer 2022 and above pre-pandemic levels up 10%, supported by stronger prices up 12% year-on-year and up 27% versus Summer 2019.

In our Cruises segment, three out of its seven-ship fleet were operated by TUI Cruises during the first quarter of 2021, with two ships operating during the second quarter of 2021, increasing to six ships from July 2021, operating itineraries to Northern Europe and the Mediterranean. Hapag-Lloyd Cruises operated two out of its five-ship fleet during the first quarter of 2021 and one in the second quarter of 2021, increasing this number to four ships from July 2021, plus a new ship launch in August 2021, also operating itineraries in Northern Europe and the Mediterranean. Marella Cruises remained suspended until the end of June 2021, when it resumed domestic cruises, with fly-cruise itineraries being offered on one ship from September 2021. TUI Cruises and Hapag-Lloyd Cruises operated seven out of their combined twelve ships during the fourth quarter of Fiscal 2021, offering itineraries to the Canary Islands, the Spanish coast, the Greek Islands and the Baltic Sea, as well as short domestic sailings. Our UK cruise brand Marella resumed sailing with one ship on a domestic programme at the end of June 2021. As of 30 September 2021, fourteen of the total fleet of sixteen ships were in operation.

After the Omicron-related restrictions imposed in the winter months of 2021 ended, our cruise segment fully resumed operations in early April 2022.

9.3.5. Efficiency and cost saving measures

We periodically undertake strategy or restructuring projects and cost saving actions to make our operations more efficient and/or reduce our cost base.

In May 2020, we announced our Global Realignment Programme to permanently reduce group-wide overhead costs, with the target to save approximately €400 million per annum by Fiscal 2023 across the entire Group. As of the date of this prospectus, the Global Realignment Programme has been successfully implemented and around 7 thousand full time equivalent roles have been reduced. Savings delivery has been accelerated with 80% of our target reached in Fiscal 2022 and the remaining 20% to be reached in Fiscal 2023. The majority of savings (approximately 85% of savings as to the date of this prospectus) relate to the Markets & Airlines segment and have been achieved through reductions of our distribution cost base and airline rightsizing. For example, our fleet of aircraft has been reduced by 17 aircraft to 133 aircraft as of 30 September 2022 compared to 30 September 2019. Further savings have been delivered across TUI Musement, Hotels & Resorts and the All Other Segments. Further restructuring costs of €15 million resulting from the Global Realignment Programme have been incurred in Fiscal 2022. There have been no restructuring costs from the Global Realignment Programme in Q1 2023. The benefits from the Global Realignment Programme are expected to support our business in the current inflationary environment.

9.3.6. Exchange rate and currency fluctuations

Our business and results of operations may be affected by fluctuations in exchange rates, mainly in two ways:

First, there is a mismatch between the currencies in which revenue is received and those in which costs are incurred. Certain costs, including hotel accommodation, fuel and capital expenditure, are often denominated in currencies other than the currencies in which our customers pay for their holidays. In the Eurozone the currency risk is limited to transactions in the key tourist destinations by group companies whose functional currency is not the euro. Although the Company is headquartered in Germany, a significant portion of its operations are conducted in the UK. Consequently, the Company has significant operating revenues and operating expenses, as well as assets and liabilities, denominated in British pounds. Any significant decline in the value of the pound and/or recession in the UK may therefore materially impact its financial condition and results of operations. The tourism business operations are, however, mainly affected by changes in the value of the US dollar as compared to the euro, the latter predominantly affecting the TUI tour operators in the UK and the Nordic countries. In tourism operations, payments in US dollars primarily relate to the procurement of services in non-European destinations, purchases of jet and ship fuel and aircraft and cruise ship purchases or charter. The Company's operations and financial performance can therefore also be significantly affected by fluctuations in the values of the US dollar.

In order to mitigate foreign exchange risk, TUI's businesses use financial derivatives to hedge a proportion of their planned foreign exchange requirements. To the extent that we do not adequately or successfully hedge our currency exposure, a significant change in exchange rates could significantly affect our results of operations. To the extent that we are unable to pass on currency related cost increases to customers or, where such increases occur subsequent to the fixing of a selling price to a customer, or if we fail to hedge this exposure effectively, an increase in costs will have a negative impact on our results of operations. In addition, exchange rate volatility, in particular the recent strong devaluation of the euro and the British pound, may also affect our customers, to the extent prices of our travel products and services are denominated in US dollar, thereby affecting demand of our customers for our travel products and services.

Second, we prepare our unaudited condensed consolidated interim financial statements and our audited consolidated financial statements in euro, whereas our subsidiaries located outside the Eurozone prepare their financial statements in their respective functional currencies. Foreign exchange translation risks from the consolidation of Group companies not reporting in euro are not hedged. Fluctuations in the exchange rates of the functional currencies of our subsidiaries not using the euro have in the past impacted our unaudited condensed consolidated interim financial statements and our audited consolidated financial statements when converting these subsidiaries' revenue and results.

9.3.7. Fuel cost fluctuations

The costs of airplane jet fuel or ship bunker fuel vary significantly over time. Oil prices in Fiscal 2022 were significantly higher than in Fiscal 2021 and increased significantly following Russia's invasion of Ukraine in February 2022. As international prices for aircraft and cruise ship fuel are denominated in U.S. dollars, our fuel costs also expose us to certain exchange rate risks. The recent increase in inflationary pressures has prompted central banks to raise interest rates. The aggressive tightening of U.S. interest rates by the U.S. Federal Reserve versus slower monetary tightening by other central banks, notably the ECB, has widened interest rate differentials, causing appreciation of the U.S. dollar against other currencies like the euro and the pound sterling. This has had a negative impact on the U.S. dollar denominated input costs for the Group's unhedged positions.

TUI hedges a significant proportion of these costs in advance, using financial derivatives. To the extent that we do not adequately or successfully hedge our fuel price exposure, a significant change in fuel prices could significantly affect our results of operations. To the extent that we are unable to pass on jet fuel cost increases to customers or, where such increases occur subsequent to the fixing of a selling price to a customer, we do not hedge this exposure effectively, an increase in costs will have a negative impact on our results of operations.

The COVID-19 pandemic significantly impacted our hedging strategy for fuel price risks. Travel restrictions and limitations in connection with the COVID-19 pandemic caused a decline of our fuel price hedge requirements. As a result, our exposure to fuel price fluctuations may increase in the future.

While fuel hedging capacity has significantly improved since the COVID-19 pandemic and we have hedged a proportion of jet fuel for the Winter 2022/23 season and continue to build up hedge cover for Summer 2023 season, available hedging lines are still less than our forecast requirements, which prevents us from hedging as high a proportion of our fuel exposures as we would have been able to prior to the pandemic.

9.3.8. Seasonality

Historically, we have earned most of our profits in the European summer months. In calendar years unaffected by major disruptions such as the COVID-19 pandemic or the Russia-Ukraine Conflict, the level of demand for our services has fluctuated over the course of the year, causing our results to fluctuate accordingly.

Demand has historically been highest in the summer season from May through October and lowest in the winter season from November through April (except for the days around Christmas, New Year and Easter). At the same time, we incur a significant proportion of our expenses more evenly throughout the year. Our profitability therefore fluctuates during the year, with the majority of profits generated in the summer season. As a result of this seasonality, disruptions to our business operations that occur during the summer season could have particularly adverse effects.

Cash flows are similarly seasonal. Cash inflows tend to be higher in the summer, as we receive advance payments and final balances from customers. Conversely, cash inflows tend to be lower in winter as we settle liabilities with many suppliers after the end of the summer season. Due to the effects of the COVID-19 pandemic and travel uncertainty, customers are booking with less lead time, which has an impact on cash flow.

9.3.9. Long-term effects on goodwill of historical mergers

As of 30 September 2022, 71.3% of our goodwill is attributable to the Northern Region, Western Region and Central Region segments. Historically, this goodwill related primarily to the conversion of the Company’s predecessor, Preussag AG, to a business focused on tourism, as well as to the merger of the tour operator of TUI Group with First Choice Holidays Plc in 2007. The merger was implemented on 3 September 2007 by means of a share swap with the newly established TUI Travel PLC, with its shares thereafter traded on the London Stock Exchange. In the wake of this share swap, TUI AG received 51.0% of the shares in TUI Travel PLC in exchange for all shares in companies of TUI’s tourism division held by the TUI Group. The share swap in First Choice Holidays PLC was effected by means of a scheme of arrangement under which one share in First Choice Holidays PLC was swapped into one share in TUI Travel PLC. TUI AG held 51.0% of the issued shares of TUI Travel PLC, and therefore the majority of voting rights, while the former shareholders of First Choice Holidays PLC held 49.0% of the shares in TUI Travel PLC. Under IFRS, we recognised goodwill on the acquisition of First Choice Holidays PLC proportionate to our indirect shareholding, which was 51%. In addition, the goodwill of the tourism division that was transferred to TUI Travel PLC was reduced to 51% and derecognised directly against equity.

In 2014, TUI AG acquired the minority shares in TUI Travel PLC. Since that date, 100% of the profits of the tourism sector are available to TUI. However, the goodwill was not increased. Thus, the goodwill continues to represent the original 51% share of TUI in TUI Travel, but this goodwill is tested for impairment based on 100% of the profits of the tour operator of the Group.

9.4 Factors affecting the comparability of our financial results

Various events can limit the comparability of our financial results from period to period. During Fiscal 2021, these events related primarily to the COVID-19 pandemic.

The effects of the COVID-19 pandemic may limit the comparability of the financial statements presented in this prospectus with each other, as well as the comparability of our historical financial statements with future financial statements. The financial information as of and for the fiscal year ended 30 September 2020 is available to the public on the Company's website and is not included in this prospectus. Due to the impact of COVID-19 on the financial performance of the Company in the second half of Fiscal 2020, the results for the full year of Fiscal 2020 should not be viewed as directly comparable to the Fiscal 2021 and Fiscal 2022 results. In particular, our financial statements for Fiscal 2021 were strongly influenced by factors and events that do not pertain to the same extent to the financial statements for Fiscal 2022 we present in this prospectus. Our results of operations were marked by significantly lower levels of revenue in Fiscal 2021 even after business operations could only partially be resumed in summer 2021. Accordingly, our results for Fiscal 2021 were significantly lower in comparison to Fiscal 2022 as not all expenses could be reduced in relation to our revenues.

9.5 Results of operations

Our results of operations for Fiscal 2021 were strongly and negatively affected by the COVID-19 pandemic and the measures taken in an effort to control the pandemic. As a consequence, our results of operations for these periods are of limited comparability compared to the results in other historical periods, including Fiscal 2022 and Q1 2023 From time to time, every tourism company can be affected by crises beyond its control. In our experience, however, the profound and protracted effect of the COVID-19 pandemic on the entire industry is unprecedented. See "*9.4 Factors affecting the comparability of our financial results*".

As a result of the easing of global travel restrictions, TUI Group was able to increase its business volume compared with Fiscal 2021. Nevertheless, the development of revenue and earnings in particular in the first half of Fiscal 2022 continued to be significantly impacted by the measures to contain the spread of COVID-19.

9.5.1. Q1 2023 Compared to Q1 2022

The following table shows certain items extracted or derived from our Unaudited Condensed Consolidated Interim Financial Statements for the three-month periods shown.

	Q1			
	2022	**2023**	**Change**	
		(unaudited)		
	(€ million)		(€ million)	(%)
Revenue	2,369.2	3,750.5	1,381.3	58.30
Cost of sales	2,472.4	3,661.4	1,189.0	48.1
Gross profit / (loss)	**(103.2)**	**89.2**	**192.4**	**—**
Administrative expenses	201.7	242.6	40.9	20.3
Other income	26.2	6.0	(20.2)	(77.1)
Other expenses	0.9	5.8	4.9	—
Impairment (+) / Reversal of impairment (-) of financial assets	(4.3)	0.8	5.1	—
Financial income	20.8	18.4	(2.4)	(11.5)
Financial expenses	147.8	132.5	(15.3)	(10.4)
Share of result of investments accounted for using the equity method	(2.3)	(4.4)	(2.1)	(91.3)
Earnings before income taxes	**(404.5)**	**(272.6)**	**131.9**	**32.6**
Income taxes (expense (+), income (-))	(17.9)	(40.8)	(22.9)	(127.9)
Group loss	**(386.5)**	**(231.8)**	**154.7**	**40.0**
Of which:				

	Q1			
	2022	**2023**	**Change**	
		(unaudited)		
	(€ million)		(€ million)	(%)
Group loss attributable to shareholders of TUI AG.................	(384.3)	(256.1)	128.2	33.4
Group loss attributable to non-controlling interest	(2.3)	24.3	26.6	—
Basic and diluted loss/ earnings per share..	(0.27)	(0.14)	0.13	48.2

9.5.1.1. Revenue

We generate revenue primarily from tourism services. We also generate minor amounts of revenue from other activities, primarily sub-leases.

Our consolidated revenue for Q1 2023 increased by €1,381.3 million, or 58.3%, from €2,369.2 million in Q1 2022 to €3,750.5 million. On a constant currency basis, consolidated revenue for Q1 2023 increased by €1,402.9 million, or 59.2%, from €2,369.2 million in Q1 2022 to €3,772.1 million.

This increase in revenue was mainly driven by the easing of COVID-19 pandemic related global travel restrictions during Q1 2023. In Q1 2023, our business volume was significantly higher than in Q1 2022, which was still impacted by measures to contain the spread of COVID-19. TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months, however the impact is less evident especially in the previous year period due to the COVID-19 pandemic.

We organize our geographic source markets – that is, the markets where our customers are located – in the categories Germany, UK, Spain, Other Europe, North and South America, and Rest of the World. The following table shows the breakdown of our external revenue by customer location for the three-month periods indicated:

	Q1			
	2022	**2023**	**Change**	
		(unaudited)		
	(€ million)		(€ million)	(%)
Germany	842.8	1,152.1	309.3	36.7
UK..	591.3	1,284.0	692.6	117.1
Spain...	44.6	36.4	(8.2)	(18.4)
Other Europe................................	809.0	1,147.4	338.4	41.8
North and South America	66.3	94.0	27.7	41.8
Rest of the World	15.2	36.6	21.4	140.9
Total	**2,369.2**	**3,750.5**	**1,381.3**	**58.3**

With the exception of Spain, across all customer locations, our revenue for Q1 2023 increased significantly compared to Q1 2022 as a result of the easing of COVID-19 pandemic related restrictions and the resulting increase in the revenue-generating operations. Our revenue in Spain for Q1 2023 decreased compared to Q1 2022 as TUI tour operators sent customers to hotels at normal capacity again leading to decreased local sales compared to Q1 2022 where our Spanish hotels generated more sales locally due to increased local marketing activity. Our change in revenue varies by region as different regions and destinations were still more affected by the effects and restrictions of the COVID-19 pandemic than others in Q1 2022.

9.5.1.2. Cost of sales

Cost of sales relates to the expenses we incur in the provision of tourism services. In addition to expenses for personnel, depreciation and amortisation, and rental and leasing expenses directly related to revenue-generating activities, it includes all costs we incur in connection with the procurement and delivery of airline services, hotel accommodation, cruises and distribution costs.

Our cost of sales for Q1 2023 increased by €1,189.0 million, or 48.1%, from €2,472.4 million in Q1 2022 to €3,661.4 million.

This increase was mainly attributable to our increased business volume in Q1 2023 as compared to Q1 2022.

As a percentage of revenue, cost of sales decreased to 97.6% for Q1 2023 from 104.4% in Q1 2022, as a result of the increase in business volume and the resulting increase in the revenue, while cost of sales increased to a lower extent as revenues due to stable fixed costs and cost reducing effects of the implementation of our Global Realignment Programme.

9.5.1.3. Gross profit

Our gross profit for Q1 2023 amounted to €89.2 million, as compared to a gross loss of €103.2 million for Q1 2022.

9.5.1.4. Administrative expenses

Administrative expenses comprise all expenses incurred in connection with activities of our administrative functions. These include staff costs, rental and leasing expenses incurred in respect of administrative buildings; and depreciation, amortisation and impairment.

Our administrative expenses for Q1 2023 increased by €40.9 million, or 20.3%, from €201.7 million in Q1 2022 to €242.6 million.

This increase in our administrative expenses was mainly due to increased staff costs, higher costs from the valuation of financial assets applying the actual currency rates and lower income from government grants in Q1 2023 compared to Q1 2022.

As a percentage of revenue, administrative expenses decreased to 6.5% for Q1 2023 from 8.5% in Q1 2022, as a result of cost saving measures implemented in prior years and due to administrative expenses partially consisting of fixed costs.

9.5.1.5. Other income and expenses

Our other income and other expenses consist primarily of gains or losses, respectively, realised on the disposal of such assets as aircraft, buildings and investee companies.

Our other income for Q1 2023 decreased by €20.2 million, or 77.1%, from €26.2 million in Q1 2022 to €6.0 million.

The primary reason for the decrease in Q1 2023 were lower disposal gains in Q1 2023, as compared to Q1 2022, where we recognised a disposal gain of €21.4 million relating to the disposal of Nordotel S.A. and the sale of aircraft assets. Other income in Q1 2023 comprised of a disposal gain of €4.7 million resulting from the disposal of the Jet Set House (Crawley).

Our other expenses for Q1 2023 increased by €4.9 million, or 544.4%, from €0.9 million in Q1 2022 to €5.8 million, mainly attributable to the disposal of aircraft assets.

9.5.1.6. Impairment / Reversal of impairment of financial assets

Impairment of financial assets for Q1 2023 was €0.8 million. In Q1 2022, we recorded a reversal of impairment on financial assets of €4.3 million.

9.5.1.7. Financial income and financial expenses

Financial income includes bank interest income, other interest and similar income, income from the measurement of hedges, interest income and foreign exchange gains on financial instruments.

Financial expenses include bank interest payable on loans and overdrafts, finance lease charges, net interest expenses from defined benefit pension plans, unwinding of discount on provisions, other interest and similar expenses, expenses relating to the measurement of hedges, interest expenses, and foreign exchange losses on financial instruments.

Our financial income for Q1 2023 decreased by €2.4 million, or 11.5%, from €20.8 million in Q1 2022 to €18.4 million.

Our financial expenses for Q1 2023 decreased by €15.3 million, or 10.4%, from €147.8 million in Q1 2022 to €132.5 million.

The primary reasons for this decrease was mainly the result of less interest expenses.

9.5.1.8. *Share of result of investments accounted for using the equity method*

The share of result of investments accounted for using the equity method comprises the net profit for the year attributable to our associated companies and joint ventures.

The following table shows our share of result of investments accounted for using the equity method for the three-month periods indicated:

	Q1			
	2022	**2023**	**Change**	
	(unaudited)			
	(€ million)		(€ million)	(%)
Hotel & Resorts	7.0	15.8	8.8	125.7
Cruises	(2.6)	7.6	10.2	—
TUI Musement	1.0	2.9	1.9	190.0
Holiday Experiences	5.4	26.3	20.9	387.0
Northern Region	(7.1)	(31.0)	(23.9)	(336.6)
Central Region	(0.6)	(0.2)	0.4	66.7
Western Region	—	0.3	0.3	—
Markets & Airlines	(7.7)	(30.9)	(23.2)	(301.3)
All Other Segments	—	0.2	0.2	—
Total	**(2.3)**	**(4.4)**	**(2.1)**	**(91.3)**

Our share of result of *investments accounted for using the equity method* for Q1 2023 increased to a loss of €4.4 million from a loss of €2.3 million in Q1 2022.

While our share of result of investments accounted for using the equity method in Hotels & Resorts, Cruises and TUI Musement improved their results as Q1 2022 was still impacted by COVID-19 measures, the winter storm Elliot in North America impacted the key winter business of our Canadian investment resulting in a slight overall increase in losses.

9.5.1.9. *Earnings before income taxes*

Our earnings before income taxes for Q1 2023 improved by €131.9 million, or 32.6%, from a loss of €404.5 million in Q1 2022 to a loss of €272.6 million, as a result of the factors discussed above.

9.5.1.10. *Income taxes*

Our income taxes for Q1 2023 improved by €22.9 million, from a tax income of €17.9 million in Q1 2022 period to a tax income of €40.8 million, mainly as a result of the normalisation of our business after Q1 2022 which was still affected by COVID-19 measures.

9.5.1.11. *Group loss*

Our group result for Q1 2023 improved by €154.7 million, from a group loss of €386.5 million in Q1 2022 to a group loss of €231.8 million, due to the factors described above.

9.5.1.12. *Underlying EBIT*

Our Underlying EBIT for Q1 2023 improved by €120.6 million from a loss of €273.6 million in Q1 2022 to a loss of €153.0 million, with all segments, except of our TUI Musement segment, whose results remained nearly unchanged, achieving improved results due to increased levels of operations.

The increase in Underlying EBIT was primarily due to the improvements in Underlying EBIT reported by our Holiday Experiences and Markets & Airlines business lines as a result of higher numbers of customers in the wake of the easing of travel restrictions and also savings delivered through our Global Realignment Programme, as well as the improvement reported by All Other Segments, reflecting additional cost savings as well.

9.5.2. *Fiscal 2022 Compared to Fiscal 2021*

The following table shows certain items extracted or derived from our Audited Consolidated Financial Statements for the fiscal years shown.

	Fiscal			
	2021	**2022**	**Change**	
	(audited)		*(unaudited)*	
	(€ million)		(€ million)	(%)
Revenue	4,731.6	16,544.9	11,813.3	249.7
Cost of sales	5,955.4	15,613.3	9,657.9	162.2
Gross profit / loss	**(1,223.8)**	**931.7**	**2,155.5**	**—**
Administrative expenses	840.5	746.3	(94.2)	(11.2)
Other income	250.6	52.2	(198.4)	(79.2)
Other expenses	11.5	1.7	(9.8)	(85.2)
Impairment (+) / Reversal of impairment (-) of financial assets	(38.0)	7.3	45.3	—
Financial income	27.3	35.9	8.6	31.5
Financial expenses	464.1	509.5	45.4	9.8
Share of result of investments accounted for using the equity method	(232.7)	100.7	333.4	143.3
Impairment (+)/ Reversal of impairment (-) of net investments in joint ventures and associates	5.0	1.6	(3.4)	(68.0)
Earnings before income taxes	**(2,461.7)**	**(145.9)**	**2,315.8**	**94.1**
Income taxes (expense (+), income (-))	19.2	66.7	47.5	247.4
Group loss	**(2,480.9)**	**(212.6)**	**2,268.3**	**91.4**
Of which:				
Group loss attributable to shareholders of TUI AG	(2,467.2)	(277.3)	2,189.9	88.8
Group loss / profit attributable to non-controlling interest	(13.8)	64.6	78.4	—

9.5.2.1. *Revenue*

We generate revenue primarily from tourism services. We also generate minor amounts of revenue from other activities, primarily sub-leases.

Our consolidated revenue for Fiscal 2022 increased by €11,813.3 million, or 249.7%, from €4,731.6 million in the corresponding period of the prior fiscal year to €16,544.9 million. The number of guests was 212.1% higher than the previous fiscal year. On a constant currency basis, consolidated revenue for Fiscal 2022 increased by €11.7 billion, or 246.9%, to €16,414.0 million.

This increase in revenue reflects a normalisation of the business environment in tourism to an approximate pre-pandemic level in the course of Fiscal 2022.

As a result of the easing of global travel restrictions, TUI Group was able to increase its business volume compared with Fiscal 2021. Nevertheless, the development of revenue in particular in the first half of Fiscal 2022 continued to be significantly impacted by the measures to contain the spread of the COVID-19 pandemic. TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months, however the impact is less evident in Fiscal 2021, especially due to the COVID-19 pandemic.

We organise our geographic source markets – that is, the markets where our customers are located – in the categories Germany, UK, Spain, Other Europe, North and South America, and Rest of the World. The following table shows the breakdown of our external revenue by customer location for the fiscal years indicated:

	Fiscal			
	2021	**2022**	**Change**	
	(audited)		*(unaudited)*	
	(€ million)		(€ million)	(%)
Germany	1,741.5	4,555.2	2,813.7	161.6
United Kingdom	768.5	6,103.1	5,334.6	794.18
Spain	87.4	145.5	58.1	66.5
Other Europe	1,926.3	5,357.9	3,431.6	178.1
North and South America	144.6	293.7	149.1	103.1
Rest of the World	63.3	89.6	26.3	41.5
Total	**4,731.6**	**16,545.0**	**11,813.4**	**249.7**

Across all customer locations, our revenue for Fiscal 2022 increased significantly compared to Fiscal 2021 as a result of the easing of COVID-19 pandemic related restrictions and the resulting increase in the revenue-generating operations.

9.5.2.2. Cost of Sales

Cost of sales relates to the expenses we incur in the provision of tourism services. In addition to expenses for personnel, depreciation and amortisation, and rental and leasing expenses directly related to revenue-generating activities, it includes all costs we incur in connection with the procurement and delivery of airline services, hotel accommodation, cruises and distribution costs.

Our cost of sales for Fiscal 2022 increased by €9,657.9 million, or 162.2%, from €5,955.4 million in the prior fiscal year to €15,613.3 million.

This increase reflects the increase in business volume. In addition, the cost of sales in Fiscal 2022 include negative effects of €40.7 million whereas cost of sales in the prior fiscal year include positive effects of €147.7 million from the termination of fuel hedging arrangements that were previously designated using hedge accounting.

As a percentage of revenue, cost of sales decreased to 94.4% for Fiscal 2022 from 125.9% in the prior fiscal year, as a result of the increase in business volume and the resulting increase in the revenue generating operations as well as cost reducing effects of the implementation of our Global Realignment Programme.

9.5.2.3. Gross loss / profit

Our gross profit for Fiscal 2022 changed to a profit of €931.7 million from a loss of €1,223.8 million in the prior fiscal year.

9.5.2.4. Administrative expenses

Administrative expenses comprise all expenses incurred in connection with activities of our administrative functions. These include staff costs; rental and leasing expenses incurred in respect of administrative buildings; and depreciation, amortisation and impairment.

Our administrative expenses for Fiscal 2022 decreased by €94.3 million, or 11.2%, from €840.5 million in the prior fiscal year to €746.3 million.

This decrease in our administrative expenses was mainly due to lower depreciation, amortisation and impairment losses of €73.6 million in Fiscal 2022 as compared to €131.9 million in Fiscal 2021. Other administrative expenses included in administrative expenses also decreased to €116.9 million in Fiscal 2022 from €152.2 million in Fiscal 2021. The decrease in other administrative expenses was mainly due to higher foreign exchange gains in Fiscal 2022. The impairments losses in both periods mainly relate to right-of-use assets and other intangible assets.

As a percentage of revenue, administrative expenses decreased to 4.5% for Fiscal 2022 from 17.8% in the prior fiscal year. This decrease reflects the decrease in impairments and other administrative expenses in Fiscal 2022 as compared to Fiscal 2021.

9.5.2.5. Other income and expenses

Our other income and other expenses consist primarily of gains or losses, respectively, realised on the disposal of such assets as aircraft, buildings and investee companies.

Our other income for Fiscal 2022 decreased by €198.4 million from €250.6 million in the prior fiscal year to €52.2 million. The other income for Fiscal 2022 mainly resulted from profit from the sale of Nordotel S.A. in October 2022 and from subsequent income from the sale of Riu Hotels in the prior fiscal year. In Fiscal 2021, other income was mainly due to the profit from the sale of our 49%stake in the Riu Hotels joint venture (real estate portfolio) to a company of the Riu Group.

Our other expenses for Fiscal 2022 decreased by €9.8 million, or 85.2%, from €11.5 million in the prior fiscal year to €1.7 million. The other expenses in Fiscal 2022 resulted in particular from the loss from the sale of aircraft assets. In Fiscal 2021, other expenses included losses from the sale of aircraft assets and also included losses in connection with the disposal of companies in the TUI Group.

9.5.2.6. Impairment/reversal of impairment of financial assets

We record both impairments and reversals of impairments booked in earlier periods under impairment of financial assets. In 2020, the first year of the pandemic, a high loss allowance for expected credit losses was recognised due to the greater uncertainty regarding the business development. As the uncertainty decreased, e.g. due to the development of vaccines and due to the large government support, the high impairment loss of the previous year was partially reversed in Fiscal 2021.

With the restart of business in 2022, the receivables portfolio increased and therefore also the need for loss allowances for expected credit losses.

9.5.2.7. Financial income and financial expenses

Financial income includes bank interest income, other interest and similar income, income from the measurement of hedges, income from investments and foreign exchange gains on financial instruments.

Financial expenses include bank interest payable on loans and overdrafts, interest expenses on lease liabilities, net interest expenses from defined benefit pension plans, unwinding of discount on provisions, other interest and similar expenses, expenses relating to the measurement of hedges, expenses relating to the measurement of financial instruments and foreign exchange losses on financial instruments.

Our financial income for Fiscal 2022 increased by €8.6 million, or 31.5%, from €27.3 million in the prior fiscal year to €35.9 million.

The increase in financial income resulted primarily from an increase in interest income by 107.1% to €26.3 million as compared to €12.7 million in Fiscal 2021. This increase in financial income was partly compensated by a decrease of foreign exchange gains.

Our financial expenses for Fiscal 2022 increased by €45.4 million, or 9.8%, from €464.1 million in the prior fiscal year to €509.5 million. The increase in financial expenses resulted mainly from higher interest expenses, in particular, due to lease liabilities, accounting treatment of early repayments of the Non-Convertible Silent Participation, partial early repayment of the 2020 Bonds with Warrants and defined benefit pension plans, the unwinding of discount on provisions.

9.5.2.8. *Share of result of joint ventures and associates*

The share of result of joint ventures and associates comprises the net profit for the year attributable to our associated companies and joint ventures.

The following table shows our share of result of joint ventures and associates for the fiscal years indicated:

	Fiscal		Change	
	2021	**2022**	**Change**	
	(audited)		*(unaudited)*	
	(€ million)		(€ million)	(%)
Hotel & Resorts	(44.6)	94.0	138.6	—
Cruises	(146.7)	41.4	188.1	—
TUI Musement	(5.6)	7.5	13.1	—
Holiday Experiences	(196.9)	142.9	339.8	—
Northern Region	(38.2)	(46.2)	(8.0)	(20.9)
Central Region	2.3	3.8	1.5	—
Western Region	—	—	—	—
Markets & Airlines	(35.9)	(42.3)	(6.4)	(17.8)
All Other Segments	0.1	0.2	0.1	100.0
Total	**(232.7)**	**100.7**	**333.4**	—

Our share of result of investments accounted for using the equity method for Fiscal 2022 changed to a gain of €100.7 million from a loss of €232.7 million in the prior fiscal year.

This development was driven by the normalisation of the business following the containment of the COVID-19 pandemic.

9.5.2.9. *Impairment of net investments in Joint Ventures and associates*

Joint ventures and associates were tested for impairment as at 30 September 2022. This resulted in an impairment loss of €4.8 million, as compared to €5.0 million in Fiscal 2021, and reversals of €3.4 million, as compared to €0.0 million in Fiscal 2021, in the Hotels & Resorts segment and €0.4 million impairments as compared to €0.1 million in Fiscal 2021, and €0.2 million reversals, as compared to €0.1 million in Fiscal 2021, in the Central Region segment.

9.5.2.10. *Earnings before income taxes*

Our earnings before income taxes for Fiscal 2022 improved by €2,315.8 million, from loss of €2,461.7 million in the prior fiscal year to a loss of €145.9 million, as a result of the factors discussed above.

9.5.2.11. *Income taxes.*

Our income taxes for Fiscal 2022 increased by €47.5 million, from a tax expense of €19.2 million in the prior fiscal year to a tax expense of €66.7 million, mainly driven by charges in profitable countries.

9.5.2.12. Group loss

Our group result for Fiscal 2022 improved by €2,268.3 million, from a group loss of €2,480.9 million in the prior fiscal year to a group loss of €212.6 million, due to the factors described above.

9.5.2.13. Underlying EBIT

Our Underlying EBIT for Fiscal 2022 improved by €1,666.8 million from a loss of €2,075.5 million in the prior fiscal year to €408.7 million, with all segments achieving significantly improved results due to increased levels of operations.

The increase in Underlying EBIT was due primarily to the improvements in Underlying EBIT reported by our Holiday Experiences and Markets & Airlines business line as a result of higher numbers of customers in the wake of the easing of travel restrictions and also savings delivered through our Global Realignment Programme, as well as the improvement reported by All Other Segments, reflecting the non-recurrence of negative valuation effects in the preceding financial year and again ongoing cost savings due to measures implemented across our head office and other entities as part of our Global Realignment Programme.

In addition, results in Fiscal 2021 were negatively impacted by compensation claims and remedial action by customers amounting to €133 million and relating to the operational issues and disruptions in the airport industry caused by third party suppliers and airports due to shortages of ground handling and security staff, particularly in the UK and the Netherlands, resulting in the increase of delayed departures and flight cancellations after the strong industry recovery immediately after the COVID-19 pandemic and compounded by a tight labour market. Results were also affected by reduced depreciation of €114.4 million in Fiscal 2022, compared to Fiscal 2021, which is partially due to one off write-offs booked in Fiscal 2021.

9.6 Segmental results

In the discussion of segmental results below, we present segmental external revenue and Group revenue as well as total revenue. External revenue represents revenue generated when third parties purchase tourism services directly from one of our businesses, for example, a customer booking a cruise, or booking a room directly at one of our hotels. Group revenue represents revenue generated when one of our businesses makes holiday arrangements with other Group businesses on behalf of a customer, for example, a TUI tour operator booking a flight with one of our airlines and a hotel room at one of our destinations. The distinction between external and Group revenue is meaningful only at business line and segment level. At the consolidated level, external revenue and total revenue are identical.

9.6.1. Q1 2023 compared to Q1 2022

9.6.1.1. Holiday Experiences

The following table shows certain financial data for our Holiday Experiences business line for the three-month periods indicated:

	Q1			
	2022	2023	Change	
	(unaudited)			
	(€ million)		(€ million)	(%)
External revenue	298.8	467.5	168.7	56.5
Group revenue	117.2	238.3	121.1	103.3
Total revenue	416.0	705.8	289.8	69.7
Underlying EBIT[1]	16.7	59.2	42.5	254.5

	Q1			
	2022	2023	Change	
		(unaudited)		
	(€ million)		(€ million)	(%)
Underlying EBIT at constant currency[1]	16.7	61.7	45.0	269.8

(1) Underlying EBIT is an APM that is not recognised under IFRS or German GAAP. See Section "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.

Hotels & Resorts

The following table shows certain financial and operating data for our Hotels & Resorts segment for the three-month periods indicated:

	Q1			
	2022	2023	Change	
		(unaudited)		
	(€ million)[1]		(€ million)[1]	(%)
External revenue	198.3	210.9	12.6	6.4
Group revenue	84.5	173.8	89.3	105.7
Total revenue	282.8	384.7	101.9	36.0
Underlying EBIT[2]	61.1	71.9	10.8	17.7
Underlying EBIT at constant currency[2]	61.1	73.9	12.8	20.9
Capacity[3] ('000)	**8,595**	**8,548**	**47**	**(0.5)**
Of which:				
Riu	3,431	3,224	(207)	(6.0)
Robinson	729	825	96	13.1
Blue Diamond	1,323	1,363	40	3.0
Occupancy rate[4] (%; change in % points)	**64**	**75**	**—**	**11**
Of which:				
Riu	69	86	—	17
Robinson	63	69	—	6
Blue Diamond	74	84	—	10
Average revenue per bed[5] (€)	**72**	**86**	**14**	**19.8**
Of which:				
Riu	66	77	11	17.6
Robinson	101	101	—	—
Blue Diamond	119	151	32	27.3

(1) Except as indicated.
(2) Underlying EBIT is an APM that is not recognised under IFRS or German GAAP. See Section "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.
(3) Group-owned or -leased hotel beds multiplied by opening days per quarter.
(4) Occupied beds divided by capacity.
(5) Arrangement revenue divided by occupied beds.

Our Hotels & Resorts segment recorded underlying EBIT of €73.9 million, up €12.8 million, improving year-on-year at constant currency (Q1 2022: €61.1 million). Results were supported by good operational performances across the hotels businesses with higher occupancies and rates in a stronger trading environment leading to higher results especially in the Caribbean, Cape Verde and Türkiye.

As of 31 December 2022, 236 hotels were in operation (66% of the 357 Group hotel portfolio) increasing from 59% of the 356 hotels at 31 December 2021. Given the usual seasonal nature of our business, some of our short-haul Mediterranean destinations close for the Winter. As a result we operated 8.5 million available bednights (capacity) in the quarter, slightly down on 1% in Q1 2022 due to a number of hotel renovations.

The overall occupancy rate for the segment increased 11 percentage points year-on-year to 75%, driven in particular by the Caribbean and Spanish destinations. Our hotels across the Caribbean delivered average occupancy rates of 87%, with Mexico being the most popular destination achieving 94% average occupancy in the first quarter. Our hotels in the Canaries also saw high demand during this winter period, achieving average occupancy of 82%. Other popular destinations in the quarter were Türkiye, Egypt and Cape Verde.

In Q1 2023 average daily rate in our Hotels & Resorts segment increased overall by 20% year-on-year to €86 with rates increasing in particular in the Caribbean. Riu's average daily rate increased 18% to €77 (Q1 2022: €66) and Blue Diamond average daily rate increased 27% to €151 (Q1 2022: €119). Robinson achieved an average rate of €101, in line with prior year (Q1 2022: €101).

Occupancy at Riu increased 17 percentage points to 86% (in Q1 2022: 69%). The average daily rate increased by 18% to €77 (Q1 2022: €66) as a result of the easing of travel restrictions which were still in place in Q1 2022 and accordingly a stronger trading environment in Q1 2023. Riu recorded underlying EBIT earnings of €60.3 million, down €1.8 million year-on-year at constant currency from €62.1 million in Q1 2022. The positive development of the revenues were offset by negative valuation effects resulting from changes in the USD-EUR exchange rates.

Robinson occupancy increased 6 percentage points to 69% (in Q1 2022: 63%) with average rate of 0% to €101 (Q1 2022: €101). The Q1 2022 underlying EBIT earnings were €7.3 million, up €5.9 million year-on-year at constant currency from of €1.4 million in Q1 2022, reflecting the improved business.

Blue Diamond occupancy increased ten percentage points with average rate up 27.3% including foreign exchange effects to €151 (in Q1 2022: €119). The Q1 2023 underlying EBIT earnings were €4.4 million, down €0.4 million year-on-year at constant currency from €4.8 million in Q1 2022.

The Q1 2023 underlying EBIT earnings of our other hotel brands was €1.8 million, up €9.0 million year-on-year at constant currency from -€7.2 million in Q1 2022, mainly attributable to the restriction free travel environment across our multiple destinations versus the prior year.

Cruises

The following table shows certain financial and operating data for our Cruises segment for three-month periods indicated:

	Q1		Change	
	2022	**2023**		
		(unaudited)		
	(€ million)[1]		(€ million)[1]	(%)
External revenue[2]	34.2	115.2	81.0	236.8
Group revenue	—	—	—	—
Total revenue	34.2	115.2	81.0	236.8
Underlying EBIT[3]	(31.7)	0.2	31.9	—
Underlying EBIT at constant currency[3]	(31.7)	0.0	31.7	—
Occupancy (%; change in % points):				

	Q1			
	2022	**2023**	**Change**	
	(unaudited)			
	(€ million)[1]		(€ million)[1]	(%)
TUI Cruises	53	88	—	35
Hapag-Lloyd Cruises....................	50	65	—	15
Marella Cruises	48	91	—	43
Available passenger cruise days[4] (‘000):				
TUI Cruises	1,300	1,623	323.0	24.8
Hapag-Lloyd Cruises....................	148	148	—	—
Marella Cruises	378	607	229.0	60.7
Average daily rates:				
TUI Cruises[5] (€)............................	155	139	16	(10.4)
Hapag-Lloyd Cruises[5] (€)	624	669	45	7.1
Marella Cruises[6] (£)......................	142	157	16	10.7

(1) Except as indicated.

(2) No revenue is carried for TUI Cruises and Hapag-Lloyd Cruises as the joint venture is consolidated at equity.

(3) Underlying EBIT is an APM that is not recognised under IFRS or German GAAP. See Section “*2.5. General Information—Presentation of financial information—Alternative performance measures*” for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.

(4) Number of operating days multiplied by berths available on the operated ships. This key figure has changed compared to previous periods. Available passenger cruise days increased in Q1 2023 as we return to a restriction free travel environment and are back to operating a full fleet of 16 ships.

(5) Ticket revenue divided by achieved passenger cruise days.

(6) Revenue (inclusive of transfers, flights and hotels due to the integrated nature of Marella Cruises) divided by achieved passenger cruise days.

The segment operated a full fleet of 16 ships in Q1 2023 (Q1 2022: 14 ships operated due to a more restrictive travel environment). TUI Cruises Q1 2023 underlying EBIT earnings of €0.0 million represents an underlying EBIT increase of €31.7 million versus Q1 2022 at constant currency with both TUI Cruises and Marella contributing to the positive development and highlight the continued improvement across all brands supported by higher volumes as well as improved occupancies.

Mein Schiff – Mein Schiff operated their full fleet of seven ships in Q1 2023 against six ships in the Q1 2022, offering itineraries to the Canaries, the Caribbean and around the world with Asian itineraries resuming in the quarter for the first time since the COVID-19 pandemic. Occupancy of the operated fleet in Q1 2023 was 88% as a result (Q1 2022: 53%) demonstrating the strong demand for our German language, premium all-inclusive product. At €139, the average daily rate in Q1 2023 was close to pre-pandemic levels (Q1 2019: 149€) but 10% lower versus prior year (Q1 2022: €155) due to a higher mix of premium cabins with overall lower occupancies and capacity in the prior year.

Hapag-Lloyd Cruises – Hapag-Lloyd Cruises, our luxury and expeditions brand, operated itineraries around the world as well as voyages to Antarctica with, as in Q1 2022, their full fleet of five ships in Q1 2023. Q1 2023 average daily rate was €669, well above pre-pandemic levels (Q1 2019: €591), an increase of 7% on prior year (Q1 2022: €624). Q1 2023 occupancy of the fleet was 65% (Q1 2022: 50%), underlining the increased demand for these cruises.

Marella Cruises – Marella Cruises, with all four ships in operation in Q1 2023 against three in Q1 2022, our UK cruise brand, offered itineraries to the Caribbean and the Canaries. The business achieved an average daily rate of £157 up 10.7% (Q1 2022: £142) and above the pre-pandemic level of £137 with occupancy at 91%, versus a previous Q1 2022 of 48% supported by an improved trading environment.

TUI Musement

The following table shows certain financial data for our TUI Musement segment for the three-month periods indicated:

	Q1			
	2022	**2023**	**Change**	
		(unaudited)		
	(€ million)		(€ million)	(%)
External revenue	66.3	141.4	75.1	113.3
Group revenue	33.9	64.6	30.7	90.6
Total revenue	100.2	206.0	105.8	105.6
Underlying EBIT[1]	(12.7)	(13.0)	(0.3)	(2.4)
Underlying EBIT at constant currency[1]	(12.7)	(12.2)	0.5	3.9

(1) Underlying EBIT is an APM that is not recognised under IFRS or German GAAP. See Section "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.

TUI Musement provided 5.0 million transfers to guests in their destinations against 3.3 million in the same quarter last year in line with the recovery to a more normalised trading environment across our global destinations. In addition, 1.7 million experiences were sold, up 0.7 million year-on-year (Q1 2022: 1.1 million).

TUI Musement's underlying EBIT loss of €12.2 million in Q1 2023 represents an underlying EBIT improvement at constant currency of €0.5 million versus Q1 2022, due to investment in particular in the B2C distribution channel. We continued to accelerate and enhance our digital transformation at TUI Musement to drive the customer experience throughout all channels, providing support and expertise in resort both in person and through our dedicated TUI App.

9.6.1.2. *Markets & Airlines*

The following table shows certain financial data for our Markets & Airlines business line for the three-month periods indicated:

	Q1			
	2022	**2023**	**Change**	
		(unaudited)		
	(€ million)[1]		(€ million)[1]	(%)
External revenue	2,053.4	3,229.1	1,175.7	57.3
Group revenue	1.8	6.6	4.8	266.7
Total revenue	2,055.2	3,235.7	1,180.5	57.4
Underlying EBIT[2]	(259.0)	(193.9)	65.1	25.1
Underlying EBIT at constant currency[2]	(259.0)	(204.3)	54.7	21.1
Direct distribution mix[3] (in %, change in % points)	75	75	—	—
Online mix[4] (in %, change in % points)	52	52	—	—
Customers ('000)	2,255	3,293	1,038	46.0

(1) Except as indicated.

(2) Underlying EBIT is an APM that is not recognised under IFRS or German GAAP. See Section "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.

(3) Share of sales via own channels (retail and online).
(4) Share of online sales.

Our Markets & Airlines business made a Q1 2023 underlying EBIT loss of €204.3 million, an improvement of €54.7 million, or 21.1%, year-on-year at constant currency. The results were supported by higher prices and also reflect a restriction free trading environment year-on-year with good demand for our wide and varied product offering. The overall market continued to be influenced by uncertainties resulting in inflationary pressures especially on energy as well as exchange rate volatility. As a consequence, short-term bookings continued to make up a higher proportion of overall bookings. Traditional short- and medium-haul destinations such as the Canaries and Egypt were again popular destinations for our customers, with long-haul destinations such as Mexico and the Dominican Republic also in demand.

A total of 3,293 thousand customers departed in Q1 2023, an increase of 1,038 thousand customers as compared to Q1 2022. Capacity operated was 86% of Q1 2019 levels, with an average load factor achieved of 85% for Q1 2023 (Q1 2019: 83%).

Northern Region

The following table shows certain financial and operating data for our Northern Region segment for the three-month periods indicated:

	Q1		Change	
	2022	2023		
	(unaudited)			
	(€ million)[1]		(€ million)[1]	(%)
External revenue	652.2	1,343.1	690.9	105.9
Group revenue	76.3	86.6	10.3	13.5
Total revenue	728.5	1,429.7	701.2	96.3
Underlying EBIT[2]	(171.7)	(122.0)	49.7	29.0
Underlying EBIT at constant currency[2]	(171.7)	(129.3)	42.4	24.7
Direct distribution mix[3] (in %, change in % points)	94	93	1.0	(1)
Online mix[4] (in %, change in % points)	73	68	5	(5)
Customers ('000)	665	1,208	543	81.8

(1) Except as indicated.
(2) Underlying EBIT is an APM that is not recognised under IFRS or German GAAP. See Section "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.
(3) Share of sales via own channels (retail and online).
(4) Share of online sales.

The Northern Region had an underlying EBIT loss of €129.3 million in Q1 2023, down €42.4 million versus Q1 2022 at constant currency (Q1 2022: €171.7 million), with both the UK and Nordic generating higher results, supported by a more normalised operating environment. This was offset to an extent by disruption costs due to winter storm Elliot in North America impacting the key winter business in Canada.

In Q1 2023 customer volumes increased to 1,208 thousand versus 665 thousand customers in Q1 2022 underlining the market recovery. Online distribution continued to be strong at 68% in Q1 2023, which was down 5 percentage points against prior year (Q1 2022: 73%) but slightly ahead of pre-pandemic levels (Q1 2019: 67%). The comparison against last year is however limited due to lower volumes and longer retail shop closures due to the COVID-19 pandemic-related restrictions last year. Direct distribution was at 93% in Q1 2023 broadly in line with prior year (Q1 2022: 94%) and at pre-pandemic levels (Q1 2019: 93%).

Central Region

The following table shows certain financial and operating data for our Central Region segment for the three-month periods indicated:

	Q1			
	2022	**2023**	**Change**	
	(unaudited)			
	(€ million)[1]		(€ million)[1]	(%)
External revenue	985.1	1,351.1	366.0	37.2
Group revenue	18.8	21.2	2.4	12.8
Total revenue	1,003.9	1,372.3	368.4	36.7
Underlying EBIT[2]	(55.0)	(28.3)	26.7	48.6
Underlying EBIT at constant currency[2]	(55.0)	(29.7)	25.3	46.0
Direct distribution mix[3] (in %, change in % points)	56	54	—	(2)
Online mix[4] (in %, change in % points)	30	28	—	(2)
Customers ('000)	917	1,222	305	33.2

(1) Except as indicated.

(2) Underlying EBIT is an APM that is not recognised under IFRS or German GAAP. See Section "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.

(3) Share of sales via own channels (retail and online).

(4) Share of online sales.

The Central Region recorded a significant improvement of its underlying EBIT loss, amounting to €29.7 million in Q1 2023, up €25.3 million versus Q1 2022 at constant currency (in Q1 2022: a loss of €55.0 million), which represents an increase of 46.2% and a return to above pre-pandemic levels. The significant improvement was driven in particular by a strong operational performance in the key source market and a return to a more normalised trading environment.

Customer volume increased by 33.2% to 1,222 thousand in Q1 2023 versus prior year (Q1 2022: 917 thousand) in line with the easing of travel restrictions due to COVID-19. Online distribution for Central Region was 28% in Q1 2023, down 2 percentage points against the prior year due to lower volumes and longer retail shop closures due to the COVID-19 pandemic related restrictions last year. Against pre-pandemic levels, online distribution was up by 7 percentage points in Q1 2023 (Q1 2019: 21%) emphasising the significant development of our online offering in this region in line with consumer demand for this channel. Direct distribution was down 2 percentage points to 54% against Q1 2022 of 56% but slightly ahead versus pre-pandemic levels (Q1 2019: 53%).

Western Region

The following table shows certain financial and operating data for our Western Region segment for the three-month periods indicated:

	Q1			
	2022	**2023**	**Change**	
	(unaudited)			
	(€ million)[1]		(€ million)[1]	(%)
External revenue	416.1	534.9	118.8	28.6
Group revenue	35.1	37.6	2.5	7.1
Total revenue	451.2	572.5	121.3	26.9
Underlying EBIT[2]	(32.4)	(43.7)	(11.3)	(34.9)

	Q1			
	2022	**2023**	**Change**	
		(unaudited)		
	(€ million)[1]		(€ million)[1]	(%)
Underlying EBIT at constant currency[2]	(32.4)	(45.4)	(13.0)	(40.2)
Direct distribution mix[3] (in %, change in % points)	82	79	—	(3)
Online mix[4] (in %, change in % points)	63	62	—	(1)
Customers ('000)	673	863	190	28.2

(1) Except as indicated.

(2) Underlying EBIT is an APM that is not recognised under IFRS or German GAAP. See Section "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.

(3) Share of sales via own channels (retail and online).

(4) Share of online sales.

The Western Region had an underlying EBIT loss of €45.4 million in Q1 2023, down €13.0 million versus Q1 2022 at constant currency (in Q1 2022: a loss of €32.4 million), which represents a decrease of 38.5%. Despite improving volumes in the region year-on-year, results in the Netherlands were impacted by a softer trading environment due to summer flight disruptions in Schiphol.

Customer volumes increased by 28.2% to 863 thousand guests year-on-year (Q1 2022: 673 thousand). Online distribution for the region stood at 62%, 1 percentage point below prior year but up 3 percentage points versus pre-pandemic levels (Q1 2019: 59%). Direct distribution was down 3 percentage points to 79% versus last year (Q1 2022: 82%) but up 3 percentage points against pre-pandemic levels (Q1 2019: 76%).

9.6.1.3. All Other Segments

The following table shows certain financial data for All Other Segments for the three-month periods indicated:

	Q1			
	2022	**2023**	**Change**	
		(unaudited)		
	(€ million)		(€ million)	(%)
External revenue	17.0	53.8	36.8	216.5
Group revenue	0.8	1.5	0.7	87.5
Total revenue	17.8	55.3	37.5	210.7
Underlying EBIT[1]	(31.3)	(18.3)	13.0	41.5
Underlying EBIT at constant currency[1]	(31.3)	(18.3)	13.0	41.5

(1) Underlying EBIT is an APM that is not recognised under IFRS or German GAAP. See Section "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.

The underlying EBIT loss for All Other Segments was €18.3 million in Q1 2023, up by €13.0 million, or 40.1%, from a loss of €31.3 million in Q1 2022 at constant currency, supported by cost savings across the segment

9.6.2. Fiscal 2022 compared to Fiscal 2021

9.6.2.1. Holiday Experiences

The following table shows certain financial data for our Holiday Experiences business line for the fiscal years indicated:

	Fiscal 2021	Fiscal 2022	Change (unaudited)	
	(audited, except otherwise noted)			
	(€ million)		(€ million)	(%)
External revenue	584.1	1,654.9	1,070.8	183.3
Group revenue	283.8	978.4	694.6	244.7
Total revenue	867.9	2,633.3	1,765.4	203.4
Share of result of joint ventures and associates	(196.9)	142.9	339.8	—
Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets, property, plant and equipment, right-of-use assets and investments	314.1	294.0	(20.1)	(6.4)
Of which:				
Impairment of intangible assets and property, plant, equipment and right-of-use assets	56.7	62.0	5.3	9.3
Amortisation / depreciation of intangible assets and property, plant, equipment and right-of-use assets	288.5	277.8	(10.7)	(3.7)
Underlying EBIT[1]	(535.4)	504.6	1,040.0	—
Underlying EBIT at constant currency[2]	(535.4)	491.0	1,026.4	—

(1) Underlying EBIT is an APM that is not recognised under IFRS or German GAAP. See Section "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.

(2) Unaudited.

Hotels & Resorts

The following table shows certain financial and operating data for our Hotels & Resorts segment for the fiscal years indicated:

	Fiscal 2021	Fiscal 2022	Change (unaudited)	
	(audited, except otherwise noted)			
	(€ million)[1]		(€ million)[1]	(%)
External revenue	440.5	806.2	365.7	83.0
Group revenue	226.2	693.4	467.2	206.5
Total revenue	666.7	1,499.6	832.9	124.9
Share of result of joint ventures and associates	(44.6)	94.0	138.6	—
Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets, property, plant and equipment, right-of-use assets and investments	217.8	206.8	(11.0)	(5.0)
Of which:				

	Fiscal 2021	Fiscal 2022	Change	
	(audited, except otherwise noted)		*(unaudited)*	
	(€ million)[1]		(€ million)[1]	(%)
Impairment of intangible assets, property, plant and equipment and right-of-use assets	56.6	60.8	4.2	7.4
Reversal of impairment losses on intangible assets and property, plant, equipment and right-of-use assets	30.9	30.7	(0.2)	(0.6)
Amortisation / depreciation of intangible assets, property, plant and equipment and right-of-use assets	192.3	176.7	(15.6)	(8.1)
Underlying EBIT[2]	(152.7)	480.6	633.3	—
Underlying EBIT at constant currency[2,6]	(152.7)	464.4	617.1	—
Capacity[3,6] ('000)	**27,070**	**37,761**	**10,691**	**39.5**
Of which:				
Riu	10,604	13,490	2,886	27.2
Robinson	2,289	3,582	1,293	56.5
Blue Diamond	4,671	5,432	761	16.3
Occupancy rate[4,6] (%; change in % points)	**53**	**76**	**—**	**23**
Of which:				
Riu	55	82	—	27
Robinson	58	66	—	8
Blue Diamond	51	79	—	28
Average revenue per bed[5,6] (€)	**70**	**77**	**7**	**10.7**
Of which:				
Riu	59	69	10	16.8
Robinson	103	103	—	0.2
Blue Diamond	104	137	33	32.3

(1) Except as indicated.
(2) Underlying EBIT is an APM that is not recognised under IFRS or German GAAP. See Section "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.
(3) Group-owned or -leased hotel beds multiplied by opening days per quarter.
(4) Occupied beds divided by capacity.
(5) Arrangement revenue divided by occupied beds.
(6) Unaudited.

Our Hotels & Resorts segment generated an underlying EBIT at constant currency of €464.4 million in Fiscal 2022, as compared to an underlying EBIT loss of €152.7 million in the prior year.

We were able to gradually reopen our portfolio of hotels in numerous different destinations during Fiscal 2022 after the respective travel restrictions around the world were gradually lifted. At the same time, due to our high proportion of direct sales, we were able to control the customer volume in our own hotels and expand our sales through third-party sales channels. As at 30 September 2022, approximately 97% of our 353 group hotels were operating (Fiscal 2021: 92% of our 359 group hotels). This reflects the normalisation of the booking environment once the impact of the pandemic subsided in source markets and destinations. In the 2022 summer season we were able to offer our guests our complete portfolio for the first time since summer 2019. Important destinations were Spain, Greece and Türkiye. Our year-round destinations such as the Canary Islands and the Caribbean also saw strong demand.

Capacity increased by 39.5% year-on-year due to the factors described above. Occupancy (based on the open hotels) was 76% (Fiscal 2021: 53%). At €77 (Fiscal 2021: €70), the average revenue per bed rose by 10.7% in Fiscal 2022 and was therefore also above the pre-pandemic level.

Occupancy at Riu increased 27 percentage points to 82% (Fiscal 2021: 55%), reflecting the overall recovery and strong demand for travel. Average revenue per bed increased by 16.8% to €69 (Fiscal 2021: €59). Riu was able to generate an underlying EBIT at constant currency of €294.8 million for the full year (up €337.3 million year-on-year at constant currency), due to the underlying EBIT achieved in the core markets Caribic and Spain.

Robinson occupancy increased eight percentage points to 66% (Fiscal 2021: 58%) with no change in average revenue per bed, which amounted to €103 as in Fiscal 2021. Full-year underlying EBIT gains were at constant currency were €52.2 million, up €58.4 million year-on-year at constant currency, reflecting the overall recovery and strong demand for travel.

Blue Diamond occupancy increased 28 percentage points to 79% (Fiscal 2021: 51%) with average revenue per bed up 32.3% including foreign exchange effects to €137 (Fiscal 2021: €104). This increase was driven by stronger demand for our assets in the Dominican Republic and Mexico. Full-year underlying EBIT gains at constant currency were €44.9 million, up €77.5 million year-on-year, reflecting the overall recovery and strong demand for travel.

Our Other hotel brands saw a full-year underlying EBIT gain of €72.6 million at constant currency, up €144.0 million year-on-year. Our other hotel brands benefited from stronger results from our hotels in Türkiye and Spain as destinations reopened and demand recovered from the pandemic.

Cruises

The following table shows certain financial and operating data for our Cruises segment for the fiscal years indicated:

	Fiscal			
	2021	**2022**	**Change**	
	(audited, except otherwise noted)		*(unaudited)*	
	(€ million)[1]		(€ million)[1]	(%)
External revenue	27.0	331.5	304.5	—
Group revenue	0.0	0.0	—	—
Total revenue[2]	27.0	331.5	304.5	—
Share of result of joint ventures and associates	(146.7)	41.4	188.1	—
Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets, property, plant and equipment, right-of-use assets and investments	63.4	54.6	(6.4)	(10.1)
Of which:				
Impairment of intangible assets, property, plant and equipment and right-of-use assets	—	—	—	—
Reversal of impairment losses on intangible assets and property,	—	15.2	15.2	—

	Fiscal		Change	
	2021	2022		
	(audited, except otherwise noted)		(unaudited)	
	(€ million)[1]		(€ million)[1]	(%)
plant, equipment and right-of-use assets..				
Amortisation / depreciation of intangible assets, property, plant and equipment and right-of-use assets..	63.4	69.8	(8.8)	(13.8)
Underlying EBIT[3]..........................	(277.5)	0.8	278.3	—
Underlying EBIT at constant currency[3,6]...................................	(277.5)	4.9	282.4	—
Occupancy[6] (%; change in % points):				
Mein Schiff	41	69	—	28
Marella Cruises	39	70	—	31
Hapag-Lloyd Cruises.....................	45	58	—	13
Passenger days[6] ('000):				
Mein Schiff	1,227	3,874	2,647	215.7
Marella Cruises	153	1,452	1,299	849.0
Hapag-Lloyd Cruises.....................	114	307	193	170.4
Average daily rates[4,6]:				
Mein Schiff (€)..............................	132	178	46	34.8
Marella Cruises[5] (£)......................	124	164	40	32.1
Hapag-Lloyd Cruises (€)	231	653	139	182.7

(1) Except as indicated.
(2) Excludes revenue generated by Mein Schiff, which is a joint venture accounted for at equity. The figures shown include revenue generated by our former subsidiary Hapag-Lloyd Cruises prior to our July 2019 transfer of Hapag-Lloyd Cruises to Mein Schiff.
(3) Underlying EBIT is an APM that is not recognised under IFRS or German GAAP. See Section "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.
(4) Per day and passenger.
(5) Inclusive of transfers, flights and hotels due to the integrated nature of Marella Cruises.
(6) Unaudited.

TUI Cruises' underlying EBIT at constant currency amounted to €4.9 million in Fiscal 2022, as compared to an underlying EBIT loss of €277.5 million at constant currency in the prior year. For the first time since the outbreak of the COVID-19 pandemic, the segment achieved a positive half-year result in the second half of Fiscal 2022. The occupancy rate increased year-over-year, ranging between 58% and 70% for our cruise brands in Fiscal 2022, as compared to 39% to 45% in Fiscal 2021, while daily rates reached 2019 levels due to the normalisation of the booking environment.

After the Omicron-related restrictions in the winter months, our cruise segment resumed full operations at the beginning of April 2022. The entire fleet of the three brands was in action with 16 ships. Mein Schiff and Hapag-Lloyd Cruises, our two German cruise brands, which together form our joint venture TUI Cruises, offered itineraries in the Mediterranean, Northern Europe and around the world with its fleet of twelve ships. Marella sailed routes in the Mediterranean with its fleet of four ships.

The Mein Schiff average daily rate of €178 was up 34.8%, as compared to €132 in Fiscal 2021, reflecting the recovery of demand with a short-term booking trend very evident. The occupancy rate was 69%, an increase of 28 percentage points compared to 41% in the previous year. This reflected the return of demand to normalised pre-pandemic levels with a strong trend towards short-term bookings. After the easing of Omicron-related restrictions, the brand was able to operate all seven ships of its fleet from April 2022.

At €653, the average daily rate of Hapag-Lloyd Cruises, our luxury and expedition brand, was up 182.7% from €231 in Fiscal 2021. Occupancy of 58% increased by 13.0 percentage points from 45% in Fiscal 2021. This development is due to the same factors as are presented above for Mein Schiff. After a reduced number of routes in the winter season due to Omicron-related restrictions, all five ships in the fleet were in operation from March 2022.

Marella Cruises, our UK cruise brand, also operated only a reduced program in winter. As from the third quarter 2022, all four vessels were in operation. The average daily rate was £164, up 32.1% year-on-year from £124 in the previous year. The occupancy rate was 70%, an increase of 31 percentage points compared to 39% in the previous year. In Fiscal 2021, the brand had completely suspended its business operations during the first nine months of the financial year in line with the UK government's travel advice. Full-year underlying EBIT loss at constant currency was €36.5 million, up €94.3 million year-on-year, reflecting the restart in Fiscal 2022 after a virtual standstill in Fiscal 2021.

TUI Musement

The following table shows certain financial data for our TUI Musement segment for the fiscal years indicated:

	Fiscal			
	2021	**2022**	**Change**	
	(audited, except otherwise noted)		*(unaudited)*	
	(€ million)		(€ million)	(%)
External revenue	116.7	517.2	400.5	343.2
Group revenue	61.6	288.5	226.9	368.3
Total revenue	178.3	805.7	627.4	351.8
Share of result of joint ventures and associates	(5.6)	7.5	13.1	—
Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets, property, plant and equipment, right-of-use assets and investments	32.9	32.6	0.3	(0.9)
Of which:				
Impairment of intangible assets, property, plant and equipment and right-of-use assets	0.2	1.2	1.0	—
Reversal of impairment losses on intangible assets and property, plant, equipment and right-of-use assets	0.1	—	—	—
Amortisation / depreciation of intangible assets, property, plant and equipment and right-of-use assets	32.9	31.3	(1.6)	(4.9)
Underlying EBIT[1]	(105.3)	23.2	128.5	—
Underlying EBIT at constant currency[1,2]	(105.3)	21.7	127.0	—

(1) Underlying EBIT is an APM that is not recognised under IFRS or German GAAP. See Section "*2.5. General Information—Presentation of financial information—Alternative performance*

measures" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.

(2) Unaudited.

TUI Musement's underlying EBIT at constant currency of €21.7 million in Fiscal 2022 represents an underlying EBIT increase of €127.0 million versus the prior fiscal year (underlying EBIT loss of €105.3 million at constant currency), reflecting the recovery and normalisation of travel conditions towards pre-pandemic levels in our global destinations. The increase reflects the breadth of our product offering in popular cities as well as traditional beach holiday destinations. In doing so, we benefited from the advantage of our integrated business model and the growth of third-party distribution via our Musement platform.

As the COVID-19 pandemic related restrictions were lifted, TUI Musement benefited from increased guest transfers due to higher number of tour operator customers, as well as the sale of 7.0 million tours and activities during Fiscal 2022. This was an increase of 5.5 million from the 1.5 million tours and activities sold in Fiscal 2021, showing the significant expansion of this business.

9.6.2.2. Markets & Airlines

The following table shows certain financial data for our Markets & Airlines business line for the fiscal years indicated:

	Fiscal 2021	Fiscal 2022	Change	
	(audited, except otherwise noted)		*(unaudited)*	
	(€ million)[1]		(€ million)[1]	(%)
External revenue	4,106.7	14,806.3	10,699.6	260.5
Group revenue	3.6	19.6	16.0	444.4
Total revenue	4,110.3	14,825.9	10,715.6	260.7
Share of result of joint ventures and associates	(35.9)	(42.3)	(6.4)	(17.8)
Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets, property, plant and equipment, right-of-use assets and investments	655.9	577.6	(78.3)	(11.9)
Of which:				
Impairment of intangible assets, property, plant and equipment and right-of-use assets	62.3	4.9	(57.4)	(92.1)
Reversal of impairment losses on intangible assets and property, plant, equipment and right-of-use assets	6.0	4.4	(1.6)	(26.7)
Amortisation / depreciation of intangible assets, property, plant and equipment and right-of-use assets	599.6	577.1	(22.5)	(3.8)
Underlying EBIT[2]	(1,470.9)	(45.3)	1,425.6	96.9
Underlying EBIT at constant currency[2,5]	(1,470.9)	(42.5)	1,428.4	97.1
Direct distribution mix[3,5] (in %, change in % points)	72	77	—	4
Online mix[4,5] (in %, change in % points)	50	54	—	4
Customers[5] ('000)	**5,361**	**16,730**	**11,369**	**212.1**

(1) Except as indicated.

(2) Underlying EBIT is an APM that is not recognised under IFRS or German GAAP. See Section "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.
(3) Share of sales via own channels (retail and online).
(4) Share of online sales.
(5) Unaudited.

Our Markets & Airlines business generated an underlying EBIT loss at constant currency of €42.5 million in Fiscal 2022, which corresponds to a loss of €1,428.4 million year-on-year as compared to underlying EBIT loss at constant currency of €1,470.9 million in Fiscal 2021 at constant currency. This is particularly due to the normalisation of the booking environment in the travel industry towards pre-pandemic levels in Fiscal 2022, reflecting significant pent-up demand for travel. The proportion of late bookers in total bookings remained high. As a result, the impact of the operational flight disruptions experienced in the 2022 summer season as well as the savings from our Global Realignment Programme have all been reflected in our Fiscal 2022 results.

A total of 16,730 thousand guests travelled with us in Fiscal 2022. This was an increase of 212.1% compared to 5,361 thousand the previous year. This reflected the easing of COVID-19 related government restrictions in many of our key source markets, particularly in the second half of the financial year.

As COVID-19 pandemic-related restrictions were eased, the Markets & Airlines segment experienced significant flight disruptions, particularly in the UK. The unprecedented restart of business operations in the industry following the COVID-19 pandemic, combined with the tight situation in the labour market, has resulted in the aviation industry facing significant operational problems and disruptions, leading to an increase in delayed departures and flight cancellations. This was mostly caused by third party operators and airports due to a shortage of ground handling and security staff. There were also cancellations of flights operated by third-party airlines and delays in maintenance by third-party providers. As a result, our additional costs for flight disruptions amounted to €133 million in Fiscal 2022. This was primarily due to a significant increase in UK flight delays (for flights delayed more than three hours) giving rise to compensation claims, as well as costs associated with remedial actions. We immediately took various measures to improve the stability of our flight operations and the customer experience. This includes doubling our standby aircraft, actively managing third-party suppliers and increasing our staff at key customer touchpoints. Disruptions to flight operations were at an elevated level in the 2022 summer season, but returned towards a normal level towards the end of the financial year. We continue to strive to minimize any negative impact on our guests when conducting our programs. Even at the height of the disruptions in May and June 2022, TUI Airline carried 4.8 million passengers (round trips) and, despite operational problems at the airports, brought 96% of all passengers without major impact (with less than 3 hours delay in landing) to your holiday destination and back. Cancellations are rare compared to other airlines, with less than 200 outbound flights cancelled in May and June 2022, representing significantly less than 1% of the summer programme.

Popular summer travel destinations for our guests in Fiscal 2022 were short-haul destinations such as Greece, Türkiye, the Balearic Islands and the Canary Islands. Typical long-haul destinations such as Mexico and the Dominican Republic also saw higher demand than before the pandemic.

Northern Region

The following table shows certain financial and operating data for our Northern Region segment for the fiscal years indicated:

	Fiscal 2021	Fiscal 2022	Change	
	(audited, except otherwise noted)		(unaudited)	
	(€ million)[1]		(€ million)[1]	(%)
External revenue	807.7	6,320.2	5,512.5	—
Group revenue	273.8	327.8	54.0	19.7
Total revenue	1,081.5	6,648.0	5,566.5	—
Share of result of joint ventures and associates	(38.2)	(46.2)	(8.0)	(20.9)
Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets, property, plant and equipment, right-of-use assets and investments	363.6	328.1	(35.5)	(9.8)
Of which:				
Impairment of intangible assets, property, plant and equipment and right-of-use assets	37.5	4.1	(33.4)	(89.1)
Reversal of impairment losses on intangible assets and property, plant, equipment and right-of-use assets	2.5	3.6	1.1	44
Amortisation / depreciation of intangible assets, property, plant and equipment and right-of-use assets	328.5	327.6	(0.9)	(0.3)
Underlying EBIT[2]	(965.8)	(101.6)	864.2	89.5
Underlying EBIT at constant currency[2,5]	(965.8)	(90.8)	875.0	90.6
Direct distribution mix[3,5] (in %, change in % points)	94	94	—	—
Online mix[4,5] (in %, change in % points)	74	71	—	(4)
Customers[5] ('000)	826	6,475	5,648	683.5

(1) Except as indicated.
(2) Underlying EBIT is an APM that is not recognised under IFRS or German GAAP. See Section "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.
(3) Share of sales via own channels (retail and online).
(4) Share of online sales.
(5) Unaudited.

The Northern Region reported an underlying EBIT loss at constant currency of €90.8 million in Fiscal 2022, reflecting a loss compared to the prior fiscal year at constant currency (Fiscal 2021: underlying EBIT loss of €965.8 million), as we were again able to offer a comprehensive product portfolio after the COVID-pandemic related restrictions of the previous year have been lifted. The improved result was partly offset by the aforementioned flight disruptions at airports in the 2022 summer season. The remedial actions we have taken included in particular the cancellation of departures from Manchester in June to limit the impact on our guests.

Full-year customer volume increased by 5,648 thousand from 826 thousand in Fiscal 2021 to 6,475 thousand in Fiscal 2022. This was due to the easing of COVID-19 pandemic related restrictions. In the UK in particular, demand recovered and almost returned to pre-pandemic levels. Online sales in the region continued to account for a high proportion of trips sold (71%).

This was down three percentage points from the prior-year figure of 74%, but was four percentage points higher than pre-pandemic levels of 67% in Fiscal 2019. At 94%, direct sales were at the same level as in the previous year and before the pandemic.

Our Global Realignment Programme delivered additional savings in the Northern Region, mainly through cost efficiencies across the business including the reduction of our distribution cost base and airline rightsizing.

Central Region

The following table shows certain financial and operating data for our Central Region segment for the fiscal years indicated:

	Fiscal		Change	
	2021	2022		
	(audited, except otherwise noted)		*(unaudited)*	
	(€ million)[1]		(€ million)[1]	(%)
External revenue	2,322.9	5,773.5	3,450.6	148.5
Group revenue	84.0	83.7	0.3	0.4
Total revenue	2,406.9	5,857.2	3,450.3	143.4
Share of result of joint ventures and associates	2.3	3.8	1.5	65.2
Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets, property, plant and equipment, right-of-use assets and investments	133.4	104.9	(28.5)	(21.4)
Of which:				
Impairment of intangible assets, property, plant and equipment and right-of-use assets	6.4	0.8	(5.6)	(87.5)
Reversal of impairment losses on intangible assets and property, plant, equipment and right-of-use assets	—	0.8	0.8	—
Amortisation / depreciation of intangible assets, property, plant and equipment and right-of-use assets	127.2	104.8	(22.4)	(17.6)
Underlying EBIT[2]	(328.6)	87.8	416.4	—
Underlying EBIT at constant currency[2,5]	(328.6)	84.0	412.6	—
Direct distribution mix[3,5] (in %, change in % points)	61	57	—	(4)
Online mix[4,5] (in %, change in % points)	34	30	—	(4)
Customers[5] ('000)	2,673	5,873	3,200	119.7

(1) Except as indicated.

(2) Underlying EBIT is an APM that is not recognised under IFRS or German GAAP. See Section "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.

(3) Share of sales via own channels (retail and online).

(4) Share of online sales.

(5) Unaudited.

The Central Region had an underlying EBIT at constant currency of €84.0 million in Fiscal 2022, an improvement of €412.6 million versus the prior fiscal year (Fiscal 2021: underlying EBIT loss of €328.6 million). This change was due to the easing of travel restrictions in the EU, which allowed many of our guests, particularly from Germany, to travel internationally again by the summer of 2022. The result includes government compensation of around €50 million for lost business due to the COVID-19 pandemic and also reflects the cost savings achieved through our Global Realignment Programme. The Central Region was also impacted by the disruption to flight operations, albeit to a much lesser extent than in the UK.

Full-year customer volume increased by 119.7% from 2,673 thousand in Fiscal 2021 to 5,873 thousand in Fiscal 2022. This increase was due to the easing of travel restrictions related to the COVID-19 pandemic. Online sales in the Central Region were 30%, down four percentage points from the 34% share recorded last year, but up eight percentage points from the pre-pandemic level of 22%. Direct sales declined four percentage points year-on-year to 57% in Fiscal 2022. However, the validity of this comparison is limited due to lower guest numbers and longer travel agency closures as a result of the COVID-19 restrictions. Compared to a pre-pandemic level of 50%, direct sales increased by seven percentage points in Fiscal 2022, to 57%.

The benefits delivered through our Global Realignment Programme, also contributed to improved results in the Central Region, including the reduction of retail estate to 528 stores (previous year: 560) along with airline rightsizing in Fiscal 2022.

Western Region

The following table shows certain financial and operating data for our Western Region segment for the fiscal years indicated:

	Fiscal			
	2021	**2022**	**Change**	
	(audited, except otherwise noted)		*(unaudited)*	
	(€ million)[1]		(€ million)[1]	(%)
External revenue	976.1	2,712.6	1,736.5	177.9
Group revenue	130.7	146.2	15.5	11.9
Total revenue	1,106.8	2,858.8	1,752.0	158.3
Share of result of joint ventures and associates	—	—	—	—
Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets, property, plant and equipment, right-of-use assets and investments	158.9	144.6	(14.3)	(8.9)
Of which:				
Impairment of intangible assets, property, plant and equipment and right-of-use assets	18.4	—	(18.4)	—
Reversal of impairment losses on intangible assets and property, plant, equipment and right-of-use assets	3.5	—	(3.5)	—
Amortisation / depreciation of intangible assets, property, plant and equipment and right-of-use assets	143.9	144.6	0.7	0.5
Underlying EBIT[2]	(176.6)	(31.5)	145.1	82.2

	Fiscal		Change	
	2021	2022		
	(audited, except otherwise noted)		(unaudited)	
	(€ million)[1]		(€ million)[1]	(%)
Underlying EBIT at constant currency[2,5]	(176.6)	(35.7)	140.9	79.8
Direct distribution mix[3,5] (in %, change in % points)	81	80	—	(1)
Online mix[4,5] (in %, change in % points)	63	60	—	(3)
Customers[5] ('000)	1,861	4,383	2,522	135.5

(1) Except as indicated.
(2) Underlying EBIT is an APM that is not recognised under IFRS or German GAAP. See Section "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.
(3) Share of sales via own channels (retail and online).
(4) Share of online sales.
(5) Unaudited.

The Western Region reported an underlying EBIT loss at constant currency of €35.7 million, reflecting a significantly reduced loss as compared to the prior fiscal year (Fiscal 2021: underlying EBIT loss of €176.6 million). The Western Region benefited from the normalisation of the business environment towards pre-pandemic levels at all companies. Positive effects from higher customer numbers in the Netherlands and a restructuring in France were partly offset by expenses from the costs of flight delays and cancellations as a result of flight disruptions, particularly at Schiphol Airport.

Full-year customer volume increased by 135.4% from 1,900 thousand in Fiscal 2021 to 4,400 thousand in Fiscal 2022. This reflected the lifting of COVID-19 pandemic related travel restrictions which has allowed many of our guests, particularly from Belgium and the Netherlands, to travel internationally again this summer.

The result of Western Region also included savings delivered by our Global Realignment Programme, generated by cost efficiencies across our businesses.

9.6.2.3. All Other Segments

The following table shows certain financial data for All Other Segments for the fiscal years indicated:

	Fiscal		Change	
	2021	2022		
	(audited, except otherwise noted)		(unaudited)	
	(€ million)		(€ million)	(%)
External revenue	40.8	83.8	43.0	105.4
Group revenue	4.4	5.6	1.2	27.3
Total revenue	45.2	89.4	44.2	97.8
Share of result of joint ventures and associates	0.1	0.2	0.1	100.0
Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets and property, plant, equipment, right-of-use assets and investments	42.4	11.8	(30.6)	(72.2)
Of which:				

	Fiscal 2021	Fiscal 2022	Change	
	(audited, except otherwise noted)		*(unaudited)*	
	(€ million)		(€ million)	(%)
Impairment of intangible assets, property, plant and equipment and right-of-use assets	36.4	6.9	(29.5)	(81.0)
Reversal of impairment losses on intangible assets and property, plant, equipment and right-of-use assets	—	0.1	0.1	—
Amortisation / depreciation of intangible assets, property, plant and equipment and right-of-use assets	5.9	5.0	(0.9)	(15.3)
Underlying EBIT[1]	(69.1)	(50.5)	18.6	26.9
Underlying EBIT at constant currency[1,2]	(69.1)	(49.6)	19.5	28.2

(1) Underlying EBIT is an APM that is not recognised under IFRS or German GAAP. See Section "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.

(2) Unaudited.

In All Other Segments, the underlying EBIT at constant currency improved by €19.5 million compared to the previous year (Fiscal 2021: underlying EBIT loss at constant currency of €69.1 million). This was due to positive valuation effects compared to the previous year, strong cost discipline and the benefits of our ongoing cost reduction measures in central functions and other units as part of our Global Realignment Programme.

9.7 Liquidity and capital resources

Historically, our primary sources of liquidity have been cash on hand held in bank deposit accounts, drawings under our Syndicated Facility or earlier revolving credit facilities and proceeds of bonds issued on the capital markets. During Fiscal 2021, we were able to improve liquidity with a capital increase with subscription rights implemented in January 2021 and the 2021 Convertible Bonds issued in April 2021 and increased in July 2021. In Q1 2022, we also received net proceeds from a further capital increase with subscription rights in an amount of €1,106.5 million, which were used to temporarily reduce drawings under the Cash Facility and the Bonding Facility. In Fiscal 2022, we significantly reduced liquidity in the form of KfW Facility through repayments in April and May 2022, so that the KfW Facility has an outstanding amount of €2,100,300,000 as of the date of this prospectus. In addition, for regulatory reasons driven by Brexit, the contributions made by a British bank of around €80.6 million of the Cash Facility and €25 million of the Bonding Facility could not be extended beyond 20 July 2022. As a consequence the Cash Facility and the Bonding Facility have been reduced to €1,454,444,444.45 and €190,000,000.00, respectively, in May 2022. Due to a general recovery from the COVID-19 pandemic in Fiscal 2021 and Fiscal 2022 and the lifting of travel restrictions our liquidity from cash on hand basis has improved, providing us with a strong liquidity position of approximately €3.7 billion to cover typical seasonal winter swing.

9.7.1. Effects of the COVID-19 pandemic on our liquidity

By late February and early March 2020, the COVID-19 pandemic had begun to seriously affect Europe, where our most important source markets are located. Both the direct effects of the pandemic and the measures governments have taken in response in an effort to reduce the spread of the Coronavirus had an immediate and severe effect on the tourism industry and on our business. The combination of new and reimposed government advisories, travel restrictions and other countermeasures significantly limited our ability to resume operations and generate revenue in Fiscal 2021 and, due to the emergence of a "fourth wave" of the pandemic in many European countries in the fourth quarter of 2021, the first quarter of Fiscal 2022.

The global travel restrictions to contain COVID-19 have had a continuous negative impact on the Group's earnings and liquidity development since the end of March 2020. To cover the resulting liquidity needs, we applied for and received a commitment from the German Federal Government for the KfW Facility, a facility provided by KfW, the state-owned German development bank, in the amount of €1.8 billion and an additional stabilisation package in the amount of €1.8 billion. This package consists of:

- An increase of the KfW Facility in the KfW Increase Amount of €1.05 billion to a total of €2.85 billion; we have cancelled a portion of the KfW Facility in an amount of around €414.0 million on 1 April 2022, of around €25 million on 19 May 2022 and of around €311 million on 27 May 2022, so that the KfW Facility has an outstanding amount of €2,100,300,000 as of the date of this prospectus. In addition, for regulatory reasons driven by Brexit, the contributions made by a British bank of around €80.6 million of the Cash Facility and €25 million of the Bonding Facility could not be extended beyond 20 July 2022. As a consequence the Cash Facility and the Bonding Facility have been reduced to €1,454,444,444.45 and €190,000,000.00, respectively, in May 2022.
- The issuance of the €150 million Bonds with Warrants to the WSF;
- Silent Participations in an aggregate of €1,091 million in nominal amount; on 30 June 2022, the €671 million Non-Convertible Silent Participation was repaid in full plus interest to the WSF; and
- The New Loan Facility; 1 April 2022, the New Loan Facility was cancelled.

The stabilisation package was implemented in January 2021. For more details on the 2020 Bonds with Warrants see Section "*15.2. Existing financing arrangements*"—"*15.2.1 The Syndicated Facilities Agreement*" and —"*15.2.4 The 2020 Bonds with Warrants*".

To further mitigate our reduction in liquidity, we implemented a capital increase with subscription rights in January 2021 and issued the 2021 Convertible Bonds in April which were increased in July 2021.

9.7.2. Liquidity requirements in the ordinary course of business

Absent the effects of the COVID-19 pandemic, our working capital development reflects the seasonal nature of the tourism business, particularly the payment cycles in the tourism industry. In general terms, the tourism industry consists of a summer season and a winter season. The summer season is significantly more important, as most customers travel during the summer months.

We generate the bulk of our cash inflows in the months leading up to the summer season. Customers are required to make a prepayment on the cost of their holiday at the time of booking, and full payment three to four weeks before their departure date.

Cash outflows increase during and towards the end of the peak season. These outflows related to variable expenses as we pay third-party service providers for their services. Later in the calendar year, during the seasonal contraction of the travel business, we experience substantial cash outflows as we make initial payments for the forthcoming summer season.

Significant cash generating activities resume again early in the year, as early booking customers make prepayments on booked holidays for the forthcoming tourism season. In recent periods, customer booking patterns have been changing, with customers tending increasingly to book with less advance notice, shortening the periods during which we hold their prepayments.

As a result of this seasonal cash flow pattern, we build up cash reserves in spring and summer, and use credit lines to fund our working capital needs to a much greater extent from November through April. Cash received between February and August is usually used to repay amounts borrowed under our credit lines and to build up cash reserves.

9.7.3. *Cash flows*

9.7.3.1. *Q1 2023 compared to Q1 2022*

The following table shows cash flow information for the three-month periods indicated:

	Q1			
	2022	**2023**	**Change**	
		(unaudited)		
	(€ million)		(€ million)	(%)
Group loss	(386.5)	(231.8)	154.7	40.0
Depreciation, amortisation and impairment (+) / write-backs (-)	216.0	216.7	0.7	0.3
Other non-cash expenses (+) / income (-)	9.8	12.7	2.9	29.6
Interest expenses	138.8	129.5	(9.3)	(6.7)
Dividends from joint ventures and associates	0.1	2.2	2.1	—
Profit (-) / loss (+) from disposals of non-current assets	(24.5)	(4.0)	20.5	83.7
Increase (-) / decrease (+) in inventories	0.2	(1.1)	(1.3)	(650.0)
Increase (-) / decrease (+) in receivables and other assets	(87.7)	310.2	397.9	—
Increase (+) / decrease (-) in provisions	(53.2)	(120.6)	(67.4)	(126.7)
Increase (+) / decrease (-) in liabilities (excl. financial liabilities)	(777.3)	(1,984.6)	(1,207.3)	(155.3)
Cash inflow / (cash outflow) from operating activities	**(964.6)**	**(1,670.9)**	**(706.3)**	**(73.2)**
Payments received from disposals of property, plant and equipment and intangible assets	58.5	9.9	(48.6)	(83.1)
Payments received/made from disposals of consolidated companies[1]	(2.2)	(0.7)	1.5	68.2
Payments received/made from the disposals of other non-current assets	(23.6)	72.8	96.4	—
Payments made for investments in property, plant and equipment and intangible assets	(85.8)	(228.6)	(142.8)	(166.4)
Payments made for investments in other non-current assets	—	(0.9)	(0.9)	—
Cash inflow / (cash outflow) from investing activities	**(53.2)**	**(147.6)**	**(94.4)**	**(177.4)**
Payments received from capital increases by issuing new shares	1,106.5	—	(1,106.5)	—

	Q1		Change	
	2022	2023		
		(unaudited)		
	(€ million)		(€ million)	(%)
Coupons on silent participation (dividends)	—	(16.8)	(16.8)	—
Payments received from the raising of financial liabilities	284.8	1,984.3	1,699.5	596.7
Payments made for redemption of loans and financial liabilities	(77.9)	(47.7)	30.2	38.8
Payments made for principal of lease liabilities	(141.8)	(162.8)	(21.0)	(14.8)
Interest paid	(94.4)	(122.3)	(27.9)	(29.6)
Cash inflow / (cash outflow) from financing activities	**1,077.2**	**1,634.7**	557.5	51.8
Net change in cash and cash equivalents	**59.4**	**(183.7)**	**(243.1)**	**—**
Development of cash and cash equivalents:				
Cash and cash equivalents at beginning of period	**1,586.1**	**1,736.9**	150.8	9.5
Change in cash and cash equivalents due to exchange rate fluctuations	3.8	(10.6)	(14.4)	—
Net change in cash and cash equivalents	59.4	(183.7)	(243.1)	—
Cash and cash equivalents at end of period	**1,649.3**	**1,542.7**	**(106.6)**	**(6.5)**

(1) Less disposals of cash and cash equivalents due to divestments.
(2) Less cash and cash equivalents received due to acquisitions.

The cash flow statement shows the flow of cash and cash equivalents on the basis of a separate presentation of cash inflows and outflows from operating, investing and financing activities. The effects of changes in the group of consolidated companies and of foreign currency translation are eliminated. The cash flow statement covers both TUI Group and the disposal group Hapag-Lloyd Cruises.

As of December 31, 2022, cash and cash equivalents decreased by €106.6 million to €1,542.7 million compared to December 31, 2021.

Cash outflow from operating activities

In Q1 2023, the cash outflow from operating activities totalled €1,670.9 million compared to a cash outflow in Q1 2022 totalling €964.6 million. The cash outflow from operating activities includes cash inflow from interest payments of €6.4 million (Q1 2022 €1.3 million) and from dividends of €2.2 million (Q1 2022 €0.1 million). Income tax payments resulted in a cash outflow from operating activities of €28.9 million (Q1 2022: cash outflow of €6.1 million).

Cash outflow from investing activities

In Q1 2023, the cash outflow from investing activities totalled €147.6 million (in Q1 2022: cash outflow from investing activities of €53.2 million). It comprises payments for investments in property, plant and equipment and intangible assets of €228.6 million. TUI Group recorded a cash inflow from investing activities of €9.9 million from the sale of property, plant and equipment and intangible assets. It also includes a cash inflow from investing activities of €70.7 million from the earn-out payments in connection with the sale of the stakes in Riu Hotels effected in Fiscal 2021 and €2.1 million from money market funds.

Cash inflow from financing activities

In Q1 2023, the cash inflow from financing activities totalled €1,634.7 million (in Q1 2022: cash inflow from financing activities of €1,077.2 million). In Q1 2023, the Company increased its syndicated credit facility by €1,884.6 million. Other TUI Group companies took out loans worth €99.8 million. A cash outflow of €210.5 million resulted from the redemption of financial liabilities, including an amount of €162.8 million for lease liabilities. Interest payments resulted in a cash outflow of €122.3 million. TUI AG paid an amount of €16.8 million as coupon on the Convertible Silent Participation, carried as a dividend.

Development of cash and cash equivalents

Cash and cash equivalents comprise all liquid funds, i.e. cash in hand, bank balances and cheques.

In Q1 2023 cash and cash equivalents due to exchange rate fluctuations decreased by €10.6 million (in Q1 2022: cash and cash equivalents increased by €3.8 million compared to Q1 2021) due to changes in exchange rates.

9.7.3.2. *Fiscal 2022 compared to Fiscal 2021*

The following table shows cash flow information for the fiscal years indicated:

	Fiscal			
	2021	**2022**	**Change**	
	(audited)		*(unaudited)*	
	(€ million)		(€ million)	(%)
Group loss	(2,480.9)	(212.6)	2,268.3	91.4
Depreciation, amortisation, impairment (+), write-backs (-)	1,012.4	883.5	(128.9)	(12.7)
Other non-cash expenses (+)/ income (-)	163.0	(110.9)	(273.9)	—
Interest expenses	461.6	492.1	30.5	6.6
Dividends from joint ventures and associates	14.2	0.2	(14.0)	(98.6)
Profit (-)/loss (+) from disposal of non-current assets	(204.4)	(37.2)	167.2	81.8
Increase (-)/ decrease (+) in inventories	16.2	(16.4)	(32.6)	—
Increase (-)/ decrease (+) in receivables and other assets	390.8	(692.1)	(1,082.9)	—
Increase (-)/ decrease (+) in provisions	(137.4)	(117.8)	19.6	14.3
Increase (-)/decrease (+) in liabilities[1]	613.2	1,889.0	1,275.8	208.1
Cash inflow / (cash outflow) from operating activities	**(151.3)**	**2,077.8**	**2,229.1**	**—**
Payments received from disposals of property, plant and equipment and intangible assets	357.9	180.7	(177.2)	(49.5)
Payments received /made from disposals of consolidated companies[2]	105.5	25.2	(80.3)	(76.1)
Payments received / made from the disposals of other non-current assets	567.2	4.3	(562.9)	(99.2)

	Fiscal		Change	
	2021	**2022**		
	(audited)		*(unaudited)*	
	(€ million)		(€ million)	(%)
Payments made for investments in property, plant and equipment and intangible assets	(299.7)	(515.7)	(216.0)	(72.1)
Payments made for investments in consolidated companies[3]	(5.3)	—	—	—
Payments made for investments in other non-current assets	(21.0)	(2.7)	18.3	87.1
Cash inflow / (cash outflow) from investing activities	**704.7**	**(308.2)**	**(1,012.9)**	**—**
Payments received from capital increase by issuing new shares	542.5	1,522.7	980.2	180.7
Payments received from capital increase through issuance of silent participations	1,084.4	—	—	—
Payments made for repayment of the silent participation	—	(671.0)	—	—
Payments received from capital increase through equity components of the convertible bond and bond with warrants issued	116.9	—	—	—
Payments made for acquisition of own shares	(1.7)	(0.6)	1.1	64.7
Coupons of the silent participation (dividends)	—	(51.0)	—	—
Payments received from the raising of financial liabilities	855.5	109.4	(746.1)	(87.2)
Payments made for redemption of loans and financial liabilities	(1,839.2)	(1,571.3)	267.9	14.6
Payments made for principal of lease liabilities	(587.2)	(583.6)	3.6	0.6
Interest paid	(404.8)	(385.6)	19.2	4.7
Cash inflow / (cash outflow) from financing activities	**(233.5)**	**(1,630.9)**	**(1,397.4)**	**(598.5)**
Net change in cash and cash equivalents	**319.8**	**138.6**	**(181.2)**	**(56.7)**
Development of cash and cash equivalents:				
Cash and cash equivalents at beginning of period	**1,233.1**	**1,586.1**	**353.0**	**28.6**
Change in cash and cash equivalents due to exchange rate fluctuations	33.2	12.2	(21.0)	(63.3)
Net change in cash and cash equivalents	319.8	138.6	(181.2)	(56.7)
Cash and cash equivalents at end of period	**1,586.1**	**1,736.9**	**150.8**	**9.5**
of which included in the balance sheet as assets held for sale	2.2	—	—	—

(1) Excluding financial liabilities.

(2) Less disposals of cash and cash equivalents due to divestments.
(3) Less cash and cash equivalents received due to acquisitions.

In Fiscal 2022, cash and cash equivalents increased by €150.8 million to €1,736.9 million compared to Fiscal 2021.

Cash inflow / outflow from operating activities

In Fiscal 2022, the cash inflow from operating activities totalled €2,077.8 million compared to a cash outflow in the previous year totalling €151.3 million. The cash inflow included interest payments received of €12.4 million (Fiscal 2021: €6.4 million) and dividends of €0.3 million from non-consolidated companies (Fiscal 2021: €0.0 million) and of €0.2 million from companies measured at equity (Fiscal 2021: €14.2 million). Income tax payments resulted in a cash outflow of €131.4 million (Fiscal 2021: €9.0 million).

Cash inflow / outflow from investing activities

In Fiscal 2022, the cash outflow from investing activities totalled €308.2 million (Fiscal 2021: cash inflow of €704.7 million). This amount included a cash outflow for capital expenditure related to property, plant and equipment and intangible assets of €515.7 million. The Group recorded a cash inflow of €180.7 million from the sale of property, plant and equipment and intangible assets. Purchase price adjustments for the divestment of interests in Riu Hotels, effected in Fiscal 2021, resulted in a cash outflow of €8.9 million. The divestment Karisma Hotels Caribbean S.A., also effected in Fiscal 2021, resulted in a cash inflow of €3.5 million for TUI Group. TUI Group received an inflow of €25.7 million net of cash and cash equivalents from the disposal of Nordotel S.A. A part of the purchase price had already been paid in Fiscal 2021.

Cash inflow / outflow from financing activities

The cash outflow from financing activities totalled €1,630.9 million (Fiscal 2021: cash outflow of €233.5 million). In Fiscal 2022, TUI AG recorded a cash inflow of €1,522.7 million from payments received from capital increase by issuing new shares after deduction of capital procurement costs in October 2021 and in May 2022. At the end of June 2022, TUI AG fully repaid the Non-Convertible Silent Participation of €671.0 million plus a coupon of €51.0 million, carried as a dividend, to the WSF.

In Fiscal 2022, TUI AG reduced the KfW Facility by €1,301.4 million. TUI Group companies took out loans worth €109.7 million. A cash outflow of €853.5 million was recorded for the redemption of other financial liabilities, including an amount of €583.6 million for lease liabilities. A cash outflow of €385.6 million related to interest payments. A further cash outflow of €0.6 million was used to purchase shares transferred to TUI Group employees in the framework of the oneShare employee stock option programme.

Development of cash and cash equivalents.

Cash and cash equivalents comprise all liquid funds, i.e. cash in hand, bank balances and cheques.

In Fiscal 2022, cash and cash equivalents rose by €150.8 million to €1,736.9 million. Cash and cash equivalents increased by €12.2 million (previous year €33.2 million) due to foreign exchange effects.

9.7.4. Capital expenditures and investments

Our investing activities primarily include investments in IT, aircraft, hotels and cruises.

9.7.4.1. Q1 2023

Our investments in Hotels in Q1 2023 included the following:

Facility	Location	Amount (€ in million)
RIU Santa Fe	Mexico	32
RIU Maintenance	n/a	13
RIU Karamboa	Cape Verde	12
RIU Le Morne	Mauritius	7
Robinson Maintenance	n/a	3
TUI BLUE Zanzibar	Tanzania	2
RIU Jambo (Gemma dell'Est)	Tanzania	1

Our investments in Cruises in Q1 2023 included the following:

Business	Investment	Amount (€ in million)
Marella Cruises	Maintenance	28

9.7.4.2. Fiscal 2022

In Fiscal 2022, we increased our investing activities. This is mainly driven by lower divestments as well as higher hotel (mainly RIUSA II), IT and aircraft investments. As we sharply reduced our investing activities in Fiscal 2021 due to the COVID-19 pandemic, investing activities are still below pre-pandemic-levels. We expect that the amounts we budget for investing activities in future periods will continue to be significantly below pre-pandemic levels until we have fully recovered from the effects of the COVID-19 pandemic. We incurred a total of €313 million in cash net investments in Fiscal 2022, as compared to €699 million in the prior fiscal year (cash net investments including divestments and predelivery payments). Including finance and operate leases plus other asset additions, the investments amounted to €644 million in Fiscal 2022, compared to €289 million in the prior fiscal year. Our investments including leases and asset additions in Fiscal 2022 related mainly to hotels (€197 million), IT (€137 million), Aircraft (€87 million), cruises (€46 million), other cash net investments (€20 million), predelivery payments (€128 million), divestments (€45 million) and other investing activities (operate & finance lease and other asset additions) (€331 million).

Our investments in Hotels in Fiscal 2022 included the following:

Facility	Location	Amount (€ in million)
RIU Latino	Mexico	53
RIU Karamboa	Cape Verde	38
RIU Santa Fe	Mexico	25
RIU Jambo (Gemma dell'Est)	Tanzania	20
RIU Maintenance	n/a	17
Robinson Maintenance	n/a	13
TUI Blue Zanzibar	Tanzania	7

Our investments in Cruises in Fiscal 2022 included the following:

Business	Investment	Amount (€ in million)
Marella Cruises	Maintenance	46

9.7.4.3. Fiscal 2021

In Fiscal 2021, we continued to strictly manage our investment projects. We incurred a total cash inflow from investing activities of €704.7 million in Fiscal 2021. The Group recorded a cash inflow of €357.9 million from the sale of property, plant and equipment and intangible assets, a cash inflow of €543.8 million from the sale of interests in Riu Hotels S. A. and Karisma Hotels Caribbean S. A., and a cash inflow from disposals of consolidated companies (less disposals of cash and cash equivalents due to divestments) of €105.5 million in connection with the sale of interests in consolidated companies, including €32.9 million for the divestment of Hapag-Lloyd Cruises concluded in the prior year and €50.0 million for the sale of Nordotel S.A, completed after the end of Fiscal 2021. Further cash inflows from loans and financial liabilities of €19.6 million relate to the repayment of loans in connection with the sale of the stakes in Togebi Holdings Limited (TUI Russia). Our cash outflows from investment activities in Fiscal 2021 related mainly to the completion of hotel projects (€119 million), IT projects (€74 million) and various smaller projects (€120 million).

Our investments in Hotels in Fiscal 2021 included the following:

Facility	Location	Amount (€ in million)
RIU Zanzibar	Tanzania	24
RIU Montego Bay	Jamaica	19
RIU Punta Sino	Cape Verde	13
RIU Punta Nizuc	Mexico	12
TUI BLUE Zanzibar	Tanzania	6
RIU Buena Vista	Spain	5
RIU Palace Jandia	Spain	5
RC Ierapetra	Greece	2

Our investments in Cruises in Fiscal 2021 included the following:

Business	Investment	Amount (€ in million)
Marella Cruises	Maintenance	22
TUI Cruises	Capital Injection	21

9.7.5. *Investments made since end of Q1 2023, investments in progress, firmly committed investments*

The following table shows our material investments made since the end of Q1 2023, our material investments which are in progress and our material investments for which firm commitments have already been made, including the expected or committed value of the investment and the investment type in which it is being made, in each case up until the date of this prospectus.

	Made since Q1 2023	In Progress *(unaudited)* (€ million)	Firmly Committed
Aircraft	4.1	1.5	—
Hotels	16.8	10.3	—
Ships...........................	6.1	6.1	—
Other...........................	16.2	12.6	47.0
Total...........................	43.3	30.5	47.0

For the purposes of this discussion, a firm commitment refers to an investment for which we have entered into a binding contractual commitment or that our Executive Board has formally resolved (and, where such approval is required, that our Supervisory Board has approved).

Our expected sources of financing for these commitments are internal financing.

In addition, we had other financial commitments (excluding order commitments in respect of capital expenditure) in the amount of €98.3 million as at 31 December 2022.

9.7.6. *Financial liabilities and lease liabilities*

Historically, our financial liabilities have consisted primarily of:

- liabilities from finance leases;
- liabilities under bonds we have issued;

- liabilities under a Schuldschein (loan in the form of a German-law promissory note); and
- liabilities under a Syndicated Facility that we use primarily to manage the Group's liquidity during seasonal downturns in cash flow.

The following table shows an overview of our financial liabilities and lease liabilities as at the dates indicated:

	31 December	30 September	
	2022	2021	2022
	(unaudited)	*(audited)*	
	(€ million)		
Convertible Bonds	527.3	522.2	532.1
Bonds	50.2	119.3	48.4
Liabilities to banks	3,309.3	2,612.6	1,382.6
Other financial debt	65.0	66.6	88.2
Financial liabilities	**3,951.8**	**3,320.7**	**2,051.3**
Lease Liabilities	**2,935.9**	**3,229.4**	**3,207.5**

For a description of our financial liabilities, see Section "*15. Material Agreements*"—"*15.2. Existing financing arrangements*".

Net debt

We define net debt as the sum of current and non-current financial liabilities plus lease liabilities less cash and cash equivalents and short-term interest-bearing investments. Net debt of €5.3 billion as at 31 December 2022 reflects the full utilisation of proceeds of disposals received over the past few years and the increase in financing related to our cruise and aircraft re-fleeting programme.

9.8 Significant changes in our financial position

As at 23 March 2023 (being the latest practicable date prior to publication of this prospectus), the amounts drawn under the facilities of the Syndicated Facilities Agreement were around €440.0 million under the KfW Facility and around €1,437.8 billion under the Cash Facility. As at 23 March 2023, the Company had utilised €121.9 million of the Bonding Facility.

There has been no significant change in the financial position of the Group since 31 December 2022, being the date to which the interim financial information in Section "*25. Financial Information*" was published.

9.9 Contractual obligations

The following table shows our future contractual payment obligations as at 31 December 2022:

	Payment due in		
	< 1 year	>1 year	Total
		(unaudited)	
		(€ million)	
Convertible Bonds	6.2	521.1	527.3
Bonds	1.4	48.8	50.2
Liabilities to banks	270.4	3,038.9	3,309.3
Other financial debt	13.6	51.4	65.0
Trade payables	2,003.3	—	2,003.3
Other financial liabilities	122.9	2.6	125.5
Lease liabilities	665.4	2,270.5	2,935.9
Order commitments in respect of capital expenditure	583.4	1,635.3(1)	2,218.7
Other financial commitments	77.2	21.1	98.3

	Payment due in		
	< 1 year	>1 year	Total
		(unaudited)	
		(€ million)	
Total	**3,743.8**	**7,589.7**	**11,333.5**

(1) Of which €144.10 million due for payment in more than five years.

For the purposes of this discussion, the term "purchase obligation" means an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including:

- fixed or minimum quantities to be purchased;
- fixed, minimum or variable price provisions; and
- the approximate timing of the transaction.

9.10 Contingent obligations

We record contingent liabilities in amount representing our best estimate, as at the relevant statement of financial position date, of the expenditure that would be required to meet the potential obligation.

As at 31 December 2022, contingent liabilities amounted to €89.6 million; as at 30 September 2022, they had amounted to €93.5 million.

Our contingent liabilities as at 31 December 2022 relate primarily to guarantees that we granted for the benefit of hotel and cruises activities. The decrease relates to lower commitments largely attributed to aircraft leasing agreements.

9.11 Off-balance sheet arrangements

Other than the guarantees described above under "*9.10. Contingent obligations*", as at the date of this prospectus we have no off-balance sheet arrangements that we regard as material.

9.12 Information from the Statutory Financial Statements

TUI AG prepared its Statutory Financial Statements for Fiscal 2022 in accordance with German GAAP. TUI AG is the parent and holding company of the Group.

In Fiscal 2022, TUI AG recorded a net loss of €530.9 million, as compared with a net loss of €491.5 million in Fiscal 2021. Accordingly, no dividend for the fiscal year will be proposed to the General Meeting, among other reasons due to the restrictions on dividends under various state aid measures that we have received as part of the Stabilisation Package. As at 30 September 2022, the total assets of TUI AG were €15,255.50 million.

9.13 Quantitative and qualitative disclosures about market risk

The following discussion of risk serves a purpose different to that of Section "*1. Risk Factors*". It is intended to discuss certain market risks that we face in our operations and the measures we take to mitigate those risks. As discussed below, the primary market risks to which we are exposed are currency exchange rate risk, interest rate risk, fuel price risk and credit risk. For further information on market risks that we face in our operations, including a sensitivity analysis, see Note 41 to our Audited Consolidated Financial Statements, included in this prospectus beginning on page F-1.

9.13.1. Currency exchange rate risk

We are exposed to currency rate risk from fluctuations in the exchange rates between the euro and other currencies. Our primary currency risk relates to the U.S. dollar and the British pound, and also to some degree to the currencies of the Nordic countries.

We are exposed to risk from fluctuations in the exchange rate between the euro and the U.S. dollar primarily in connection with the procurement of services in non-European destinations, purchases of jet and ship fuel, and aircraft and cruise ship purchases or charters. Risk from fluctuations in the exchange rate between the euro and the pound or the Nordic currencies primarily affects our TUI tour operators in those markets. Due to the Brexit, currency fluctuations continued, affecting the conversion of results from our UK business. The U.S. dollar appreciated significantly against the euro over the course of Fiscal 2022.

Our tourism companies use financial derivatives to hedge their planned foreign exchange requirements. They aim to cover 80% to 100% of their planned currency requirements at the beginning of the tourism season. In determining the precise terms of coverage in each case, we take into account the varying risk profiles of the TUI Group companies. We adjust hedged currency volumes in line with changes in planned requirements based on reporting by our business units.

9.13.2. Interest rate risk

We are exposed to interest rate risk from floating-rate primary and derivative financial instruments.

Where we use derivative hedges to convert interest-driven cash flows of floating-rate primary financial instruments into fixed cash flows, and the critical terms of the hedging transaction are the same as those of the hedged items, we are not exposed to interest rate risk. No interest rate risk exists for fixed-interest financial instruments carried at amortised cost.

Changes in market interest rates mainly affect floating-rate primary financial instruments as well as derivative financial instruments that we enter into to reduce interest-driven cash-flow fluctuations.

9.13.3. Fuel price risk

We are exposed to market price risk from the purchase of fuel for our aircraft fleet and cruise ships.

Our tourism companies use financial derivatives to hedge their exposure to market price risks for the planned consumption of fuel. At the beginning of the touristic season the target hedging ratio is at least 80%. To the extent that we do not adequately or successfully hedge our fuel price exposure, a significant change in fuel prices could significantly affect our results of operations. To the extent that we are unable to pass on jet fuel cost increases to customers or, where such increases occur subsequent to the fixing of a selling price to a customer, we do not hedge this exposure effectively, an increase in costs will have a negative impact on our results of operations.

As the COVID-19 pandemic progressed, fuel hedging activities were severely curtailed. With the normalisation of the market environment and the significant increase in the Group's business volume, the hedging restrictions have been largely relaxed in many areas, although some restrictions remain, particularly with regard to hedging fuel. To the extent permitted by the hedging lines, hedging is completed prior to customer bookings in the markets. This gives a certain degree of certainty in terms of input costs when planning prices and capacities. However, while fuel hedging capacity has significantly improved since the pandemic, available lines are still less than our forecast requirements, which prevents us from hedging as high a proportion of our fuel exposures as we would have been able to prior to the pandemic.

We have hedged a proportion of jet fuel for the Winter 2022/23 season and continue to build up hedge cover for the Summer 2023 season. Nevertheless, such hedges against movements in fuel prices that we enter into cannot completely mitigate this risk of rising fuel prices.

In determining the precise terms of coverage in each case, we take into account the varying risk profiles of the TUI Group companies operating in different source markets, including the possible levy of fuel surcharges. We adjust hedging volumes for changes in planned consumption as identified by the Group companies.

9.13.4. Credit risk

We are exposed to credit risk from both non-derivative and derivative financial instruments.

The credit risk in non-derivative financial instruments represents the risk that counterparties may default on their contractual payment obligations. Our maximum credit risk exposure corresponds to the total of the recognised carrying amounts of the financial assets (including derivative financial instruments with positive market values). Furthermore, there are no material financial guarantees for the discharge of liabilities. Where legally enforceable, financial assets and liabilities are netted. We review credit risks closely on conclusion of the contract and continually monitor them thereafter in order to swiftly respond to potential impairment in a counterparty's solvency. Responsibility for handling the credit risk is generally held by the Group company holding the receivable.

We operate in many different business areas and regions. In consequence, we do not expect significant credit risk concentrations of receivables from, and loans to, specific debtors or groups of debtors. Nor do we expect a significant concentration of credit risks related to specific countries. As at 31 December 2022, we do not hold material amounts of collateral or other credit enhancements that would reduce our maximum credit risk.

The maximum credit risk for derivative financial instruments we enter into is limited to the total of all positive market values of these instruments, because we would incur asset losses only up to that amount in the event of counterparty default. Since derivative financial instruments are concluded with different debtors, credit risk exposure is reduced. We take the specific credit risks of individual counterparties into account in determining the fair values of derivative financial instruments. In addition, we continually monitor and control counterparty risk using internal bank limits.

9.14 Critical accounting policies

Critical accounting policies involve estimates, judgments and uncertainties that can result in materially different results under different assumptions and conditions. We believe that our most critical accounting policies are those described below.

We base our estimates and assumptions on the conditions and assessments as at the relevant statement of financial position date. In evaluating the potential future development of our business, we make assumptions that we believe reasonable regarding the expected future economic environment in the business areas and regions in which the Group operates. Despite careful preparation of the estimates, our actual results may differ.

9.14.1. Judgements

The principal judgements that our management makes in applying accounting policies that may have a significant impact on our assets and liabilities are:

- assessing when the Group has de facto control over an investee and therefore consolidates the investment;
- defining whether a Group company acts as an agent or as a principal in a transaction; and
- determining whether an arrangement contains a lease and, if so, the classification of the lease.

9.14.2. Assumptions and estimates

The principal assumptions and estimates that may have a material impact on the amounts we report as assets and liabilities on our statement of financial position are as follows:

- assumptions established for impairment tests, in particular for goodwill and for property, plant and equipment;
- determining the fair values for acquisitions of companies and the useful lives of acquired intangible assets;
- determining useful lives and residual carrying amounts of property, plant and equipment;
- actuarial assumptions used to measure pension obligations;
- recognition and measurement of other provisions;
- recoverability of future tax savings from tax losses carried forward and tax-deductible temporary differences;
- measuring tax risks;
- recoverable amounts of touristic prepayments;
- determining that a package holiday represents a single performance obligation due to significant integration of service;
- determining period-related revenue recognition on a straight-line basis over the duration of the trip; and
- determining the expected credit losses of financial instruments.

For more information about our critical accounting policies, see "*Key judgements, assumptions and estimates*" in the notes to our Audited Consolidated Financial Statements, included in this prospectus beginning on page F-1.

10. Profit Forecast

10.1 Forecast of Underlying EBIT for TUI

This forecast of Underlying EBIT (at constant currency; "**Underlying EBIT**") for TUI AG (the "**Company**") and its consolidated subsidiaries (together with the Company, "**we**" or the "**Group**") for the fiscal year ended 30 September 2023 ("**Fiscal 2023**"), together with the related explanatory notes hereinafter, is referred to collectively as the "**Profit Forecast**". The Profit Forecast is not a representation of facts and should not be regarded as such by prospective investors. Rather, the Profit Forecast is a statement about the forward-looking expectations of the Company's management with respect to the Underlying EBIT of the Group.

Any forward-looking statements, including the Profit Forecast, are necessarily based on a number of assumptions and estimates about future events and significant business, operational, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control, and upon assumptions with respect to future business decisions that are subject to change.

The Profit Forecast is based on assumptions made by the executive board of the Company (*Vorstand*; the "**Executive Board**") with respect to the development of the Group's Underlying EBIT as set out below under "*—10.5 Factors and assumptions underlying the Profit Forecast*". Certain assumptions used in this Profit Forecast relate to factors which are beyond the Company's control or factors which can, to a limited extent only, be influenced by the Company. Although the Company believes that these assumptions are reasonable on the date as of which the Profit Forecast is prepared, they may subsequently prove to have been unjustified or incorrect. If any of these assumptions proves to have been unjustified or incorrect, our actual Underlying EBIT could materially deviate from the Profit Forecast. Accordingly, prospective investors should treat this information with caution and should not place undue reliance on the Profit Forecast.

10.2 Definition of the forecasted Underlying EBIT

We use Underlying EBIT as a key earnings measure to manage our business. Underlying EBIT is based on our internal management and reporting system. We believe that EBIT is a commonly used key earnings measure in our industry.

Neither EBIT nor Underlying EBIT is a measure required by or recognised under, or presented in accordance with, International Financial Reporting Standards as adopted by the EU ("**IFRS**"), German generally accepted accounting principles ("**German GAAP**") or any other generally accepted accounting principles. Each is an alternative performance measure, or APM, as defined in the guidelines issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 on alternative performance measures. You should not regard EBIT or Underlying EBIT as:

- an absolute measure of our consolidated financial performance, cash flows or liquidity; or
- an alternative to revenue, earnings or losses before income taxes, group profit or loss, cash flow from operating activities or any other performance measures prepared in accordance with IFRS or any other generally accepted accounting standard.

EBIT and Underlying EBIT may not be comparable to other similarly named measures of other companies and have limitations as an analytical tool and they should not be considered in isolation or as a substitute for analysis of the Group's results as reported under IFRS.

We define EBIT as earnings before interest, income taxes and result of the measurement of the Group's interest hedges.

In order to calculate Underlying EBIT, we adjust EBIT for separately disclosed items and expenses from purchase price allocations.

Separately disclosed items include adjustments for income and expense items that reflect amounts and frequencies of occurrence rendering an evaluation of the operating profitability of the segments and TUI Group more difficult or causing distortions. These separately disclosed items include gains and losses on disposal from investments, major gains and losses from the sale of assets and major restructuring and integration expenses.

We derive EBIT and Underlying EBIT from earnings before income taxes as recorded in our consolidated income statement. We reconcile EBIT and Underlying EBIT to our reported earnings before income taxes as follows:

- Earnings before income taxes (i) plus net interest expense (excluding expense/income from measurement of interest hedges) and (ii) less income/plus expense from measurement of interest hedges equals EBIT.
- EBIT (i) less/plus separately disclosed items and (ii) plus expense from purchase price allocation (iii) plus impairment of goodwill equals Underlying EBIT.

Expenses from purchase price allocations relate to the amortisation of intangible assets from acquisitions made in previous years and include ancillary acquisition costs and conditional purchase price payments.

In calculating Underlying EBIT for Fiscal 2023, we use the average currency exchange rates per month of Fiscal 2022 (as defined below under 10.4) to translate subsidiaries with non-euro presentation currencies into our presentation currency, the euro. The following table shows the average exchange rates for Fiscal 2022 for the most relevant currencies:

€1.00 =	0.85	British pounds sterling
	1.09	U.S. dollars

10.3 Profit Forecast for Fiscal 2023

On the basis of the data recorded in our accounting systems and the current knowledge of our Executive Board about our business development for Fiscal 2023 as well as the assumptions of the Executive Board with respect to future events and actions, we forecast a strong increase in revenue in Fiscal 2023 compared to the past Fiscal 2022 (revenue of €16.5 billion) and that Underlying EBIT for Fiscal 2023 will significantly increase compared with Fiscal 2022 (Underlying EBIT of €408.7 million), in both cases on a constant currency basis.

10.4 Underlying principles

The Company has prepared this Profit Forecast in accordance with the principles of the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V.*, "**IDW**") as set forth in *IDW Accounting Practice Statement: Preparation of Forecasts and Estimates in Accordance with the Specific Requirements of the Prospectus Regulation* (IDW AcPS AAB 2.003) / *IDW Rechnungslegungshinweis: Erstellung von Gewinnprognosen und -schätzungen nach den besonderen Anforderungen der Prospektverordnung* (IDW RH HFA 2.003).

The Profit Forecast excludes effects from extraordinary events within the meaning of IDW Accounting Practice Statement (IDW RH HFA 2.003).

In the following "**Fiscal 2022**" relates to our audited consolidated financial statements as of and for the fiscal year ended 30 September 2022, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and the supplementary requirements of section 315e of the HGB, which include comparative financial information as of and for the fiscal year ended 30 September 2021 ("**Fiscal 2021**") (the "**Audited Consolidated Financial Statements**"). "**Q1 2023**" relates to the unaudited condensed consolidated interim financial statements as of and for the three-month period ended 31 December 2022, which include comparative financial information as of and for the three-month period ended 31 December 2021 (“**Q1 2022**”) which were prepared in accordance with IFRS on interim financial reporting (IAS 34) (the “**Unaudited Condensed Consolidated Interim Financial Statements**”).

Although Underlying EBIT is not an IFRS financial measure of operating performance or liquidity, the Profit Forecast was derived using the IFRS accounting principles, which were used in the Unaudited Condensed Consolidated Interim Financial Statements and the Audited Consolidated Financial Statements. The accounting policies applied in preparing the Profit Forecast are described in the notes to our Audited Consolidated Financial Statements and in the selected notes to the Unaudited Condensed Consolidated Interim Financial Statements.

The Profit Forecast is based on a number of factors. The development of these factors is based on specific assumptions made by the Executive Board, which are set out below.

10.5 Factors and assumptions underlying the Profit Forecast

In preparing the Profit Forecast, the Company has considered a number of factors that it believes affect its operational and financial performance. The following discussion describes the factors that have had a material impact on the Profit Forecast as well as the assumptions about those factors that the Company has made in preparing the Profit Forecast.

10.5.1. Factors beyond the Company’s control and related assumptions

10.5.1.1. Factor 1: Political, legislative and other regulatory measures

The industries in which we operate are heavily regulated. Areas of our business that are substantially affected by law and regulation include:

- the provision of tourism services and associated consumer protection,
- airlines’ requirement to hold operating licenses,
- compliance with security regulations,
- the availability of take-off and landing slots for airlines,
- air travel passenger rights,
- environmental regulations affecting cruise ships, hotels and airlines, such as limitation of greenhouse gas emissions and related trading schemes for allowances,
- sanctions imposed by national and international authorities, such as the U.S. Treasury Department’s Office of Foreign Assets Control with respect to activities or transactions with certain countries, governments, entities and individuals,
- rules and requirements, and in particular financial undertakings, imposed by the International Air Transport Association, or IATA, as a prerequisite for selling flight tickets of airlines that are IATA members, and
- the need for permits to build and operate cruise ships, hotels and resorts.

Applicable regulations could be extended to include further environmental, consumer protection or other areas of regulation.

In addition, the various regulatory regimes to which our international operations subject us may conflict, so that compliance with the regulatory requirements in one jurisdiction may create regulatory issues in another.

For the purpose of this Profit Forecast, the Company has assumed that political, legislative and other regulatory measures will not have an impact on revenue or Underlying EBIT for Fiscal 2023.

10.5.1.2. Factor 2: The COVID-19 pandemic

The COVID-19 pandemic has had a number of adverse financial and other consequences for the Group in the past years.

While restrictions have been eased globally and our revenue in summer of Fiscal 2022 increased reflecting a normalisation of the business environment in tourism to an approximate pre-pandemic level, we cannot predict with any certainty if further additional waves of infections, including the emergence of new mutations, or other public health emergencies, will occur and as a result we may experience similar adverse effects to our business, results of operations, financial position and cash flows as in prior periods.

An outbreak of another disease or similar public health emergency, or fear of such an event, that affects travel demand, travel behaviour or travel restrictions could have a material adverse impact on our business, financial condition and operating results. Outbreaks of other diseases could also result in increased government restrictions and regulation, which could adversely affect our operations.

It is assumed that measures adopted to contain and combat the spread of COVID-19, such as travel bans, quarantines, “stay-at-home” orders, restrictions on business activities and similar requirements, will not be imposed again in Fiscal 2023. The absence of a further COVID-19 impact is expected to contribute materially to an increase of revenues and Underlying EBIT for Fiscal 2023 as compared to Fiscal 2022, especially as the first half of Fiscal 2022 was significantly impacted by the said measures.

10.5.1.3. Factor 3: Developments in the global economy

Changing economic cycles have an impact on national income, unemployment rates and consumption and thereby affect touristic supply and demand. Economic conditions can be impacted by a number of factors, for instance macroeconomic policy, trade policy and conflicts, business and consumer sentiment, monetary policy (i.e., interest rates), inflation, commodity prices, public and private debt levels and government policies targeting public spending such as fiscal austerity policies, as well as geopolitical developments, including tensions in eastern Asia, among other factors. During a recession, consumers are more likely to reduce spending for non-essential products such as leisure travel, leading suppliers to lower their prices, which in turn has a negative impact on profitability. For the purpose of this Profit Forecast, the Company has assumed, that changing economic cycles will not have an impact on revenues or Underlying EBIT for Fiscal 2023.

10.5.1.4. Factor 4: Developments in the competitive environment

The dynamics between supply and demand are influenced not only by macro-economic factors, but also by market-specific conditions, such as competitive forces. The European airline market is a particular example of a highly competitive market, which is characterised – especially through the low-cost carriers such as Ryanair and EasyJet – by overcapacities and thus high pressure on margins, even during upward phases of economic cycles. For the purpose of this Profit Forecast, the Company has assumed that the overcapacity in the European airline market will not lead to a decrease in revenues or Underlying EBIT for Fiscal 2023.

We face significant competition in our core European tourism markets, particularly due to the emergence, in recent years, of successful substitute business models, such as Metasearch companies or web-based travel and hotel portals, that allow end users to combine the individual elements of a holiday trip on their own and book them separately. Our cruise line business also faces intense competition. All these risks could lead to reduced prices or to a loss of customers. For the purpose of this Profit Forecast, the Company has assumed that increased competition will not affect revenues or Underlying EBIT for Fiscal 2023 in comparison to Fiscal 2022.

10.5.1.5. Factor 5: Developments in the tourism industry

After the COVID-19 restrictions have been eased globally, a resurgence of air travel demand has taken place, which in turn has led to lack of available capacity for passengers in certain airports. This negatively impacted our revenues and Underlying EBIT in Fiscal 2022. The Company assumes such disruptions to be less common and less significant in Fiscal 2023, as airports and the Group have taken corresponding counter measures. Nonetheless, there remains a risk that airport undercapacities will still persist in Fiscal 2023, which the Company can't control. For the purpose of this Profit Forecast, the Company has assumed that significant airport disruptions and lack of available capacities will have no impact on revenues, and that the absence thereof will have a positive comparable impact on Underlying EBIT for Fiscal 2023 in comparison to Fiscal 2022.

Environmental considerations have an increasing impact on travel decisions as a growing number of customers pay more attention to the fact that a company acts in a climate-friendly, preferably climate-neutral manner. In addition, the customer demand is currently changing to more sustainable and lower carbon holiday products. As a result, customers may reduce travel by aircraft or cruise ships if they believe these modes of travel are harmful to the environment. For the purpose of this Profit Forecast, the Company has assumed that this factor will not have an impact on revenues or Underlying EBIT in Fiscal 2023.

10.5.1.6. Factor 6: Russia-Ukraine Conflict

Although the Group has no direct exposure to Ukraine or Russia, as none of our operations or assets are located in either market, our business, financial condition and results of operations have been and could continue to be materially adversely affected by the Russia-Ukraine Conflict in a number of ways. The Russia-Ukraine Conflict and the related sanctions have created significant global economic uncertainty and have threatened to exacerbate pre-existing global economic challenges such as those arising from the COVID-19 pandemic and its consequences, increasing inflation (including energy prices) and slowing economic growth. Especially volatility in oil and natural gas prices could potentially lead to shortages or further energy price increases of these resources (please refer to Factor *7:* "*Inflation and Fuel Price Increases*" below). Capital markets and exchange rate volatility has increased significantly and the risk of a global economic recession, or recessions in key economies like the United States and Europe, has increased. Such developments may lead to a decline in the willingness or ability of customers to purchase travel or related activities and services.

For the purpose of this Profit Forecast, the Company has assumed that the Russia-Ukraine Conflict will not deteriorate further in Fiscal 2023 compared to Fiscal 2022. The Group also assumes that the conflict does not have a direct material impact on revenue and Underlying EBIT or on its key suppliers and the respective supply chains. However, we assume that the Russia-Ukraine Conflict will continue to impact prices by way of price increases, especially fuel and energy prices (please refer to Factor *7:* "*Inflation and Fuel Price Increases*" below), and on currency exchange rates and interest rates (please refer to Factor *8:* "*Foreign Currency Rates*" below).

10.5.1.7. Factor 7: Inflation and Fuel Price Increases

Various macroeconomic factors, in particular the inflation in the European Union and the UK, may adversely affect our business by diminishing customer ability or willingness to spend money on holidays, or opt for alternative, lower-cost substitutes which, in turn, could have an impact on our short-term growth rates and lead to margin erosion.

Furthermore, increasing inflation has put upward pressure on the cost of fuel and other operating costs, and our ability to raise prices to counteract increased fuel and other operating costs (such as labour costs), which may reduce our operating profit where we are not able to pass on related price increases to our customers. In addition, our initiatives to offset headwinds from inflation in our fuel and other operating costs may not be sufficient to mitigate these risks.

Fuel costs constitute a significant proportion of the operating costs of our aircraft and cruise ships. Both the cost and availability of fuel are subject to wide price fluctuations as a result of many economic and political factors and events that are beyond our control, including, without limitation, increases in demand, sudden disruptions in supply and other concerns about global supply, as well as market speculation.

While fuel hedging capacity has significantly improved since the COVID-19 pandemic, available hedging lines are still less than our forecast requirements, which prevents us from hedging as high a proportion of our fuel exposures as we would have been able to prior to the pandemic.

Depending on the deviation of the actual inflation rates und fuel price from these assumptions, a material impact on revenue and Underlying EBIT in Fiscal 2023 might occur. For the purpose of this Profit Forecast, the Company has assumed a slight decrease in inflation in Fiscal 2023 in comparison to Fiscal 2022 and that fuel prices will remain at the same level as at the end of Fiscal 2022. Both of which will not decrease Underlying EBIT.

10.5.1.8. Factor 8: Foreign Currency Rates

The substantial cross-border element of our business operations exposes us to fluctuations in exchange rates. This is due to the imbalance between the currencies in which we generate revenue and incur costs.

For example, certain of our costs of sales, including hotel accommodation, destination services and aviation jet fuel and bunker oil, are denominated in currencies other than the currencies in which customers pay for their holidays. This transaction risk relates primarily to the euro/U.S. dollar, the euro/sterling and the sterling/U.S. dollar exchange rates.

Recent developments in global currency markets have contributed to a devaluation of the euro and many other currencies compared to the U.S. dollar. As a result, our fuel costs and other services, including those that we purchase in U.S. dollars, have increased in Fiscal 2022.

Although our ability to hedge our currency exposure has significantly improved since the COVID-19 pandemic, the hedging lines available to us remain below our forecast requirements, which prevents us from hedging as high a proportion of our currency exposures as we would have been able to prior to the pandemic.

For the purpose of this Profit Forecast, the Company has assumed that the euro/sterling rate and the euro/U.S. dollar rate will remain at approximately the same level as the average exchange rates for Fiscal 2022. Depending on the deviation of the actual rates from this development, a material impact on our revenue and Underlying EBIT in Fiscal 2023 might occur.

Certain exchange rate translation effects from FX-denominated receivables and payables as well as exchange rate effects from derivatives, that do not fall under the IAS 39 hedging regime might in addition, have an impact on our Underlying EBIT. For the purpose of this Profit Forecast, we have assumed that these valuations will not have an impact on Underlying EBIT in Fiscal 2023.

10.5.1.9. Factor 9: Unforeseen Events such as force majeure

Various unforeseeable events can have a material effect on our business. These events can include:

- geopolitical events, such as political instability, social unrest, civil war, terrorist attacks, failing governments and international conflicts, such as the Russia-Ukraine Conflict;
- cyber attacks or acts of sabotage relating to critical infrastructure, such as airport infrastructure;

- natural events, such as the COVID-19 pandemic and other outbreaks of virus or disease, climate change (including any resulting rise in sea levels) and other natural catastrophes; and
- operational events, such as accidents and incidents involving our aircraft, cruise ships, hotels or other travel products and services.

Any of these events can have a powerful effect on travellers' perception of the risk involved in booking holidays with us, which can translate into reduced demand and a decrease in revenue and Underlying EBIT.

For the purpose of this Profit Forecast, the Company assumes that no material unforeseen events will occur, that could result in material or lasting constraints on the ongoing operations of the Company, or impact our revenue and Underlying EBIT for Fiscal 2023. The Company's assumptions regarding the COVID-19 pandemic, the Russia-Ukraine Conflict as well as inflation and fuel price increases and foreign currency rate fluctuations are separately referred to under Factor 2: "*The COVID-19 pandemic*", Factor 6: "*Russia-Ukraine Conflict*", Factor 7: "*Inflation and Fuel Price Increases*" and Factor 8: "*Foreign Currency Rates*" respectively.

10.5.2. Factors partially within the Company's control and related assumptions

10.5.2.1. Factor 1: Revenue

For the purpose of this Profit Forecast, the Company has assumed that based on our capacity and demand planning the number of customers will increase in Fiscal 2023 in comparison to Fiscal 2022. The absence of a further COVID-19 impact in Fiscal 2023 is expected to contribute materially to an increase of the number of customers in Fiscal 2023, as described in "*10.5.1.2 Factor 2: The COVID-19 pandemic*". In addition it is assumed that the average selling price per customer will increase throughout our business segments in Fiscal 2023 in comparison to Fiscal 2022 as the Company expects to be able to pass through inflationary cost increases, at least in part, to its passengers. Overall the Company forecasts that the revenue for Fiscal 2023 will show a strong increase compared to Fiscal 2022.

10.5.2.2. Factor 2: Cost of sales

For the purpose of this Profit Forecast, the Company expects that its cost of sales will increase in comparison to Fiscal 2022 due to the expected growth of our business activity and operations, and due to inflation. However, cost of sales is expected to increase to a lesser extent in relation to expected growth in revenues in Fiscal 2023 in comparison to Fiscal 2022, as cost of sales include a portion of fix costs which are expected to remain largely unaffected by an increase of the business operations of the Group. In addition, cost of sales are expected to benefit from cost saving initiatives undertaken in prior years and improvements in our distribution costs. In addition, we expect lower costs in relation to airport disruptions in Fiscal 2023 which affected mainly our Markets & Airlines segment in Fiscal 2022, as described in "*10.5.1.5 Factor 5: Developments in the tourism industry*".

10.5.2.3. Factor 3: Administrative expenses

For the purpose of this Profit Forecast, the Company expects that administrative expenses will increase in comparison to Fiscal 2022 due to general inflation, including an increase in staff costs, IT cost developments and headquarter costs. However, due to cost saving measures implemented in prior years, and due to the fact that administrative expenses consist partially of fixed costs, we expect administrative expenses to increase to a lesser extent than revenues.

10.5.2.4. Factor 4: Share of result of investments accounted for using the equity method

The Company's operations include the results of investments accounted for using the equity method, primarily in the Cruises and the Hotels business. For the purpose of the Profit Forecast, the Company has assumed that the share of results will increase considerably in

Fiscal 2023 in comparison to Fiscal 2022 as the travel restrictions in place in Fiscal 2022 are not expected to recur in Fiscal 2023, and on the basis of and following the same assumptions in respect of the development of our business as described in the other factors, to the extent these are within our control.

10.6 Other explanatory notes

This Profit Forecast was prepared on 22 March 2023.

The Profit Forecast has been compiled and prepared on a basis which is both: (a) comparable with the historical financial information of the Group and (b) consistent with the Group's accounting policies. As stated in "*—10.4 Underlying principles.*" above, the forecast of Underlying EBIT excludes effects from certain extraordinary events, such as specific non-recurring items within the meaning of IDW Accounting Practice Statement (IDW RH HFA 2.003), except where explicitly stated otherwise in the explanatory notes.

As the Profit Forecast refers to a period not yet concluded and has been prepared on the basis of assumptions regarding uncertain future events, actions and factors, it inherently involves considerable uncertainties. As a result of these uncertainties, it is possible that the Group's actual revenue and Underlying EBIT for Fiscal 2023 may differ materially from the Profit Forecast.

The Profit Forecast has been prepared solely for inclusion in this Prospectus and is based on the knowledge of the Company's management as of the date of its preparation.

11. Industry and Market Overview

According to the World Travel & Tourism Council, prior to COVID-19, travel and tourism (including its direct, indirect and induced impacts) accounted for 1 in 4 of all new jobs created across the world, 10.6% of all jobs, and 10.4% of global GDP. Leisure spending on travel and tourism amounted to US$4.9 billion in 2019, being 78.5% of all travel and tourism spending (WTTC, June 2021).

A key indicator measuring the size of the tourism industry is the number of international tourist arrivals. According to the UNWTO, in 2019, tourism growth continued to outpace the global economy, with approximately 1.5 billion international tourist arrivals, an increase of approximately 4% over the previous year and the Company estimates that a return to 2019 levels will be reached in 2023 and 2024.

Growth in tourism, which in the years prior to COVID-19 was above GDP growth, has been driven by a number of factors:

- the relatively stable global economy,
- a growing middle class in emerging economies,
- technological progress,
- lower cost of travel, and
- increased ease of travelling, for example, through relaxed visa requirements.

Based on pre-pandemic figures, Europe remained the largest and most mature tourism market in the world and accounted for approximately 51% of international tourist arrivals in both 2018 and 2019. Southern Europe and European countries bordering the Mediterranean were among the world's largest tourism destinations as measured by international arrivals (UNWTO, January 2020).

Asia-Pacific constituted the second largest tourism market, followed by the Americas (UNWTO, January 2020).

The COVID-19 pandemic had a particularly serious effect on the travel and tourism industry. Travel restrictions were imposed in numerous markets across the globe; aircraft were grounded and hotels closed. UNWTO data shows a 72% drop of international arrivals in calendar 2020 in comparison to the previous year, improving to 69% in 2021 (UNWTO Tourism Data).

However, the rebound was more evident in the second half of the year, with international arrivals down 62% compared to the same periods in 2019 (UNWTO, January 2022) and during 2022, there was a much more significant increase in international travel, with arrivals having reached 63% of 2019 levels globally (UNWTO Tourism Data).

In addition, the industry faces downside risk in the short-term as a result of the current slowdown in global economies, cost inflation pressures and the resulting weaker consumer environment. However, the industry has proved resilient in overcoming such pressures in the past (for example, during the global financial crisis in 2008/2009).

We believe our markets have long term prospects, in particular that holiday experiences will continue to remain a high priority in our source markets. With our vertically integrated model and our 21 million customer base (pre-pandemic normalised level, Fiscal 2019 basis), we firmly believe that we are very well positioned in the post-COVID-19 recovery phase, as evidenced by the sharp increase in bookings for Summer 2021, following the easing of restrictions in some markets and destinations, and by our performance in 2022, particularly the Summer peak when Markets & Airlines bookings already returned to 92% of comparable 2019 levels, with an 18% average selling price increase. In addition, our Holiday Experiences segment has rebounded during Fiscal 2022, with our Hotels & Resorts segment at 76%

occupancy, and a continued improvement in performance in our Cruises and TUI Musement segment.

The tourism industry can be broken down into further sub-segments, as outlined below. As an integrated tourism company, TUI Group operates across all of these segments.

11.1 Airline market

The airline market comprises three main groups of carriers:

- ***Full-service carriers***, such as Lufthansa and British Airways, which operate a hub-based network, attempting to offer customers global connectivity. They often come at high legacy cost, mainly relating to the dense network connectivity as well as labour and service costs. This translates into comparably high prices for customers.
- ***Low-cost carriers***, such as Ryanair and EasyJet, which are structured to be cost-optimised and offer a minimally acceptable flight product at low prices to their customers. From a network perspective, they focus on clear point-to-point connections, often built around cheaper secondary airports.
- ***Charter airlines***, which enter into contracts with travel agencies or tour operators for the transport of an agreed number of passengers throughout the year. The responsibility to fill the available seats with passengers lies with the tour operator.

The European airline market is characterised by intense competition and overcapacities, leading to pressure on yields. Despite several insolvencies, such as AirBerlin or Germania, the market has not seen a significant decrease in flight capacity. Instead, the capacity has in general been absorbed by existing players, with Ryanair, EasyJet and Lufthansa in the lead.

The airline industry is relatively cyclical. The COVID-19 crisis hit the airline industry particularly hard, as global travel bans have led airlines around the world to ground their aircraft and cancel bookings. However, the recovery is well under-way, with global international passenger capacity (measured by revenue passenger kilometres) reaching around 68.5% of 2019 levels by December 2022 (IATA Analysis, December 2022) and airline financial performance is improving in all regions of the world (IATA Outlook, December 2022), and the higher than normal level of flight cancellations seen early Summer 2022, caused by a lack of staff across the wider airline and airport sector, have improved. The strong industry recovery immediately after the COVID-19 pandemic compounded by a tight labour market, has led to significant operational issues and disruptions in the airport industry caused by third party suppliers and airports due to shortage of ground handling and security staff, particularly in the UK and the Netherlands, resulting in the increase of delayed departures and flight cancellations, and related costs. The situation stabilised towards the end of the 2022 summer season as more staff was hired and processes at the main airports were able to return to normal. The industry further currently faces cost headwinds (such as fuel, infrastructure, labour, interest rates) and a more fragile consumer environment. However, it is still expected that volumes will continue to grow post-pandemic recovery, as a result of low unemployment rates and desire to travel (IATA Outlook, December 2022). Despite several bankruptcies, the market has not seen a significant decline in flight capacity. Instead, capacity has generally been absorbed by existing players.

11.2 Hotel market

The market for hotel stays can broadly be divided between business and leisure travel. A number of characteristics differentiate leisure hotel stays from business hotel stays, including longer average lengths of stay for leisure guests and different service requirements.

From a demand perspective, the leisure hotel market in Europe is divided into several smaller sub-markets, which cater to the individual needs and preferences of tourists. These sub-markets include on the one hand premium, comfort and budget hotels, as well as on the other hand family / apartments, and club or resort-style hotels. Hotel companies may offer a variety of hotels for different sub-markets, often defined by price range, star ratings, exclusivity, or available facilities.

Particularly in Europe, there are many small, often family run hotel businesses, which are not quite so upscale and with fewer financial resources. Most family-owned and-operated businesses are not branded.

Given the variety of models for owning and operating leisure hotels and the fragmented competition landscape which, at least in Europe, is not dominated by large hotel chains, conditions and competitors differ greatly between locations. Despite this strong fragmentation, a structural change in the hotel industry can be observed in Europe as well as in almost all regions of the world; more and more hotel companies are becoming part of a hotel chain or a cooperation. The largest and most relevant of the global chains vis-à-vis TUI's hotel portfolio include Accor, Hilton, Marriott, Hyatt, Melia, Barcelo and Club Med.

COVID-19 significantly impacted the hotel industry, with government restrictions in many countries resulting in the temporary closure of properties, and a significant reduction in the volume of overnight stays. Recovery has been led generally by the resumption of domestic travel, with international travel contributing to an increase in overnight stays when government restrictions are relaxed. This has led to a relatively stronger performance in the hotel market, compared with other markets such as airline and cruise.

11.3 Cruise market

Worldwide, the ocean cruise industry had an annual passenger compound annual growth rate of 6.6% from 1990 to 2019, and an estimated 29.7 million passengers undertook an ocean cruise in calendar year 2019 (CLIA, 2021 State of the Industry). At around 15.4 million passengers, the North American market remains the largest cruise market in the world, followed by around 7.7 million passengers from Europe (CLIA, 2021 State of the Industry). The most frequently visited destinations based on volume of passengers are the Caribbean, Asia & China and the Central and Western Mediterranean (CLIA, 2021 State of the Industry).

Government restrictions imposed as a result of COVID-19 halted the ocean passenger cruise industry for some time. Following the industry restart in Summer 2020, progress was hampered by continued restrictions and the emergence of new variants, but by the end of 2021, almost 80% of ocean-going capacity was in operation, and this was expected to reach almost 100% by 2023 (CLIA, 2022 State of the Industry). The pandemic has also resulted in the acceleration of the retirement of numerous ships as fleets become more modern and environmentally friendly (Cruise Market Watch). As of the date of this prospectus, 2023 booked ticket rates for all TUI brands are above pre-pandemic levels.

TUI operates ocean cruises in the German speaking countries, the UK, the luxury and the expedition markets. The main competitors in these markets are as follows:

- German speaking countries: AIDA; MSC; Norwegian Cruise Lines, Royal Caribbean;
- UK: P&O and Royal Caribbean;
- Luxury: Viking, Seabourn, Regent, Azamara, Silversea;
- Expedition: Hurtigruten, Lindblad, Ponant, Quark, Viking, Silversea.

11.4 Tours and activities

The market for tours and activities is a rapidly growing tourism segment, amounting to $220 billion in 2022 and forecasted to reach $329 billion in 2025 based on the Company's estimates. Pre-COVID-19, the forecasted market growth on a five year outlook varied between 3%-7% (Company estimate based on Phocuswright & Euromonitor, Travel 2021 Edition), depending on the underlying definition of this market. The tours and activities market is highly fragmented on the supplier side and is predominantly operated offline. However, due to growing consolidation and digitalisation, it is subject to change. Major digital suppliers of tours and activities include Viator and Get Your Guide, as well as online travel agencies ("**OTAs**") and metasearch platforms such as Booking, Expedia, Ctrip and Tripadvisor.

11.5 Travel intermediaries: tour operators and OTAs

A travel intermediary operates between a supplier (such as an airline or hotel) and the end customer, typically providing distribution or related services.

The leisure travel intermediaries market for TUI is estimated to be split as follows (i) accommodation only (around 35%, with a 1% to 5% estimated Group share), (ii) dynamic package (around 20%, with a 1% estimated Group share), (iii) wholesale package (around 15%, with a 20% to 35% estimated Group share), (iv) flight only (around 15%, with a 1% to 5% estimated Group share), and (v) others (around 15%). The Group's estimated market split is calculated in the Group's source markets (UK, Ireland, Sweden, Denmark, Norway, Finland, Germany, Austria, Poland, Switzerland, Belgium, France and Netherlands).

While both tour operators and online travel agencies, or OTAs, belong to the group of travel intermediaries, their business models vary significantly. Classic tour operators typically sell a package product to their end customers (such as a flight, hotel and transfer), via a mixture of both offline (i.e., travel agencies) and online channels. In order to secure flight and hotel capacity in advance, a tour operator usually commits to a certain share of required capacity. By doing so, the tour operator takes the risk for filling the committed capacity, however, in turn it can expect a favourable rate by the supplier as well as the ability to secure accommodation on an exclusive basis. TUI competes with a range of regional tour operators, including DER Touristik and FTI in Germany, Jet2 in the UK, and Corendon and Sunweb in Belgium and Netherlands.

Contrary to this approach, OTAs typically do not commit to taking risk capacity. Their offering to suppliers is a digital distribution platform, with broad customer reach. Major OTAs such as Booking.com and Expedia started with component-only sales (i.e., selling hotel-only), however, also dynamic packaging is gaining relevance. While tour operators are mostly historically grown and often come at high legacy costs, OTAs are at their core built on scalable platforms with a comparably low cost structure.

12. Business

We are a globally operating, integrated leisure tourism company. We believe that we are among the largest integrated leisure tourism groups in Europe, as measured by revenue, and a world leading tourism group. In addition, we believe we are a market leader in the German luxury and expedition segment (5-stars-plus category) and in the flycruise segment. We are vertically integrated, our brands offering our customers an end-to-end holiday experience, with a customer base (which includes our Markets and Airlines customers, but excludes direct and third party distribution customers from or Hotels and Resorts and Cruise segments) of approximately 16.7 million within our ecosystem (as of 30 September 2022).

We use the term “ecosystem” to refer to our broad portfolio of strong tour operators, our own travel agencies, five airlines with 134 aircraft (of which one aircraft is leased), 418 hotels (including third party hotelier operations), 16 cruise vessels, and a digital platform for tours and activities (as of 30 September 2022).

In Fiscal 2022 and Q1 2023, we generated revenue of €16.5 billion and €3,750.5 million, respectively, and a group loss attributable to the Company’s shareholders of €277.3 million and €256.1 million, respectively.

The COVID-19 pandemic, which affected our core European source markets and destinations since late in the second quarter of our financial year 2020, had a severe effect on the tourism industry, and on the TUI Group from the end of March 2020 and throughout Fiscal 2021.

In Fiscal 2022, our tour, flight, hotel and cruise activities were expanded again as a result of the lifting of global travel restrictions as from the second half of Fiscal 2022. From April 2022, the entire fleet of the Cruises segment was in operation, and from summer 2022 the Hotels & Resorts segment was able to offer the entire product portfolio.

As of the date of this prospectus, international tourism has shown signs of a strong and steady recovery from the impact of the COVID-19 pandemic, despite significant increasing economic and geopolitical challenges. The tourism recovery has picked up pace in many parts of the world, with international tourist arrivals already at or even exceeding pre-pandemic levels in some regions. The robust tourism recovery is also reflected in our tourism data for many destinations worldwide.

12.1 Competitive strengths

12.1.1. Strong customer base

We have strong positions in our Markets & Airlines source markets, distributing and fulfilling holidays to a large customer base in 13 source markets as of 31 December 2022. The Group is (according to consumer surveys undertaken for TUI by a third party for unaided brand awareness and consideration) a leading tourism brand. The Group seeks to differentiate itself from the competition (such as tour operators, OTAs, hotels and airlines) based on an exclusive and high-quality product and service offering, and trust. By covering the whole customer journey, the Group holds multiple digital and physical touchpoints with its customers, and therefore delivers a strong blend of digital and human interaction. This enables the Group to follow a customer centric approach, aiming to create long-term relationships with its customers. Further growth is expected to be driven by a wider product range, reflecting consumer demand for more choice and flexibility, and increasing the appeal across different customer segments.

Despite the ongoing effects of the COVID-19 pandemic on the tourism industry and on the Group’s business, and notwithstanding the potential impact of current macroeconomic headwinds, the Group expects that its ability to sell its products and services to customers will remain robust over the medium to long term. The Group believes that the sharp increase in bookings since lockdowns and travel restrictions began to be loosened in the Group’s source markets and destinations indicate that holidays remain important to its customers.

12.1.2. Differentiated product offering in Holiday Experiences

The Group believes its unique TUI Holiday Experiences (compromising Hotels & Resorts, Cruises and TUI Musement), which contribute the majority of its earnings, differentiate it from the competition. Many of these products are tailored to their particular market (for example, in the case of its German and UK focused cruise brands), or have specific characteristics which are attractive to certain customer segments (for example, its Riu, Robinson and TUI Blue hotel brands), and are designed to provide a consistently high quality experience to the customer. In turn, this facilitates delivering higher customer satisfaction and retention rates. From October 2022 to November 2022 our customer satisfaction score amounted to 8.4 (scale 1-10, "How likely are you to recommend your service to someone else?"). Our net promoter score in November 2022 amounted to 46.

12.1.3. Driving Holiday Experiences premium returns through scale in Markets & Airlines

The Group believes that, as a result of its scale in Markets & Airlines and its direct relationship with the customer, it can deliver premium returns (return on invested capital, "**ROIC**") in Holiday Experiences. Having a strong customer base means that it can drive customers into its own hotels, cruise ships and destination experiences, better optimising both capacity utilisation and yield.

12.1.4. Customer ownership: Digitalised product upselling

In addition to having a strong and sizeable customer base, the Group has an "end-to-end" relationship with many of these customers, meaning the Group acts both as a distributor and a supplier, from inspiration and booking on its websites, through to a customer's stay in the hotel or on board the cruise ship, and in the tours and activities which customers take while on their holiday. This end-to-end relationship, coupled with the implementation of sophisticated customer and customer relationship management (CRM) platforms in recent years, means that the Group is well-placed (compared with component players such as airlines, hotels or OTAs) to provide automated personalised recommendations to its customers, who are in turn more likely to take up these recommendations, thus enhancing revenues and margins.

12.1.5. Double diversification

To ensure that the Group is not reliant on a single source market or destination, it aims to be "double diversified". The Group sells to a large number of customers across several different source markets, and its Holiday Experiences business, as well as third party accommodation suppliers, are located in destinations all over the world. The benefit of this has been evident in the past, for example, where demand for a particular destination has reduced due to political instability or travel warnings (for example, during the Arab Spring in 2011, the banning of flights to Sharm el Sheik by some countries in 2015, and the Turkish coup-d'état attempt in 2016), its overall customer numbers have not declined as they travel instead with the Group to alternative destinations. This leaves it well-placed compared with travel companies which operate in single or limited source markets or destinations.

12.1.6. Strongly positioned for the post-COVID-19 recovery

As the COVID-19 pandemic subsides, the global geopolitical and economic environment remains challenging for the travel industry, in particular in terms of cost inflation, foreign exchange rates and consumer sentiment. In this context, customers value brands they perceive as dependable, and which are seen as delivering choice and flexibility in configuring the right product for them. The Group will therefore focus on delivering quality services to its customers while increasing choice and flexibility, both in terms of its product offer, and in sourcing growing its dynamic packaging and components business, through increasingly flexible supply of flights and hotels.

12.2 Strategy

The Group's strategy focuses on delivering growth in both Holiday Experiences and Markets & Airlines, embedded onto one central customer ecosystem, underpinned by its sustainability agenda (the "**Sustainability Agenda**" or "**Agenda**") and by its people.

12.2.1. Holiday Experiences: Grow differentiated content, grow the customer base

The Group's Holiday Experiences business strategy focusses on asset right growth in differentiated content, broadening the product offering and expanding the customer base with multi-channel distribution.

In its Hotels & Resorts segment, the Group's strategy aims to achieve consistent growth both with its hotel brands in existing and new destinations (such as China, Senegal, Cambodia and Curacao), as well as by introducing new brands to complement the existing portfolio. Growth in hotels is expected to be based on an asset right approach – for example, through its joint ventures (such as Riu), recently launched Global Hotel Fund, and expansion with management and franchise partners for its own brands (such as TUI Blue and TUI Suneo). Its hotel distribution strategy is focused on optimisation of rate and occupancy of hotels, based on sales via its Markets & Airlines segment, as well as growing the volume and proportion of sales via direct and third-party channels.

Growth in the Group's Cruises segment is expected to be driven by investment into new-build ships by its TUI Cruises joint venture, as well as a continuation of Marella's fleet upgrading strategy, by replacing older ships with newer and larger vessels, enabling it to increase product pricing. The Group's distribution strategy for its Cruises segment covers all channels, with sales via its Markets & Airlines segment complemented by sales via direct and third-party channels, in order to drive yield and occupancy. The Group will focus on enhancing its digital cruise marketing and distribution, particularly for Marella.

TUI Musement offers experiences, such as excursions, activities, attraction tickets and cruise shore excursions, shared and private transfers from airport or ports to hotels and multi-day tours that include hotels, transport, experiences and guides across the world. TUI therefore believes that it is positioned for growth in a large and growing market with a scalable digital platform model and in-destination service. Its ambition is to outperform growth of the tours and activities market while maintaining profitability, through organic growth and selected M&A. TUI Musement's strategy is to focus on growing customer demand, expanding its product offer, and enhancing digitalisation. Customer growth is targeted from all three segments – TUI customers (based on Markets & Airlines volume growth plus increased uptake of tours, activities and experiences), B2C customers (by promoting the Musement platform for direct bookings, and proving an entry point into TUI customer ecosystem) and B2B customers (by digitalising its partner product portfolio). TUI believes that this strong and diversified distribution also helps TUI Musement to maximise the reach within TUI and with key downstream partners, and will serve as an entry point for new customers into the Group's ecosystem.

The strategy aims to deliver product growth with the aim to attract new customers both with new tours, activities and excursions, as well as other products such as mobility, multi-day tours, and destination passes. The inclusion of these products will be enabled by the continued digitalisation of the business, which is also transforming the way the Group's TUI Musement segment delivers service directly to its customers, as well as its interactions with B2B customers.

Digitalisation is expected to drive the three complementary product categories of experiences, transfers, and tours through differentiated value propositions, thus maximizing cross-selling between categories.

12.2.2. *Markets & Airlines: Grow product offering, grow customer base*

Having accelerated the strategic transformation of the Group's Markets & Airlines segment during the COVID-19 pandemic, and expecting the full realisation of its Global Realignment Programme, its business strategy is now focused on recovery and growth. Taking into account the current macro-environment, the aim of the Group's strategy is to drive the recovery by leveraging its core capabilities (for example, our end to end relationship with customers) as well as increasing the flexibility of accommodation and flight supply, with a corresponding reduction in the proportion of risk capacity. In addition, the Group will continue to build resilience in its operations (for example, with spare capacity management) and improve quality in its TUI Airline Segment, following the above normal levels of disruption experienced by the industry this year, as well as further enhance its multi-layered approach to seat supply (using its in-house fleet plus third party carriers) by building a central Capacity Demand Management function.

The Group intends to invest into growth by offering more product choice, growing its customer ecosystem into untapped segments such as independent travellers, and increasing customer value through increased up- and cross-selling. This includes increasing the volume and proportion of dynamically sourced packages, as well as significantly increasing its component offer in accommodation only and flight only.

In addition, the Group aims to grow its multi-day tours business, which operates in an attractive but fragmented market, with the launch of a new digital platform; and it intends to expand its car rental offer for both the Group and open-market customers. Finally, the Group will seek to maximise the value of each customer by enhancing its ancillaries merchandising (such as airline ancillaries, financial services, flex options) and offer across the entire TUI ecosystem. All of these initiatives aim to enlarge the Group's customer ecosystem and grow volumes, based on dynamic sourcing, in balance with its risk capacity exposure.

12.2.3. *Central TUI customer ecosystem: Tap group synergies, maximise customer value*

As well as growing customer volumes, the Group's marketing and distribution strategy focuses on maximising customer value, utilising synergies between both of its business segments. As the basis for this, the Group aims to continue to strengthen and leverage the TUI brand in existing and untapped customer segments. The Group has a strong market share in the traditional TUI segments. These include: deal-driven families and couples mostly looking for sun & beach, safety-driven young families looking for familiarity and service, and service and advice-seeking older couples usually with a strong affinity to retail stores. The Group also aims to attract new customers through the TUI Future strategy such as the older, confident, more affluent and adventurous customers into culture & exploration and younger, independent and adventurous customers with lower spending at higher frequencies, as well as younger customers within its traditional segments. Finally, the Group aims to introduce new products in order to participate in the larger and stronger growing segments of the total leisure market using dynamic packaging, accommodation-and-flight-only, cars, ancillaries, and tours and experiences.

The Group is currently streamlining the digital customer experience via the operation of a single customer account, implementing a common payment process, and deploying marketing and recommendations which cover all TUI products (including in-flight and hotel). The Group also focuses on enhancing its app to enable customers to access all TUI products and services more easily, as well as targeting further growth in the proportion of digital sales made in-app. The Group expects these elements to facilitate a full product suite offering and cross-selling, and increase the number of holiday and experience touchpoints it has with its customers.

12.2.4. Sustainability: Clear commitments on People, Planet and Progress

The Group's strategy is to set the standard for sustainability in the industry. It believes that sustainable transformation should not be viewed a cost factor, but that sustainability pays off – for society, for the environment and for the business. The Group's strategy is therefore underpinned by clear, evidence-based goals and targets on sustainability. The Group's new Sustainability Agenda, which addresses these across three areas – People, Planet and Progress (see Section "*12.8 Sustainability*").

People

- The Group aims to ensure that local people and communities benefit from tourism and the local supply chain.
- The Group expects to empower a generation of sustainability changemakers through the TUI Care Foundation to drive positive social and environmental impact in tourism communities around the world.

Planet

- The Group has joined the Science Based Targets initiative-committing to implement emission reductions in line with the latest climate science by 2030.
- The Group targets to achieve net-zero emissions across its operations and supply chain by 2050 at the latest. It expects to change the way it uses resources – becoming a "circular" business.

Progress

- Together with its partners the Group intends to co-create a sustainable business model for the tourism industry, through the Destination Co-Lab Rhodes.
- The Group intends to enable its customers to make sustainable choices in every stage of the customer journey.

We already operate one of Europe's most carbon-efficient airlines and we aim to continuously improve our environmental performance. We will build on the progress we have already made and reduce emissions further through our commitment to science-based targets and our emission reduction roadmap. In 2022, we operated with 19 Boeing 787 aircraft and the Boeing 737 Max fleet grew from 25 to 35 aircraft during the financial year.

12.2.5. People: "Employees First, A great place to work"

With their competence and commitment, our employees make a key contribution to TUI Group's success. The challenging interplay between our transformation to a digital platform company, the impact of the COVID-19 pandemic and a volatile labour market have substantially altered expectations about the way we work and how we interact with present and future employees. People expect greater flexibility and additional benefits from their employers. Simultaneously, diversity, the experience of belonging and the increased wellbeing become ever-more relevant factors for our employees.

Our vision is to be "*Digital*, *Engaging* and *Inclusive*", that is why we have developed a new "People Strategy".

Our strategy focuses on strengthening our business and enhancing the experience of existing and future employees. In order to implement our strategy, we have adopted a mission defining our relevant areas of action:

- Simplification, harmonisation and focus: We are harmonising and globally standardising our processes to create synergies and avoid duplication. Local adjustments should only be effected if and as required or where this creates additional value.

- Digital transformation: We are further implementing a data-centric alignment and the incorporation of high-quality data into our decision-making processes.
- Supporting growth: A global team is working to position TUI as an employer of choice in the relevant markets and among key target groups.
- Positive employee experience: Though global surveys, such as the TUIgether light survey, we want to identify and understand the needs of our employees to help our executives to plan measures at all levels.
- Diversity, equity and inclusion: We have several training programmes on diversity-related topics and aim to support and promote our employees through external partnerships, such as with Women in Data or the Black Representation in Marketing.
- Facilitating top performance: We offer a wide range of trainings via our platforms, such as TUI Learning Lounge, and programmes, such as the forward programme.

We are thus seeking to create a framework that promotes team cohesion and collaboration.

12.3 History

After a history of over 70 years as an industrial business, the company known today as TUI AG entered the tourism market in 1997 with the acquisition of one of Germany's leading tourism companies, Hapag-Lloyd Cruises. Further tourism acquisitions followed, and we began to exit our industrial businesses. Gradually, by acquiring some big names in European tourism at that time, including Thomson, Fritidsresor and Nouvelles Frontières as well as shareholdings in the hotel groups Riu and Magic Life, we have created one of the world's leading tourism groups.

In 2007, our tour operating businesses merged with the UK listed First Choice Holidays PLC, a tour operating business started in 1973 which had both mainstream and specialist businesses, to form TUI Travel PLC, listed on the London Stock Exchange. The company's major shareholder with a stake of 54 per cent was TUI AG. In 2014, TUI Travel PLC and TUI AG merged.

12.4 Segments

We organise our two core businesses, Holiday Experiences and Markets & Airlines, in six segments. A seventh segment comprises our other operations.

Our segments, and the business activities they comprise, are as follows:

Holiday Experiences	
Hotels & Resorts	Group-owned hotels; hotel shareholdings
Cruises	The TUI Cruises joint venture; prior to July 2020, our former subsidiary Hapag-Lloyd Cruises (now part of TUI Cruises), and the British cruise business Marella Cruises
TUI Musement	Companies providing services in the destinations for TUI Markets & Airlines and third-party customers as well as excursion and activities through the Musement platform
Markets & Airlines	
Northern Region	Tour operators and airlines in the UK, Ireland and the Nordic countries; our stake in the tour operation business of the Canadian company Sunwing; this segment also includes the tour operator TUI Lakes & Mountains, which plays a major role in securing the load factor for our UK aircraft fleet in winter.
Central Region	Tour operators and airlines in Germany; tour operators in Austria, Poland, Switzerland and Italy
Western Region	Tour operators and airlines in Belgium and the Netherlands; tour operators in France

All Other Segments	Business operations for new markets; central corporate functions and interim holdings; Group real estate companies; central tourism functions such as information technology

12.5 Geographical markets: source markets and destinations

We define source markets as the markets in which the customers who buy our products and services live. We organize our source markets in six geographic regions: Germany, UK, Spain, Other EU, North and South America, and Other Regions.

We define destinations as the markets to which our customers travel and where our owned or controlled hotels and resorts are located, and where we provide Destination Experience services. As measured by total volume of TUI guests in Fiscal 2022, our most important destinations were Spain, in particular the Canaries and Balearics, the Caribbean, Greece, Mexico, Türkiye, USA and Canada.

12.6 Our tourism business

12.6.1. Holiday Experiences

Our Holiday Experiences business consists of our Hotels & Resorts, Cruises and TUI Musement segments.

12.6.1.1. Hotels & Resorts

The Hotels & Resorts segment comprises TUI Group's diversified portfolio of Group hotel brands and hotel companies. The segment includes hotels majority-owned by TUI, joint ventures with local partners, stakes in companies giving TUI a significant influence, and hotels operated under management contracts.

As of 30 September 2022, Hotels & Resorts comprised a total of 353 hotels with approximately 250,000 beds. A large majority of these hotels – 322 of 353 – are in the four- or five-star categories. 53% of the hotels were operated under management contracts, 38% were owned by one of the hotel companies, 8% were leased and 1% were managed under franchise agreements.

Star categories are intended to provide an objective standard for comparing hotel quality, standards and amenities. There is no single worldwide rating system; each market may have one or more systems in use. In some cases, a system may predominate across a given region. For example, the Hotelstars Union system has been adopted by the hotel associations of most European countries. Ratings systems employ various criteria, such as quality management, wellness and sleeping accommodation. The Hotelstars Union system, for example, is based on a catalogue of 21 qualifications encompassing 247 elements.

The following table shows a breakdown of our hotels & resorts portfolio as of 30 September 2022:

Brand	**★★★**	**★★★★**	**★★★★★**	**Total hotels**	**Beds**
Riu	2	47	49	98	106,059
Robinson........................	1	17	8	26	16,016
Blue Diamond.................	3	12	19	34	32,270
Other hotel companies	25	119	51	195	120,799
Total	**31**	**195**	**127**	**353**	**275,144**

Riu, one of the Group's significant joint ventures, is the largest hotel company in the portfolio of Hotels & Resorts, as measured by total number of hotels. The Mallorca-based enterprise RIUSA II S.A. ("**RIUSA II**"), through which the Company operates the Riu branded hotels, primarily operates hotels in the four- and five-star category in Spain, Mexico and the Caribbean as well as in Cape Verde, Portugal and Morocco. Its three product lines – Riu Clubhotels, Riu Plaza (city hotels) and Riu Palace (premium segment) – target different customer groups.

Robinson operates four- and five-star club hotels and is a leading German provider for club holidays. Most of its clubs are located in Spain, Greece, Türkiye, the Maldives and Austria.

Blue Diamond is a hotel chain comprising 34 resorts in the Caribbean – primarily, in Cuba, the Dominican Republic, Jamaica and St. Lucia – and Mexico.

Other hotel companies include, in particular TUI Signature Hotels: TUI Blue, TUI Magic Life and TUI Suneo. TUI Blue is our youngest hotel brand, targeting international travellers and is represented in 20 countries, with a pipeline of new openings in summer 2023 of five hotels in four countries and further eight hotels in six countries. TUI Magic Life is an all-inclusive brand, targeting an international audience seeking club holidays with different profiles in beachfront locations. TUI Suneo offers hotels with a reasonable cost-effectiveness in a central location near the beach and resort centre. For the summer, TUI Suneo is expanding its offering with seven additional hotels, including hotels on Crete and Usedom.

In addition, our hotels operated by third-party hoteliers include a total of 65 hotels as of 30 September 2022 belonging to our international concept brands. As a result, the hotel portfolio of the TUI Group comprises a total of 418 hotels.

Cruises

Our Cruises segment consists of the joint venture TUI Cruises; which operate cruise vessels under the Mein Schiff, Hapag-Lloyd Cruises and Marella Cruises brands. With their combined fleet of 16 vessels as at 30 September 2022, these three cruise lines offer a variety of service concepts targeting different groups.

The following table shows the financing structure of our cruise fleet as at 31 December 2022:

Cruise line	**Owned**	**Finance lease**	**Operating lease**	**Total**
TUI Cruises	12	0	0	12
Of which:				
Mein Schiff....................	7	0	0	7
Hapag-Lloyd Cruises	5	0	0	5
Marella Cruises	3	1	0	4
Total	**15**	**1**	**0**	**16**

TUI Cruises is a joint venture in which TUI AG and the US shipping company Royal Caribbean Cruises Ltd. each hold a 50% stake. With its seven ships in the “Mein Schiff” line, the TUI Cruises brand occupies a leading position in the cruise sector in German-speaking countries: the Berlitz Cruise Guide, an internationally important benchmark for the rating of cruise ships, has repeatedly listed ships from the TUI Cruises fleet in selected the top five in the “Large Ships” category. In the third quarter of Fiscal 2022, the construction of two of three new buildings for TUI Cruises began, which will complement the Mein Schiff fleet by 2026 and bring it to a total of nine ships. After the COVID-19 pandemic, TUI Cruises is continuing its growth as planned. The Mein Schiff Herz is scheduled to join the Marella Cruises fleet from Fiscal 2023.

The traditional brand ***Hapag-Lloyd Cruises***, which also belongs to TUI Cruises, is a focused on the Luxury and Expedition cruise businesses. In Fiscal 2022, as in previous years, Hapag-Lloyd Cruises’ flagships *Europa* and *Europa 2* were the only ships ranked in the Berlitz Cruise Guide’s 5-stars-plus category, the Guide’s top rating (Berlitz). As of 30 September 2022, the fleet consisted of two luxury cruise ships and three expedition cruise ships.

With a fleet of four ships, ***Marella Cruises*** offers voyages for various segments of the British market, such as family and city cruises. The Mein Schiff Herz from TUI Cruises is to strengthen the fleet as the Marella Voyager from June 2023.

TUI Cruises will continue to grow by investing into new-build ships for all market segments. Marella Cruises will continue to pursue a fleet upgrading strategy by replacing older ships with newer and larger vessels, enabling it to increase product pricing.

TUI Musement

The TUI Musement segment delivers local services in the worldwide holiday destinations. TUI employs its own staff in numerous holiday destinations. TUI Musement's business model is based on an open online platform available to suppliers and customers. It gives our customers the option to book tours, activities and experiences in the destinations directly and enables our partners and third-party providers to sell offerings. In addition, transfers are carried out in the destinations.

TUI Musement serves three customer groups:

- TUI customers: Provision of services for our guests in the destination via tour guides and via the TUI Digital Assistant app and the TUI Experience Center.
- Strategic B2B customers: Digital and on-premises services for partners across travel industry sectors such as airlines, cruise lines, ground transportation, OTAs and tour operators.
- B2C Open Market customers: Worldwide brokerage of tours and activities for travellers.

TUI also employs its own staff in holiday destinations and is able to offer customers premium travel experiences through its portfolio of own-operated as well as third-party products in more than 1200 destinations and cities. TUI Collection experiences enable customers to explore popular sights and hidden gems, while caring for the environment and supporting local communities. Our customers enjoyed 1 million TUI Collection experiences in the last 12 months to February 2023, which accounted for 21% of total Experiences revenue. TUI Musement is the first company working with the Global Sustainable Tourism Council ("**GSTC**") to apply their standards to Experiences on a global basis and TUI Musement currently has 1000 certified experiences, which are identified by the 'Green & Fair' label. To further strengthen the growth of our TUI Musement segment, we have entered into various B2B strategic partnerships: Ctrip (since 2019), Booking.com (since 2020) and Trivago, Mozio and Nezasa (since 2021), with National Geographic (announced in 2022).

12.6.1.2. Markets & Airlines

Our Markets & Airlines business consists of our Northern Region, Central Region and Western Region segments.

With our three regions – Northern, Central and Western – we have well-positioned sales and marketing structures providing about 16,730 guests in Fiscal 2022 a year with attractive holiday experiences. Our sales activities are based on online and offline channels. The travel agencies include Group-owned agencies as well as joint ventures and agencies operated by third parties. In order to offer our customers a wide choice of hotels, our source market organisations have access to a large portfolio of TUI hotels. They also have access to third-party hotel bed capacity, some of which has been contractually committed.

Our own flight capacity continues to play a key role in our business model. A combination of owned and third-party flying capacity enables us to offer tailor-made travel programmes for each individual source market region and to respond flexibly to changes in customer preferences. Thanks to the balanced management of flight and hotel capacity, we are able to develop destinations and better optimise the margins of both service providers. We believe that our airline load factors are sector leading while operating at 85% capacity (as of 31 December 2022).

Northern Region

The Northern Region segment comprises tour operator activities and airlines in the UK, Ireland and the Nordics. In addition, the Canadian strategic venture Sunwing and the associated company TUI Russia have been included within this segment.

Central Region

The Central Region segment is made up of the tour operator activities and airlines in Germany and the tour operator activities in Austria, Poland and Switzerland.

Western Region

The tour operator activities and airlines in Belgium and the Netherlands and tour operator activities in France are included within the Western Region segment.

12.6.1.3. All Other Segments

All Other Segments include our business activities for the new markets, the corporate centre functions of TUI AG and the interim holdings, as well as central touristic functions.

12.7 Sales and marketing channels

In Q1 2023, 75% of our passengers departed were through our own channels, and 55% of our passengers departed were made through our own online channel.

12.7.1. Offline channels

The travel agencies that market and sell our holiday offerings include Group-owned and franchised agencies as well as joint ventures and agencies operated by third parties.

During 2018 and 2019, we acquired or increased our investments in travel agencies and travel services business in multiple markets. These transactions included the acquisition of several travel agencies in Germany and the Netherlands in order to expand our footprint in the German and Dutch markets.

We closed 248 branches in the UK and Ireland. On the other hand, we expanded our online business in response to a major shift in customer behaviour, with approximately 70% of all TUI UK bookings in recent years taking place online. In addition, we also closed 78 of the approximately 568 branches in Germany and Austria. This was completed in Fiscal 2022. Although decreasing demand as a consequence of the COVID-19 pandemic has intensified our programme for cost reduction, we had announced before the outbreak of the pandemic our intention to restructure our sales channels in German in response to the increasing prevalence of online bookings.

In addition, TUI’s restructuring plan has repositioned TUI France to focus on higher margin core club brands such as Marmara, Lookea and Nouvelles Frontières for Tours. As part of this, TUI has disposed of its owned travel agencies, keeping third party retail as our key distribution channel, creating a significantly leaner organisation. The plan has driven a total headcount reduction of around 600 FTE vs 2019 which supported to break-even levels from Fiscal 2022 onwards.

12.7.2. Online channels

Our online channels primarily consist of our own websites as well as our apps, providing our customers with relevant travel information and booking options. Given the increasing importance of online channels for inspiration as well as for booking and managing the holiday, we are strengthening our portfolio of digital platforms, as reflected in the acquisition of Musement.

Online bookings for Fiscal 2022 reached 54%, a 6 percentage points increase from Fiscal 2019. In the UK, 69% of customers use online bookings, a 6 percentage points increase from Fiscal 2019. In Germany, 29% of customers use online bookings, a 9 percentage points increase from Fiscal 2019.

In Fiscal 2019, we acquired the technology start-up Musement, based in Milan (Italy), one of the leading digital platforms for tours, activities and excursions at destinations.

We believe that TUI UK is the leading brand of choice in the UK with an estimated 21% traffic share which we believe is higher than the share of our nearest competitors.

In addition to our own marketing activities, social media can contribute significantly to our marketing profile. Dedicated sites such as TripAdvisor as well as individual channels such as Instagram and Facebook are, essentially, technologically advanced forms of “word of mouth” advertising, such as unsolicited and unpaid reviews and recommendations. Word of mouth recommendations have always been important to companies in guest services businesses such as tourism; social media greatly amplify its effect, as they are accessible to very large audiences worldwide. In addition to our social media channels, we operate the TUI app which is available on smartphones and tablets. There has been a significant uptake in app usage and app users now convert at twice the rate of mobile web users with 4.8% (Q1 2023) of passenger sales now made through the app, an increase of 3 percentage points from the same period in 2019. Furthermore, we launched a new brand platform in October 2021.

12.8 Sustainability

We are firmly convinced that sustainable development is crucial for long-term economic success. Together with our numerous partners around the world, we are therefore actively committed to promoting sustainable development in the tourism industry. Sustainability, which encompasses all three areas of economic, ecological and social sustainability, is a fundamental management principle for the Group and a cornerstone of our strategy for continuously increasing the value of the company. The conservation of natural resources and the reduction of negative environmental impacts are both in the interest of our business and in the interest of the future success of travel and tourism. We are aware that environmental aspects are increasingly influencing travel decisions. Consumers and employees pay more attention to the fact that a company acts sustainably.

Respect for the environment is an essential feature of our quality standards in our products, services and processes. We have given absolute priority to improving our CO_2 and resource efficiency, with a particular focus on waste and water consumption. We constantly strive to achieve the corresponding goals.

12.8.1. Our mission

We are mindful of the importance of travel and tourism for many countries in the world and for the people living there. We partner with these countries and other stakeholders to actively shape a more sustainable future for tourism.

Our ambition is to continue to lead the industry and actively shape a more sustainable future for tourism in all three dimensions of sustainability – social, environmental and economic. We aim to use our scale and influence for the sustainable transformation of the tourism industry.

To this end, our management works closely with our international TUI sustainability team and is also supported by the Company’s Sustainability Business Council. The latter will be set up in the course of the financial year 2023 and will convene annually to promote the constant integration of sustainability into all business processes and decisions. When it comes to areas such as setting science-based targets, our CO2 strategy and human rights or supply chain, we also work with external consultants. This is the only way we can ensure that TUI’s business and sustainability activities are sufficiently coordinated. The internal team responsible for Group sustainability is led by the Group Sustainability Director. She reports to the Chief

Sustainability Officer (CSO), who is also a member of the Group's executive committee (the "**Group Executive Committee**"). Over the past two years, TUI Group's international sustainability team has focused on developing the TUI Sustainability Agenda. Taking into account current challenges, global scenarios and mechanisms such as the EU Green Deal, new priorities and strategic directions for future sustainability activities at TUI were developed in coordination with internal and external stakeholders. Thanks to the direct exchange with our stakeholders and the industry, we were able to collect expectations and challenges regarding sustainability issues, which are reflected in our sustainability activities. The Supervisory Board, Executive Board, and the Group Executive Committee and employee representatives were regularly involved in the process of drawing up the agenda in the form of individual and group presentations, Furthermore we expect to open a digital "Sustainability Academy" in which our employees can obtain information and further training on all aspects of sustainability. As far as specific topics are concerned, we are in constant discourse with organisations such as industry associations, non-governmental organisations, political institutions and working or interest groups. It is in our interest to continue to foster this two-way dialogue to ensure that we continue to focus on the most important and relevant issues for our Agenda.

Our Sustainability Agenda builds on tourism as a force for good. Together with our partners we strive to continue to positively contribute to local communities, reduce our environmental footprint and create more sustainable holiday choices.

The Agenda consists of three building blocks to drive the sustainable business transformation, to empower 'People' to drive development, reduce TUI's environmental footprint on the 'Planet' and partner with others to 'Progress' the transformation of our industry. Our three P's of People, Planet and Progress are supported by 15 focus areas with key goals, objectives and initiatives. The Agenda is our roadmap to address the key industry and global challenges we will face in the coming decades, such as climate change. In order to be able to pass on future ambitions in the area of sustainability and thus to expand the circle in terms of target achievement and to start a dialogue between suppliers and decision-makers within TUI about sustainable technologies, we have created an incentive for our suppliers. Among the 2000 IT suppliers who work for TUI, we present the "TUI Green IT Award", which we created. It honours companies that act in an exemplary manner when it comes to sustainability, presents best practices - and is an expression of the partnership with our suppliers. The award is given once a year and gives our suppliers the opportunity to receive an award based on our Agenda in the three P's mentioned above. The table below contains more details on these three building blocks.

Commitments include achieving net-zero emissions across our operations and supply chain by 2050 at the latest, setting near-term science-based emission reduction targets, becoming a circular business, enabling 20 million customers a year to make sustainable holiday choices by 2030 and co-creating the sustainable destination of the future. To achieve net-zero emissions TUI has submitted its targets for reducing emissions from its aircraft (reducing CO2 equivalents per revenue passenger kilometre by 24% by 2030 compared to 2019), cruise ships (reducing absolute CO2 equivalents from our own cruise operations by 27.5% by 2030 compared to 2019) and hotels (reducing CO2 equivalents from TUI Hotels & Resorts own operations by 46.2% by 2030 compared to 2019) to the non-governmental organisation Science Based Targets initiative (SBTi) for validation. Beginning of 2023, these targets were accredited, confirming that the ambitious 2030 emission reduction targets set by TUI are based on the latest findings of climate science and are in line with the goals of the Paris Agreement. The Company's action plans for achieving these targets contain comprehensive packages of measures – from the use of sustainable aviation fuel and the expansion of renewable energy sources for power generation in TUI Group hotels to the latest technologies to reduce emissions in the cruise business. The Sustainability Agenda supports and takes action to contribute to the achievement of the United Nations Sustainable Development Goals ("**SDGs**") – 17 global goals to fight inequality, end poverty and respect our planet by 2030.

These goals provide a useful framework with which to view the material impact of our business operations and a benchmark to assess the relevance of our initiatives. The tourism value chain is closely linked to many different sectors. This enables us to influence progress on many SDGs, with a special focus on 13 of them.

TUI Sustainability Agenda

Building blocks	People Empower to drive development We will ensure that local people and communities benefit from tourism and the local supply chain. We will empower a generation of changemakers by helping them acquire the new skills and knowledge they need to transform the tourism industry.	Planet Reduce our footprint We will achieve net-zero emissions across our operations and supply chain by 2050 at the latest. To protect our planet, we will change the way we use resources and become a circular business.	Progress Accelerate the transformation Together with our partners we will co-create the next generation sustainable business model for the tourism industry. We will enable our customers to make sustainable holiday choices at every stage of the customer journey.
Focus areas	Buy local first Community for changemakers Socially fair Upskilling Support TUI Care Foundation	Emission reduction roadmaps Green & clean energy sources Circular business Water management Biodiversity	Destination Co-Lab Rhodes Empowering consumers Driving certification Green Tech & Data-driven Net-zero travel accelerator

12.8.2. Implementation of the Agenda in all Group areas

The tourism value chain is made up of three group areas, in our case specifically Airlines, Cruises and Hotel. The implementation of our expanded awareness of sustainability and our goals in this regard are reflected in numerous changes and can be illustrated by many further developments.

12.8.3. Airlines

Our continuity and persistence in striving to improve environmental performance has already made us one of the most carbon efficient airlines in Europe. Our 2030 emissions reduction targets for airlines have been approved by the SBTi. By 2030, CO2 per revenue passenger kilometre emissions shall be reduced by 24%, compared to 2019. Within our emission reduction roadmap for aviation, the following levers are key; continued investment in modern carbon efficient aircraft, efficiency through operational measures as well as investment in sustainable aviation fuel ("**SAF**").

TUI Group has invested in cutting edge aviation technology to reduce emissions, such as the Boeing 787 and Boeing 737 Max aircraft. On average the planes are 20% and 16% more fuel-efficient (787 and 737 Max) than the aircraft they replace in the TUI Airline fleet. The Boeing 737 Max also has a 40% smaller noise footprint than previous generation aircraft. In 2022, we operated with 19 Boeing 787 aircraft and the Boeing 737 Max fleet grew from 25 to 35 aircraft during the financial year. In general, we are planning to have an all-787 widebody fleet no later than 2025.

After the end of the reporting period a new aviation investment was announced in October 2022, with the Embraer E195-E2, the quietest and most efficient aircraft under 150 seats, to join the TUIfly Belgium fleet. The aircraft will operate on short and medium haul routes and is more than 50% quieter and emits up to a third less carbon dioxide than the first generation E190-E1. The airlines we operate are among Europe's most carbon-efficient, and we aim to continuously improve this efficiency. Beyond renewing the fleet, we have implemented the following measures to support our efficiency goals:

- Flight operations, e. g. single-engine taxing in and out, wind uplinks and optimised climb speeds and profiles
- Weight reduction, e. g. carbon brakes and Fly Away Kit (spare parts and kit)
- Flight planning optimisation, e. g. alternate distance and minimum fuel programme
- Fuel management system to improve fuel analysis, identify further opportunities and track savings

We have implemented environmental management systems based on the internationally recognised ISO 14001 standard. All of our airlines hold an ISO 14001:2015 certification. Our Central Region Airline, TUIfly Germany is also registered in the EU Eco-Management and Audit Scheme (EMAS).

SAF play a crucial role in reducing emissions in aviation. SAF is a key part of our 2030 emissions reduction roadmap to further improve airline carbon efficiency. TUI is involved with a number of partners to secure the supply of SAF. At the beginning of the current financial year in October 2022, a Memorandum of Understanding was signed with Spanish energy company CEPSA and more will follow. The CEPSA partnership will focus on SAF made from materials such as used cooking oils, non-food animal waste or biodegradable waste from various industries, and will make it possible to reduce aircraft emissions by up to 80% compared to conventional kerosene. Currently, the prescribed SAF amounts are used, as provided by the fuel suppliers for example in Sweden or Norway. A ramp-up of additional voluntary SAF amounts is planned by 2030 to achieve an overall emissions reduction target based on the SBTi. In 2022, relative carbon emissions across our airlines decreased by 18.5% compared to 2021. This improvement was largely a result of significantly improved load factors compared to 2021, as well as TUI's on-going refleeting with older aircraft being replaced by new, more carbon-efficient aircraft.

We monitor relative emissions, which we also report in the form of CO_2 equivalents (CO_2e). In addition to CO_2, these emissions include the other five greenhouse gases affecting the climate, as listed in the Kyoto Protocol: methane (CH_4), nitrous oxide (N_2O), hydro-fluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6).

12.8.4. Cruises

In addition to constantly investing in the latest technology to reduce air emissions and striving for operational efficiency, we have developed comprehensive emission reduction roadmaps along with our 2030 targets approved by the SBTi, covering TUI Cruises, Hapag-Lloyd Cruises and Marella Cruises. TUI's cruise business targets to reduce the CO_2 emissions of their fleets by more than a quarter (27.5%) in absolute terms by 2030. Key levers include continued investment in fleet modernisation and efficiency measures, with a focus on shore power, route optimisation, energy efficiency boost and pro-pulsion/alternative fuel switch.

TUI Cruises with its brands Mein Schiff and Hapag-Lloyd Cruises continues to operate a modern and technologically advanced fleet. The newbuild ships in the fleet include the latest technologies to minimise fuel consumption. A smart energy management system, efficient air conditioning, innovative lighting controls and the use of exhaust heat from the engines all contribute to a significantly reduced carbon footprint compared to other vessels not equipped with these technologies. Furthermore, six of twelve TUI Cruises ships are already equipped with a shore power connection that enables the vessels to use green onshore power where available for a nearly emission-free port stay. Our aim is that the whole fleet will be shore power ready within the next few years.

Sulphur emissions from new builds ships of TUI Cruises, that joined the TUI Cruises fleet are reduced by up to 99% compared to our existing fleet due to new scrubber systems that treat exhaust fumes before releasing them.

The new build ships are fitted with advanced emission purification systems which they can operate in a completely closed-loop system, with zero discharge into the sea. This means that the scrubbers from the exhaust gas treatment system do not discharge any used scrubber wash water at sea but instead dispose of it exclusively on shore. TUI Cruises applies these measures to avoid to discharge any scrubber wash water in the sea, not only in the designated special emission control areas of the North and Baltic Seas, the English Channel and North America but also in the other areas that TUI Cruises travels to, such as the Mediterranean, Asia, Caribbean and Central America.

The Mein Schiff fleet is also setting another milestone for sustainable growth. The production of Mein Schiff 7 is underway in the Meyer Turku shipyard in Finland. The focus is on setting high environmental standards by optimising the design regarding energy efficiency and technologies to improve sustainability. The ship will be built so it is prepared to be fuelled with green methanol in the future. It will enter service in 2024. This is an important milestone in TUI Cruises efforts to provide the first climate-neutral cruise by 2030.

Hapag-Lloyd Cruises ships exclusively use 0.1% low-sulphur marine gas oil. This reduces the sulphur emissions of Hapag-Lloyd Cruises' fleet up to 80% and reduces particulates by up to 30% in comparison to the use of heavy fuel oil. All Hapag-Lloyd Cruises ships feature Tributyltin-free underwater coatings, seawater desalination systems for water treatment purposes as well as a biological sewage treatment system for wastewater. Waste is separated on board in an environmentally-friendly manner prior to disposal on land by specialised companies in accordance with international regulations (MARPOL).

Hapag-Lloyd Cruises' *Hanseatic Nature*, *Inspiration* and *Spirit* are also equipped with modern environmental technology. The optimisation of the hull and the use of a rudder with a special propeller contribute to a reduction in fuel consumption. The ships are equipped with SCR catalysts, which reduce nitrogen oxide emissions by almost 95%as compared to ships without the catalysts and have the option of using shore power.

TUI Marella continues to focus on sustainability and several measures have been taken to improve efficiency. For example, refurbishing the main dining rooms to remove halogen lights and replace them with LED fixtures, upgrading to more modern and efficient galley equipment and air conditioning systems, and applying the latest generation hull coatings to Marella Discovery and Marella Explorer to decrease drag in the water resulting in reduced fuel consumption.

As well as TUI Cruises and Hapag-Lloyd Cruises, Marella cruise ships are covered by an ISO 14001 environmental certification.

In Fiscal 2022, relative carbon emissions in Cruises decreased by 44.9% due to significantly higher occupancy levels following the impact of the pandemic in 2021. Per cruise passenger night 10.6 litres of waste were measured – a 55.3% decrease – and 37 litres of fresh water consumed, a decrease of 58.7% due to both the improved occupancy and less bunkering of fresh water.

As part of a pilot project, TUI Cruises carried out a waste analysis on board *Mein Schiff 4* and subsequently tested measures to reduce food waste. The measures saved 17% of food waste within just one year. Proven measures were subsequently rolled out across the entire fleet.

12.8.5. Hotel

Along with our hotels, our hotel partners continue to focus on and drive sustainability transformation in their operations. Every single hotel plays a key role. In support of our priority to reduce emissions, we have developed comprehensive emission reduction roadmaps and 2030 targets for the hotel segment of our business. These targets are science-based and are approved by the SBTi. For TUI Hotels & Resorts, TUI has committed to reducing emissions by almost half (46.2%). At the same time, the Company is working to achieve even more ambitious reduction targets – and to reduce hotel emissions as far as possible to zero as early as 2030.

Our hotel portfolio continues to grow and many of our hotels are using the latest green technology to improve their sustainability performance. For example, the production of renewable energy from solar and wind is a key lever in our emission reduction roadmaps for all TUI hotels and resorts under our operational control, as is efficiency measures achieved through hotel refurbishments and newbuild standards.

Sustainability is embedded in contract clauses with our accommodation suppliers outlining minimum expectations and the requirement to work towards credible sustainability certification recognised by the GSTC. TUI supports its hotel partners by providing guidance and tips on preparing for certification. A community platform and access to the above-mentioned Sustainability Academy were set up as well to inform and share about relevant sustainability topics and developments. See the Progress section above for more information on both of these initiatives.

To celebrate innovative sustainability practices, our TUI Global Hotel Awards includes a sustainability category. The 2022 winners were Hotel Riu Festival and Hotel Riu San Francisco in Majorca for their role in supporting a pioneering sustainable food and recycling project. The hotels are part of an alliance of hotels in Majorca working with the municipal waste company and a local producer. Sensors are installed at the hotels to monitor organic waste, which is then converted into valuable compost. The local producer then uses the compost for growing fruit and vegetables, which are then sold to the hotels and enjoyed by their guests.

Our hotels have seen significant improvements in performance regarding emissions, water consumption and waste production caused by technical refurbishments, customer awareness, energy checks and the support of our partners with workshops and guidance to relower the environmental footprint over the last years. This is a result of continued efforts to improve environmental performance, along with higher customer numbers and occupancy levels returning since the pandemic.

TUI is driving up social and environmental standards through certification. Our hotels and hotel partners are expected to achieve a sustainability certification from an independent organisation. This process involves a third-party assessment to certify that the hotel complies with the GSTC Criteria, demonstrating social and environmental good practice. The GSTC Criteria is the established global standard for sustainable tourism and is organised around four main themes: effective sustainability planning, maximising social and economic benefits for the local community, enhancing cultural heritage, and reducing negative impacts to the environment.

In 2022, we had 7.9 million customers staying in a contracted hotel certified to a GSTC-recognised label-standard, compared to 2.8 million in 2021. The number of certified contracted hotels has increased year-on-year by 78.7% to 1,126 hotels. This increase was due to many of our key hotel partners finally being able to act on their longstanding commitment to sustainability certification. Many certifications lapsed during the previous financial year due to the disruption caused by the COVID-19 pandemic. This was either due to hotels being closed, the operational pressures of reopening, or auditors being unable to visit destinations due to travel restrictions. The impact of this disruption has significantly reduced this year, meaning our hotel partners were able to renew their certification and we are able to report a growth in numbers. Sustainability has also been embedded into our experiences portfolio. We have started applying the GSTC Criteria to individual tours and activities in order to assess their sustainability performance.

12.9 Intellectual property

We operate more than 200 brands of local and international tour operators, destination agencies, cruise lines, airlines and hotels. We believe that many of our brands enjoy high rates of customer recognition and brand loyalty in their markets.

The Company owns all trademarks of our TUI master brand concept and other relevant trademarks for the European market.

Our brand with the red 'smile' – the smiling logo formed by the three letters of our brand name "TUI" – stands for our aspiration to ensure consistent customer experience, digital presence and competitive strength. In recent years, in order to further leverage the appeal and strength of our core brand and tap the associated growth potential, we have created a global branding and consistent brand experience. We believe that TUI is now among the best-known travel brands in our core European source markets.

In addition, our joint venture TUI Cruises owns the trademark "Hapag-Lloyd" for tourism and related businesses; Hapag-Lloyd AG, the former TUI subsidiary operating the maritime transportation and container shipping segments of the historical Hapag-Lloyd business, owns the trademark for the cargo logistics and container shipping business fields, together with related future business areas other than air freight. TUI Group's activities that use the Hapag-Lloyd brand include Hapag-Lloyd Cruises and travel agencies.

In 2015, we began a strategic project to capitalise on the strength of our master brand on a global scale by migrating the majority of existing tour operator and airline brands to the TUI brand. We launched this brand migration in the Netherlands in October 2015. Rebranding in Belgium and the Nordics followed in 2016. In the UK, we migrated from the Thomson brand at the beginning of the fiscal year ended 30 September 2018. We believe that this brand migration strategy has enhanced and strengthened our competitive position, expanded our customer base and made our expenditure to preserve and enhance consumer awareness of the TUI brand more efficient.

As is common in the tourism industry, we or our licensees license or franchise the use of some of our travel agency and hotel brands to third parties. We believe this is a cost-efficient way to increase our marketing impact and sales without incurring significant fixed costs.

We regard maintaining and protecting our trademark portfolio as a key element of our business. We protect our major brands in the manner we believe appropriate to best protect and advance our business interests in each of our markets, including extending our trademarks and defending them against infringement. We also monitor "domain grabbing", the unauthorised registration of our trademark and internet domain names. From time to time we use third-party services to monitor the internet for activity relating to our major trademarks.

Our internet domain names are an important aspect of our market appearance and the online distribution of our products. We have applied to ICANN for the registration of our own new generic Top Level Domain, ".tui". We monitor the use of "TUI" and other trademarks as domain names.

We experience occasional trademark oppositions, similarities with existing trademarks in local markets and domain grabbing. Given the size of our trademark and internet domain name portfolio, we regard these minor incidents as within the ordinary course of business. Other than these incidents, there have been no material violations, disputes or litigation in relation to any of our intellectual property rights, including our master brands, in recent years.

12.10 Legal proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the previous 12 months preceding the date of this prospectus which may have, or have had in the recent past significant effects on the Company and/or the Group's financial position or profitability.

12.11 Employees

As of 31 December 2022, we had 49,979 employees. We engage customer service representatives at many of our destinations on a seasonal basis.

The following table shows personnel by segment at the dates indicated:

	31 December[2]		**30 September[2]**	
	2021	**2022**	**2021**	**2022**
Hotels & Resorts	15,456	19,179	21,508	27,234
Cruises[1]	56	75	57	72
TUI Musement	4,687	6,718	5,381	8,768
Holiday Experiences	**20,199**	**25,972**	**26,946**	36,074
Northern Region	8,668	9,444	9,011	10,423
Central Region	7,344	7,033	7,492	7,039
Western Region	4,609	5,004	4,833	5,141
Markets & Airlines	**20,621**	**21,481**	**21,336**	**22,603**
All Other Segments	2,342	2,526	2,302	2,414
TUI Group	**43,162**	**49,979**	**50,584**	**61,091**

(1) Excludes TUI Cruises (JV) employees. Cruises employees are primarily hired by external crew management agencies.

(2) Includes all employees of TUI companies with active employment contracts, i.e. also employees who were on short-time working or similar government programmes at the balance sheet date.

The following table shows the number of employees serving in each of the indicated geographical markets as of 31 December 2022:

	31 December 2022
Germany	7,067
UK	9,745
Spain	7,482
Other EU	9,927
North and South America	5,750
Other Regions	10,008
Total	**49,979**

12.12 Insurance

We believe that we are adequately insured, to standards customary in our industry, against all customarily covered losses and risks, subject to customary deductibles, exclusions and coverage limits. We regularly review our insurance policies and adjust them as necessary.

The risks we insure against include:

- Aviation,
- Marine, including oil pollution,
- Property Damage & Business Interruption,
- Third-party liability for bodily injury and property damage,
- Terror (PD&BI),

- Directors & Officers Liability,
- Crime,
- Legal Aid,
- Cyber, and
- Employee Benefits.

We also maintain insurance policies to cover certain environmental risks, where necessary.

We expect to be able to renew our existing insurance policies. Due to many external effects mainly driven by the COVID-19 pandemic, one of our main challenges will be to secure capacities with price increases to be kept below market standards. We have not experienced any material disputes with our insurers in respect of claims we have made. With respect to consequences of the COVID-19 pandemic, we are insured only for business interruptions. As of the date of this prospectus, our insurers have paid our claims under these policies in full.

12.13 Facilities

We own or lease a number of administrative buildings. As at 31 December 2022, the carrying amount of our real estate used for administrative purposes, other than hotels, was €64.3 million, of which €3.1 million represented land and €61.2 million represented buildings.

The following table describes our most important administrative buildings as of 31 December 2022:

Location	Key Functions	Facilities
Karl-Wiechert-Allee 4 Hanover Germany	Head Office of TUI AG	55,000 m^2 Usable space: 44,000 m^2 Leased by TUI AG and 100% occupied by TUI AG and some of its subsidiaries
Karl-Wiechert-Allee 23 Hanover Germany	German Tour Operator	55,000 m^2 Usable space: 44,496 m^2 Leased by TUI AG 90% occupied by TUI Deutschland GmbH and 10% occupied by other TUI AG subsidiaries
Wigmore House Wigmore Lane Luton, Bedfordshire UK	UK Tour Operator	16,725 m^2 Leased by TUI Northern Europe Ltd 100% occupied by TUI UK

Our real estate companies, which are part of All Other Segments, own agricultural land, woodland and other land in Germany. As of 31 December 2022, TUI's real estate portfolio comprised a total of approximately 0.88 million square meters.

There are no major encumbrances on properties we own, and we are not aware of any encumbrances on properties we lease that could materially affect our business.

13. Regulatory Environment

This section describes the regulatory environment, other than with respect to environmental matters, in which we operate in and that may materially affect our business. For a description of environmental regulations that affect our business, see "*14. Environmental Matters*".

Our business operations are subject to government regulation in the form of national, local and EU laws and regulations and international conventions. Because government regulation is subject to continuous revision, we cannot predict the continuing cost of regulatory compliance or the future impact of government regulation on our business operations. New laws and regulations may be adopted that could increase our compliance costs or affect our business.

13.1 Regulation of our airline operations

13.1.1. Traffic rights

The regulatory system for international air transport is based on principles established by the Convention on International Civil Aviation of 1944 (the "**Chicago Convention**"). The Chicago Convention, which has been adopted by virtually every country worldwide, sets forth the general principle that each country has complete and exclusive sovereignty over the airspace above its territory and therefore has the right to control the operation of air services over or into its territory. As a result, traffic rights between countries are governed by a large number of bilateral and multilateral air traffic agreements.

These agreements usually designate the airlines, the airports, authorised routes, the capacity to be offered by airlines and procedures for the agreement of tariffs. International air transport has been liberalised to a large extent within the EU. Since 1997, there is a single European aviation market and all EU airlines have been allowed to operate on all routes within the EU Member States.

Tariff restrictions have also been relaxed.

A relatively recent development regarding international agreements in aviation is the occurrence of so-called open skies agreements. The EU, as well as certain EU Member States have entered into open sky agreements with non-EU countries, aiming at reciprocally liberalising the aviation sectors of the involved parties according to market-based standards and reducing restrictions contained in the Chicago Convention on flight routes and airline and airport designations.

The EU has also entered into "open sky agreements" with non-EU countries including the US, Canada, Morocco and recently 10 Member States of the Association of Southeast Asian Nations reducing restrictions contained in the Chicago Convention on flight routes and airline and airport designations. Further open sky agreements are being negotiated, including with Türkiye. Most recently, in October 2022, the EU and the Association of Southeast Asian Nations (ASEAN) entered into the first bloc-to-bloc open skies agreement, connecting the 27 Member States of the EU with the 10 Member States of ASEAN.

The ECJ decided in 2002 that certain provisions of open sky agreements violate EU law. As a consequence, the EU and its Member States have concluded a comprehensive Air Transport Agreement ("**ATA**") with the United States (the "**EU-U.S. Open Skies Agreement**"), which became effective in 2008. The EU's ultimate objective is to create a transatlantic Open Aviation Area, i.e., a single air transport market between the EU and the U.S. with free flows of investment and no restrictions on air services, including access to the domestic markets of both parties.

The ATA has been amended by a protocol in 2010, which has been applied provisionally, pending ratification by all signatories. Norway and Iceland, who are fully integrated into the single European aviation market ("**Single European Sky**") joined the ATA in June 2011.

Following the withdrawal of the UK from the EU and the end of the Brexit transition period the UK ceased to be a party of the EU-U.S. Open Skies Agreement. The UK has since concluded an open-skies agreement with the US which came into effect on 1 January 2021.

On 1 December 2017, the Multilateral Agreement between the EU and its Member States, the Republic of Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, the Republic of Iceland, the Republic of Montenegro, the Kingdom of Norway, the Republic of Serbia and the United Nations Interim Administration Mission in Kosovo on the Establishment of a European Common Aviation Area ("**ECAA**") entered into force. The Multilateral Agreement serves to open the Single European Sky to the ECAA. Under the Multilateral Agreement, the ECAA shall be based on, inter alia, free market access, equal conditions of competition, and common rules including, inter alia, the areas of air traffic management. Following the withdrawal of the UK from the EU and the end of the transition period, the UK is no longer part of the ECAA and the Single European Sky. The EU and the UK have agreed a post-Brexit Trade and Cooperation Agreement ("**TCA**") which came into effect in 1 January 2021. The TCA provides for the continuation of air traffic services between the UK and the EU but removed access for UK airlines to internal EU routes (the ability to fly between two EU airports) and for EU airlines to fly internal UK routes (between two UK airports) meaning that UK airlines have no access to the single EU/EEA aviation market. UK airlines flying into the EU will be treated as foreign carriers and will need a foreign carrier permit from the European Aviation Safety Authority ("**EASA**"). EU airlines will require similar permits from the UK Civil Aviation Authority ("**CAA**").

The International Civil Aviation Organisation ("**ICAO**"), a specialised agency of the United Nations, has developed standards and recommended practices covering a wide range of matters, including aircraft operations, personnel licensing, security, accident investigations, navigation services, airport design and operation and environmental protection. Germany, the UK and the other countries where TUI holds an air operator license are all members of the ICAO.

The International Air Transport Association ("**IATA**") is a global trade organisation of the air transport industry and currently represents ca 301 airlines in some 122 countries, and covered 83% of the world's total air traffic as at 2020. IATA provides a forum for the coordination of tariffs on international routes. IATA also facilitates international cooperation on areas of technical safety, security, navigation and flight operations and the development of communication standards and administrative procedures. IATA regulations are applicable to our airline business on two levels.

First, we must obtain IATA accreditation in order to act as an intermediary and sell tickets for and on behalf of an IATA airline. Second, our flight booking operations are required to continuously comply with the IATA Passenger Sales Agency Rules and the terms of the Passenger Sales Agency Agreement – both of which are resolutions by the Passenger Agency Conference under the umbrella of the IATA.

In order to receive IATA accreditation, the IATA examines the applicant to determine whether it has the necessary qualifications (mainly qualified staff) and financial standing to become an "accredited" intermediary and maintain such status as "accredited" intermediary. Continued reporting obligations mainly involve the reporting of annual audited financial statements and the prior notification of certain changes affecting the IATA-accredited intermediary, some of which may require the entering into of a new Passenger Sales Agency Agreement, such as the acquisition of such IATA-accredited intermediary by a person who is not itself accredited or any change in the legal nature of the IATA-accredited intermediary. IATA-accredited intermediaries may also be subject to reviews initiated by IATA administrators, usually this occurs if the IATA administrator considers that it is likely that the IATA-accredited intermediary no longer has the necessary qualifications for accreditation or fails to meet certain financial requirements.

From time to time and last with the 43rd Edition of 1 March 2022, IATA issued new versions of the Passenger Sales Agency Rules, which may result in certain countries modifying IATA accreditation criteria. We are required to comply with such changes in the different jurisdictions where we operate, which may include changes to our capital structure or guarantees.

Additionally, under certain circumstances, namely, when operating under the merchant model, IATA may require us to post guarantees in order to minimise our airlines' credit risk. Parameters adopted by IATA to assess intermediaries' credit-worthiness may vary from one jurisdiction to another and based on its annual review of our financial statements, IATA may modify guarantee requirements applicable to us. The Group entities are materially compliant with IATA requirements in this respect. Upon the occurrence of certain events such as an acquisition, IATA may monitor compliance by intermediaries with its regulations, particularly the financial undertakings, in which case the guarantees posted may be amended or IATA may require additional guarantees.

IATA also regulates the frequency on which settlement (remittance) is due by accredited intermediaries. Such frequency varies between jurisdictions and is subject to amendment. IATA regulations currently provide that frequency of payment may vary from one jurisdiction to another and occurs at least once a month.

13.1.2. Licenses and certificates

Our airlines are regulated by, and must hold operating licenses that are issued by, the aviation authorities in their home countries. For example, TUIfly GmbH is regulated and licensed by the German Federal Aviation Authority (Luftfahrt-Bundesamt, LBA) and TUI Airways Limited (previously Thomson Airways Limited) ("**TUI Airways**") is regulated and licensed by the UK Civil Aviation Authority (CAA).

National airline licencing rules have been harmonised across the EU. As a result, operating licenses are now valid throughout the EU on the basis of Regulation (EC) No 1008/2008. In order to receive an operating licence, EU airlines must among others:

- have their principal place of business in an EU Member State,
- hold a valid air operator certificate in accordance with Regulation (EU) No 2018/1139,
- have one or more aircraft at its disposal through ownership or a dry lease agreement,
- have air services as their main occupation,
- be owned by more than 50% and be effectively controlled by EU Member States or nationals of EU Member States,
- meet certain financial conditions,
- comply with insurance requirements, and
- comply with the provisions on good repute.

If a competent licencing authority is no longer satisfied that the airline can meet its actual and potential obligations for a 12 month period, it shall suspend or revoke the airline's operating licence.

Following the end of the Brexit transition period, the CAA is now responsible for issuing operating licences for UK airlines. Regulation (EC) No 1008/2008 remains largely in force in the UK as retained EU law, although with some changes to access to routes, pricing and emergency measures (see next paragraph). UK airlines must have their principal place of business in the UK and hold a valid air operator certificate issued by the CAA. The other requirements are broadly in line with EU requirements without the ownership restriction, although there are ownership restrictions on an airline flying into the EU (see below).

According to Regulation (EC) No 1008/2008, Member States may limit or refuse capacity on air traffic routes to respond to sudden unavoidable and unforeseeable problems or for environmental reasons. In addition, airlines require further licences, for example for the operation of routes outside the EU and for the use of certain rights set forth in international aviation agreements.

On 25 May 2020, Regulation (EU) 2020/696 was adopted, amending Regulation (EC) No 1008/2008 in view of the COVID-19 pandemic.

Following the end of the Brexit transition period, UK ownership and effective control no longer qualifies as EU ownership and effective control. Therefore, airlines that are partially owned or effectively controlled by the UK or by UK nationals run the risk of falling below the 50% threshold. As a consequence, the grounds for an operating licence under Regulation (EC) No 1008/2008 may no longer be fulfilled.

On the basis of the European Economic Area Agreement, the regime under Regulation (EC) No 1008/2008 applies not only to EU Member States but also to EEA Member States. The Member States of the EEA are the EU Member States plus Norway, Iceland and Liechtenstein. The UK is no longer a contracting party of the European Economic Area Agreement following the end of the Brexit transition period, and UK or UK nationals are no longer entitled to an operating license under Regulation (EC) No 1008/2008.

The national aviation authorities are also responsible for enforcing technical standards and safety rules concerning the operation and maintenance of aircraft. Aircraft may only be flown if they have a certificate of airworthiness and their engines, equipment and maintenance procedures must also be certified. All flight crew and certain maintenance staff must be licensed.

From 1 January 2023, the CAA will no longer be able to recognise all EASA-issued certificates, approvals and licences for the operations or maintenance of UK registered aircraft. This applies to the following categories and, if impacted, they must apply to the CAA for UK-issued licences and approvals to continue working and operating UK registered aircraft:

- Pilots with EASA licences operating UK registered aircraft
- Engineers with EASA licences, maintaining UK registered aircraft within the UK
- Maintenance organisations with EASA approvals maintaining UK registered aircraft
- Part CAMO/CAO organisations supporting maintenance of UK registered aircraft
- Air carriers holding Third Country Operators (TCO) certificates

In November 2021, the European Commission resumed the procedure to revise the Regulation (EC) No 1008/2008 with the call for evidence for an impact assessment which was suspended due to the COVID-19 pandemic outbreak in 2020. The goal is to make the aviation sector within the EU, inter alia, more sustainable, and with respect to the impact of the pandemic – more resilient. Against this background, the European Commission provides the implementation of different measures, such as:

- a strengthened prudential regime for the financial health of carriers;
- amendments to give EU countries more flexibility to restrict flights to deal with a sudden crisis that could be of extended duration;
- clarification of the criteria and conditions for imposing public service obligations; and
- further allowing or mandating EU countries to include sustainability criteria in public service obligations.

However, the legislative initiative has not yet been published.

13.1.3. Security

According to Article 13 of Regulation (EC) No 300/2008 and section 9 of the German Air Security Act (*Luftsicherheitsgesetz*), an air carrier is required to demonstrate specific security measures as set out in and in compliance with a security programme (*Luftsicherheitsplan*) approved by the German air traffic authority. Similar national rules apply in the UK, Belgium, Netherlands and Sweden where TUI also holds an airline operating license.

13.1.4. Slots

Access to the main international airports is allocated by the allotment of slots. At heavily used and congested airports, slots are a scarce commodity. Within the EU, slots at major airports are allocated according to Council Regulation (EEC) No 95/93, while at smaller airports, national law determines slot allocation. Under the EU regulations, slots are allocated twice a year, with priority given to the airline that held the equivalent slot in the preceding period.

Airlines may exchange slots among themselves under certain circumstances. Under Regulation (EEC) No 95/93, the pure trading of slots for payment (i.e., without a corresponding exchange), so-called "*secondary trading*", is not expressly prohibited. Regulation (EEC) No 95/93 was last amended by Regulation (EU) 2022/2038, which sets the minimum slot utilisation threshold, as of 30 October 2022, at 75% – compared to 80% before the COVID-19 pandemic. The 80% threshold will again be in force for the summer period 2023. The European Commission may lower this rate if air traffic falls below 80% of the 2019 level due to an epidemiological situation, the consequences of the war in Ukraine or a natural disaster. A European Commissions proposal for a general revision of Regulation (EEC) No 95/93 has been announced for the end of 2023.

Under the TCA, following the end of the Brexit transition period, the UK and EU have agreed that the UK will regulate slots at UK airports in a transparent, effective and non-discriminatory manner. A reciprocal obligation is imposed on the EU. Although the UK may adopt a more liberal approach in the long run towards the allocation and trading of slots, the TCA does impose a "level playing field" requirement, meaning that significant divergence from EU rules may be restrained. The EU Regulations dealing with slots are currently operating as retained EU law in the UK under the EUWA.

In the UK, the Airports Slot Allocation (Alleviation of Usage Requirements) Regulations 2022 came into effect on 26 March 2022 to address the allocation of slots at UK airports. These regulations amended Council Regulation (EEC) No 95/93 by making the following changes in relation to slots allocated for the scheduling period from 27 March 2022 to 29 October 2022, which will in turn affect the reallocation of the same slots for the equivalent period from March 2023 to October 2023:

- the required percentage usage rate was reduced from 80% to 70%, and the allotted point during the series validity at which the slot coordinator can withdraw the remaining slots if no slots of that series have been used was correspondingly increased from 20% to 30%; and
- the list of reasons on the basis of which non-utilisation of slots can be justified was expanded to include certain government-imposed measures to COVID-19 (i.e., flight bans and restrictions on passenger numbers) which severely reduced the viability or demand for travel on the route.

13.1.5. Rights of passengers

Passenger rights are regulated by national and EU law; in addition, international agreements may apply with regard to, for example, liability for accidents.

At the European level, Regulation (EC) No 261/2004 repealed Regulation (EC) No 295/91 and broadened the rights of air travel passengers in case of the cancellation or substantial delay of flights in terms of compensation, support payments and other benefits. The Sturgeon judgment of the ECJ of 19 November 2009 reinterpreted Regulation (EC) No 261/2004 so as to read into it an obligation on airlines to pay compensation of between €250 and €600 for flight delays exceeding three hours.

Moreover, by judgment of 23 October 2012, for example, the ECJ ruled that Art. 5 to 7 of Regulation (EC) No 261/2004 must be interpreted as meaning that passengers whose flights are delayed are entitled to compensation under that regulation where they suffer, on account of such flights, a loss of time equal to or in excess of three hours, that is, where they reach their final destination three hours or more after the arrival time originally scheduled by the air carrier. Such a delay does not, however, entitle passengers to compensation if the air carrier can prove that the long delay was caused by extraordinary circumstances which could not have been avoided even if all reasonable measures had been taken, namely circumstances beyond the actual control of the air carrier.

In a judgment of 23 March 2021, the ECJ held that Article 5 (3) of Regulation (EC) No 261/2004 must be interpreted as meaning that strike action which is entered into upon a call by a trade union of the staff of an operating air carrier, in compliance with the conditions laid down by national legislation, which is intended to assert the demands of that carrier's workers and which is followed by a category of staff essential for operating a flight does not release the air carrier from its obligation to pay compensation to passengers.

Recently, by judgment of 7 April 2022, the ECJ decided that passengers on a delayed flight can claim compensation even if the flight was operated by a non-EU airline and ends outside the EU.

The ECJ's jurisdiction, the EU Charter of Fundamental Rights that enshrines certain political, social and economic rights for EU citizens and factual changes were taken into consideration when issuing a proposal to amend Regulation (EC) No 261/2004. The proposed regulation aims to eliminate grey zones and gaps in the current law and to ensure a better compliance and enforcement of the law. However, the legislative procedure has not yet been completed. The first reading in the EU parliament took place in February 2014 and the EU Council discussed the proposal in June 2014. This and other ongoing aviation files remained on hold within the Council for several years, pending resolution of the dispute between Spain and the UK over the inclusion of Gibraltar's airport in the Regulation. Discussions on the revision of the EU's air passenger rights regulations resumed in November 2019. In early 2020, the Council made some progress, putting forward new compromise proposals with the aim of reaching a general approach within the Council. The decision process is still ongoing and final solutions are yet to be agreed between Parliament and the Council of the EU. In Annex III to its 2022 work programme, the European Commission lists the above proposal as a priority pending proposal.

Following the end of the transition period, Regulation (EC) No 261/2004 remains largely in force in the UK as retained EU law. Specific amendments were made pursuant to the Air Passenger Rights and Air Travel Organisers' Licencing (Amendment) (EU Exit) Regulations 2019 to make it compatible with UK domestic law. As part of these amendments, the fixed amounts of compensation were converted into British pound, ranging from £220 to £520. In January 2022, the UK government launched a public consultation on a potential reform of the existing regime for the protection of air passenger rights, including a potential amendment of the amounts of compensation in the case of flight delays.

Moreover, as regards the liability of an airline, the Convention for the Unification of Certain Rules for International Carriage by Air (the "**Montreal Convention**") was adopted in May 1999. The convention consolidated, updated and replaced all previous agreements on air carrier liability, including the 1929 Warsaw Convention. The Montreal Convention came into force in all EU Member States on 28 June 2004, and was implemented into German law in 2004.

Passengers may claim up to 1,288 Special Drawing Rights ("**SDRs**") (approximately €1,645.41 as of 9 November 2022) for lost, damaged or delayed luggage. This compares with the previous weight-based compensation system under the 1929 Warsaw Convention, which continues to apply to cargo.

Finally, in case of a passenger's death or bodily injury the Montreal Convention establishes strict carrier liability for damages of up to 128,821 SDRs (approximately €164,567.75 as of 9 November 2022) for each passenger while the carrier's liability for damages caused by delay in the carriage of persons is limited to 5,346 SDRs (approximately €6,829.47 as of 9 November 2022) for each passenger.

13.1.6. Ownership structure and compliance documentation

The granting and maintenance of an operating license for a German air carrier is primarily governed by Regulation (EC) No 1008/2008 and section 20 of the German Air Traffic Act (*Luftverkehrsgesetz*). Regulation (EC) No 1008/2008 requires that an air carrier must be owned and continue to be owned directly or through majority ownership by EU Member States or nationals of EU Member States and must at all times be effectively controlled by such EU Member States or such nationals. It also provides that any entity, which directly or indirectly participates in the controlling shareholding of an air carrier, must meet the requirements set out above. The air carrier must at all times be able to demonstrate to the EU Member State responsible for the operating licence that it meets these requirements.

In addition to the national and EU regulations, bilateral air transport agreements entered into between Germany and other countries also require a certain ownership structure. These agreements grant air traffic rights (for example the right for scheduled flights over the territory and the right to land) to Germany, which are then passed on to the German air carriers by way of designation. Some of these bilateral agreements still provide that the air carriers designated by a country must be owned in a substantial part (i.e., usually majority-owned) by nationals or companies of that country, and effectively be controlled by nationals of that country. Some air traffic agreements do not require a certain ownership structure or refer to "EU nationality" rather than to German or another specific nationality. Following EU law in the wake of jurisprudence by the ECJ, existing bilateral agreements with nationality clauses should in fact whenever possible be amended to include a horizontal EU clause so that airlines from other EU Member States, regardless of their national ownership structure as long as they are EU owned and controlled, can also enjoy the traffic rights granted on equal footing.

Following the end of the Brexit transition period, the TCA provides that a UK air carrier which is majority owned and controlled by UK nationals, or a UK air carrier which was holding a UK operating licence at the end of the Brexit transition period and is majority owned and effectively controlled by UK or EU or European Free Trade Association ("**EFTA**") nationals, may operate commercial aircraft between the UK and the EU (assuming it otherwise meets UK regulatory standards). EU designated carriers which are majority owned and controlled by EU or EFTA nationals may operate between the EEA and UK.

13.2 Regulation affecting our tour operator business

13.2.1. ATOL regulations

An Air Travel Organiser's License ("**ATOL**") granted by the CAA is required by law in the UK in certain circumstances, including when a firm sells a flight package which it has organised itself or a flight from the UK plus overseas accommodation or overseas car hire (or both). ATOL holders generally must post a bond that covers all components of the package holidays they sell, in order to provide security if the tour operator goes out of business. A number of our businesses operating in the UK, including TUI UK, hold ATOLs. In April 2021, the CAA launched a consultation on potential changes to the ATOL regime in respect of the use of customer monies for the funding of an ATOL holder's operations. The options considered include a segregation of funds, meaning that any customer prepayment would become restricted cash. The CAA indicated that before implementing any changes to the ATOL regime in this regard, it will first undertake a business impact assessment, undertake another consultation on specific proposals and may decide to offer a transition period. The CAA published its findings from such consultation in May 2022. In the report, the CAA stated that it decided to proceed with the proposed changes to “Agency Term 11” (which will require ATOL holders to reissue their agreements with their agents to reflect the amendments) and the changes required to bring all quarterly reporting ATOL holders to the same reporting standard for ATOL Protection Contribution returns. The implementation of Agency Term 11 changes were stated to be timed to coincide with any other changes required to implement ATOL reform. The CAA stated that it intended to allow a minimum period of six months following the relevant changes to the CAA’s Official Record Series (ORS) 3 (released May 2022) before the new reporting requirements came into effect to allow affected ATOL holders the time to introduce the systems and processes to comply with the new reporting requirements. It is not clear whether these requirements are now in effect.

13.2.2. Package Travel Directive

Council Directive 90/314/EEC of 13 June 1990 on package travel, package holidays and package tours (the “1990 Package Travel Directive”) imposed liability on companies selling package holidays for all components of the package holiday, including services to be provided by third parties such as airlines, hotel companies and local tour companies. The directive included provisions that regulate claims of travel customers regarding the remedy of defects, damages and the withdrawal of customers from package holidays.

The scope of the 1990 Package Travel Directive was limited to the non-occasional sale of package tours by an “organiser” (defined as a person who organises packages and sells or offers them for sale, whether directly or through a retailer) or a “retailer” (defined as a person who sells or offers for sale packages put together by an organiser) to a consumer, to the exclusion of individually organised tours or to the delivery of single travel services, such as a scheduled flight or hotel accommodation.

For purposes of the 1990 Package Travel Directive, “package” means a combination previously put together by an organiser or a combination of elements tailored by the travel agent at the request of the consumer including not fewer than two of the following elements: transportation, accommodation or other tourist services not ancillary to transportation or accommodation but which account for a significant part of the package. Additionally, in order to be covered under the “package” definition, such combinations are required to be sold or offered for sale at an inclusive price and the services must cover a period of more than 24 hours or include overnight accommodation.

Insofar as we act as organisers or retailers, our activities are impacted by the provisions of the 1990 Package Travel Directive and implementing national legislations, primarily with respect to

- minimum standards concerning the information to be provided to consumers;
- formal requirements for package travel contracts, including mandatory rules concerning cancellation, modification and the civil liability of package tour organisers or retailers; and
- providing effective protection to consumers in the event of the package tour organiser’s insolvency, namely repayment of the price and repatriation of consumers.

Under the 1990 Package Travel Directive, Member States were allowed to choose between mandatory joint liability of the organiser and the retailer or to split liabilities in consideration of organisers, and retailers’ traditional roles and responsibilities. Therefore, we may be subject to different standards of liability depending on the jurisdictions in which we operate.

On 25 November 2015, the new Directive (EU) 2015/2302 on package travel and linked travel arrangements was adopted (the "**2015 Package Travel Directive**"). This new Directive entered into force on 31 December 2015 and had to be transposed into national law by the EU Member States by 1 January 2018, being applicable from 1 July 2018. The new Directive replaces and extends the protection of the 1990 Package Travel Directive to cover not only traditional package holidays, but also give protection to consumers who book other forms of combined travel (e.g., a self-chosen combination on a website of a flight plus hotel or car rental). The 2015 Package Travel Directive broadens the concept of "*package*" and will apply to:

- pre-arranged packages (ready-made holidays from a tour operator made up of at least two elements: transport, accommodation or other services, e.g. car rental);
- customised packages (selection of components by the traveller and bought from a single business online or offline); and
- linked travel arrangements (if the consumer, after having booked one travel service on one website, is invited to book another service through a targeted link or similar and the second booking is made within 24 hours).

The 2015 Package Travel Directive therefore results in additional and more stringent regulatory requirements applicable to our operations. In Germany, for example, the 2015 Package Travel Directive has been transposed into German laws by amendment of the German Civil Code (*Bürgerliches Gesetzbuch* – BGB) and by the enactment of the German Act on Insolvency Protection by the German Travel Fund (*Reisesicherungsfondsgesetz* – RSG); accordingly, TUI is obliged to seek for coverage at Deutsche Reisesicherungsfonds ("**DRSF**"), who is obliged to grant such coverage on the basis of its general terms and conditions. Following a report issued on 1 March 2021, the European Commission has asked stakeholders for feedback in August and September 2021 and launched a public consultation in February 2022 on potential changes to the Package Travel Directive. The potential changes focus on the main issues identified, including the continuing difficulties experienced in delimiting between "packages" and "linked travel arrangements", the increased pressure on insolvency protection systems and the impacts from COVID-19 on the sector and the level of consumer protection. The adoption by the European Commission of a proposal for a revised directive is currently planned for the second quarter of 2023.

The 2015 Package Travel Directive was transposed into UK law through the Package Travel and Linked Travel Arrangements Regulations 2018 (the "**Package Travel Regulations 2018**"), which continues to apply following the end of the transition period. Specific amendments were made pursuant to the Package Travel and Linked Travel Arrangements (Amendment) (EU Exit) Regulations 2018 in view of Brexit. This includes amendments prescribing that organisers of packages and traders facilitating linked travel arrangements which are established in Member States of the EU are no longer exempted from the requirement to provide security in accordance with Part 5 (insolvency protection) of the Package Travel Regulations 2018.

13.3 Effects of the COVID-19 pandemic

The COVID-19 pandemic has resulted in an unprecedented disruption of the global tourism industry, including our operations.

In the UK, the CMA has announced investigations of business responses to customers across a number of industries, including tourism and air travel. Regarding package travel organisers, the CMA has acted on consumer complaints, primarily related to handling of holidays cancelled because of the pandemic. They included claims that customers were not informed of their full rights under these circumstances, were charged cancellation fees when the law entitles them to a full refund, or were forced to accept vouchers instead of a cash refund. In

October 2021, the CMA started court action against Teletext Holidays, resulting in a High Court judgment granting the CMA's application for declarations that the provider of holiday packages had breached the Package Travel and Linked Travel Arrangements Regulations 2018 by failing to pay refunds to travellers following the termination of package travel contracts.

Although we also offer vouchers, we agreed with the CMA in September 2020, to pay by the end of that month any outstanding refund requests for customers whose holidays were cancelled as a result of the COVID-19 pandemic, and to contact customers with unused credit notes, to make them aware that these could be converted to a refund. We will regularly report to the CMA in respect of the time required to issue requested refunds. In May 2021, we also undertook to the CMA that we would improve the display of information related to travellers' refund rights in certain package travel contracts, refund credit notes and other customer communications.

On 12 January 2023 the EU Court of Justice ("**ECJ**") ruled in the case of FTI Touristic (C-396/21) that travellers whose package travel has been affected by measures to fight the COVID-19 pandemic may be entitled to a reduction in the travel price.

The ECJ states that the 2015 Package Travel Directive provides for liability on the part of the organiser, meaning that the travel organiser is responsible for any lack of conformity of the travel services included in the travel package. It is exempt from liability only where the failure to perform or the improper performance of the travel services are attributable to the traveller. In the opinion of the ECJ, it does not matter that restrictions such as those at issue were also imposed in the traveller's place of residence and in other countries due to the worldwide spread of COVID-19.

13.4 Regulation affecting our hotels and destination agencies

Our hotels and destination agencies are subject to a variety of laws and regulations in the countries in which they operate and, on a periodic basis, must obtain licenses and permits, for example those required for the construction and design of buildings and to sell alcoholic beverages. We are subject to a broad range of labour, environmental and health and safety regulations in each jurisdiction in which we operate. We believe that we have obtained all required licenses and permits and that TUI Group's businesses are conducted in substantial compliance with applicable laws.

13.5 Regulation affecting our business as a whole

13.5.1. National level regulation

The laws of certain jurisdictions may set forth additional license or other requirements for the operation of our travel agency business.

In particular, we could become subject to the Cuban Assets Control Regulations ("**CACR**"). Travel service providers who are, or are owned or controlled by, U.S. citizens, U.S. residents, or U.S. corporations or other organisations, or their foreign branches or subsidiaries, are subject to the U.S. embargo against Cuba, expressed principally through CACR and administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"). The CACR also extend to all persons physically located in the United States as well as all persons engaging in transactions that involve property in or otherwise subject to the jurisdiction of the United States. Currently, we are not subject to the CACR, but we could become subject to the CACR if U.S. citizens or residents or a U.S. company or its foreign subsidiary obtained control of the Company. The CACR provide that companies subject to the CACR must obtain authorisation from OFAC before providing travel-related services in connection with authorised travel to or from Cuba. Criminal penalties for violating the CACR range up to 20 years in prison, $1,000,000 in corporate fines, and $250,000 in individual fines. Civil penalties of up to $91,816 per violation may also be imposed. The CACR require those dealing with Cuba (including travelling to Cuba) to maintain records for five years and, upon request from OFAC, to furnish information regarding such dealings. In the event that we become subject to the CACR, our resulting compliance obligations could conflict with our obligations under the EU's blocking statute (Council Regulation (EC) 2271/96), which prohibits compliance by EU operators with any requirement or prohibition under US sanctions targeting Cuba.

13.5.2. Data protection and e-commerce regulations

Like other companies operating in the EU and the UK, we are subject to increasing regulation relating to data protection, which impose obligations on how we collect, process, store, transfer, secure and delete personal data, i.e. information relating to identified or identifiable living natural persons. For example, the Group is subject to a number of laws and regulations relating to privacy and data protection, including:

- the EU GDPR (as defined above) and EU Directive 2002/58/EC;
- any law, enactment, regulation or order transposing, implementing, adopting, supplementing or derogating from the EU GDPR or the EU Directive 2002/58/EC in each member state; and
- the UK GDPR (as defined above, i.e. the EU GDPR as it forms "retained EU law" as defined in the EUWA), the UK Data Protection Act 2018 and the Privacy and Electronic Communications (EC Directive) Regulations 2003.

The EU Directive 2002/58/EC, and the relevant local laws transposing it, stipulates provisions on the use of cookies and similar technologies, regardless of whether the data is personal data or not. The requirements for the use of cookies and similar technologies are constantly evolving. For example, there is a draft Regulation of Privacy and Electronic Communications ("**ePrivacy Regulation**") that would replace the EU Directive 2002/58/EC and national implementation laws. While the text of the ePrivacy Regulation is still under development, data protection authorities' guidance is driving increased attention to cookies and similar technologies.

Furthermore, based on its data strategy, the EU plans to comprehensively further revise the legal framework for the handling data, for example through the Digital Markets Act and the proposed Data Act and Artificial Intelligence Act. As part of this revision, the EU Parliament has approved the Digital Services Act on 5 July 2022 and the Council on 4 October 2022, which will come into force twenty days after publication in the EU Official Journal, while the rules will start to apply 15 months later. Such future changes of the legal framework may have further impacts to our processing of personal data.

The European Commission formally adopted an adequacy decision for the UK (in the context of the protection of personal data in accordance with the EU GDPR) in June 2021. In July 2021, the UK Government introduced the Data Protection and Digital Information Bill ("**Bill**") to Parliament, which seeks to reform certain elements of the UK GDPR. Further (and potentially more far reaching) reforms were also announced by the UK Government in October 2022, although it is currently unclear how these reforms will affect the changes set out in the Bill. Any changes to the UK data protection regime imposed by such reform may represent a divergence from the level of protection offered by the EU GDPR. This would risk the withdrawal of the formal adequacy decision granted by the European Commission to the UK in June 2021 (in the context of the protection of personal data in accordance with the EU GDPR) as the UK may no longer be considered by the European Commission to offer sufficient protection for personal data for this to remain in place. The UK Government has however signalled that it aims to maintain adequacy as part of any reforms. If the adequacy decision were to be withdrawn as a consequence of any reform of UK data protection laws, the UK would become a third country for the purposes of EU data protection laws.

Additionally, because we conduct a significant part of our business online, we must comply with applicable regulations and legislation on electronic commerce (including those in the EEA and UK). These regulations and laws impose obligations in relation to the management and provision of e-commerce and online services, including in relation to the:

- pre-contractual information to be provided to consumers on our activities (and other transparency obligations in relation to the online service);
- regulation of commercial communications that we send to consumers;
- formal rules for entering into electronic contracts;
- regulation of the consumer's choice of payment instrument;
- regulating the use of cookies, location data, opt-in rules for marketing (including email marketing);
- the implementation of appropriate cybersecurity measures, and
- the liability of intermediary service providers.

Further EU reform on direct marketing and the use of cookies and similar technologies is also underway in the form of the EU's e-Privacy Regulation, which is currently being negotiated between Member States of the EU, and it is not expected to enter into force before 2023, with a possible transitional period of 24 months (which means that the e-Privacy Regulation is unlikely to enter into effect until 2025). Additionally, as the UK is no longer a member of the EU, it will not be bound by the e-Privacy Regulation when it comes into force. It is currently not clear to what extent the UK may try to align its regime for direct marketing and cookies with the e-Privacy Regulation.

14. Environmental Matters

Economic, environmental and social sustainability is a cornerstone of our strategy for continually enhancing the value of the TUI Group and beyond. We aim to create the conditions for long-term economic success and assume responsibility for sustainable development in the tourism sector along with being a pioneer for new initiatives.

The goals we set ourselves in our sustainability strategy include our TUI Sustainability Agenda (for more detailed information, please see Section "*12.8 Sustainability*") and 'Step lightly', where we aim to reduce the environmental impact of our business operations and to fix goals for improvements in all Group areas.

14.1 Emissions standards – EU and UK

Under the United Nations Framework Convention on Climate Change ("**UNFCCC**") and the Kyoto Protocol, certain contracting states entered into obligations to control and reduce emissions of greenhouse gases. To comply with its obligations under public international law, the EU introduced a scheme in 2003 to limit greenhouse gas emissions and for the trading of allowances that applies to certain industrial installations. In December 2018, world leaders at the 24th Conference of the Parties ("**COP24**") agreed on rules for implementing the 2015 Paris Agreement, which aims to limit a rise in average world temperatures to "well below" 2°C above pre-industrial levels.

Because they consume fossil fuels, our aircraft, cruise ships and hotels contribute to emissions. Our flight and cruise operations are subject to various emissions-related regulations, the most significant of which we describe in this section.

14.1.1. Aviation

Since 2012, emissions from all flights within the EEA are included in the EU emissions trading system ("**EU ETS**"). The EU ETS is a cap and trade system that requires businesses operating aircraft routes within the EU and EEA to measure their carbon dioxide emissions and account for those emissions by surrendering credits. EU ETS also covers flights to Switzerland and the UK. Between the EU and Switzerland, a linkage agreement exists according to which flights from the EU to Switzerland fall under the scope of EU ETS and flights from Switzerland to the EU fall under the Swiss emission trading system. Originally, flights to or from airports in countries outside the EU/EEA were also to be covered by the EU ETS. Following international pressure, the EU decided in 2013 to exclude these flights from the scope until 2023 through the so-called "stop the clock" decision (377/2013/EU). Until then, a system for reducing emissions is to be developed at the international level. As part of the "Fit for 55" package, a legislative process is currently ongoing to revise the EU ETS in the aviation sector.

On the international level, the International Civil Aviation Organization adopted the Carbon Offsetting and Reduction Scheme for International Aviation ("**CORSIA**") in October 2016, in order to monitor, report and offset annual CO_2 emissions from international civil aviation that exceed 2019 levels. Unlike the EU ETS, which is a "cap and trade" program that sets an upper limit for the total amount of emissions, CORSIA is an "offsetting scheme" under which total emissions may increase, but must be compensated by offsets. To compensate for CO_2 emissions above 2019 levels in international aviation and achieve carbon-neutral growth over time, emitters would purchase emissions units.

The scheme, which is overseen by ICAO, is supposed to deliver projects that will reduce carbon by around 2.5 billion tons between 2021 and 2035. From 1 January 2023 115 states will participate in CORSIA.

The Council of ICAO adopted the First Edition of Annex 16 — Environmental Protection, Volume IV — CORSIA in June 2018. This edition is also called International Standards and Recommended Practices ("**SARPs**"). The SARPs set the monitoring, reporting and verification rules as well as the rules for deletion of certificates, e.g., offsets. To implement these rules in EU law the Directives EU 2018/2066, EU 2018/2067 and EU 2019/1603 have been passed.

Participation of ICAO member states in CORSIA is voluntary during the pilot and first phases (2021 – 2026), becoming mandatory for all member states as of 2027.

Since October 2016, however, 115 states, including all EU member states and the UK, have expressed their intention to participate voluntarily in the scheme. In June 2020 the EU member states formally decided that they will participate voluntarily. From May 2020 airline operators are required to submit their emissions report covering the operator's 2019 CO_2 emissions, together with the associated verification report to the state to which the operator is attributed. Starting in August 2020 the state has to submit to ICAO the state's emissions report for the aggregated 2019 CO_2 emissions of the operators attributed to the State.

On the European level, the European Commission proposed, in July 2021, amendments to the EU ETS Directive (EC) No 2003/87 as regards aviation's contribution to the EU emission reduction target. The proposal aims to ensure that the sector contributes to the EU's climate targets by intensifying the auctioning of allowances. The free allowances for the aviation sector under the EU ETS shall be phased out. A new cap on allowances would take effect from 2024 and be subject to an annual linear reduction of 4.2%. According to the European Commission's proposal, CORSIA would be implemented for flights outside the EU/EEA. The EU ETS would continue to apply to flights within the EU/EEA and to flights to Switzerland and the UK.

The EU Parliament contemplates to go beyond the European Commission's proposal and tighten the EU ETS. It proposes to phase out free ETS allocations for aviation before 2025, two years ahead of the European Commission's proposal (however, as outlined above, the EU Council and the EU Parliament apparently agreed on 2027 on 18 December 2022). In addition, the EU Parliament proposes that 75% of the revenue from the auctioning of allowances for aviation should be used to reduce the overall climate impact of the aviation sector and to promote innovation and new technologies. The EU Parliament also aims for the EU ETS to cover all flights departing form the EU/EEA, including flights with destinations outside the EU/EEA. To avoid double application, for flights form the EU/EEA to third countries where CORSIA is applied, the financial value of the credits acquired under CORSIA would have to be deducted from the surrender requirements under the EU ETS. Additionally, the EU Parliament calls for a framework for monitoring, reporting and verification ("**MRV**") of non-CO_2 emissions from aviation. The scope of the EU ETS should be extended to these. On 18 December 2022, the EU Council and the EU Parliament reached a provisional agreement on the EU emissions trading system and Social Climate Fund, which, however, as of the date of this prospectus, has not yet been published. Press releases indicated that the number of free allowances in the air transportation sector shall be decreased more rapidly. However, details are still unclear. As regards, the maritime industry, press releases indicate that the Council and Parliament agreed to include maritime shipping emissions within the scope of the EU ETS. They agreed on a gradual introduction of obligations for shipping companies to surrender allowances: 40% for verified emissions from 2024, 70% for 2025 and 100% for 2026. Most large vessels will be included in the scope of the EU ETS as from entry into force of the amended EU ETS. Big offshore vessels of over 5,000 gross tonnage and above will be included in the MRV system for ships exceeding 5,000 gross tonnage (GT) on all voyages to, from and between ports in the European Economic Area (EEA), which is subject to the Regulation (EU) 2015/757 (the "**EU MRV Regulation**") from 2025 and in the EU ETS from 2027. General cargo vessels and off-shore vessels between 400-5,000 gross tonnage will be included in the EU MRV Regulation from 2025 and their inclusion in EU ETS will be reviewed in 2026. In addition, the agreement takes into account geographical specificities and proposes transitional measures for small islands, ice class ships and journeys relating to outermost regions and public service obligations and strengthens measures to combat the risk of evasion in the maritime sector. Certain member states with a relatively high number of shipping companies will in addition receive 3.5% of the ceiling of the auctioned allowances to be distributed among them. The co-legislators agreed to include non-CO2 emissions (methane and N2O) in the EU MRV Regulation from 2024 and in the EU ETS from 2026.

As part of the "Fit for 55" legislative package, the Commission proposed the *ReFuelEU* Aviation initiative. The proposal provides for the introduction of a gradually increasing quota for sustainable aviation fuels ("**SAF**"). The EU Parliament supports this initiative. In addition, the EU Parliament wants to develop an EU labelling system on the environmental performance of aircrafts, operators and commercial flights by 2024 and to create a Sustainable Aviation Fund from 2023 to 2050 – with revenues from non-compliance – to force decarbonisation and support investment in sustainable fuels, innovative technologies, and research. The proposal is currently being discussed between European Commission, EU Parliament and Council.

Following the end of the Brexit-related transition period on 31 December 2020 at 11 p.m. GMT (the "**Transition Period**"), the UK has introduced its own emissions trading scheme ("**UK ETS**"), which has applied since 1 January 2021 and is modelled on the EU ETS. The UK ETS has been established under new statutory instruments – primarily the Greenhouse Gas Emissions Trading Scheme Order 2020. The UK ETS applies to aircraft operators operating above applicable thresholds and covers UK domestic flights and flights departing from the UK to Gibraltar, the EEA and offshore installations.

As with the EU ETS, the UK ETS imposes an overall cap on the total amount of certain greenhouse gases that can be emitted by in-scope sectors. The cap on UK ETS allowances allocated each year was initially set below the UK's expected notional share of the EU ETS cap for Phase IV (2021-2030). The UK Government has stated that the current cap will remain in place until the end of 2023, with a new net-zero consistent cap to come into force in 2024. In March 2022, the UK Government issued a consultation paper seeking views on the implementation of a new cap and other proposals to expand the scope of the current UK ETS. The full response to the consultation is yet to be published, but the UK Government has announced that flights from the UK to Switzerland will be included in the UK ETS from January 2023. Following a consultation process, the UK Government introduced the Air Navigation (Carbon Offsetting and Reduction Scheme for International Aviation) Order 2021 which implemented the monitoring, reporting and verification of CO_2 emissions requirements of the CORSIA SARPs into national legislation. A second statutory instrument, the Air Navigation (Carbon Offsetting and Reduction Scheme for International Aviation) (Amendment) Order 2022 came into force on 9 November 2022 which implemented the CO_2 emissions offsetting obligations of CORSIA for the 2021 scheme year. Further secondary legislation to amend the UK's civil aviation emissions legislation will be required to implement CORSIA's offsetting requirements for the full duration of the scheme and clarify any interaction between the CORSIA and the UK ETS. The Government stated that it aims to have this legislation in force by 2024.

14.1.2. Cruises

Since 2018, the EU imposes a system for monitoring, reporting and verification ("**MRV**") of carbon emissions by ships:

The MRV system for ships exceeding 5,000 gross tonnage (GT) on all voyages to, from and between ports in the European Economic Area (EEA) is subject to the EU MRV Regulation. Regulations (EU) 2016/1928 and (EU) 2016/1927 provide templates for monitoring plans, emissions reports and documents of compliance. Since January 2018 monitoring plans are obligatory and since 2019, shipping companies have to submit emission reports to the states in which those ships are registered ("**Flag States**").

On the international level, the International Maritime Organization ("**IMO**") adopted an initial strategy on the reduction of greenhouse gas emissions from ships in April 2018. The initial strategy envisages reducing the total annual greenhouse gas emissions by at least 50% by

2050 compared to 2008. The initial strategy is due to be revised by 2023. From January 2019 the IMO established an IMO data collection system. The system requires owners of large ships (above 5,000 gross tonnage) engaged in international shipping to report information on fuel consumption to their Flag States. The Flag States then report the aggregated data to the IMO, which shall produce an annual summary report to the IMO Marine Environment Protection Committee.

As a result, from 2019, ships calling into EEA ports have to report under both the EU MRV Regulation and the IMO Data Collection System. In February 2019, the European Commission made a proposal to amend the EU MRV Regulation to take appropriate account of the global data collection system (COM (2019) 38 final 2019/0017(COD)).

Following the end of the Transition Period, the EU MRV Regulation (and Regulations 2016/1928 and 2016/1927) have been retained under UK law (subject to certain amendments to ensure that the regime for the MRV of carbon emissions continues to operate effectively since the UK has left the EU). Ships visiting UK ports are required to carry a document of compliance issued under the UK regime. Under the UK regime, ships are not required to monitor and report on voyages that do not start or end at a port in the UK.

In July 2021, as part of the “Fit for 55” legislative package, the European Commission proposed a revision of the EU ETS to include shipping traffic in the system.

On 30 November 2022, the European Parliament and the Czech presidency and the European Commission found a preliminary agreement to include maritime transport within the EU ETS. Under the deal, ships travelling within the EU will be required to pay for 100% of their emissions, while 50% of the emissions of journeys to or from a non-EU destination will be covered. The percentage of emissions covered will increase over time, starting at 40% in 2025, moving to 70% in 2026, and reaching 100% by 2027. However, these figures are not final and must be confirmed by member states during the next negotiating round. Non-CO2 emissions, such as methane and nitrous oxide, will be included from 2026. Importantly, negotiators also secured an earmarking for 20 million CO2 credits, with funds generated by these certificates reinvested into the sector via an innovation fund.

- The legislation will apply to all ships over 5,000 gross tonnes, leaving smaller vessels exempt. This will be reviewed by the European Commission in the coming years to ensure, that companies do not produce “4,999 gross tonne ships to get around the law” (source: Euractiv on 30 November 2022). Luxury yachts are exempt from the EU ETS, though parliamentarians hope to cover them under future legislation.

The EU Parliament takes a stricter approach. The EU ETS is to apply to cover 100% of emissions from intra-European voyages from 2024 onwards without the phase-in period proposed by the European Commission. From 2024 until the end of 2026 50% of emissions from extra-European voyages from and to EU ports fall under the EU ETS. From 2027, the EU ETS should also cover 100% of the emissions of extra-EU voyages and to ships of 400 gross tonnes and above. In addition, the European Commission is to assess the climate impact of maritime non-CO2 GHG emissions, such as methane and nitrous oxides. A new ocean fund is to be established funded by 75% of EU ETS revenues from auctioning maritime allowances. The fund would support the transition to an energy efficient and climate resilient maritime sector.

The “Fit for 55” package also includes the FuelEU Maritime proposal, which aims to stimulate demand for clean fuels and help to cut carbon emissions within the maritime sector. The proposal includes higher GHG intensity reduction targets, higher renewable e-fuel targets and rewards for early adoption of these fuels. The EU legislators are currently still negotiating a compromise text, with no agreement yet on the role of renewable fuels of non-biological origin in the proposal. While the Parliament is seeking for a mandatory sub-target, the European Commission is favouring a more flexible, market-driven approach.

The UK Government issued a proposal to include UK domestic shipping within the scope of the UK ETS by the mid-2020s. More broadly, the UK Government has recently run a consultation process seeking views and evidence on the optimal pathway to net zero emissions in 2050 for the domestic maritime sector, including where there is scope to accelerate decarbonisation across sub-sectors.

Buildings and road transport

In future, the EU wants to include the building and road transport sector in the EU ETS. For this purpose, it is currently working on a second system for these sectors, the EU ETS 2. The system is to apply from 2026. The addressees of the EU ETS 2 are the fuel suppliers, not the user of a building or a vehicle. However, it can be assumed that the costs for purchasing certificates will be passed on to the user.

14.2 Other environmental regulations affecting our operations

14.2.1. Aviation

Our airlines are subject to international, national and, in some cases, local environmental regulation standards.

Since 1 April 2002, our aircraft must comply with the noise requirements set forth in Chapter 3 of Annex 16 to the Chicago Convention. Certain airports in Europe have established local noise restrictions, including limits on the number of hourly or daily operations or the time of such operations. These restrictions may cause curtailment of service or increases in operating costs and could limit our ability to expand operations at affected airports. Directive 2002/49/EC sets a general framework for the assessment and management of noise. Noise is a devolved issue in the UK, with England, Wales, Scotland and Northern Ireland having transposed Directive 2002/49/EC into domestic law through various complementary regimes (which continue to apply following the end of the Transition Period).

For airports with more than 50,000 civil aircraft movements per calendar year Regulation (EU) No 598/2014 establishes rules and procedures with regard to the introduction of noise-related operating restrictions at EU airports within a balanced approach. Following the end of the Transition Period, Regulation (EU) No 598/2014 is retained EU law in the UK (subject to certain amendments to ensure that domestic legislation continues to operate effectively following the UK's withdrawal from the EU).

In February 2013, the ICAO Committee on Aviation Environmental Protection (CAEP) agreed on a new CO_2 certification requirement, as well as new global noise standards that will result in quieter skies and airports. The CO_2 certification requirement will form the basis of future work to complete an Aircraft CO_2 Standard. In February 2016, the ICAO CAEP further approved amendments to Annex 16 Volume I "Aircraft Noise" and Volume II "Aircraft Engine Emissions" of the Chicago Convention, which have meanwhile entered into force. In 2022, the CAEP developed a number of important technical recommendations on the amendments to Volumes I (Aircraft Noise), II (Engine Emissions), III (Aeroplane CO_2 emissions) and IV (CORSIA) of Annex 16 to the Chicago Convention, ensuring that the Standards are up to date for use by ICAO member states.

Since January 2011, an air traffic surcharge has applied to all flights departing from Germany. Under section 11 of the German Air Travel Tax Act (Luftverkehrsteuergesetz, LuftVStG), the level of this surcharge depends on the flight duration. As of the date of this prospectus, the surcharge levels are €13.03, €33.01 and €59.43 per passenger/flight. This surcharge has contributed significantly to increased costs for airlines, to the extent they are unable to pass the cost increase on to passengers. Some EU member states are considering abolishing the tax exemption for aviation fuel. Directive 2003/96/EC allows EU member states to tax aviation fuel for domestic flights and, by means of bilateral agreements, fuel used for intra-member state flights. Aviation fuel currently incurs no duty in the UK.

As of April 2022, the French government has banned short-haul flights where a train or bus alternative of two and a half hours or less exists. A ban on short-haul flights is also being discussed in other European countries. There is no sign of such a ban at the European level.

14.2.2. Cruises

Some destinations actually consider regional regulations that push for zero-emission limits. Norway already has introduced Tier III restrictions by 2025 and plans to implement zero-emission measures for cruise ships from 2026 onwards in the heritage fjords and the EU Parliament has recently pushed for zero emission at berth from 2030 onwards.

TUI is considering this development in the operational and investment processes of our cruise sector, as it could affect operational flexibility due to potential changes in the ship deployment (i.e., mandatory shore power usage for ships).

14.3 Climate protection and resource efficiency

14.3.1. Airlines

We already operate one of Europe's most carbon-efficient airlines and we aim to continuously improve our environmental performance. Continued investment in modern carbon efficient aircraft, efficiency through operational measures as well as investment in sustainable aviation fuel (SAF) are key for our emission reduction roadmap for aviation (for more detailed information, please see Section "*12.8 Sustainability*").

14.3.2. Cruises

We continue to focus on lowering emissions across our cruise operations, making progress through investing in the latest technology to reduce air emissions, as well as operational efficiencies (for more detailed information, please see Section "*12.8 Sustainability*").

14.3.3. Hotels

Our hotels and hotel partners continue to focus on and drive the sustainability transformation across their operations. Each hotel plays a key role in managing impacts on the local community, economy and the environment (for more detailed information, please see Section "*12.8 Sustainability*").

14.3.4. Plastic reduction

At TUI we have been working hard for many years to reduce plastic use across the business and find alternatives. TUI Group is part of the Global Tourism Plastic Initiative and signed up to its commitments. UNWTO and UNEP are leading the implementation of the initiative in cooperation with the Ellen MacArthur Foundation and with the support of an advisory group, of which TUI Group is a member. As part of this initiative, we commit to eliminating problematic and unnecessary plastic packaging and items where possible by 2025.

TUI is a leader in the sustainability certification of hotels and has been highlighting hotels with sustainability certifications for years. TUI was the first company in the industry to start applying global sustainability standards to its excursion portfolio.

15. Material Agreements

15.1 Commercial agreements

15.1.1. Joint Venture Agreement with Respect to TUI Cruises

On 17 December 2007, the Company and Royal Caribbean Cruises Ltd. entered into a joint venture agreement with respect to the development and operation of a cruise line business targeting German-speaking countries through TUI Cruises. Each of the joint venture partners holds 50% in TUI Cruises.

Prior to our transfer of Hapag-Lloyd Cruises to TUI Cruises (see below), TUI Cruises owned seven cruise ships: Mein Schiff Herz, Mein Schiff 1, Mein Schiff 2, Mein Schiff 3, Mein Schiff 4, Mein Schiff 5 and Mein Schiff 6. This fleet will be expanded by three additional cruise ships to be commissioned in 2023, 2024 and 2026. Mein Schiff Herz is intended to be allocated to Marella Cruises to replace an older ship in 2023.

Under the joint venture agreement, the parties have set up a shareholders' committee consisting of four members with two members to be appointed by each party. Certain matters with respect to the business operations of TUI Cruises are made subject to the consent of the shareholders' committee, including the approval of business plans, appointing members of the management, structural changes, capital expenditures, transactions between TUI Cruises and the joint venture partners and financing arrangements. TUI Cruises shall have at least two managing directors who operate through a managing committee consisting of the chief executive officer and the chief financial officer and, potentially, any further managing director and are responsible for the day-to-day business.

The joint venture agreement furthermore contains provisions regarding deadlock situations in the shareholders' committee, pursuant to which the parties shall use reasonable efforts to resolve continuing disagreements in good faith. If the parties fail to resolve the deadlock in a certain period of time, the parties have the right to either buy from or sell to the other party all of their shares and proportional shares in shareholder loans.

The joint venture agreement also contains a change of control clause pursuant to which each joint venture partner has the right to initiate the procedure set forth for deadlock situations as described above. Change of control with respect to the Company is defined as a person acquiring effective control over more than 50% of the Company's voting shares.

15.1.2. Joint Venture Agreement and other arrangements with respect to Jaz Hotels & Resorts S.A.E.

On 1 March 2006, the Company acquired a majority participation in the Egyptian hotel management company Egypt Hotels S.A.E. and entered into a joint venture agreement with the remaining shareholders which all belong to the HEC Group, a group of companies controlled by the Egyptian citizen Mr. Hamed El Chiaty (the "**HEC Group**"). Previously, starting in May 1996, predecessor-companies of the Company had acquired a majority participation in an Egyptian hotel management company called Egyptotel S.A.E. and a 50% participation in an Egyptian hotel management company called SolyMar for Management of Tourist Resorts S.A.E. and entered into respective joint venture agreements with the remaining shareholders of both companies, which all belonged to the HEC Group. In December 2008, the three aforementioned hotel management companies were merged into Egypt Hotels S.A.E. Subsequent to the merger, Egypt Hotels S.A.E. was renamed Jaz Hotels & Resorts S.A.E. As of the date of this prospectus, the Company holds 50.94% of the shares in Jaz Hotels & Resorts S.A.E. and the HEC Group holds the remaining 49.06%.

The purpose of Jaz Hotels & Resorts S.A.E. is to manage or operate specialised and first class hotels, resort hotels and restaurants in Egypt, Oman, Jordan and the United Arab Emirates under the brands Jaz and Iberotel. According to the joint venture agreement, profits are shared equally among the Company and the HEC Group. The Company is entitled to appoint four members of the board; the HEC Group is entitled to appoint the remaining three board members. Mr. Hamed El Chiaty has been appointed chairman of the board. Certain important matters (for example the appointment of general managers, material borrowings, important agreements, substantial changes to the structure of the company) require a majority of 80% in the board with an affirmative vote of at least one director representing the Company and one director representing HEC Group. The joint venture agreement also includes a right of first refusal of the shareholders if another shareholder intends to sell its shares to a third party. If the HEC Group intends to sell any of their current hotel activities to third parties, they must first offer such hotels for sale to Egypt Hotels S.A.E. or to the Company.

In addition to the joint venture agreement, the Company is party to various shareholders' agreements with the HEC Group with respect to the various joint venture hotel owning; management and marketing companies which own and work with the relevant hotels in Egypt and the United Arab Emirates. The Company has granted the HEC Group an option to purchase up to all shares held by the Company in Jaz Hotels & Resorts S.A.E. and other hotel owning and management companies if a change of control at the level of the Company occurs. Change of control in this context occurs if: (i) a shareholder or a group of shareholders holds or acquires shares or voting rights from shares in the Company provided that these shares would grant a de facto majority in the Company's shareholders' meetings based on the average presence in the annual general shareholders' meetings of the Company over the last three years; (ii) one third of the shareholders' representatives on the Company's Supervisory Board can be attributed to one shareholder or a group of shareholders; or (iii) the shareholders' meeting of the Company approves a transaction pursuant to which a shareholder or a group of shareholders of the Company would acquire either in the Company or in its tourism business shares or voting rights would grant a de facto majority in the Company's shareholders' meetings based on the average presence in the annual general shareholders' meetings of the Company over the last three years.

15.1.3. Shareholder agreements in Canada

On 14 January 2010, Sunwing entered into a partnership with TUI Group. Sunwing Travel Group Inc. ("**STGI**") was formed being a vertically integrated travel company based in Toronto that encompasses tour operations, an airline and retail travel agencies. The company has different classes of shares. TUI Group holds 25% of the voting shares, but a 49% effective economic interest with the majority voting shares and economic interest held ultimately by the Hunter family. The shareholder agreement identifies the board composition, being seven members with three members appointed by TUI Group, and a number of reserved matters requiring approval from both shareholders including capital expenditure, acquisitions, disposals, financing above certain thresholds as well as terms on dividend policy and related party transactions.

Blue Diamond Hotels & Resorts Inc. ("**BD**"), a hotel operation and development group also including Nexus Tours, a Caribbean destination management company, was established in 2011 and incorporated in Barbados. BD operates a chain of luxury beach holiday resorts and hotels in the Caribbean and Mexico. As a result of a corporate reorganisation effective 30 September 2016, BD became a wholly owned subsidiary of STGI. The shareholder agreement for BD identifies certain reserved matters specific to BD requiring shareholders' approval including level of capital spend, acquisitions, disposals, related party transactions and dividend policy. The board comprises five members of which two are appointed by TUI Group.

Vacation Express Inc., a U.S. based tour operator, also became a wholly owned subsidiary of STGI as a result of the aforementioned corporate reorganisation.

The shareholder agreements furthermore contain provisions regarding (i) a right of first refusal of a shareholder, if the other shareholder obtains a third party offer and (ii) a tag-along right, according to which a shareholder must not transfer shares and proportional shares in shareholder loans to a third party offeror, unless the third party offeror also offers to purchase all the shares and shareholder debt of the other shareholder.

15.1.4. Transaction with respect to the disposal of the Company's stake in Riu Hotels

On 27 May 2021, (i) DEFAG Beteiligungsverwaltungs GmbH III, a subsidiary of the Company ("**DEFAG III**"), (ii) Saranja S.L., a company incorporated in Mallorca, Spain, belonging to the RIU group ("**Saranja**"), and (iii) the Company, entered into a memorandum of understanding (the "**MoU**") in relation to the disposal of the Company's 49% stake in Riu Hotels, held through DEFAG III, to Saranja, which then held the remaining 51% (the "**RIU Transaction**").

The MoU set out the main material terms and conditions of the RIU Transaction, and the undertaking of DEFAG III and Saranja to incorporate them in the final transaction documents by means of which DEFAG III sold and transferred and Saranja bought and acquired the shares in Riu Hotels against payment of the purchase price, which amounted to approximately €670 million, including earn-out-elements.

Following the signing of the MoU, the parties agreed that the rights and obligations under the MoU shall be assigned from Saranja to Riu Hotels, and hence lead to an acquisition of own shares by Riu Hotels.

The final RIU Transaction documents were executed and the payment of the purchase price (excluding earn-out) of approximately €540 million was made on 30 July 2021 ("**Closing**"), resulting in Riu Hotels holding 49% of its own shares previously held by the Company and, as a consequence, RIU group holding 100% of the ownership of 19 hotel properties which are operated under the Riu Hotels & Resorts brand as well as two more hotels that are currently under development. TUI insofar continued its asset-right strategy.

The main RIU Transaction documents are governed by Spanish common Law (derecho común español).

The core of the long-standing strategic hotel partnership between RIU and TUI AG continues to be the 50:50 joint venture RIUSA II (as defined below) with around 100 hotels and resorts worldwide, being described in the following paragraph. This joint venture, not impacted by the RIU Transaction, continues to manage and distribute all RIU hotels and resorts worldwide - including the 21 properties that were transferred to the RIU group upon Closing.

15.1.5. Joint Venture Agreement and other arrangements with respect to RIUSA II, S.A.

RIUSA II S.A. ("**RIUSA II**") is a fully-consolidated company through which the Company operates the RIU branded hotels. The Company holds, through its subsidiary DEFAG Beteiligungsverwaltungs GmbH I ("**DEFAG I**"), 50% of the shares in RIUSA II with the remaining 50% being held by Hotel Obelisco S.A., a company wholly owned by the Riu family and incorporated in Mallorca, Spain ("**Obelisco**").

Pursuant to the articles of association of RIUSA II, if either of the shareholders wish to sell their shares in RIUSA II, there are pre-emption rights in favour of the remaining shareholders who may acquire the shares being disposed (such shares to be allocated to the interested shareholders) pro rata to their existing shareholdings in RIUSA II. If no shareholders wish to acquire the shares, the company itself shall have 30 days to acquire the shares and redeem them afterwards. The pre-emption rights outlined above will not apply in circumstances where the proposed transfer is in favour of a company in which the selling shareholder holds 100% of the share capital. Pursuant to the RIUSA II JV Agreement (as defined below) any limitations on the transfer of shares in RIUSA II contained in the articles of association do not apply to any transfer of the shares held by the Company in favour of: (i) a wholly owned company; or (ii) a company whose shareholders are the same individuals.

The Company entered into a joint venture agreement with Obelisco in respect of RIUSA II on 28 September 1993 ("**RIUSA II JV Agreement**"). The RIUSA II JV Agreement contains provisions pursuant to which the Company undertakes that any incorporation of any new hotel or touristic complex will have to be approved by the board of directors of RIUSA II and that all hotels and touristic complexes (except for those in Greece, Türkiye, Tunisia, Austria and Germany) managed by either party to the joint venture agreement will be operated by RIUSA II. Obelisco undertakes not to compete with the Company in countries such as Austria or Greece where the Company already has established hotels and touristic complexes. In addition, upon the incorporation of any new hotel by RIUSA II, the Company will have the option to enter into an exclusivity, semi-exclusive or non-exclusive commercial arrangement with respect to that hotel (subject to certain occupancy thresholds being reached).

Pursuant to a purchase option agreement entered into by the Company and Obelisco on 27 June 2007, the Company granted Obelisco the right to acquire a minimum of 20% and a maximum of 50% of the RIUSA II share capital from the Company (i.e., up to 100% of the Company's interests in RIUSA II) (the "**RIUSA II Call Acquisition Right**") if:

- any shareholder, or group of shareholders, obtains shares in the Company which allows such shareholder(s) to control the Company's General Shareholders' Meetings (to be calculated using the average majorities of shareholders in the Company's General Shareholders' Meetings over the last three years);
- a third of the members of the Company's Supervisory Board is controlled or appointed by a new shareholder or group of shareholders; or
- the Company's shareholders approve a merger or demerger causing a situation in which a shareholder, or group of shareholders, obtains a majority of the voting rights at a general shareholders' meeting of the Company's shareholders

(each such event a "**RIUSA II Change of Control Event**").

The Company must promptly notify RIUSA II of the occurrence of a RIUSA II Change of Control Event. RIUSA II shall exercise its option within one month after the occurrence of such event. Should RIUSA II not make use of this right, it may do so in the same month of the following two years.

As a result of the low shareholder attendance at the shareholders' meeting of the Company held on 25 March 2021, the RIUSA II Change of Control Event has been triggered due to Unifirm's 32.00% shareholding at that time in the Company (as of the date of this prospectus, such shareholding amounts to 27.16%). Accordingly, the RIUSA II Call Acquisition Right could have been executed in 2021 and 2022 and may still be executed in 2023. Though Obelisco has not executed the RIUSA II Call Acquisition Right in 2021 and 2022, there is no guarantee that we will be successful in obtaining a waiver by Obelisco for a potential execution of the RIUSA II Call Acquisition Right in 2023.

An amendment to the RIUSA II JV Agreement was entered into on 27 June 2007, and contains an additional purchase option in favour of Obelisco should the Company reduce the number of hosts it allocates to hotels managed by RIUSA II by 20% provided that the Company cannot prove that such reduction was not a result of the Company's performance. Should Obelisco acquire any additional shares in RIUSA II from the Company (irrespective of whether based on this amendment or following a RIUSA II Change of Control Event), the provisions of the RIUSA II JV Agreement will cease to have effect.

It is noted that the Company has assigned in trust a minor partial share in DEFAG I to Obelisco pursuant to an agreement between the Company, Saranja, Obelisco, DEFAG III and DEFAG I dated 14 December 2012 (the "**Trust Agreement**"). DEFAG I has acceded to all of the joint venture agreements as well as all other agreements entered into by the Company in respect of RIUSA II. On that basis, each of the provisions described above that relate to the Company will also apply to DEFAG I.

In accordance with the terms of the Trust Agreement, Obelisco is not permitted to dispose of its share in DEFAG I without the written consent of the Company and any rights conferred to it as a shareholder of DEFAG I will be exercised in accordance with instructions from the Company (unless such instructions require the consent of Obelisco under the DEFAG I articles of association).

Either the Company or Obelisco may generally terminate the Trust Agreement upon providing one year's notice, for the first time with effect 31 December 2027. But, additionally, the Company and Obelisco have agreed to enter into negotiations after 31 December 2024, in order to renew the Trust Agreement. If no agreement is reached by 31 December 2027, or if at any time the agreement is terminated for cause DEFAG I will be obliged to offer its shares in RIUSA II to Obelisco without delay. If Obelisco does not accept the offer within three months DEFAG I will be free to dispose of the shares in accordance with RIUSA II's articles of association. In accordance with the articles of association of DEFAG I, Obelisco has the right to appoint one of the two members of the DEFAG I advisory board with the remaining member being appointed by the Company. The role of the advisory board is to supervise DEFAG I's management board. The advisory board must also unanimously approve certain reserved matters in circumstances where the management board or either Obelisco or the Company have an influence on such matters including any transfer of the shares in DEFAG I or a change of control of DEFAG I such that a party, which is not wholly-owned either directly or indirectly by the Company, acquires a legal or factual majority in the shareholders' meeting or designates at least one third of the members of the advisory board or a managing director of DEFAG I (a "**DEFAG I Change of Control**"). In addition, DEFAG I's articles of association provide that:

- any transfer of the shares in DEFAG I requires the prior written consent of all shareholders;
- Obelisco possesses a right of pre-emption if the Company wants to sell its shares in DEFAG I to a third party (unless, in either case, the transfer is to the Company); and
- Obelisco must approve, among other things, any actual or potential DEFAG I Change of Control or a merger of DEFAG I with a third party or measures for a transformation (*Umwandlung*) of DEFAG I.

Obelisco and the Company have also agreed that the shares in RIUSA II can only be disposed or transferred to a 100% subsidiary of the Company so long as the articles of association of that recipient subsidiary mirror those of DEFAG I (as described above and including the right of Obelisco to appoint a member of the advisory board) and the subsidiary accedes to, and accepts joint and several liability for all obligations of the Company and/or DEFAG I under, the shareholder agreement entered into by, among others, the Company, DEFAG I and Obelisco dated 14 December 2012 and in relation to the holding of the shares in RIUSA II.

It is further noted that the Company may, at any time, transfer to itself the shares in RIUSA II from DEFAG I at which point the arrangements Trust Agreement will cease to be valid.

15.1.6. Boeing Contract for the Purchase of Boeing 737 MAX Aircraft

On 30 May 2013, TUI Travel Aviation Finance Limited ("**TTAFL**"), a wholly owned subsidiary of TUI Travel, entered into an agreement with The Boeing Company ("**Boeing**") in connection with the purchase of Boeing 737 MAX aircraft (the "**Boeing Contract**"). Under the terms of the Boeing Contract, TTAFL agreed to purchase sixty Boeing 737 MAX aircrafts comprising forty B737 MAX-8 variant and twenty B737 MAX-9 variant (the "**Aircraft**"), each with certain substitution rights which allow TTAFL to change the variant of a particular Aircraft (subject to certain limitations and notice periods). The Aircraft are for delivery commencing in 2018 and ending in 2023, although TTAFL has the flexibility to defer delivery dates subject to appropriate notice and certain other conditions. As at July 2012, the aircraft list price for the sixty

Boeing 737 MAX aircraft was approximately $6.09 billion (being $97,779,300 for each B737MAX-8 aircraft and $104,925,300 for each B737MAX-9 aircraft). The aircraft basic price for each Aircraft is increased by: (i) an escalation factor; and (ii) certain "buyer-furnished" or "seller purchased" equipment which TTAFL may request Boeing to install. The escalation factor is designed to increase the aircraft basic price, to account for economic fluctuations, of any individual Aircraft by applying a formula which reflects increases in certain published U.S. employment cost and consumer price indices between the time the aircraft basic price was set and the month of delivery of the relevant Aircraft. The final aircraft basic price is also subject to increases or decreases resulting from changes to the relevant specifications of the Aircraft. Boeing granted to TTAFL certain price concessions, allowances and other support items as part of the Boeing Contract. These price concessions take the form of credit memoranda issued to TTAFL which TTAFL may apply towards the final balance of the purchase price at delivery of the Aircraft or the purchase of goods and services from Boeing. The various credit memoranda, allowances and support will reduce the effective price of the Aircraft to TTAFL.

The Boeing Contract requires that periodic advance payments be made in respect of each Aircraft. These advance payments secure the delivery positions and contribute to the costs incurred by Boeing in the construction of each Aircraft. Boeing's standard advance payment schedule requires Boeing customers to have paid 30% of the aircraft basic price, adjusted by the addition of escalation until delivery. TTAFL agreed certain variations to the standard schedule which provides benefits to TTAFL. On delivery of each Aircraft, TTAFL is required to pay the outstanding balance of the Aircraft price.

Pursuant to the Boeing Contract, Boeing will provide TTAFL with warranties on the Aircraft, including certain warranties against defects in design, materials or workmanship and a warranty that the Aircraft conform to the agreed specifications, and agreed to indemnify TTAFL against certain intellectual property infringement claims that may be brought in respect of the Aircraft and any other claims in connection with any demonstration or test flights of the Aircraft. Boeing also provided certain guarantees, relating to matters of the performance of the Aircraft. TTAFL provided Boeing with certain indemnities with respect to equipment furnished by TTAFL for installation in the Aircraft.

In addition to the Aircraft, TTAFL was granted, subject to certain conditions, the right to purchase up to a further sixty Boeing 737 MAX aircraft, comprising fifty 737 MAX-8 variant and ten 737 MAX-9 variant (the "**Option Aircraft**"). The Option Aircraft are available at the same terms and conditions as apply to the Aircraft and have been allocated specific delivery positions which run largely concurrently with the Aircraft. The Option Aircraft require a deposit to be placed by TTAFL and if TTAFL wishes to exercise any of its rights in relation to Option Aircraft, it will be required to provide a minimum period of notice to Boeing.

On 7 July 2016, TTAFL entered into an agreement with Boeing to exercise its right to purchase ten Option Aircraft with scheduled delivery dates commencing in 2019 and ending in 2020. On 17 June 2017, TTAFL entered into an agreement with Boeing to change the Boeing 737 MAX aircraft variants such that fifty 737 MAX-8 and twenty 737 MAX-9 were changed to fifty two 737 MAX-8 and eighteen 737 MAX-10 variant (as at July 2015, the aircraft list price of $118,809,733 applies to each of the eighteen 737 MAX-10 aircraft).

On 18 December 2017, TTAFL entered into an agreement with Boeing to exercise its right to purchase two 737 MAX-8 Option Aircraft.

During the period October to December 2018, TTAFL entered into agreements with Boeing to: exercise 5 x B737-8 Option Aircraft and to substitute 3 x B737 MAX-8 aircraft with 3 x B737 MAX-10 aircraft.

In June and September 2021, TTAFL entered into (i) a debt finance transaction secured against three new B737 MAX-8 with a debt facility amount of $ 117.2 million ($39.1 million per aircraft) structured as a finance lease, and (ii) a sale & leaseback transaction for six B737 MAX-8, for a period between 10 and 12 years, with a maximum lease commitment of $231.5 million ($46.5 million per aircraft).

As of the date of this prospectus, TUI has taken delivery of twenty five B737 MAX-8 aircraft, a further fifty two aircrafts on order are not yet delivered (31 x B737 MAX-8 and 21 x B737 MAX-10). In addition, there are 41 Option Aircrafts remaining.

Either party may terminate the Boeing Contract if the other party becomes subject to insolvency proceedings or otherwise ceases trading or disposes of all or substantially all of its business. TTAFL has the right to terminate the Boeing Contract with respect to a particular Aircraft if the delivery of the relevant Aircraft is delayed for more than twelve months.

TTAFL also entered into an agreement with CFM International S.A. ("**CFM**" and the "**CFM Agreement**") on 30 May 2013, under which CFM will provide support for the LEAP-1B Engines installed on the Aircraft purchased directly from Boeing under the Boeing Contract and, in addition, TTAFL agreed to purchase a minimum of eight spare LEAP-1B Engines at January 2012 an aggregate list price of approximately $102.3 million. The CFM Agreement provides TTAFL with the benefit of credits, concessions and special guarantees from CFM in respect of the LEAP-1B Engines for the Aircraft, spare LEAP-1B Engines and also for LEAP-1B Engines installed on any of the Option Aircraft purchased by TTAFL as well as spare LEAP-1B Engines for any such Option Aircraft with an agreement to purchase sufficient spare engines to maintain the spare engine ratio equivalent to an additional 2 spare engines for every 15 737 MAX aircraft purchased. Under the CFM Agreement, CFM additionally provided certain concessions, guarantees and warranties, relating to both the installed engines purchased via Boeing and the spare engines purchased from CFM, in a direct agreement which is related to the Boeing Contract.

15.1.7. Agreement between TUI and Boeing on measures to mitigate the consequences of the 737 MAX grounding

On 3 June 2020, TUI announced that an agreement had been reached between TUI and Boeing regarding a comprehensive package of measures to mitigate the consequences of the grounding of the 737 MAX. The agreement provides compensation which covers a significant portion of the financial impact, as well as credits for future aircraft orders. The compensation receivable was included in other receivables and sold in the three-month period ended 31 December 2020 and consequently derecognised.

In addition, both parties have agreed to a revised delivery schedule for the 61 737 MAX aircraft on order, meaning that TUI will get fewer 737 MAX deliveries from Boeing than previously planned in the next several years. The associated payment schedules have been adapted accordingly. As a result of this less than half of the originally planned 737 MAX aircrafts will be delivered to TUI in the next two years.

On average, compared with the original scheduling, the 737 MAX deliveries will be delayed by approximately two years. This will significantly reduce TUI's capital and financing requirements for aircraft in the coming years and supports TUI's plan to reduce the size of fleet of its five European airlines in the wake of the Corona crisis.

The delivery period for the firm aircraft will end in 2025 instead of 2023, although TTAFL has the flexibility to defer delivery dates subject to appropriate notice and certain other conditions. The remaining Option Aircraft delivery positions no longer run largely concurrently with the Aircraft delivery positions. Instead, they occur largely after the delivery positions of the Aircraft.

15.1.8. Boeing Contracts for the Purchase of up to seven Boeing 787-9 Aircraft

On 17 April 2015, TUI Airways entered into contract with Boeing in relation to the substitution of the purchase of two B787-8 aircraft with deliveries in 2016 to two B787-9 aircraft with deliveries in 2016 and 2017. In addition to this substitution, TUI Airways also agreed to purchase one additional B787-9 aircraft with a delivery in 2018 and was granted the option to acquire one B787-9 aircraft with a delivery in 2019. On 1 June 2016, TUI Airways entered into a contract with Boeing to exercise its right to purchase the 787-9 Option Aircraft with delivery month of May 2019 and concurrently accelerate the delivery month to March 2018. The aircraft list price, as at July 2012, for this B787-9 Aircraft for delivery in March 2018 is $237.5 million.

On 8 November 2016, TUI Airways entered into contract with Boeing in relation to two additional 787-9 aircraft with deliveries in October 2019 and November 2019. The aircraft list price in July 2015 is $258.6 million per aircraft. In addition, TUI Airways entered into a contract with Boeing to provide one additional B787-9 Option Aircraft with delivery month of October 2020 with July 2015 list price of $258.6 million.

On 5 November 2019 TUI Airways exercised its right to purchase an additional B787-9 aircraft with an accelerated scheduled delivery month of December 2020. In June 2020 Boeing have advised a delay to delivery of the B787-9 aircraft to October 2021. Boeing will make available for customer the option to purchase up to two additional model 787-9 Aircraft. The aircraft list price in July 2015 was $258.6 million.

Boeing granted to TUI Airways certain price concessions, allowances and other support items as part of the aircraft purchase agreements. These price concessions take the form of credit memoranda issued to TUI Airways which TUI Airways may apply towards the final balance of the purchase price at delivery of the Aircraft or the purchase of goods and services from Boeing. The various credit memoranda, allowances and support will reduce the effective price of the Aircraft to TUI Airways.

The first six of the seven committed B787-9 aircraft were delivered in June 2016, May 2017, March 2018, May 2018 and two in November 2019 leaving the remaining firm commitments for one B787-9 aircraft delivering in October 2021.

15.2 Existing financing arrangements

The following section describes certain financing arrangements to which TUI Group and certain of TUI Group's subsidiaries are a party.

15.2.1. The Syndicated Facilities Agreement

On 15 September 2014, the Company entered into the Syndicated Facilities Agreement. The Syndicated Facilities Agreement was subsequently amended on 26 September 2014, 17 December 2015 and 20 July 2017, and amended and restated on 8 April 2020, 13 August 2020 and 27 July 2021. As of the date of this prospectus, the Syndicated Facilities Agreement consists of the following Syndicated Facilities:

- the Cash Facility, a €1,454,444,444.45 revolving credit facility for cash drawings made available by twenty commercial banks;
- the KfW Facility, a €2,100,300,000 revolving credit facility, made available by KfW as state lender (the "**KfW Facility Agreement**"); and
- the Bonding Facility, a €190,000,000 letter of credit facility for issuing bonds, bank guarantees and letters of credit provided by six commercial banks.

The lenders for each facility as of the date of this prospectus were as follows:

- Cash Facility:
  - Bank of America Europe Designated Activity Company, formerly known as Bank of America Merrill Lynch International Designated Activity Company
  - Bank of China Limited, Zweigniederlassung Frankfurt am Main Frankfurt Branch
  - Barclays Bank Ireland PLC

- – BRED Banque Populaire
- – Citibank N.A., London Branch
- – COMMERZBANK Aktiengesellschaft, Filiale Luxemburg
- – Crédit Agricole Corporate and Investment Bank Deutschland
- – Crédit Industriel et Commercial, London Branch
- – Deutsche Bank Luxembourg S.A.
- – DNB Bank ASA
- – HSBC Trinkaus & Burkhardt GmbH (formerly HSBC Trinkaus & Burkhardt AG)
- – Hamburg Commercial Bank AG
- – ING Bank N.V., London Branch
- – Landesbank Baden-Württemberg
- – Landesbank Hessen-Thüringen Girozentrale
- – Natixis
- – Norddeutsche Landesbank – Girozentrale
- – Société Générale S.A.
- – Société Générale S.A. Frankfurt Branch
- – UniCredit Bank AG

- KfW Facility: KfW
- Bonding Facility:
  - – Barclays Bank Ireland PLC
  - – COMMERZBANK Aktiengesellschaft, Filiale Luxemburg
  - – DNB Bank ASA
  - – HSBC Trinkaus & Burkhardt GmbH (formerly HSBC Trinkaus & Burkhardt AG)
  - – Société Générale S.A. Frankfurt Branch
  - – UniCredit Bank AG, London Branch

The guarantors for each facility as of the date of this prospectus (the "**Syndicated Facility Guarantors**" and each a "**Syndicated Facility Guarantor**") were as follows:

- – The Company;
- – First Choice Holidays Finance Limited (a company incorporated in England and Wales and registered with the Registrar of Companies for England and Wales (the "**Registrar**") under number 04094619);
- – First Choice Holidays Limited (a company incorporated in England and Wales and registered with the Registrar under number 00048967);
- – Leibniz-Service GmbH (a company incorporated in Germany and registered with the commercial register of the district court of Hanover under number HRB 6100);
- – Preussag Beteiligungsverwaltungs GmbH IX (a company incorporated in Germany and registered with the commercial register of the district court of Hanover under number HRB 58050);

- TUI Aviation Holding GmbH (a company incorporated in Germany and registered with the commercial register of the district court of Hanover under number HRB 60690);
- TUI Airways Limited (a company incorporated in England and Wales and registered with the Registrar under number 00444359);
- TUI Belgium N.V. (a company incorporated in Belgium and with registered number (*Ondernemingsnummer*) 0408.479.965);
- TUI Deutschland GmbH (a company incorporated in Germany and registered with the commercial register of the district court of Hanover under number HRB 62522);
- TUI Travel Aviation Finance Limited (a company incorporated in England and Wales and registered with the Registrar under number 06986537);
- TUI Travel Holdings Limited (a company incorporated in England and Wales and registered with the Registrar under number 06638818);
- TUI Travel Limited (a company incorporated in England and Wales and registered with the Registrar under number 06072876);
- TUI UK Limited (a company incorporated in England and Wales and registered with the Registrar under number 02830117);
- TUI UK Transport Limited (a company incorporated in England and Wales and registered with the Registrar under number 01014599);
- TUI Group Fleet Finance Limited (a company incorporated in England and Wales and registered with the Registrar under number 10688932); and
- TUI Group Services GmbH (a company incorporated in Germany and registered with the commercial register of the district court of Hanover under number HRB 62564).

Furthermore, in March 2023, the following guarantors are expected to accede as additional Syndicated Facility Guarantors under the Syndicated Facilities Agreement:

- DEFAG Beteiligungsverwaltungs GmbH III ("**DEFAG**") (a company incorporated in Germany and registered with the commercial register of the district court of Hanover under number HRB 200803); and
- Robinson Club GmbH ("**Robinson**") (a company incorporated in Germany and registered with the commercial register of the district court of Hanover under number HRB 54346); and
- TUIfly GmbH ("**TUIfly**") (a company incorporated in Germany and registered with the commercial register of the district court of Hanover under number HRB 50615).

The Syndicated Facilities can be used for general corporate purposes of the Company and its subsidiaries.

The KfW Facility was originally made available in an amount of €1,800,000,000 in April 2020 and subsequently increased by €1,050,000,000 (the "**KfW Increase Amount**") to €2.85 billion in August 2020. We cancelled a portion of the KfW Facility in an amount of around €414 million on 1 April 2022, of around €25 million on 19 May 2022 and of around €311 million on 27 May 2022, so that the KfW Facility has an outstanding amount of €2,100,300,000 as of the date of this prospectus. The Company intends to cancel €1.0 billion of the credit line of the €2.1 billion KfW Facility, which would be reduced to €1.1 billion, and will include the repayment in full of current drawings, which as of 23 March 2023, the latest practicable date prior to the date of this prospectus, amounted to €440.0 million, by using the net proceeds from the Capital Increase II (for more detailed information, please see Section "*5.3. Use of proceeds*").

The Syndicated Facilities benefit from guarantees that the Syndicated Facility Guarantors have provided to the lenders and issuing banks for advances under the Syndicated Facilities Agreement. The group of subsidiaries acting as Syndicated Facility Guarantors is the same as the group of guarantors guaranteeing the 2018 Schuldschein (see below). In addition, pursuant to the terms of the Syndicated Facilities Agreement, subject to certain exceptions, a subsidiary of the Company must accede as a Syndicated Facility Guarantor if (i) its gross adjusted assets (excluding goodwill and intangible assets) equals or exceeds 10% of the Group's gross adjusted assets, or (ii) the pre-tax profits of that subsidiary exceeds the higher of €30 million and 10% of the pre-tax profits of the Group, with gross adjusted assets and pre-tax profits being determined from the subsidiaries' financial statements which were consolidated into the latest audited consolidated financial statements of the Company. The Syndicated Facilities Agreement also contains a mechanism for subsidiaries to cease to be a Syndicated Facility Guarantor in certain circumstances. On 27 July 2021, TUI Group Fleet Finance Limited and on 25 February 2022, TUI Group Services became additional guarantors under the Syndicated Facilities Agreement and 2018 Schuldschein. In March 2023, DEFAG, Robinson and TUIfly are expected to accede as additional guarantors under the Syndicated Facilities Agreement.

Certain guarantees are subject to jurisdiction-specific limitation language, and there are exceptions where certain subsidiaries which would otherwise meet the threshold are not required to provide guarantees.

Any voluntary prepayment of the Syndicated Facilities may be re-borrowed on the terms of the Syndicated Facilities Agreement, but mandatory or involuntary prepayments or cancellations may not be re-borrowed.

The final maturity of the Syndicated Facilities is 19 July 2024, except for the commitments of Lloyds Bank plc was cancelled on 20 July 2022 for regulatory reasons due to Brexit. The credit line (around €80 million liquid funds and €25 million guarantee line) was repaid or terminated. The availability period ends one month prior to that date.

The base interest rate on drawings under the Cash Facility, is EURIBOR or SONIA plus margin. The annual margin is 4.50%, subject to the following changes based on the long term credit rating of the Company (provided that no reduction can occur if any event of default under the Syndicated Facilities Agreement (an "**Event of Default**") has occurred and is continuing and change of the margin shall only apply to amounts which are utilised after the date on which a relevant change occurred):

- B-/B3 or lower: 4.50%;
- B/B2: 3.75%;
- *B+/B1:* 3.00%; and
- BB-/Ba3 or higher: 2.50%.

While an Event of Default is continuing, the highest rate of margin set out above applies.

The base interest rate on drawings under the KfW Facility, which can only be made in euro, is EURIBOR plus margin. The annual margin is 4.50%, subject to the following changes based on the long term credit rating of the Company (provided that no reduction can occur if any Event of Default has occurred and is continuing and change of the margin shall only apply to amounts which are utilised after the date on which a relevant change occurred):

- B-/B3 or lower: 4.50%;
- *B/B2*: 3.75%; and
- B+/B1 or higher: 3.00%.

While an Event of Default is continuing, the highest rate of margin set out above applies.

The Company pays a fixed issuance fee for issuances under the Bonding Facility. In relation to the Cash Facility and the KfW Facility, the Company must pay the following utilisation fees on a quarterly basis in arrears:

- Cash Facility:
  - outstanding amount of less than 33% of the total commitments: 0.10% per annum;
  - outstanding amount of between 33% and 66% of the total commitments: 0.25% per annum; and
  - outstanding amount of, or exceeding, 66% of the total commitments: 0.50%.
- KfW Facility:
  - (a) utilisation not exceeding €1.80 billion:
  - utilisation of less than €594 million: 0.10% per annum;
  - utilisation of between €594 million and €1.188 billion: 0.25% per annum; and
  - utilisation of between €1.188 billion and €1.80 billion: 0.50% per annum.
  - (b) utilisation exceeding €1.80 billion:
  - utilisation between €1.80 billion and €2.325 billion: 4.00% per annum; and
  - utilisation exceeding €2.325 billion: 6.00% per annum;

    provided that, if the KfW Facility has been partially cancelled by way of mandatory or voluntary cancellation, the utilisation fee payable in accordance with this paragraph (b) will be reduced by 50% for an amount equal to the amount of such cancellation so that the utilisation fee for an amount equal to the cancelled amount shall be computed at the rate of 2.00% per annum (in the case of a utilisation between €1.80 billion and €2.10 billion).

As at 23 March 2023, the latest practicable date prior to publication of this prospectus, the Company had drawn:

- an aggregate around €1,437.8 million of the Cash Facility; and
- around €440.0 million of the KfW Facility.

As at 23 March 2023, the Company had utilised €121.9 million under the Bonding Facility.

Under the terms of the Syndicated Facilities Agreement, each obligor must ensure that its payment obligations thereunder rank at least *pari passu* with all its other unsecured and unsubordinated indebtedness (except for obligations mandatorily preferred by law and not by contract).

No *in rem* security has been granted in favour of the lenders under the Syndicated Facilities Agreement.

The consent of KfW is required for any majority lender decision until the KfW Facility has been repaid and cancelled in full. The Cash Facility and the Bonding Facility may only be accelerated with the consent of KfW unless KfW has cancelled commitments under the KfW Facility and declared all or any amounts outstanding in respect of the KfW Facility to be immediately due and payable. Certain changes to the Syndicated Facilities Agreement may be made with the consent of the Company and KfW only.

15.2.1.1. Conditions for utilisation of KfW Facility

As most recently amended, the Syndicated Facilities Agreement sets additional conditions for utilisation of the KfW Facility. In addition to the issuance of the 2020 Bonds with Warrants, in each case as described below, these conditions include:

- a requirement that amounts outstanding under the Cash Facility equal at least 96.8% (prior to 20 July 2022) or 98.63% (after 20 July 2022) of commitments under the Cash Facility; and
- ongoing compliance with an obligation to provide updates on developments in the COVID-19 pandemic and the Company's response thereto.

The Syndicated Facilities Agreement and any non-contractual obligations arising out of or in connection with it are governed by German law.

15.2.1.2. Covenants

The Syndicated Facilities Agreement contains certain covenants, including restrictions on the incurrence of indebtedness and restrictions on disposals and asset sales. In response to the effects of the COVID-19 pandemic on the Group's results of operations and financial condition, in April 2020 a covenant holiday was agreed with the lenders under the Syndicated Facilities Agreement, lasting through and including 31 March 2021. Under the terms of the covenant holiday, the Company was not required to test compliance with the two ratio-based financial covenants of the Syndicated Facilities Agreement during that period. On 9 June 2021, the required majority of the lenders under the Syndicated Facilities Agreement agreed to further suspend the Company's obligation to comply with those financial covenants of the Syndicated Facilities Agreement through and including 31 March 2022 (such covenant holiday as extended, the "**Syndicated Facilities Covenant Holiday**"). The covenants were last tested as at 30 September 2022 and the Company was in full compliance. The covenants will be tested again as at 31 March 2023, with the results of the test required to be determined within 90 days, and as at 30 September 2023, with the results of the test required to be determined within 120 days.

Financial covenants. Except during the Syndicated Facilities Covenant Holiday, under the Syndicated Facilities Agreement the Company is obligated to ensure that, in respect of any Test Period (as defined below):

- the ratio of Net Borrowings (as defined below) on the last day of that Test Period to EBITDA for that Test Period is not more than:
  - 4.5 to 1 in respect of the first two Test Periods falling after the Syndicated Facilities Covenant Holiday; and
  - 3 to 1 in respect of any Test Period thereafter; and
- the ratio of EBITDAR to Net Fixed Charges is not less than:
  - 2.25 to 1 in respect of the first two Test Periods falling after the Syndicated Facilities Covenant Holiday; and
  - 2.5 to 1 in respect of any Test Period thereafter.

In addition, during the Syndicated Facilities Covenant Holiday, the Company shall ensure that at the end of each month the Average Liquidity (as defined below) over three months, based on (i) the actual Liquidity during such month and the immediately preceding month and (ii) the forecasted Liquidity during the immediately following month, does not fall below €400 million.

As used in the Syndicated Facilities Agreement:

- "**Accounting Group**" means the Company and each other person whose results are consolidated into the consolidated financial statements of the Company from time to time;
- "**Average Liquidity**" means the aggregate of the daily Liquidity derived on the respective business days in Hanover falling in the months referred to in the description

of the Average Liquidity covenant above divided by the number of respective business days in Hanover;

- "**Borrowings**" means, as at any particular time, the aggregate figure for current and non-current financial liabilities and lease liabilities of the Accounting Group (*Finanzschulden und Leasingverbindlichkeiten*) on a consolidated basis as set out in the balance sheet of the relevant consolidated financial statements of the Company at that time;
- "**Cash and Cash Equivalents**" means the aggregate figure for cash and cash equivalents (*Finanzmittel*) of the Accounting Group set out in the balance sheet of the relevant consolidated financial statements of the Company reduced by cash and cash equivalents that were subject to restraints on disposal (*Verfügungsbeschränkungen unterliegende Finanzmittel*) and any cash collateral provided to comply with any applicable law or regulation or required by governmental or regulatory agencies or trade associations or to provide cash cover for any guarantee granted by any third party to comply with any applicable law or regulation or required by governmental or regulatory agencies or trade associations, other than any Security Interest (as defined in the Syndicated Facilities Agreement) over that cash and cash equivalents (i) constituted by a right of set-off or a right to consolidate accounts arising from netting arrangements in place from time to time in respect of the member of the Accounting Group's bank accounts or (ii) in relation to cash collateralisation of any Borrowings;
- "**EBITDA**" means, in relation to any Test Period, the aggregated figure for "Earnings before interest, taxes, depreciation and amortisation (EBITDA)" (*Ergebnis vor Ertragsteuern, Zinsen und Abschreibungen* (EBITDA)) of the Accounting Group and consolidation effects for that Test Period adjusted for one-off effects (*Sondereinflüsse*) excluding depreciation on purchase price allocation (*Kaufpreisallokation*) as set out in the relevant consolidated financial statements of the Company for that Test Period;
- "**EBITDAR**" means, in relation to any Test Period, EBITDA for that Test Period; before taking into account the aggregated figure for rental expenses (*Mietaufwendungen*) of the Accounting Group and consolidation effects as set out in the relevant consolidated financial statements of the Company for that Test Period;
- "**Liquidity**" means the euro-equivalent of:
  - the aggregate amount of cash and cash equivalents (*Finanzmittel*) freely available for the Company (for the avoidance of doubt, not including any cash and cash equivalents that were or are subject to restraints on disposal (*Verfügungsbeschränkungen unterliegende Finanzmittel*)) or any cash collateral provided to comply with any applicable law or regulation or required by governmental or regulatory agencies or trade associations or to provide cash cover for any guarantee granted by any third party to comply with any applicable law or regulation or required by governmental or regulatory agencies or trade associations, other than any Security Interest (as defined in the Syndicated Facilities Agreement) over that cash and cash equivalents):
    - constituted by a right of set-off or a right to consolidate accounts arising from netting arrangements in place from time to time in respect of the Company's bank accounts; or
    - in relation to cash collateralisation of any Borrowings;
  - available commitments under the Cash Facility and the KfW Facility; and
  - available commitments under any other committed debt facility agreement with a remaining minimum commitment term of three months (for the avoidance of doubt, not including any uncommitted (*bis auf Weiteres*) credit lines),

provided that the euro-equivalent shall be determined:

- for each business day in Hanover falling in any month referred to under the first prong in the description of the Average Liquidity covenant above on the basis of an applicable exchange rate as of the immediately preceding business day in Hanover; and
- for each business day in Hanover falling in the month referred to under the second prong in the description of the Average Liquidity covenant above on the basis of the exchange rate applicable: (1) pursuant to an annual plan (until end of September 2021) and (2) as of the end of the month as of which the Average Liquidity is tested (after end of September 2021).

- "**Net Borrowings**" means, at any time the aggregate of the Borrowings of the Accounting Group less the consolidated Cash and Cash Equivalents held at that time by the Accounting Group;
- "**Net Fixed Charges**" means the aggregate of:
  - the figure for interest expenses (*Zinsaufwendungen*) of the Accounting Group for that Test Period as set out in the notes to the relevant consolidated financial statements of the Company; less
  - the figure for interest income (*Zinserträge*) of the Accounting Group for that Test Period as set out in the notes to the relevant consolidated financial statements of the Company; and
  - the aggregated figure for rental expenses (*Mietaufwendungen*) of the Accounting Group and consolidation effects as set out in the relevant consolidated financial statements of the Company for that Test Period; and
- "Test Period" means;
  - each financial year of the Company; and
  - each period beginning on the first day of the second half of a financial year of the Company and ending on the last day of the first half of its next financial year.

Covenants with respect to the KfW Facility

The Syndicated Facilities Agreement includes certain covenants specific to the KfW Facility:

The Company must use proceeds from the KfW Facility as well as any proceeds from the Cash Facility in excess of €762 million in compliance with the KfW Special Programme for Direct Participation in Syndicated Financing (*KfW-Sonderprogramm* "*Direktbeteiligung für Konsortialfinanzierung*", programme number 855) (the "**KfW Programme**").

In particular, the Company must ensure that commitments under the KfW Facility are at all times no more than 80% of the aggregate of (i) the total commitments under the KfW Facility and (ii) the total commitments under the Cash Facility in excess of €762 million. If necessary, the Company must cancel KfW Facility commitments in amounts necessary to ensure compliance with this ratio.

As long as any amounts are outstanding under the KfW Facility, the Company must ensure that there are amounts outstanding under the Cash Facility equal to at least 96.8% (prior to 20 July 2022) and 98.63% (after 20 July 2022) of total Cash Facility commitments.

As long as the KfW Facility is not repaid and cancelled in full, the Company may not make equity investments or extend shareholder loans (other than shareholder loans arising in the ordinary course of the joint venture's business conduct) to joint ventures in excess of:

- €250 million per fiscal year, if the Company has utilised the KfW Facility in excess of 50% of the total commitments under the KfW Facility; or
- €500 million per year, if the Company has utilised the KfW Facility in amount equal to or below 50% of the total commitments under the KfW Facility.

After the KfW Facility has been redeemed and cancelled in full, the Company shall not (and the Company shall ensure that each member of the Group will not) apply any amounts towards capital measures in the form of equity investments into, or shareholder loans (other than shareholder loans arising in the ordinary course of its business conduct) to, any joint venture in excess of €500 million per financial year of the Group if the ratio of Net Borrowings to EBITDA for a Test Period is equal or more than 3.0 to 1. This undertaking shall apply until the ratio of Net Borrowings to EBITDA for any subsequent Test Period is less than 3.0 to 1. If the Company or any other member of the group applies amounts towards capital measures in the form of equity investments into, or shareholder loans (other than shareholder loans arising in the ordinary course of its business conduct) to, any joint venture in excess of €500 million per financial year of the Group, the Company shall provide a statement to the facility agent confirming that the pro forma ratio of Net Borrowings to EBITDA is less than 3.0 to 1.

For so long as the KfW Facility is not redeemed and cancelled in full, the Company may not make proceeds from the KfW Facility available to any Group company incorporated, seated or having a branch in any country listed in the EU’s list of non-cooperative jurisdictions for tax purposes (as updated from time to time, the “**EU Black List**”).

If the Company incurs new debt financing whose aggregate yield to maturity (as determined in accordance with the terms of the Syndicated Facilities Agreement) exceeds that of the KfW Facility, KfW may require the Company to agree to amend the Syndicated Facilities Agreement to ensure that the aggregate yield (as determined in accordance with the Syndicated Facilities Agreement) on the new debt financing no longer exceeds that of the KfW Facility. This requirement does not apply to capital markets debt and equity-like hybrid instrument such as convertible bonds or silent participations and it does not apply if the new debt financing is not comparable to the financing provided under the KfW Facility.

15.2.1.3. Mandatory prepayments

The Syndicated Facilities Agreement contains customary obligations to cancel commitments and prepay amounts under the Syndicated Facility in the event of illegality or (at the relevant lender’s option) upon a change of control or a sale or disposal of the whole or substantially the whole of the Group’s assets. For the purposes of the Syndicated Facilities Agreement, a “**change of control**” occurs if a person, or group of persons acting in concert, acquires and holds, directly or indirectly, control over more than 50% of

- the Company’s issued share capital, or
- voting rights in the shares of the Company.

In addition, the Syndicated Facilities Agreement gives KfW the option to require the Company to prepay amounts and cancel commitments under the KfW Facility, in whole or in part, under certain circumstances:

- the Company’s general shareholders’ meeting resolves payment of a dividend before the KfW Facility is repaid and cancelled in full;
- a general meeting of the Company held in 2022 or thereafter adopts a share buy-back resolution unless: (i) such share buy-back resolution explicitly states that the contained authorisation to buy back shares shall only be effective or may only be utilised after the KfW Facility has been repaid and cancelled in full; or (ii) the executive board of the Company promptly publicly declares that it will not make use of the authorisation

pursuant to such share buy-back resolution prior to the KfW Facility being repaid and cancelled in full;

- in respect of the share buy-back resolution adopted at the general meeting of the Company in February 2020, the supervisory board or executive board of the Company adopts any resolution to make use or otherwise make use of the authorisation granted pursuant to such share buy-back resolution;
- the executive board of the Company proposes at a general meeting of the Company held in 2020 or thereafter to adopt a share buy-back resolution;
- within four weeks of receiving proceeds from a disposal of TUI's river cruises business operating under the brand TUI River Cruises, the Company will repay amounts and cancel commitments under the KfW Facility in an amount equal to those proceeds. If, following this repayment and cancellation, there are no further KfW Facility commitments, the Company will repay and cancel commitments under the Cash Facility in an amount equal to any remaining proceeds;
- if KfW is of the reasonable opinion that the aggregate amounts of state aid the Company have received, including the KfW Facility, exceeds the maximum amount of state aid permissible for the Group under the European Commission's temporary framework for state aid measures to support the economy in the COVID-19 outbreak, subject only to discussions between the Company and KfW during a certain discussion period, during which the Company may not request additional loans under the KfW Facility (an "**Unpermitted Cumulation Prepayment**"); or
- if the European Commission has adopted a recovery decision or injunction requiring KfW to withdraw financing under the KfW Facility in full or in part (an "**Injunction Prepayment**").

The Syndicated Facilities Agreement further provides that: (i) on 1 April 2022, the Company shall apply an amount equal to the Repayment Proceeds (as defined below) received until then and (ii) with regard to any Repayment Proceeds received after 1 April 2022, the Company shall apply such Repayment Proceeds within five business days after the date of the receipt of any such Repayment Proceeds as follows:

- firstly:
  - either in repayment of the 2020 Bonds to the extent the WSF does not require the amounts outstanding under the 2020 Bonds to exercise its conversion rights under the 2020 Warrants if the WSF so agrees; or
  - in cancellation of the commitments under the KfW Facility and prepayment of the KfW Facility in an amount necessary to ensure that the aggregate outstanding amount under the KfW Facility does not exceed the remaining commitments under the KfW Facility after any such cancellation with the provision that the Company notifies the facility agent at least three business days in advance of any such prepayment; and
- secondly, in case the Repayment Proceeds are applied secondly in repayment of the 2020 Bonds, in cancellation of the commitments under the KfW Facility and prepayment of the KfW Facility in an amount necessary to ensure that the aggregate outstanding amount under the KfW Facility does not exceed the remaining commitments under the KfW Facility after any such cancellation with the proviso that the Company notifies the facility agent at least three business days in advance of any such prepayment.

As used in the Syndicated Facilities Agreement:

- "**Repayment Proceeds**" means:
  - in respect of all Relevant Proceeds received until (and including) 20 July 2022 in aggregate, an amount equal to the lower of: (i) 50% of any Relevant Proceeds received; and (ii) €700 million; and
  - in respect of any Relevant Proceeds received after 20 July 2022, an amount equal to 50% of such Relevant Proceeds.
- "**Relevant Proceeds**" means the net proceeds actually received after 1 June 2021 from (i) any capital increases or convertible instruments on the level of the Company, (ii) high yield bonds or (iii) asset disposals, in each case, provided that only transactions will be taken into account which individually result in net proceeds exceeding €50 million and further provided that:
  - the proceeds from transfers, sales or other disposals of shares in Riu Hotels (i.e. the RIU Transaction); and
  - the TUI River Cruises disposal proceeds (provided that they are applied in accordance with the relevant mandatory prepayment provision described above),

will not be taken into account.

15.2.1.4. Events of default related to the KfW Facility

In addition to events of default customary in agreements of this nature, which include cross-default on other financial indebtedness in an aggregate amount of €50 million or more, it is an Event of Default:

- if the Company fails to comply with the covenants relating to the KfW Programme, requiring it to ensure that there are amounts outstanding under the Cash Facility equal to at least 96.8% (prior to 20 July 2022) and 98.63% (after 20 July 2022) of total Cash Facility commitments, or requiring it not to make proceeds of the KfW Facility available to Group companies on the EU Black List; or
- if representations given by the Company as to its status as an undertaking in difficulties for the purpose of EU regulations on state aid, as to its financial condition, as to the proportion of its financial indebtedness represented by funds provided by KfW, or as to the status of Group companies with respect to the EU Black List are materially incorrect or misleading.

15.2.1.5. Acceleration of the Syndicated Facilities upon an Event of Default

In case of an Event of Default:

- lenders representing 66 2/3% of the commitments under the Cash Facility have the right to accelerate all or part of the Cash Facility and demand immediate repayment of relevant outstanding amounts;
- each issuing bank providing a commitment under the Bonding Facility has the right to accelerate all or part of its commitments under the Bonding Facility and demand immediate repayment of relevant outstanding amounts; and
- lenders representing 66 2/3% of the commitments under the KfW Facility (which is currently solely provided by KfW) have the right to accelerate all or part of the commitments under the KfW Facility and demand immediate repayment of relevant outstanding amounts.

However, as long as the KfW Facility has not been redeemed and cancelled in full or (in case of the Cash Facility) accelerated, any acceleration under the Cash Facility or the Bonding

Facility will always require the prior approval of the state lender (as such term is defined in the Syndicated Facilities Agreement, i.e., currently KfW).

15.2.2. Bilateral guarantee lines with banks

On 27 October 2021, TUI concluded a multi-year guarantee line of €152.0 million with KfW IPEX-Bank GmbH ("**KfW IPEX**") connection with the fulfilment of the Package Travel Directive and its transposition into German law. On 26 October 2022, this guarantee line was replaced by a new guarantee line of €345.6 million entered into with KfW IPEX. The guarantee issued was replaced with a new guarantee of €268.8 million. The guarantee in an amount of €152.0 million issued by KfW IPEX on 1 November 2021 was replaced with a new guarantee in an amount of €268.8 million issued by KfW IPEX on 31 October 2022. We expect to enter into a further guarantee amounting to €76.8 million in April 2023.

In addition, TUI has concluded further bilateral guarantee lines with banks with a total volume of €19.1 million for the provision of bank guarantees within the framework of ordinary business activities. The guarantees generally have a term of several years. A commission is charged for the guarantees in the amount of a fixed percentage based on the maximum guarantee amount. As of 31 December 2022, €8.1 million of these guarantee lines were utilised.

15.2.3. The 2018 Schuldschein

On 27 June 2018, the Company as borrower entered into Schuldschein loan agreements dated 28 June 2018 (the "**2018 Schuldschein Agreements**") with an aggregate nominal amount of €425 million and tenors of five, seven and ten years due on 24 July 2023, 2025 and 2028, including fixed and floating rate tranches.

The loans that make up the 2018 Schuldschein have an average initial term of 6.4 years and an average annual interest rate of approximately 1.7%, hedging costs included.

The 2018 Schuldschein Agreements provided that certain subsidiaries of the Company would execute an initial subsidiary guarantee pursuant to which those subsidiaries would unconditionally guarantee all of the Company's obligations under the 2018 Schuldschein and the 2018 Schuldschein Agreements on the terms and conditions set forth therein as initial guarantors (such initial subsidiary guarantors, the "**2018 Schuldschein Initial Subsidiary Guarantors**"). On 28 June 2018, the Company and the 2018 Schuldschein Initial Subsidiary Guarantors entered into an initial subsidiary guarantee pursuant to which each 2018 Schuldschein Initial Subsidiary Guarantor agreed to provide an unconditional notes guarantee on the terms and subject to the conditions set forth in the 2018 Schuldschein Agreements (the "**2018 Schuldschein Initial Subsidiary Guarantee**", and together with the 2018 Schuldschein Agreements, the "**Existing Schuldschein Agreements**"). On 13 August 2020, TUI Aviation Holding GmbH, on 27 July 2021, TUI Group Fleet Finance Limited and on 25 February 2022, TUI Group Services became additional guarantors under the Syndicated Facilities Agreement and 2018 Schuldschein. In March 2023, DEFAG, Robinson and TUIfly are expected to accede as additional guarantors under the 2018 Schuldschein.

Under the Existing Schuldschein Agreements, the Company's obligations under the 2018 Schuldschein are purported to rank *pari passu* with all other outstanding unsecured and subordinated indebtedness of the Company. The 2018 Schuldschein Initial Subsidiary Guarantors are identical to the group of subsidiaries acting as Syndicated Facility Guarantors under the Syndicated Facilities Agreement, and will change from time to time following any changes in the group of Syndicated Facility Guarantors.

15.2.3.1. Covenants

The 2018 Schuldschein Agreements contain restrictive covenants including those described below.

Financial covenant. Under the 2018 Schuldschein Agreements, the Company is obligated to maintain a ratio of Net Borrowings to EBITDA of no more than 3.0 to 1.0.

For the purposes of the 2018 Schuldschein Agreements, as at any date on which the Company measures compliance with the financial covenant:

- "**Net Borrowings**" means total consolidated financial indebtedness, as shown on the statement of financial position as at the end of the most recently completed fiscal year, less cash and cash equivalents (other than any cash or cash equivalents pledged to secure indebtedness); and
- "**EBITDA**" means EBITDA for the most recently completed fiscal year, including consolidation effects as shown in the section "Key figures by segment and sector" in our annual report for that fiscal year, less one-off costs (other than write-downs on purchase price allocation) as shown in the section "Management Report" in the annual report under the heading "Report on Economic Position".

The Company tests for compliance with the financial covenant as at the end of each fiscal year, that is, 30 September of each calendar year. As soon as possible, and in any event not later than 120 days, after the end of each fiscal year, the Company is obligated to provide creditors under the Schuldschein, through the paying agent, with a compliance certificate in which the ratio of net borrowings to EBITDA for the preceding fiscal year are disclosed, showing how the ratio was calculated.

If the ratio exceeds 3.0 to 1.0, interest on the 2018 Schuldschein is stepped up by 0.75%, from and including the next interest payment date following failure to comply with the financial covenant, through and including the next interest payment date following submission of a compliance certificate showing that the ratio no longer exceeds 3.0 to 1.0.

If the Company fails to provide the required compliance certificate within the required time and does not provide the certificate within a reasonable period thereafter granted to cure this failure, or if the certificate provided is incorrect, the Company will be deemed to have timely provided a correct certificate showing that the ratio of net borrowings to EBITDA for the preceding fiscal year exceeded 3.0 to 1.0. In that event, interest on the 2018 Schuldschein is stepped up by 0.75%, from and including the next interest payment date following the latest date at which the compliance certificate was to have been provided, through and including the next interest payment date following submission of a compliance certificate showing that the ratio does not exceed 3.0 to 1.0.

Negative pledge. With the exceptions described below, so long as 2018 Schuldschein is outstanding, the Company will not be permitted to create a security interest over any of its assets to secure present or future Capital Markets Indebtedness, without at the same time providing the same or an equivalent security interest to secure the 2018 Schuldschein.

For the purposes of the 2018 Schuldschein, "**Capital Markets Indebtedness**" means:

- any indebtedness in the form of bonds, notes or other securities that are or can be traded, quoted, dealt in or listed on a securities exchange; and
- obligations arising from certificates of indebtedness (Schuldscheindarlehen).

However, the negative pledge does not apply to security interests:

- granted to secure financing of any productive assets; or
- securing indebtedness of subsidiaries that was incurred and outstanding on the date on which they were acquired or they otherwise became subsidiaries.

Reporting covenant. In addition to the certificate relating to compliance with the financial covenant described above, the Company is obligated to provide creditors under the 2018

Schuldschein, through the paying agent or by publication on our website, with various reports and information.

Except as described below, the Company must provide these reports and information as soon as possible, and in any case not later than 120 days, after the end of each fiscal year.

The reports and information required under this covenant are:

- the audited consolidated financial statements for the fiscal year;
- as soon as possible, and in any case not later than 90 days, after the end of the first half of each fiscal year, the unaudited consolidated financial statements for the fiscal half-year, unless the Company elects to have those financial statements audited, in which case they must be provided no later than 120 days after the end of the fiscal half year;
- standalone financial statements for the subsidiary guarantors of the 2018 Schuldschein. In the case of guarantors in the UK, Denmark, Norway or Sweden, the Company must provide these financial statements no later than 270 days after the end of each fiscal year; and
- a certificate of compliance with the negative pledge.

In addition, to the extent permissible under applicable law, regulation or stock exchange rules, the Company must promptly report any facts or events likely to have a material adverse effect on the 2018 Schuldschein Agreements or on the consolidated or standalone results of operations or financial condition, or which give (or would, with the passage of time or giving of notice, give) the creditors the right to terminate the agreement.

15.2.3.2. Change of control

In the event of a change of control, the creditors under each of the 2018 Schuldschein Agreements may require the Company to prepay the 2018 Schuldschein. For purposes of the 2018 Schuldschein Agreements, a "change of control" occurs:

- if a person, or group of persons acting in concert, acquires and holds, directly or indirectly, control over more than 50% of
  - the Company's issued share capital; or
  - voting rights in the shares of the Company;
- if the Company enters into a merger with a third party, unless immediately after the merger holders that represented 100% of the voting rights of the Company own at least a majority of the voting rights of the person surviving the merger; or
- if the Company sell all or substantially all consolidated assets, unless each transferee becomes a guarantor of the 2018 Schuldschein and is, or becomes, a subsidiary of the Company.

15.2.3.3. Cross-acceleration

The terms of the loans that comprise the 2018 Schuldschein provide that each lender may terminate the loans granted by it and require immediate repayment in the event that any of the Company's other bank debt or capital markets debt exceeding €50 million is accelerated upon default.

15.2.4. The 2020 Bonds with Warrants

On 1 October 2020 the Company issued the 2020 Bonds with Warrants to the WSF in the principal amount of €150 million. The 2020 Warrants have subsequently been detached from the 2020 Bonds and are, therefore, separate instruments.

The 2020 Bonds are divided into 1,500 bonds and bear interest at an annual rate of 9.5% and have an initial term of six years. That term will be extended annually by one year so long as there are any commitments under the KfW Facility in excess of €1.80 billion. The 2020 Bonds are subordinated to the Company's other indebtedness but rank senior to the shares of the Company. The WSF is free to transfer the 2020 Bonds to third parties at any time after 16 October 2020.

Beginning one year after issuance of the 2020 Bonds, the Company may request the WSF to sell the 2020 Bonds to it for a price equal to the nominal value plus accrued interest upon four months' notice at any time after the KfW Facility in excess of €1.80 billion (i.e., the KfW Increase Amount) has been cancelled and the outstandings under the KfW Facility in excess of €1.80 billion have been repaid in full. However, the WSF is not required to sell the 2020 Bonds to the Company if and to the extent it sells the 2020 Bonds to a third party within the four months following the request. In that case, the Company may terminate the 2020 Bonds with a further notice period of four months.

The 2020 Warrants confer the right to receive a maximum of up to 58,674,899 shares of the Company. The initial exercise price per share is approximately €2.56 (which corresponds to the minimum issue price at defined in section 9 (1) AktG at the time of the issuance of the 2020 Bonds with Warrants). The period for the exercise of the 2020 Warrants is 10 years. The Company has exercised its authority to use existing conditional capital, excluding pre-emptive rights of shareholders, to issue shares upon an exercise of the 2020 Warrants. If the 2020 Warrants were, as at the date of this prospectus, fully exercised, the 2020 Warrants would represent a stake in the Company of around 5.3%. The 2020 Warrants may be freely exercised by its owner, provided that the WSF may not exercise the conversion right itself. The WSF is free to sell the 2020 Warrants to third parties at its discretion after 16 October 2020. There are no termination rights in respect of the 2020 Warrants.

The terms and conditions of the 2020 Warrants provide for protections against dilution of the bondholder's interests. In particular, a capital reduction without a share consolidation as implemented under the Stabilisation Package by reducing the registered share capital of the Company to €590,415,100.00 and the nominal value notionally allocated to each share to €1.00, entails a pro rata reduction of the exercise price per share and the exercise price per share was reduced to €1.00 accordingly. Furthermore, if another capital reduction was to be effected by a consolidation of shares, the exercise price per share would remain unchanged (thus, increasing the proportionate amount of share capital attributable to the shares which may be acquired by exercise of the 2020 Warrants).

In addition, until the WSF has sold all 2020 Bonds to a third party or the Company has satisfied all payment obligations in respect of the 2020 Bonds (or a combination of these two options has occurred in respect of the 2020 Bonds), under an umbrella agreement with the WSF there are a number of restrictive covenants which, among other things:

- forbid the Company to make dividend payments or (subject to certain exceptions) make other payments to related parties or buy back shares;
- restrict the way the Company conducts business;
- restrict the Company's ability to purchase or make investments in other companies or expand its business; and
- limit the ways in which the Company may remunerate board members.

As noted above, the 2020 Bonds are subordinated to our other indebtedness but rank senior to the shares of the Company. On 1 April 2022, the Bonds with Warrants were partially redeemed at a purchase price of €91.3 million (plus interest and repayment penalties). The part of the warrant-linked bond convertible into shares of the Company €58.7 million remained in place. The Company intends to repurchase in full the outstanding €58.7 million 2020 Bonds with Warrants, including the 58,674,899 warrants issued to the WSF at a repayment price of €730.1 million, from the net proceeds of the Capital Increase I (for more detailed information, please see Section "*5.3. Use of proceeds*") pursuant to the terms of the repayment agreement (*Rückführungsvereinbarung*) entered into with the WSF on 13 December 2022 (as described in more detail in Section "*15.5. Repayment Agreement (Rückführungsvereinbarung) with the WSF*").

15.2.5. ECP Programme

On 17 December 2017, we established a European Commercial Paper Programme (the "**ECP Programme**"). We amended the ECP Programme on 6 March 2020. Under the ECP Programme, a syndicate of banks including ING Bank N.V., COMMERZBANK Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, DNB ASA, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Landesbank Baden-Württemberg and Natixis, as dealers, have agreed from time to time to place our issuances of short-term European commercial paper in a maximum aggregate outstanding principal amount of €500.0 million.

As of the date of this prospectus, there are no amounts outstanding under our ECP Programme. In consequence of our current financial position and the covenants contained in our other financing arrangements, we are not currently able to make issuances under the ECP Programme. We do not expect to make use of the ECP Programme over the near to medium term.

15.2.6. The 2021 Convertible Bonds

On 16 April 2021, the Company issued EUR 400,000,000 5.00% senior unsecured convertible bonds due 16 April 2028 with a denomination of EUR 100,000 per bond convertible into ordinary registered shares of the Company. On 6 July 2021, the Company increased the aforementioned convertible bonds by issuing further senior unsecured bonds convertible into ordinary registered shares of the Company due 2028 in an aggregate principal amount of €189.6 million which were consolidated and form a single issue (*Gesamtemission*) with the €400 million convertible bonds issued on 16 April 2021 (together the "**2021 Convertible Bonds**").

Pursuant to the terms and conditions of the 2021 Convertible Bonds (the "**Terms and Conditions**"), the 2021 Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company ranking *pari passu* among themselves and, in the event of the dissolution, liquidation or insolvency of the Company or any proceeding to avoid insolvency of the Company, *pari passu* with all other present and future unsubordinated and unsecured obligations of the Company, save for such obligations which may be preferred by applicable law.

The 2021 Convertible Bonds grant a conversion right (the "**Conversion Right**"), under which new ordinary registered shares with no par value of the Company (the "**Settlement Shares**") will be delivered upon exercise of the Conversion Right during the Conversion Period. The 2021 Convertible Bonds are convertible at the option of the bondholder from 27 May 2021 to the close of business on the 10th business day prior to the maturity date on 16 April 2028 or, on any early redemption at the option of the Company, to the close of business on the 10th business day prior to the date set for redemption (the "**Conversion Period**"). The conversion date in respect of the 2021 Convertible Bonds is the first business day on which all requirements for the exercise of the Conversion Right specified in Terms and Conditions have been fulfilled, or, if such business day falls within an excluded period (the "**Excluded Period**"), the first business day after the end of such Excluded Period (the "**Conversion Date**").

The Conversion Right entitles the holder of each bond to convert the respective bond in whole, but not in part, at the conversion price of initially EUR 5.3631, subject to adjustments as provided in the Terms and Conditions (the "**Conversion Price**") into Settlement Shares on any business day during the Conversion Period. The number of Settlement Shares to be issued or delivered upon exercise of a Conversion Right shall be determined by dividing the principal amount of the 2021 Convertible Bonds to be converted by the relevant Conversion Price in effect on the relevant Conversion Date.

The relevant Conversion Price in respect of the 2021 Convertible Bonds is subject to customary adjustment provisions as set out in the Terms and Conditions.

On giving not less than 30 or more than 60 days' notice to the holders of the 2021 Convertible Bonds, the Company may redeem all, but not some only, of the outstanding 2021 Convertible Bonds with effect on the redemption date (the "**Redemption Date**") (which will be no earlier than 7 May 2026 and no later than the last day of the Conversion Period) at their principal amount plus accrued interest to such date. However, such notice may only be given if the parity value (which is the principal amount divided by the Conversion Price in effect on such day, multiplied by the adjusted share price on such trading day, the "**Parity Value**") on at least 20 trading days in any period of 30 consecutive trading days ending not earlier than seven trading days prior to the giving of the notice of redemption in respect of the 2021 Convertible Bonds exceeds EUR 130,000.

The Terms and Conditions provide for the following events of default (subject, in certain cases, to grace periods and materiality thresholds):

- the Company fails to pay principal or interest or any other amount in respect of the 2021 Convertible Bonds within 15 days from the relevant due date;
- the Company fails to duly perform any other obligation arising from the 2021 Convertible Bonds and such default, except where such default is incapable of remedy, continues unremedied for more than 30 days after the Company has received notice thereof from a bondholder;
- any Relevant Indebtedness of the Company or any Material Subsidiary is declared to be or otherwise becomes due and payable prior to its stated maturity as a result of any default (however described);
- any Relevant Indebtedness of the Company or any Material Subsidiary is not paid when due or within any applicable grace period, as the case may be;
- the Company or any Material Subsidiary fails to pay when due or within any applicable grace period, as the case may be, any amount payable by it under any present or future guarantee or indemnity for any Relevant Indebtedness;
- any security granted by the Company or any Material Subsidiary for any Relevant Indebtedness is declared enforceable upon the occurrence of an event entitling to enforcement, unless the aggregate amount of all Relevant Indebtedness referred to above is less than EUR 50,000,000 (or its equivalent in any other currency or currencies);
- the Company or any Material Subsidiary suspends its payments or announces its inability to meet its financial obligations;
- a competent court opens insolvency proceedings against the Company or any Material Subsidiary or the Company, any Material Subsidiary or any third-party institutes such a proceeding, and such proceeding has not been dismissed or stayed within 60 days after the commencement thereof;
- the Company is wound up, unless this is effected in connection with a merger, reorganisation or another form of combination with another company or in connection with a restructuring, and the other or the new company assumes all obligations of the Company arising under the 2021 Convertible Bonds;

- the Company or any Material Subsidiary ceases to carry out all or substantially all of its business (unless its business will continue to be carried out by one or several current or future subsidiaries); and
- any law, governmental order, decree or enactment will gain recognition in the Federal Republic of Germany whereby the Company is legally prevented from performing its obligations under the 2021 Convertible Bonds and this situation is not cured within 90 days.

For the purposes of the events of default set out above, the term "**Relevant Indebtedness**" means any present or future indebtedness for or in respect of monies borrowed or raised and "**Material Subsidiary**" means a subsidiary of the Company which has total assets or net sales (excluding intra-group items) representing 5% or more of the total assets or net sales of the Company and its subsidiaries, calculated on a consolidated basis, as further described in the Terms and Conditions.

The right to declare 2021 Convertible Bonds due will terminate if the situation giving rise to it has been cured before such right is exercised.

Any notice declaring the 2021 Convertible Bonds due will be made by means of a declaration in writing in the German or English language to the Company (through the principal paying agent) in accordance with the rules and procedures of the clearing system together with evidence that such bond holder at the time of such notice is a holder of the relevant 2021 Convertible Bonds by means of a certificate of the custodian or in any other appropriate manner.

The 2021 Convertible Bonds are governed by the laws of the Federal Republic of Germany.

15.3 Agreements relating to the Silent Participations

WSF Term Sheet, WSF Framework Agreement and Silent Participation Agreements

On 2 December 2020, the Company entered into the WSF Term Sheet with the WSF regarding the WSF's entry into the Silent Participations and the further measures under the Stabilisation Package. The terms and conditions of the relationship between the Company and the WSF agreed in the WSF Term Sheet are reflected in the WSF Framework Agreement and the terms and conditions of the Silent Participations are reflected in the agreement the Company entered with regard to the convertible silent participation (the "**Convertible Silent Participation Agreement**") and the agreement the Company entered into with regard to the non-convertible silent participation (the "**Non-Convertible Silent Participation Agreement**" and together with the Convertible Silent Participation Agreement the "**Silent Participation Agreements**"). The WSF Framework Agreement and the Silent Participation Agreements were entered into on 4 January 2021 and partially restated by an amendment agreement dated 13 June 2022. The Convertible Silent Participation Agreement and the WSF Framework Agreement were further amended by the Repayment Agreement (as described below, see Section "*15.5. Repayment Agreement (Rückführungsvereinbarung) with the WSF*"). On 30 June 2022, the Non-Convertible Silent Participation was repaid in full plus interest to the WSF. The Company intends to repay in full the €420.0 million Convertible Silent Participation from the net proceeds of the Capital Increase I (for more detailed information, please see Section "*5.3. Use of proceeds*") pursuant to the terms of the repayment agreement (*Rückführungsvereinbarung*) entered into with the WSF on 13 December 2022 (as described in more detail in Section "*15.5. Repayment Agreement (Rückführungsvereinbarung) with the WSF*").

The WSF Framework Agreement provides for:

- *representation on the Supervisory Board* (*Aufsichtsrat*): the Executive Board (*Vorstand*) and the Supervisory Board (*Aufsichtsrat*) will, to the extent legally permissible, endeavour to procure that two persons nominated by the WSF will become members of the Supervisory Board (one of whom, provided such person has the relevant professional experience, will also join the audit committee of the Company) and the Company will further endeavour to procure, to the extent legally permissible, that the WSF will have the right to send an observer to meetings of the Supervisory Board;

- *WSF consent rights*: the WSF has consent rights in relation to certain material corporate actions in respect of the Company, including utilising authorised capital, creating authorised and contingent capital, capital increases, capital reductions, issuance of convertible instruments (such measures may be subject to the right of the WSF to participate in such capital measures), undertaking significant M&A activity or committing to or repaying significant financing arrangements (including debt financing and hybrid financing);
- *dividend policy*: the Company may not make dividend payments, repurchase shares, grant other equity instruments, pay coupons or make other profit distributions other than to the WSF and if not otherwise mandatorily obligated. In addition, to the extent legally permissible, there may be certain limitations on the ability of certain Group companies to distribute dividends, unless (directly or indirectly) wholly owned by the Company;
- *restructuring plan*: the Company is obligated to submit a restructuring plan in line with the guidelines made by the European Commission in connection with its approval of the Stabilisation Package with the aim that six years following the grant of the Stabilisation Package, the equity stake still existing at that time is not less than 15% of the share capital of the Company;
- *termination strategy*: the Company will present a strategy for terminating the elements of the Stabilisation Package granted by the WSF or the KfW, including a repayment plan twelve months after the Stabilisation Package. Subsequently, the Company undertakes to report annually on such termination strategy, and annually or semi-annually on the other undertakings;
- *economic sustainability, green and digital transformation*: certain undertakings to ensure compliance with the EU goals and national obligations regarding economic sustainability, green and digital transformation;
- *avoidance of distortion of competition*: undertakings to avoid distortion of competition, including unless at least 75% of the Silent Participations have been sold or repaid, the Company is obligated not to acquire a stake of more than 10% in any competitor, subject to certain exceptional circumstances;
- *rights in relation to significant transactions*: the WSF is granted certain rights prior to significant business transactions to protect its participation on the boards and in meetings that make decisions in relation to these significant transactions; and
- *remuneration*: additional limitations on the Group concerning remuneration of board members, including board members not being granted any bonuses and unless at least 75% of the Silent Participations have been sold or repaid, no board member of the Company or of a material subsidiary having a basic salary which exceeds the basic salary such member enjoys on 31 December 2019,

in each case and unless otherwise noted, for so long as Silent Participation remain in issue and held by the WSF and the WSF holds shares in the Company following conversion of the Convertible Silent Participation and/or the 2020 Warrants (or from the participation in any capital increase). The clause of the WSF Framework Agreement, as well as the respective clause in the Convertible Silent Participation Agreement, pursuant to which the Convertible Silent Participation cannot be cancelled until the KfW Facility has been cancelled and repaid in full and the 2020 Bonds have been redeemed or sold to a third party by the WSF has been revoked pursuant to the Repayment Agreement. The WSF will be obligated to sell any shares obtained after conversion of the Convertible Silent Participation and/or the 2020 Warrants once the KfW Facility has been cancelled and redeemed in full, the 2020 Bonds have been repaid or sold to a third party by the WSF and the Convertible Silent Participation has been converted or terminated and repaid in full, provided the WSF will be able to sell at a minimum price.

A monitor may be appointed to observe the restrictions imposed on the Company in connection with the Stabilisation Package.

The conditions to which the grant by the WSF of the Silent Participations and other measures under the Stabilisation Package were subject include the following:

- State Aid Approval from the European Commission; and
- any necessary antitrust approvals (if any) where the absence of such approval would prohibit completion;
- the resolutions having been passed by shareholders at the Extraordinary General Meeting;
- Unifirm agreeing to exercise its Subscription Rights and the entry by Unifirm into the commitments under the commitment and backstop agreement entered into by Unifirm in connection with the January Issuance;
- banks underwriting the balance of the January Issuance up to €500 million; and
- commitment of the other elements of the Stabilisation Package.

15.4 Agreements relating to the Capital Increase

15.4.1. Underwriting agreement

On 24 March 2023, the Company and the Underwriters entered into an Underwriting Agreement. For further details please see "*22.1 Underwriting Agreement*"*.*

15.4.2. Sponsors' Agreement

On 24 March 2023, the Company and the Sponsors entered into a Sponsors' Agreement pursuant to which each of the Sponsors has agreed to act as a sponsor to the Issuer pursuant to UK Listing Rules with respect to the applications for the UK Admission, on the terms and subject to the conditions set out in the sponsors' agreement. Pursuant to side letters entered into between the Issuer and each of Sponsors, the Company has agreed to pay each of the Sponsors a sponsor fee of €1.0 million. The Company has given certain customary representations, warranties and undertakings to the Sponsors and customary indemnities to the Sponsors and to certain persons connected with them under the Sponsors' Agreement. Each of the Sponsors may terminate the Sponsors' Agreement if, among other things:

- there has, in the opinion of the Sponsor, been a breach by the Company of the warranties given in the Sponsors' Agreement or a material breach by the Company of any provision of the Sponsors' Agreement;
- the Underwriting Agreement is terminated for any reason; or
- any matter arises which a Sponsor considers to affect its ability to perform its functions under the UK Listing Rules or fulfil the obligations of a sponsor.

15.5 Repayment Agreement (*Rückführungsvereinbarung*) with the WSF

On 13 December 2022, the Company and the WSF entered into an agreement on the repayment of the stabilisation measures granted by the WSF (the "**Repayment Agreement**"). Pursuant to the terms and conditions of the Repayment Agreement the Company has the right until 31 December 2023 to (i) terminate and repay the €420.0 million Convertible Silent

Participation in full and (ii) repurchase the 2020 Bonds in an outstanding amount of €58.7 million and the 2020 Warrants in full from the WSF, at a repayment price totalling €730,113,240.00 plus interest accruing until repayment under the Convertible Silent Participation and the 2020 Bonds with Warrants (the "**Repurchase Price**"). In economic terms, the Repurchase Price takes into account the existing subscription and conversion rights of the WSF under the Convertible Silent Participation and the 2020 Bonds with Warrants, respectively. If the weighted average stock exchange price of the Company's shares during the last fifteen calendar days prior to the date of the public announcement of the Refinancing Capital Increase (as defined below), net of the increase effect of the reverse stock split (the "**Adjusted Average Price**"), is higher than €1.6816 per share, the Repurchase Price will be increased in accordance with the Repayment Agreement as follows: The Adjusted Average Price less a market placement discount of 9.3% will be multiplied by the total nominal amount of the above-described stabilisation measures granted by the WSF of EUR 478.7 million, whereby the Repurchase Price may be increased to a maximum of €957.4 million.

Due to the distribution key agreed in the framework agreement entered into by the Company and the WSF in connection with the establishment of the Convertible Silent Participation on 4 January 2021, as last amended by amendment agreement of 13 June 2022 (for more information, please see Section "*15.3 Agreements relating to the Silent Participations*"), the Company may only repay and cancel the Convertible Silent Participation after the KfW Facility has been repaid and cancelled. In addition, only after the repayment of the Convertible Silent Participation (and provided that the WSF does not hold any shares in the Company) the Company has the right to demand the repurchase of the 2020 Bonds with Warrants from the WSF.

The Repayment Agreement amends this distribution key previously agreed with the WSF to the effect that the Company shall be given the right and, after carrying out the Refinancing Capital Increase (as defined below), assume the obligation to cancel and repay the Convertible Silent Participation and the 2020 Bonds with Warrants before the KfW Facility is repaid. To this end, the WSF has undertaken (i) not to sell or exercise any conversion or option rights from the Convertible Silent Participation or the 2020 Bonds with Warrants, and (ii) to grant the Company the option to repay the Convertible Silent Participation any time until 31 December 2023, and to repurchase the 2020 Bonds and the 2020 Warrants by 31 December 2023.

Pursuant to the terms and conditions of the Repayment Agreement, the Company and the WSF have further agreed on the following transaction structure for the implementation of the complete termination of the above-described stabilisation measures granted by the WSF:

- To sustainably improve the Company's financing capability on the capital markets, according to the terms and conditions of the Repayment Agreement, the Company is obliged, to the extent permitted by law, to propose to its annual general meeting the Capital Decrease II (as defined and further described under Section "*20.4. Capital Decrease II*") for the purpose of allocating the difference between the share capital before the Capital Decrease II and the share capital after the Capital Decrease II to the capital reserve in accordance with sections 222 et seq. AktG in conjunction with section 7 (6) WStBG by consolidating the Company's shares at a ratio of ten to one. This measure thus shall sustainably enable the issuance of new shares by of the Company at market conditions in the context of future capital increases, specifically in the context of and for the purpose of completely repaying and cancelling the existing stabilisation measures granted by the WSF.
- In a second step, the Repayment Agreement obliges the Company, to the extent permitted by law, to use its best efforts in the period from the effective date of the Capital Decrease until 31 December 2023, subject to the positive assessment of the respective conditions of the capital market by the Executive Board and the Supervisory

Board, to implement one or more capital increases with subscription rights from the Company's authorised capital 2022/I pursuant to section 4 (5) of the Articles of Association and, if applicable, from the Company's authorised capital 2022/II pursuant to section 4 (7) of the Articles of Association, whereby the proceeds are to be used primarily for the complete termination of the stabilisation measures (i.e. for the repayment of the Convertible Silent Participation, the repurchase of the 2020 Bonds and for the repurchase of the 2020 Warrants) in accordance with the terms and condition of the Repayment Agreement (the "**Refinancing Capital Increase**"), and not to carry out any other capital increase beforehand.

If the stabilisation measures granted by the WSF are not completely terminated by 31 December 2023, the Company will pay WSF a standstill premium in line with market conditions.

16. Corporate Bodies

The Company's governing bodies are the Executive Board (*Vorstand*), the Supervisory Board (*Aufsichtsrat*) and the Shareholders' Meeting (*Hauptversammlung*). The Company has a two-tier management and control system, consisting of the Executive Board and the Supervisory Board. The powers of these governing bodies are determined by the AktG, the Articles of Association (*Satzung*) and the internal rules of procedure of the Executive Board (*Geschäftsordnung für den Vorstand*) and the Supervisory Board (*Geschäftsordnung für den Aufsichtsrat*).

16.1 Executive Board

Our Executive Board currently consists of five members.

The Executive Board manages our business in accordance with the provisions of the relevant statutes, the Articles of Association, the resolutions of the General Shareholders' Meeting, and the Executive Board's by-laws. It represents the Company in its dealings with third parties.

Our Supervisory Board appoints the members of the Executive Board and has the power to remove a member of the Executive Board before the expiry of his or her term for good cause. Executive Board members are appointed in principle for a term of three years and may be re-appointed to subsequent terms.

16.1.1. Members

The following table sets forth the current members of the Group's Executive Board and their areas of responsibility and relevant positions within and outside TUI Group. Where an entity outside the TUI Group is indicated, the relevant member of the Executive Board serves on the Supervisory Board or comparable controlling body of that entity.

Member	Current term ends	Function
Sebastian Ebel	September 2025	CEO of TUI Group BRW Beteiligungs AG, EVES Information Technology AG, Compass Group Deutschland GmbH, RIUSA II S.A., TUI China, Sunwing Travel Group Inc., TUI Cruises GmbH
David Burling	May 2026	Member of the Executive Board, CEO Markets & Airlines TUI Deutschland GmbH, First Choice Holidays Ltd., First Choice Holidays & Flights Ltd., First Choice Olympic Ltd., Sunwing Travel Group Inc., TUI Canada Holdings Inc., TUI Northern Europe Ltd., TUI Nordic Holdings Sweden AB, TUI Travel Group Management Services Ltd., TUI Travel Holdings Ltd., TUI Travel Ltd., TUI Travel Overseas Holdings Ltd.
Mathias Kiep	September 2025	Member of the Executive Board, CFO Börsenrat Börse Hannover TUI Deutschland GmbH

Peter Krüger	December 2026	Member of the Executive Board, CSO & CEO Holiday Experiences Old Court Management Limited; RIUSA II S.A., Sunwing Travel Group Inc., TUI Cruises GmbH
Sybille Reiß	June 2024	Member of the Executive Board, CPO, Labour Director TUI Deutschland GmbH

Sebastian Ebel was born in Brunswick, Germany, in 1963. He studied economic sciences at the Technical University of Brunswick and Philipps University of Marburg and graduated in 1986. Mr. Ebel began his professional career in 1987 at Salzgitter AG, initially as a trainee, subsequently moving to Strategy. Mr. Ebel is a member of the Executive Board of TUI AG since 2014. As of 1 October 2022 he was appointed as the Group's CEO.

David Burling was born in Preston, United Kingdom, in 1968. He studied Management Science at Loughborough University and obtained a first-class honours degree in 1990. Mr. Burling began his professional career in 1990 at Thomson Holidays, where he held various positions. Mr. Burling has been member of the Executive Board of TUI AG since 2015.

Mathias Kiep was born in Germany in 1975. He holds a degree in business administration and studied at the Frankfurt School of Finance & Management as part of Commerzbank's training-integrated study programme, as well as in Atlanta/USA and Shanghai/China. He started his career at Lazard. Prior to joining TUI he was a Vice President at BNP Paribas Corporate and Principal at Greenhill & Co. from 2006 to 2011. Before being appointed CFO in October 2022 he was the Group Director Controlling, Corporate Finance & Investor Relations.

Peter Krüger was born in Würzburg, Germany, in 1976. He completed his Diploma in Finance at University of Nuremberg. His academic education also comprises studies at University of California Los Angeles (UCLA), Columbia Business School in New York and IMD in Lausanne. Prior to joining TUI in July 2017 with responsibility for investor relations and special projects, Mr. Krüger was a Managing Director in M&A advisory at Deutsche Bank, where his career in investment banking spanned 13 years. Since July 2018, Mr. Krüger has been Group Director responsible for Group Strategy, Mergers and Acquisitions.

Sybille Reiß was born in Rinteln/Weser, Germany, in 1976. She studied social sciences and business administration at the University of Hanover. Sybille has been with TUI since 2003 in various HR functions, both in Germany and internationally. Since 2016, she has been Labour Director and member of the management board of TUI Deutschland GmbH as well as HR Director for the Central Region, which, in addition to the German operating company, also includes the subsidiaries in Austria, Poland and Switzerland as well as the airline TUIfly. In 2019, in addition to this role, she took on international responsibility for HR in the Group's Markets and Airlines segment.

16.1.2. Remuneration of the Executive Board

The annual remuneration that we pay to members of our Executive Board consists of the following components:

- fixed remuneration (base salary);
- annual performance-based remuneration;
- deferred compensation (a performance share plan based on virtual shares);

- fringe benefits; and
- pension entitlements.

Remuneration of individual Executive Board members granted by TUI AG for Fiscal 2022 (in accordance with section 314 (6)(a) of the HGB):

Member	Fixed remuneration[1]	JEV[2]	LTIP[2]	Total
		(€ in thousands)		
Friedrich Joussen[3]	1,157.6	0	0	1,157.6
Sebastian Ebel	698.0	0	0	698.0
David Burling	699.2	0	0	699.2
Mathias Kiep	0	0	0	0
Peter Krueger	618.0	0	0	618.0
Sybille Reiss	618.0	0	0	618.0
Frank Rosenberger[4]	625.2	0	0	625.2
Total	4,416.0	0	0	4,416.0
Previous year	3,799.7	0	0	8,832.0

(1) Including fringe benefits (without insurances from group contracts).
(2) As a result of the remuneration restrictions that have been part of the stabilisation package, there was no variable remuneration granted and owed.
(3) Friedrich Joussen, former chairman of the Executive Board has terminated its appointment as a member of the Executive Board with effect from 30 September 2022.
(4) Frank Rosenberger, former board member for IT and Future Markets, has terminated its appointment as a member of the Executive Board with effect from 31 October 2022.

In addition, as at 30 September 2022, we had set aside or accrued a total amount of €1,197.6 thousand to provide for pension, retirement and similar benefits for the members of the Executive Board.

There are no so-called “golden parachutes” or similar termination benefits owed to the Executive Board members.

In addition to the Executive Board, we also have a Group Executive Committee which currently consists of five members.

16.2 Supervisory Board

Our Supervisory Board (*Aufsichtsrat*) currently consists of 20 members.

The Supervisory Board appoints the members of our Executive Board. It provides on-going advice and supervision for the Executive Board in managing the Company. The individual advisory and oversight tasks of the Supervisory Board are set out in Terms of Reference. Accordingly, the Supervisory Board is closely involved in entrepreneurial planning processes and the discussion of strategic projects and issues. In addition, there is a defined list of specific Executive Board decisions requiring the consent of the Supervisory Board, some of which call for detailed review in advance and require the analysis of complex facts and circumstances from a supervisory and consultant perspective (own business judgement). Given that the Company falls within the scope of the German Co-Determination Act (*Mitbestimmungsgesetz* – MitbestG; the “**Co-Determination Act**”), its Supervisory Board is composed of an equal number of shareholder representatives and employee representatives. According to the Act, employee representatives include a senior manager and three trade union representatives.

Shareholder representatives are elected by the General Shareholders’ Meeting. Employee representatives are elected by the Company’s employees in Germany under the principle of co-determination (*Mitbestimmung*).

Pursuant to the Co-Determination Act, the Company’s shareholders elect ten members of the Supervisory Board at the General Shareholders’ Meeting. The Group employees or their delegates elect the remaining ten members, including three members of the Supervisory Board proposed by trade unions. The Supervisory Board members elect one of the members as Chairman (*Vorsitzender*) and according to the Articles of Association one or several members as Vice-Chairman (*Stellvertreter*) with a majority of two thirds of its total number of members. If the majority of two thirds is not obtained, a second election is held in which the shareholder representatives on the Supervisory Board elect the Chairman and the employee representatives on the Supervisory Board elect the Vice-Chairman.

The term of a member of the Supervisory Board expires at the end of the fifth General Shareholders' Meeting following the General Shareholders' Meeting in which the member was elected or any such shorter term as determined in the resolution to elect the members of the General Shareholders' Meeting. If a member of the Supervisory Board retires, or is removed from office prior to the end of its term of office, the substitute member's term of office expires at the end of the term of the resigning or removed board member, unless the General Shareholders' Meeting resolves otherwise.

16.2.1. Members

The following table sets forth the current members of the Company's Supervisory Board and their relevant positions within and outside the TUI Group. Where an entity outside the TUI Group is indicated, the relevant member of the Supervisory Board serves on the supervisory board or comparable controlling body or the Executive Board or a comparable management body of that entity.

Member	**Current term ends**	**Relevant positions within TUI Group**	**Relevant positions outside TUI Group**
Dr. Dieter Zetsche	*2027*	Chairman of the Supervisory Board	Veta Health LLC (Member of the Board), Kensington Capital Acquisition Corp. IV (Vice Chairman and President of the Management Board, until 14 September 2022), Karlsruher Institut für Technologie (KIT) (member of the Supervisory board); Volocopter GmbH (Member of the Advisory Board), Aldi Süd Dienstleistungs-SE & Co. oHG (Member of the Advisory Board), Adobe Inc. (Member of the International Advisory Board), African Parks Foundation Germany (Chairman of the Board); Daimler AG (Chairman of the Board of Management, until 2019)
Frank Jakobi	*2026*	Deputy Chairman of the Supervisory Board[1]	None
Ingrid-Helen Arnold	*2024*	Member of the Supervisory Board	Heineken N.V. (Member of the Supervisory Board), Südzucker AG (Member of the Executive Board); AGRANA Beteiligungs-AG (Member of the Executive Board)

Member	Current term ends	Relevant positions within TUI Group	Relevant positions outside TUI Group
Sonja Austermühle	*2026*	Member of the Supervisory Board[1]	Ver.di (Trade Union Secretary)
Christian Baier	*2027*	Member of the Supervisory Board	METRO AG (Member of the Executive Board, CFO), METRO Re AG (Member of the Supervisory Board), METRO Cash & Carry International Holding GmbH (Member of the Supervisory Board), METRO Holding France S.A. (Member of the Supervisory Board); Deutsches Aktieninstitut e.V. (Member of the Executive Board); Metro Deutschland GmbH (Member of the Supervisory Board, until 2019)
Andreas Barczewski	*2026*	Member of the Supervisory Board[1]	TUIfly GmbH (member of the Supervisory Board)
Peter Bremme	*2026*	Member of the Supervisory Board[1]	TÜV Nord AG (Member of the Supervisory Board) Ver.di (Regional Head of Special Services Division)
Dr. Jutta A. Dönges	*2025*	Member of the Supervisory Board	Bundesrepublik Deutschland Finanzagentur GmbH (Member of the Executive Board, until 31 October 2022), COMMERZBANK Aktiengesellschaft (Member of the Supervisory Board), FMS Wertmanagement AöR (Deputy Chair of the Board, until 30 November 2022), Rock Tech Lithium Inc. (Member of the Supervisory Board until 28 February 2023), Uniper SE (Member of the Supervisory Board until 28 February 2023, from 1 March 2023 Member of the Executive Board, CFO), Deutsche Pfandbriefbank AG (Member of the Supervisory Board, until March 2021)
Prof. Dr. Edgar Ernst	*2025*	Member of the Supervisory Board	Metro AG (Member of the Supervisory Board), Vonovia SE (Member of the Supervisory Board)
Wolfgang Flintermann	*2026*	Member of the Supervisory Board[1]	Deutscher Reisepreis-Sicherungsverein VVaG (Member of the Supervisory Board)

Member	Current term ends	Relevant positions within TUI Group	Relevant positions outside TUI Group
María Garaña Corces	*2024*	Member of the Supervisory Board	Alantra Partners, S.A. (Chair of the Board), Liberbank, S.A. (Member of the Board of Directors), Unicaja SA (Member of the Supervisory Board)
Stefan Heinemann	*2026*	Member of the Supervisory Board[1]	None
Janina Kugel	*2025*	Member of the Supervisory Board	Kugel&Associates GmbH (Managing Director), Pensions-Sicherungs-Verein Versicherungsverein auf Gegenseitigkeit (Member of the Supervisory Board), Konecranes Plc., Kyndryl Inc. (Member of the Board of Directors, until 29 March 2023), thinkproject Deutschland GmbH (Member of the Advisory Board)
Coline Lucille McConville	*2024*	Member of the Supervisory Board	Fevertree Drinks PLC (Non-Executive Director of the Board), Travis Perkins PLC (Non-Executive Director of the Board), 3i Group PLC (Non-Executive Director of the Board), Kings Cross Central General Partner Ltd. (Non-Executive Director of the Board)
Helena Murano	*2027*	Member of the Supervisory Board	None
Mark Muratovic	*2026*	Member of the Supervisory Board[1]	MER-Pensionskasse VVaG (Member of the Supervisory Board), TUI Deutschland GmbH (member of the Supervisory Board)
Anette Strempel	*2026*	Member of the Supervisory Board[1]	None
Joan Trían Riu	*2024*	Member of the Supervisory Board	Riu Hotels&Resorts, RIUSA II, S.A. (Member of the Executive Board), Ahungalla Resorts Ltd. (Member of the Board), Riu Hotels S.A. (Non-Executive Member of the Board)
Tanja Viehl	*2026*	Member of the Supervisory Board[1]	Vereinigung Cockpit e.V (Lawyer, Tariff Policy)
Mag. Stefan Weinhofer	*2026*	Member of the Supervisory Board[1]	TUI Austria Holding GmbH (member of the Supervisory Board)

(1) Elected by employees.

Dr. Dieter Zetsche was born in Istanbul, Türkiye, in 1953. He studied electrical engineering and graduated as an engineer in 1976. He obtained his Engineering Doctorate (Dr.-Ing.) in 1982 at the University of Paderborn. Dr. Zetsche began his professional career in 1976 at the Research Division of Daimler-Benz AG, now Daimler AG. From 2006 to 2019, Dr. Zetsche was chairman of the management board (*Vorstand*) of Daimler AG. Dr. Zetsche has been the chairman of the Supervisory Board of TUI AG since 2019.

Frank Jakobi was born in Ahlen / Westfalen, Germany, in 1962. He is a trained travel agent. Mr. Jakobi began his professional career as a travel agent in travel agency distribution in 1982. Mr. Jakobi has been the Deputy Chairman of the Supervisory Board of TUI AG since 2007.

Ingrid-Helen Arnold was born in Munich, Germany, in 1968. She received her Master of Business Administration from the University of Applied Science Ludwigshafen in 1996. Ms Arnold began her professional career in 1992 as a junior accountant at Lafarge Inc., Canada. Ms Arnold has been a member of the Supervisory Board of TUI AG since 2020.

Sonja Austermühle was born in Berlin, Germany, in 1978. She studied law at the Freie Universität Berlin from 1997 to 2003 and finished her legal clerkship in 2005. Since 2005 she is admitted as lawyer and obtained an admission as specialist lawyer for labour law in 2008. Ms Austermühle completed a mediation training at the German Lawyers' Institute in 2018. She has been a member of the Supervisory Board of TUI AG since 2022.

Christian Baier was born in Freiburg im Breisgau, Germany, in 1976. He graduated in business management at the University of Cooperative Education Villingen-Schwenningen in 2000. From 2002 to 2004 he obtained a MBA from the New York University – Leonard N. Stern School of Business. He started his career at the LBBW-Group (Baden-Württembergische Bank AG). From 2004 to 2006 he worked as associate for Lehman Brothers in Frankfurt and London, UK. Afterwards he was an investment executive at Permira Beteiligungsberatung GmbH. He joined METRO in 2011 and was appointed CFO of METRO AG in November 2016. He has been a member of the Supervisory Board of TUI AG since 31 May 2022.

Andreas Barczewski was born in Gevelsberg, Germany, in 1967. He studied aerospace in Aachen, Germany. Mr. Barczewski began his professional career in 1991 at TUIfly GmbH (formerly Hapag-Lloyd Fluggesellschaft mbH) as a First Officer. Mr. Barczewski has been a member of the Supervisory Board of TUI AG since 2006.

Peter Bremme was born in Vechta, Germany, in 1960. After attending university degree courses in secondary education at the Westphalian Wilhelms Universität of Münster, he obtained his 1st state examination for the teaching profession. Mr. Bremme began his professional career in 1988 as a commercial employee in the technical department, GFM – GETAS Market Research Assistant, GFM - Panelforschung. Mr. Bremme has been a member of the Supervisory Board of TUI AG since 2014.

Dr. Jutta A. Dönges was born in Hanau, Germany, in 1973. She studied Industrial Engineering and Management – Mechanical Engineering from 1992 to 1997 and obtained her doctorate from the Johann Wolfgang Goethe-University Frankfurt am Main in 2001. Mrs. Dönges started her career at the Investment Banking Division of Goldman Sachs & Co. oHG in Frankfurt am Main, Germany, where she held several positions in the Investment Banking Division from 1997 to 2010. From 2010 to 2013, she was Managing Director and Co-Head of Corporate Finance Germany at SEB AB. In 2015, Jutta Dönges, became member of the Executive Board of the Federal Agency for Financial Market Stabilisation (FMSA) and was appointed Chair of the Board beginning of 2016. She was also member of the Plenary Session of the Single Resolution Board, Brussels, member of the Resolution Committee of the European Banking Association, London, and member of the Financial Stability Committee (AFS), Berlin. Jutta Dönges was appointed Member of the Executive Board of the Federal Republic of Germany – Finance Agency GmbH in January 2018 until 31 October 2022. As of

March 2023 she is member of the Board of Management (CFO) of Uniper SE. She holds non-executive positions at COMMERZBANK Aktiengesellschaft, Uniper SE (until March 2023) and Rock Tech Lithium Inc (until February 2023). She has been a member of the Supervisory Board of TUI AG since 2021.

Prof. Dr. Edgar Ernst was born in Oberlahnstein, Germany, in 1952. He studied mathematics at the University of Cologne and graduated as a Master of Operations Research at the RWTH Aachen (*Rheinisch-Westfälische Technische Hochschule Aachen*) in 1980. Prof. Ernst obtained his doctorate (Dr. rer. pol.) from the RWTH Aachen. He began his professional career in 1977 at the RWTH Aachen and the Open University Hagen. Prof. Ernst has been a member of the Supervisory Board of TUI AG since 2011.

Wolfgang Flintermann was born in Flensburg, Germany, in 1969. He studied business economics at the University of Siegen. Mr. Flintermann began his professional career in 1996 as an audit manager at Deloitte GmbH in Hanover. Mr. Flintermann has been a member of the Supervisory Board of TUI AG since 2016.

María Garaña Corces was born in Madrid, Spain, in 1970. She studied business administration at the University San Pablo and received her Master in Business Administration from the Harvard University, Graduate School of Business Administration in 1998. Ms Garaña Corces began her professional career in 1993 as an analyst consultant at Anderson Consulting, Spain. She has held several leadership roles in Microsoft, Google and Adobe Inc. Ms Garaña Corces has been a member of the Supervisory Board of TUI AG since 2020.

Stefan Heinemann was born in Hanover, Germany, in 1979. He completed his education as IT specialist in the field of application development. Mr. Heinemann began his professional career in 2002 at TUI Info Tec GmbH as system programmer. Mr. Heinemann has been a member of the Supervisory Board of TUI AG since 2020.

Janina Kugel was born in Stuttgart, Germany, in 1970. She studied economics at the Johannes Gutenberg-University of Mainz, Germany, and at the Università degli Studi di Verona, Italy. Mrs. Kugel started her professional career at Accenture as management consultant in 1997. She has been member of the Supervisory Board since 2021.

Coline Lucille McConville was born in Penrith, NSW, Australia, in 1964. She obtained a Bachelor of Jurisprudence and Bachelor of Laws in 1985, graduated from the University of New South Wales in 1989 and received an MBA from the Harvard Business School in 1994. Ms McConville began her professional career in 1989 as an Associate at LEK Partnership, Munich. Ms McConville has been a member of the Supervisory Board of TUI AG since 2014.

Helena Murano was born in Palma de Mallorca, Spain, in 1966. She studied business administration until 1990 at the University of Maryland, United States. In 2017 she obtained a degree from the IE Business School in Madrid, Spain, in Tourism Management. She started her career at Santander Bank in 1991. From 1995 to 1999 she worked as Junior Corporate Risk Analyst and became Manager of the Trade Finance Department in 2001. From 2004 to 2008 she worked as Senior Corporate Risk Analyst and Manager of the Corporate Banking Unit, Baleares of Santander Bank. From 2008 till 2021 she worked as Director at CaixaBank Hotels & Tourism. Since March 2022 Ms Murano is Senior Advisor at Arcano Partners and was appointed member of the Supervisory Board of TUI AG 31 May 2022.

Mark Muratovic was born in Hanover, Germany, in 1973. He is a trained travel agent. Mr. Muratovic started his professional career in the sales support of the service centre of TUI Deutschland GmbH in 1999. He has been member of the Supervisory Board of TUI AG since 2021.

Anette Strempel was born in Hanover, Germany, in 1966. She is a trained travel agent. Ms Strempel began her professional career in 1992 at Fischer Reisen GmbH (Hanover-

Langenhagen Airport). Ms Strempel has been a member of the Supervisory Board of TUI AG since 2009.

Joan Trían Riu was born in Palma de Mallorca, Spain, in 1983. He obtained a degree in Management in ESADE in 2005, a Master in Business Administration (joint program in ESADE and McCombs Business School at the University of Texas in Austin) in 2006 and attended the Senior Executive Program for the JSF Travel & Tourism Business School in partnership with IESE Business School in 2017. Mr. Trían Riu started his professional career in 2007 as an investment banking analyst for M&A in the Real Estate and Lodging Group in Citi. Mr. Trían Riu has been a member of the Supervisory Board of TUI AG since 2019.

Tanja Viehl was born in Bad Nauheim, Germany, in 1986. She studied law at the Justus-Liebig-University Giessen, Germany, from 2005 to 2010 and finished her legal clerkship at the Higher Regional Court of Frankfurt am Main in 2013. She has been member of the Supervisory Board of TUI AG since 2021.

Mag. Stefan Weinhofer was born in Vienna, Austria, in 1974. He studied law at the University of Vienna (Mag. jur.). Mr. Weinhofer began his professional career in 2000 at TUI Österreich GmbH (Legal, Customer Services, Quality Management). Mr. Weinhofer has been member of the Supervisory Board of TUI AG since 2016.

The business address at which each member of the Supervisory Board may be contacted is TUI AG, Karl-Wiechert-Allee 4, 30625 Hanover, Germany.

16.2.2. Supervisory Board committees

The Supervisory Board can form committees from among its members. Apart from the full Supervisory Board, a total of four committees are in place at the date of this prospectus: the Presiding Committee, Audit Committee and Nomination Committee. The Mediation Committee formed pursuant to section 27 (3) of the Co-Determination Act did not have to meet in Fiscal 2022.

16.2.2.1. Presiding Committee

The Presiding Committee's principal duties are:

- lead on various Executive Board issues (including succession planning, new appointments, terms and conditions of service contracts, remuneration, proposals for the remuneration system); and
- preparation of the meetings of the Supervisory Board.

As at the date of this prospectus, the members of the Presiding Committee are Dr. Dieter Zetsche (chairman), Peter Bremme, Prof. Dr. Edgar Ernst, Frank Jakobi, Dr. Jutta A. Dönges and Anette Strempel.

16.2.2.2. Audit Committee

The Audit Committee's principal duties are:

- supports the Supervisory Board in performing its monitoring function (in particular accounting and financial reporting);
- monitoring the effectiveness and proper functioning of internal controls, the risk management system, the internal audit department and the legal compliance system;
- selecting the external auditors.

As at the date of this prospectus, the members of the Audit Committee are Prof. Dr. Edgar Ernst (chairman), Christian Baier, Dr. Jutta Dönges, Stefan Heinemann, Frank Jakobi, Mark Muratovic, Stefan Weinhofer and Dr. Dieter Zetsche. In addition to the Chairman of the Audit

Committee, two members, Dr. Jutta Dönges and Christian Baier, have expertise in the field of accounting and experience in the use of accounting principles and internal control systems.

16.2.2.3. Nomination Committee

The Nomination Committee's principal duty is to propose suitable shareholder candidates to the Supervisory Board.

As at the date of this prospectus, the members of the Nomination Committee are Dr. Dieter Zetsche (chairman), Prof. Dr. Edgar Ernst and Dr. Jutta A. Dönges.

16.2.2.4. Mediation Committee

The Mediation Committee's principal duty is to propose Executive Board candidates to the Supervisory Board if an ordinary election pursuant to section 31 (2) of the Co-Determination Act cannot be achieved.

As at the date of this prospectus, the members of the Mediation Committee are Dr. Dieter Zetsche (chairman), Prof. Dr. Edgar Ernst and Frank Jakobi.

16.2.3. Remuneration of the Supervisory Board

The annual compensation that we pay to members of our Supervisory Board consists of two fixed components:

- a fixed remuneration; and
- an additional fixed remuneration for each membership of a Supervisory Board committee (presiding committee, audit committee and strategy committee but not the nomination committee).

The fixed remuneration is currently €90.0 thousand. The chairman of the Supervisory Board receives three times this amount and the deputy chairman receives twice this amount. The additional fixed remuneration for each membership on a committee is currently €42.0 thousand, with the chairman of the audit committee receiving three times this amount and the chairman of the strategy committee twice this amount. The members of the Supervisory Board receive no further remuneration components and no fringe benefits.

The following table shows the compensation we paid to the members of the Supervisory Board during Fiscal 2022, our most recently completed fiscal year:

Member	**Fixed Remuneration[7]**		**Additional fixed remuneration (Remuneration for committee)**		**Attendance fee**		**Remuneration for Supervisory Board mandates in the Group**		**Total**
	€ in '000	In %	€ in '000	%	€ in '000	%	€ in '000	%	
Dr Dieter Zetsche (Chairman)....................	270.0	58.4	168.0	36.4	24.0	5.2			462.0
Frank Jakobi (Deputy Chairman).........	180.0	54.5	126.0	38.2	24.0	7.3			330.0
Ingrid-Helen Arnold	90.0	92.8		0.0	7.0	7.2			97.0
Sonja Austermühle[1]	45.0	74.1		0.0	2.0	3.3	13.7	22.6	60.7
Christian Baier[2]	30.3	61.3	14.1	28.5	5.0	10.1			49.4
Andreas Barczewski	90.0	75.9		0.0	7.0	5.9	21.5	18.1	118.5
Peter Bremme...............	90.0	62.1	42.0	29.0	13.0	9.0			145.0

Member	Fixed Remuneration[7]		Additional fixed remuneration (Remuneration for committee)		Attendance fee		Remuneration for Supervisory Board mandates in the Group		Total
Dr Jutta Dönges[3]...........	90.0	42.8	100.5	47.7	20.0	9.5			210.5
Prof. Dr Edgar Ernst.......	90.0	27.8	210.0	64.8	24.0	7.4			324.0
Wolfgang Flintermann....	90.0	92.8		0.0	7.0	7.2			97.0
María Garaña Corces	90.0	92.8		0.0	7.0	7.2			97.0
Stefan Heinemann	90.0	61.6	42.0	28.8	14.0	9.6			146.0
Janina Kugel	90.0	92.8		0.0	7.0	7.2			97.0
Vladimir Lukin[4]	38.3	46.1	35.7	43.0	9.0	10.8			83.0
Coline McConville	90.0	64.3	42.0	30.0	8.0	5.7			140.0
Alexey Mordashov[5]	0.0	0.0	0.0	0.0	7.0	100.0			7.0
Helena Murano[2]	30.3	93.8		0.0	2.0	6.2			32.3
Mark Muratovic	90.0	55.7	42.0	26.0	14.0	8.7	15.5	9.6	161.5
Carola Schwirn[6]	37.0	92.5		0.0	3.0	7.5			40.0
Anette Strempel	90.0	62.1	42.0	29.0	13.0	9.0			145.0
Joan Trían Riu	90.0	92.8		0.0	7.0	7.2			97.0
Tanja Viehl.....................	90.0	92.8		0.0	7.0	7.2			97.0
Stefan Weinhofer	90.0	61.6	42.0	28.8	14.0	9.6			146.0
Total	**1,980.9**	**62.2**	**906.3**	**28.5**	**245.0**	**7.7**	**50.7**	**1.6**	**3,182.9**

(1) Pro rata temporis view of all remuneration components as of 1 April 2022.
(2) Pro rata temporis view of all remuneration components as of 31 May 2022.
(3) Pro rata temporis view of committee remuneration from 10 May 2022.
(4) Pro rata temporis view of all remuneration components until 3 March 2022.
(5) Pro rata temporis view of all remuneration components until 2 March 2022. No pay-outs 28 February 2022 onwards, as Mr Mordashov is subject to EU sanctions since that date. Actual pay-outs in conjunction with the meeting of the Presiding Committee (4 February 2022) and the Supervisory Board (7 February 2022) have been made prior to listing on sanctions list on 16 February 2022. A pay-out in conjunction with the meeting of the Strategy Committee (21 February 2022) has not been paid out because of EU sanctions.
(6) Pro rata temporis view of all remuneration components until 28 February 2022.
(7) As of the date of this prospectus, there are no so-called “golden parachutes” or similar termination benefits owed to the Supervisory Board members.

16.3 Good standing

No current member of our Executive Board or Supervisory Board has at any time during the previous five years:

- been convicted of any fraudulent offences;

- served in the administrative, management or supervisory body of any company that has filed for or been declared bankrupt or put into receivership, administration or liquidation;
- been subject to any public incrimination or sanctions by statutory or regulatory authorities, including designated professional bodies; or
- been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of the company or from acting in the management or conduct of the affairs of any company.

16.4 Conflicts of interest

There are no conflicts of interest between any duties to the Company of the current members of the Executive Board or Supervisory Board and their private interests or other duties.

In accordance with the WSF Framework Agreement that the Company entered into with the WSF dated 4 January 2021, the WSF was involved in the selection of the candidates Dr. Jutta Dönges and Ms. Janina Kugel for the Supervisory Board as the WSF Framework Agreement provides for the obligation of the Executive Board (*Vorstand*) and the Supervisory Board (*Aufsichtsrat*), to the extent legally permissible, to endeavour to procure that two persons nominated by the WSF will become members of the Supervisory Board. Other than that, no current member of the Executive Board has been appointed, and no member of the Supervisory Board has been elected, pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others. There are no family relationships between any current members of the Executive Board or Supervisory Board.

On 28 February 2022, Alexey Mordashov was included into the EU Sanctions List and as a result resigned from his office as member of the Supervisory Board of the Company with immediate effect on 2 March 2022. On 3 March 2022, Vladimir Lukin resigned from his office as member of the Supervisory Board with effect as of the same date.

At the date of this prospectus, the current members of the Executive Board and of the Supervisory Board do not have any conflicts of interest or potential conflicts of interests between any duties to the TUI Group and their private interests or their other duties. To avoid potential conflicts of interest controls are in place (voting bans). Furthermore shareholding current members of the Executive Board and the Supervisory Board do not vote with their shares (neither belonging directly to them nor controlled) for their own discharge in the general shareholders' meeting.

16.5 Shareholdings of Executive Board and Supervisory Board members

The following table shows information on the direct and indirect share ownership of the current members of the Executive Board and Supervisory Board as of the date of this prospectus. As at that date, no current member of the Executive Board or Supervisory Board held options over the Company's shares.

Member	Shares
Dr. Dieter Zetsche	28,860
Peter Krüger	12,016
David Burling	4,480
Sebastian Ebel	5,526
Stefan Heinemann	1,619
Anette Strempel	1,151
Wolfgang Flintermann	873
Sybille Reiß	904
Mark Muratovic	752

Member	Shares
Mathias Kiep	652
Frank Jakobi	354
All Executive Board and Supervisory Board members as a group.....	57,187

Current members of the Executive Board and Supervisory Board not listed in the table above do not own any shares of the Company. No current member of the Executive Board or Supervisory Board held shares in an amount greater than 0.1% of our total outstanding shares.

16.6 Restrictions on transfer

The current members of the Executive Board and Supervisory Board have not agreed to any restrictions on the disposal of their holdings in the Company's securities.

However, the Company has implemented a Group-wide policy for share dealings by restricted persons, which includes members of the Executive Board and Supervisory Board. This policy provides for closed periods for share dealings prior to financial reporting dates. The Company has also implemented an internal transaction clearance process to ensure that restricted persons do not engage in share dealings at certain times, such as when the Company has made a self-exemption under the Market Abuse Regulation.

16.7 Stock based compensation plans

16.7.1. LTIP for members of the Executive Board

The Long Term Incentive Plan (LTIP) is assessed over a period of four years. Virtual shares are granted in annual tranches. For Executive Board members, an individual target amount is defined in their service agreements, which is translated into a provisional number of virtual shares on the basis of the average Xetra share price of TUI AG shares in the 20 trading days prior to the beginning of the performance reference period. Payment at the end of the four-year performance period is determined on the basis of the average development of earnings per share (EPS). To determine a final number of virtual shares the degree of target achievement is being multiplied with the provisional number of virtual shares. The payout is obtained by the multiplication of the final number of virtual shares with the average Xetra price of TUI AG shares over the last 20 trading days in the respective performance reference period. The Supervisory Board has decided not to set any new absolute target values for EPS for the LTIP tranche 2019 - 2022, nor to set any minimum and maximum values for determining the percentage of target achievement.

16.7.2. LTIP for Band 2 employees

The Band 2 LTIP scheme is for senior executives below Executive Board level who directly influence, and have a significant impact on, TUI Group strategy and performance. Its conditions are harmonised with the Executive Board's LTIP, with the notable exception of the three year performance period instead of four years. The long-term incentive is granted annually to eligible Band 2 executives in the form of a phantom Performance Share Plan ("**PSP**"). An individual PSP award (grant) is confirmed to the participant annually.

16.7.3. oneShare

oneShare is our employee share programme. Eligible employees who participate in oneShare can acquire TUI AG shares under preferential conditions. The preferential conditions include a discount on the "investment shares" bought during a twelve month investment period plus one "matching" share per three held investment shares after a lock up period of two years. Investment shares are created via capital increase, while matching shares are bought on the market. Eligible employees decide once a year about their participation in oneShare. Each participant was awarded twelve shares free of charge, which were not subject to any restrictions. Due to the COVID-19 pandemic, the tranche in Fiscal 2021 and Fiscal 2022 did not take place.

16.8 Corporate governance

Since the last declaration of compliance in December 2022 and up to the date of this prospectus, the Company complies, and will continue to comply with the exception of several recommendations in section G.I. (Executive Board remuneration) with the recommendations of the German Corporate Governance Code (the "**German Code**") in its applicable version.

Section G.I. of the German Code includes recommendations and suggestions on the remuneration of the executive board and supervisory board. In the framework of the Stabilisation Package agreed with the WSF, restrictions were agreed for the Company regarding the remuneration of the members of the Executive Board. These restrictions result in variable or comparable compensation components not being granted to the Executive Board members during the stabilisation measures and consequently not being constituted. To this extent, recommendations G.6 (Share of variable remuneration resulting from long-term and short-term targets), G.7 (Determination of performance criteria for all variable remuneration components), G.9 sentence 1 (Determination of the amount of variable remuneration to be granted) and G.11 sentence 1 (Consideration of extraordinary developments for variable remuneration) are void and as a precautionary measure, a deviation from these recommendations is declared.

In addition, at the time of the original listing of its shares on the London Stock Exchange, TUI AG announced it would comply with the UK Corporate Governance Code (the "**UK Code**") to the extent practicable.

In many respects, the requirements of the German Code and the UK Code are similar. However, certain elements of the two codes are not mutually compatible, in some cases due to the different legal regimes for German and British companies. The Company has disclosed any necessary deviations from the UK Code in its Declaration of Compliance pursuant to DTR 7.2 and LR 9.8.7R of the UK Code.

17. Major Shareholders

17.1 Shareholder structure

TUI AG's share capital as of the date of this prospectus amounts to €178,520,585.00, divided into 178,520,585 ordinary registered shares with no-par value (*auf den Namen lautende Stückaktien*).

The following table shows our shareholder structure before the Offering and our expected shareholder structure after the Offering is completed, including (in so far as is known to the Company) the name of any person other than a current member of our Supervisory Board or Executive Board who, directly or indirectly, has an interest in the Company's capital or voting rights which is notifiable under German law, together with the amount of each such person's interest, as at the date of this prospectus:

	Before Offering		After Offering	
Shareholder	**Shares[(1)]**	**%**	**Shares[(2)]**	**%[(2)]**
Unifirm Limited[(3)]	48,479,167	27.16	48,479,167	9.55
Severgroup LLC[(4)]	6,700,000	3.75	6,700,000	1.32

(1) Shows the number of shares after the Capital Decreases resolved by the Company's shareholder's meeting on 14 February 2023 (as defined and further described under Section "*20.3. Capital Decrease I*" and Section "*20.4. Capital Decrease II*").

(2) Assumes that each major shareholder shown above does not receive any Subscription Rights.

(3) Unifirm, to the knowledge of the Company, is owned 33.99% by KN-Holding, whose ultimate owner is Alexey Mordashov who holds a 100% interest in KN-Holding. The remaining 66.01% are indirectly owned by Alexey Mordashov through Severgroup and Rayglow. The Company assumes that the voting rights notifications received from Alexey Mordashov and Ondero, respectively, on 4 March 2022 regarding the Ondero Transaction (as defined above), and the voting rights notification received from Marina Mordashova on 16 March 2022 are incorrect, as the Ondero Transaction is provisionally ineffective due to section 15 (3) AWG (for more detailed information, please see Section "*3.1 Subject matter of the Offering*").

(4) On 4 March 2022, the Company received a voting rights notification from Alexey Mordashov regarding the transfer of 4.13% (equalling 3.75% after the capital increase carried out by the Company in May 2022) of the Company's share capital by Unifirm to Severgroup on 28 February 2022. Severgroup, to the knowledge of the Company, is owned and controlled by Alexey Mordashov. The Company assumes that such transfer occurred prior to the publication and entering into effect of the listing of Alexey Mordashov in the EU Sanctions List (as defined below) (for more detailed information, please see Section "*3.1 Subject matter of the Offering*").

The voting rights of our major shareholders do not differ from those of all other shareholders. As of the date of this prospectus, Unifirm's and Severgroup's voting rights cannot be exercised due to the applicable EU Sanctions against Alexey Mordashov and the suspension of voting rights pursuant to section 44 (1) WpHG (for more detailed information, see "*3.1 Subject matter of the Offering*").

17.2 Controlling shareholders

As of the date of this prospectus, Alexey Mordashov controls Unifirm and Severgroup, who together currently hold 30.91% of the issued share capital. Such shareholding and corresponding holding in voting rights will be diluted to 9.55% and 1.32% respectively following completion of the Offering. As of the date of this prospectus, Unifirm and Severgroup cannot exercise any rights from the shares they hold in the Company, including any voting rights in respect to those shares and any Subscription Rights that would have been attributable to Unifirm and Severgroup in the Subscription Offer, due to incorrect voting rights notifications, which resulted in a loss of rights from the shares held by Unifirm and Severgroup in the Company pursuant to section 44 (1) WpHG. Furthermore, any exercise by Unifirm or Severgroup of rights associated with such shares, including voting rights and Subscription Rights, is prohibited, as these rights are subject to the asset freeze under the applicable EU

Sanctions. For more detailed information, please see Section "*3.1 Subject matter of the Offering*". Therefore, as of the date of this prospectus, the Company is not controlled by any of its shareholders.

17.3 Potential change of control

Some of TUI AG's outstanding financing instruments contain change of control clauses. A change of control occurs in particular if a party or parties acting in concert directly or indirectly acquires control over at least 50% or the majority of the voting shares in TUI AG.

In the event of a change of control, we must offer to repurchase the 2018 Schuldschein. Furthermore, in the event of a change of control, each holder of the 2021 Convertible Bonds may request the conversion into new ordinary registered shares of the Company subject to a conversion price adjustment or may declare the 2021 Convertible Bonds held due as of the date the change of control occurred. Each lender under our Syndicated Facilities Agreement has the right to cancel the facilities and demand repayment. As of 23 March 2023 (being the latest practicable date prior to publication of this prospectus), the amounts drawn under the facilities of the Syndicated Facilities Agreement were around €440.0 million under the KfW Facility and around €1,437.8 million under the Cash Facility. As of 23 March 2023, the Company had utilised around €121.9 million of the Bonding Facility.

Beyond this, there are no agreements in guarantee, leasing, option or other financing contracts that might cause material early redemption obligations that would be of significant relevance for the Group's liquidity. Apart from the financing instruments mentioned above, a framework agreement between Riu Hotels and TUI AG includes a change of control clause. A change of control occurs if a shareholder group represents a predefined majority of annual shareholders' meeting attendees or if one third of the shareholder representatives on the Supervisory Board are attributable to a shareholder group. In the event of a change of control, Riu Hotels is entitled to acquire at least 20% and at most all shares held by TUI in RIUSA II S.A.

A similar agreement concerning a change of control at TUI AG has been concluded with El Chiaty Group. Here, too, a change of control occurs if a shareholder group represents a predefined majority of annual shareholders' meeting attendees or if one third of the shareholder representatives on the Supervisory Board are attributable to a shareholder group. In that case, El Chiaty Group is entitled to acquire at least 15% and at most all shares held by TUI in each of the joint hotel companies in Egypt and the United Arab Emirates.

A change of control agreement has also been concluded for the joint venture TUI Cruises between Royal Caribbean Cruises Ltd and TUI AG in the event of a change of control in TUI AG. The agreement gives the partner the right to demand termination of the joint venture and to purchase the stake held by TUI AG at a price which is lower than the selling price of their own stake under certain circumstances.

18. Related Party Transactions

We engage in transactions with related parties in the ordinary course of our business. The related parties in the majority of these transactions are joint ventures and associated companies. Because we do not control a majority of the voting securities of these entities, we do not include them in our consolidated financial statements as subsidiaries. We conduct our transactions with these related parties in our tourism business. They relate primarily to the provision of hotel and related services and to finance leases.

We believe that all of these transactions in Fiscal 2021 and Fiscal 2022 and through the date of this prospectus as set out below under "*—UK Listing Rules*" were conducted on arms-length terms. During this period, we have entered into three transactions with these related parties outside the ordinary course of business:(i) the Unifirm commitment and backstop agreement on 1 December 2020, as a result of which Unifirm became the holder of more than 30% of the Company's issued share capital and, as a result, a controlling shareholder as defined in the UK Listing Rules (please see also Section "*15.4 Agreements relating to the Capital Increase*" for further details) (ii) the sale of TUI Travel's 10% interest in Togebi to KN-Holding, as described below under "*—Sale of interest in Togebi*" and (iii) the sale of our 49% stake in Riu Hotels to a company of the Riu Group, as described below under "*—Sale of Stake in Riu Hotels S.A.*"

In Fiscal 2021 and Fiscal 2022 and through the date of this prospectus, our transactions with members of our Executive Board and Supervisory Board in the ordinary course of business were limited to payment of agreed compensation. See Section "*16.1.2. Corporate Bodies—Executive Board—Remuneration of the Executive Board*" and Section "*16.1.2. Corporate Bodies—Supervisory Board—Remuneration of the Supervisory Board*". During this period we did not enter into transactions outside the ordinary course of business with the members of our Executive Board or Supervisory Board or with our major shareholders.

18.1 UK Listing Rules

Unifirm is a related party of the Company for the purposes of the UK Listing Rules as it is controlled by the family of Mr Alexey Mordashov. Unifirm is a substantial shareholder of TUI which until 28 February 2022 was entitled to exercise, or control the exercise of, 30.91% of the votes able to be cast at general meetings of the Company. As of the date of this Prospectus, Unifirm cannot exercise the rights from the shares held by Unifirm in the Company, including any voting rights, due to the applicable EU Sanctions and incorrect voting rights notifications (for more detailed information please see "*3.1 Subject matter of the Offering*").

The Unifirm backstop underwriting commitment in connection with the January Issuance was a related party transaction under Chapter 11 of the UK Listing Rules. The maximum aggregate underwriting commitment of Unifirm was €130.7 million. This maximum commitment, together with the maximum fees payable to Unifirm, fell within the "smaller related party transactions" provisions of Listing Rule 11.1.10R. Pursuant to the requirements of Listing Rule 11.1.10R, Merrill Lynch International, in its capacity as joint sponsor to the Company, provided written confirmation to the Company that the terms of the Unifirm backstop underwriting commitment were, in its opinion, fair and reasonable as far as the shareholders of the Company were concerned.

Because of his association with Unifirm, Mr Alexey Mordashov did not take part in the Supervisory Board's consideration of the commitment and backstop agreement entered into in connection with the January Issuance.

18.2 Sale of interest in Togebi

On 26 March 2021 we completed an agreement with KN-Holding in relation to the sale of TUI Travel's 10% interest in Togebi to KN-Holding, the existing 90% shareholder of TUI Russia.

The disposal has been agreed for an off-set value of $11.9 million. TUI Travel's shares in Togebi were previously been written down to zero in our consolidated accounts. We entered into the transaction on arm's length terms and in compliance with Chapter 11 of the UK Listing Rules as a sponsor's written confirmation has been obtained stating that the agreement is fair and reasonable as far as TUI Group's shareholders are concerned.

18.3 Sale of Stake in Riu Hotels S.A.

On 31 July 2021, we completed the sale of our 49% stake in our joint venture Riu Hotels S.A. to a company of the Riu Group, which is controlled by SARANJA S.L., which is in turn controlled by our ultimate shareholders Luis Riu and Carmen Riu. The transaction was closed on 31 July 2021 and resulted in a net cash inflow of €541.4 million used for the reduction of the group's debt. Further purchase price payments will be made in the 2023 financial year and 2024 if agreed earnings targets are met by Riu Hotels S.A.

19. General Information on the Company and the Group

19.1 Legal and commercial name

As of the date of this prospectus, the Company's legal name is TUI AG. The Company's commercial name is "TUI AG" or "TUI".

19.2 Corporate form, registration and purpose

The Company was originally founded as a state-owned entity by the Prussian state government in 1923 under the name "Preussische Bergwerks- und Hütten-Aktiengesellschaft" to own and operate the Prussian state's coal and non-ferrous metal mines, smelters and salt works. The Company was partially privatised in 1959 and fully privatised in 1969. In 1964, the Company changed its name to PREUSSAG Aktiengesellschaft. Until the mid-1990s, the Company was active predominantly in the areas of industry, transport and natural resources.

In the early 1990s, prospects for the TUI Group's traditional activities became less attractive. For this reason the Company made the strategic decision to concentrate on new growth sectors and dispose of most of its industrial activities. Accordingly, the Company implemented its strategy to reorient the TUI Group's focus on tourism and logistics from the mid-1990s on. In 2002, the Company changed its name to TUI AG. In 2006, the Company sold its last industrial holding. In 2007, the Company established TUI Travel by merging its distribution, tour operator and airline destination services operations with those of First Choice Holidays PLC. After selling a majority shareholding in its Hapag-Lloyd container shipping business in March 2009, the Company now focusses fully on its core tourism business, with a strong focus on tour operating, hotels and resorts and cruises. After the merger with TUI Travel PLC, TUI undertook a strategic review of its touristic business. As a result, TUI disposed of Hotelbeds Group and Specialist Group. TUI now focusses on hotels, cruises and destination services delivering holiday experiences and tour operators as the selling and marketing side of the TUI Group.

As a stock corporation (*Aktiengesellschaft*) established under German law, TUI AG is subject to the Aktiengesetz. The Company's financial year ends on 30 September of each calendar year. The Company was established for an indefinite term. It is domiciled in Hanover and Berlin, Germany. Its legal entity identifier (LEI) is 529900SL2WSPV293B552.

Pursuant to section 3 (1) of the Articles of Association, the corporate purpose of the Company is to engage on a commercial basis in tourism (including all associated services and project developments), the acquisition of interests in enterprises active in tour operating, commercial air transportation, passenger shipping, the hotel industry, the leisure industry, in travel agents as well as other services, namely in its own facilities or in facilities of affiliated companies, as well as the bundling of affiliated companies under a centralised management.

19.3 Fiscal year

Our fiscal year ends on 30 September of each calendar year.

19.4 Registered office and contact information

The Company's registered offices are in Berlin and Hanover, Germany. The Company is registered in the commercial register (*Handelsregister*) of the district court (*Amtsgericht*) of Berlin-Charlottenburg under HRB 321 and the commercial register of the district court (*Amtsgericht*) of Hanover under HRB 6580. Its business address is TUI AG, Karl-Wiechert-Allee 4, 30625 Hanover, Germany. The Company can be reached by telephone at +49 (511) 566-00. Our website is at www.tuigroup.com. Information on our website is not part of this prospectus.

19.5 Group structure

The following table presents an overview of our corporate structure as at the date of this prospectus:

TUI AG, Germany

- 100%: Leibniz-Service GmbH, Germany
  - 100%: TUI Aviation Holding GmbH, Germany
    - 100%: TUIfly GmbH, Germany
    - 100%: TUI Airlines Belgium NV, Belgium
    - 100%: TUIfly Nordic AB, Sweden
    - 100%: TUI Airlines Nederland B.V., Netherlands
  - 100%: TUI Deutschland GmbH, Germany
    - 100%: TUI Customer Operations GmbH, Germany
  - 100%: l'tur GmbH, Germany
  - 100%: TUI (Suisse) AG, Switzerland
  - 100%: TUI Austria Holding GmbH, Austria
  - 100%: TUI InfoTec GmbH, Germany
  - 100%: TUI Poland Sp.z o.o, Poland
  - 100%: TUI Aviation GmbH, Germany
  - 100%: TUI Business Services GmbH, Germany
- 100%: TUI TRAVEL LIMITED, UK
  - 100%: TUI TRAVEL HOLDINGS LIMITED, UK
    - 100%: FIRST CHOICE HOLIDAYS LIMITED, UK
    - 100%: TUI UK Limited, UK
    - 100%: TUI Travel Aviation Finance Limited, UK
    - 100%: TUI Northern Europe Limited, UK
- 100%: TUI CANADA HOLDINGS INC., Canada
  - 49%: SUNWING TRAVEL GROUP INC, Canada
- 100%: Robinson Club GmbH, Germany
  - 100%: MAGIC LIFE Assets GmbH, Austria
- 100%: TUI Belgium N.V., Belgium
  - 100%: TUI FRANCE SA, France
  - 100%: TUI Nederland Holding N.V., Netherlands
- 100%: DEFAG Beteiligungsverwaltungs GmbH I, Germany
  - 50%: RIUSA II S.A., Spain
- 100%: DEFAG Beteiligungsverwaltungs GmbH III, Germany
- 100%: TUI Nordic Holding AB, Sweden
  - 100%: TUI Sverige AB, Sweden
- 100%: TUI HOLDING SPAIN S.L.U., Spain
- 100%: TUI Insurance Services GmbH, Germany
- 100%: TUI Immobilien Services GmbH, Germany
- 100%: TUI Group Services GmbH, Germany
  - 100%: Preussag Beteiligungsverwaltungs GmbH IX, Germany
    - 50%: TUI Cruises GmbH, Germany

19.6 Significant subsidiaries

The following table presents our significant subsidiaries as at the date of this prospectus:

Subsidiary / Joint Venture	Registered Office and Jurisdiction of Organization	Aggregate Interest (%)
DEFAG Beteiligungsverwaltungs GmbH III	Hanover, Germany	100
RIUSA II S.A.	Palma de Mallorca, Spain	50[1]
Sunwing Travel Group Inc.	Toronto, Canada	49[2]
Leibniz Service GmbH	Hanover, Germany	100
Preussag Beteiligungsverwaltungs GmbH IX	Hanover, Germany	100[4]
Grupotel dos S.A.	Can Picafort, Spain	50
Robinson Club GmbH	Hanover, Germany	100
Robinson Club Maldives Private Ltd	Male, Maldives	100
TUI Aviation GmbH	Hanover, Germany	100
TUI Belgium N.V.	Oostende, Belgium	100
TUI Cruises GmbH	Hamburg, Germany	50
TUI Deutschland GmbH	Hanover, Germany	100
TUI Group Services GmbH	Hanover, Germany	100
TUI Holding Spain	Palma de Mallorca, Spain	100
TUI (Suisse) AG	Zürich, Switzerland	100
TUIfly GmbH	Hanover, Germany	100[4]
First Choice Holidays Finance Limited	Luton, UK	100[5]
Marella Cruises Limited	Luton, UK	100
TUI Group Fleet Finance Limited	Luton, UK	100
TUI Travel Limited	Luton, UK	100
TUI Travel Aviation Finance Limited	Luton, UK	100
TUI Travel Holdings Limited	Luton, UK	100
TUI UK Limited	Luton, UK	100

(1) RIUSA II S.A. is a fully-consolidated company within TUI Group.

(2) TUI Group indirectly holds 25% of the voting shares, but a 49% effective economic interest.

(3) TUI Group holds 100% of TUI Group Services GmbH, which holds 100% of Preussag Beteiligungsverwaltungs GmbH IX.

(4) TUI Group holds 100% of Leibniz-Service GmbH, which holds 100% of TUI Aviation Holding GmbH. TUI Aviation Holding GmbH holds 100% of TUIfly GmbH.

(5) TUI Group holds 100% of TUI TRAVEL LIMITED, which holds 100% of TUI TRAVEL HOLDINGS LIMITED. TUI TRAVEL HOLDINGS LIMITED holds 100% of FIRST CHOICE HOLIDAYS LIMITED.

19.7 Auditors

Deloitte GmbH Wirtschaftsprüfungsgesellschaft were most recently elected by the annual general shareholders' meeting of the Company on 14 February 2023 and subsequently appointed by our Supervisory Board to serve as the auditor for Fiscal 2023. They have been our independent auditors since 2017 and audited our consolidated financial statements for Fiscal 2022 and the Company's statutory financial statements for Fiscal 2022, included in this prospectus beginning on page F-1.

Deloitte are a member of the German Chamber of Public Auditors (*Wirtschaftsprüferkammer*).

19.8 Publications

We publish our announcements on our website (www.tuigroup.com).

19.9 Credit ratings

As of the date of this prospectus, our credit rating from Moody's is B3 and our credit rating from Standard & Poor's is B-. Moody's has assigned a positive outlook while Standard & Poor's has assigned a stable outlook.

20. Share Capital

20.1 Issued share capital and shares

As of the date of this prospectus, the registered share capital (*Grundkapital*) of the Company amounts to €178,520,585.00. It is divided into 178,520,585 no-par-value shares (*Stückaktien*). This means that, as of the date of this Prospectus, each share represents a nominal value of €1.00.

Under German corporate law, the price at which new shares are issued cannot be less than the nominal value represented by each share.

20.2 Capital Increase

In the course of the Offering, the Company will conduct the Capital Increases. In doing so, it will increase its registered share capital (*Grundkapital*) by €328,910,448.00, after which its registered share capital will amount to €507,431,033.00, divided into 507,431,033 shares with a nominal value of €1.00 per share.

20.3 Capital Decrease I

On 14 February 2023, the Company's shareholder's meeting resolved upon a capital decrease by way of a redemption of shares pursuant to section 237 (1) sentence 1, 2nd scenario in conjunction with section 237 (3) item 1 AktG in conjunction with section 7 (6) WStBG, by reducing the Company's share capital in the amount of €1,785,205,853.00, divided into 1,785,205,853 registered no-par value shares, each representing a pro rata amount of the share capital of €1.00, by €3.00 to €1,785,205,850.00, divided into 1,785,205,850 registered no-par value shares, each representing a pro rata amount of the share capital of €1.00 (the "**Capital Decrease I**"). The Capital Decrease I has been completed by redeeming three shares each representing a pro rata amount of the share capital of €1.00, which have been provided to the Company by a shareholder without any consideration being rendered in return and thus have been acquired by the Company. In accordance with section 237 (5) AktG in conjunction with section 7 (6) sentence 5 WStBG, the amount of share capital attributable to the redeemed shares that comes to a total of €3.00 has been placed in the Company's capital reserve.

The Capital Decrease I has been implemented in connection with section 22 StFG and serves the purpose of enabling a clean consolidation ratio (avoiding fractional amounts) for the Capital Decrease II (as described below).

The Capital Decrease I was registered in the commercial registers of the Company on 17 February 2023.

20.4 Capital Decrease II

Pursuant to the terms and conditions of the Repayment Agreement entered into by the Company and the WSF on 13 December 2022 (for more information, please see Section "*15.5. Repayment Agreement (Rückführungsvereinbarung) with the WSF*") and in order to strengthen the Company's long-term financing capability by creating a sufficient gap between the lowest issue price of the Company's shares (sections 9 (1), 8 (3) sentence 3 AktG) and the stock market price of the Company's shares, on 14 February 2023, the Company's shareholder's meeting resolved upon a capital decrease in connection with a recapitalisation for the purposes of section 22 StFG by way of a consolidation of shares in the ratio of ten to one for the purpose of allocating part of the share capital to the capital reserve pursuant to sections 222 et seq. AktG in conjunction with section 7 (6) WStBG, by reducing the share capital of the Company in the amount of €1,785,205,850.00.00, divided into 1,785,205,850 registered no-par value shares, each representing a pro rata amount of the share capital of €1.00 by €1,606,685,265.00 to €178,520,585.00 divided into €178,520,585 registered no-par value shares, each representing a pro rata amount of the share capital of €1.00 (the "**Capital Decrease II**" and together with the Capital Decrease I, the "**Capital Decreases**"). The amount of share capital attributable to the consolidated shares that comes to a total of €1,606,685,265.00 has been placed in the Company's capital reserve.

The Capital Decrease II was registered in the commercial registers of the Company on 17 February 2023.

20.5 Authorised Capital 2022/I

Pursuant to Article 4.5 of the Articles of Association, the Executive Board is authorised, subject to the consent of the Supervisory Board, to increase the share capital of the Company once or several times until 7 February 2027 by an amount not to exceed €162,291,441.00 (in words: Euro hundred and sixty-two million two hundred and ninety-one thousand four hundred and forty-one) in total ("**Authorised Capital 2022/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 acquired by one or several banks with the obligation that the shares be offered to the shareholders for subscription. The Executive Board may, with the consent of the Supervisory Board, 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 AktG after the Annual General Meeting has passed the resolution on this authorisation on 8 February 2022 (date of resolution) until such time as it 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 rights or conversion or warrant 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. 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 8 February 2022 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 8 February 2022, or at the time the new shares are issued, whichever is the lowest. The Executive Board may further, subject to the consent of the Supervisory Board, disapply shareholders' pre-emption rights in respect of fractional amounts in line with German market practice and German company law, there will be no entitlement to fractional shares or the proceeds of any sale of aggregated fractional entitlements as part of the Offering under Listing Rule 9.5.13. The Executive Board is authorised, subject to the consent of the Supervisory Board, to determine the further details of the capital increases and its implementation. Due to a self-commitment of the Executive Board of the Company, the Authorised Capital 2022/I will predominantly be used to repay the €420.0 million Convertible Silent Participation.

20.6 Authorised Capital 2022/II

Pursuant to Article 4.7 of the Articles of Association, the Executive Board is authorised, subject to the consent of the Supervisory Board, to increase the Company's share capital once or several times until and including 7 February 2027 by issuing new registered shares against contributions in cash or in kind by an amount not to exceed €626,907,236.00 (in words: Euro six hundred and twenty-six million nine hundred and seven thousand two hundred and thirty-six) in total ("**Authorised Capital 2022/II**"). Shareholders are, in principle, entitled to pre-emption rights. The pre-emption rights may be granted indirectly in 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 is 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 line with German market practice and German company law such that there will be no entitlement to fractional shares or the proceeds of any sale of aggregated fractional entitlements as part of the Offering under Listing Rule 9.5.13. 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 8 February 2022 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 8 February 2022, 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 increases and its implementation. The Authorised Capital 2022/II will predominantly be used to repay the €2.1 billion KfW Facility, in compliance with its obligation under the KfW Facility Agreement (for more information, please see Section "*15.2.1 The Syndicated Facilities Agreement*") to apply an amount equal to at least 50% of the net proceeds received from the Capital Increases for the cancellation of KfW Facility commitments.

20.7 Conditional Capital WSF

Pursuant to Article 4.8 of the Articles of Association, the share capital of the Company is conditionally increased in accordance with section 7a WStBG by up to €420,000,000.00 by issuing up to 420,000,000 new registered no-par value shares, each presenting a pro rata amount of the share capital of €1.00. The conditional capital increase serves to grant no-par value shares upon the relevant exercise of the conversion right granted to the Economic Support Fund within the meaning of section 15 StFG in accordance with the resolution of the Extraordinary General Meeting of 5 January 2021 under agenda item 3 in respect of the Convertible Silent Participation as described there. The new shares shall be issued at the minimum issue price (section 9 (1) AktG) of €1.00. The new no-par value shares are entitled to receive dividends from the beginning of the financial year in which they are issued; to the extent permitted by law, the Executive Board may determine the profit participation of new no-par value shares in derogation therefrom as well as from section 60 (2) AktG, even for a financial year already ended. The exchange ratio shall be 1:1, this is to say one new no-par value share will be issued for each €1.00 of the nominal amount of the Convertible Silent Participation to be converted. The conditional capital increase is only implemented to the extent that the WSF (or its legal successor, e.g., following an assignment) makes use of its conversion right. With the approval of the Supervisory Board, the Executive Board shall be empowered to stipulate further details of the conditional capital increase and its implementation. The Supervisory Board is authorised to amend the wording of Article 4 (1) and (8) of the Articles of Association in accordance with the implementation of the conditional capital increase.

20.8 Conditional Capital 2022/I

Pursuant to Article 4.10 of the Articles of Association, the share capital is conditionally increased by up to €162,291,441.00 (in words: Euro one hundred and sixty-two million two hundred ninety-one thousand four hundred and forty-one) by issuing up to 162,291,441.00 new registered shares with dividend rights from the beginning of the financial year in which they were issued (Conditional Capital 2022/I). The conditional capital increase will be effected to the extent that holders or creditors of convertible bonds, bonds with warrants, profit-sharing rights or income bonds (or combinations thereof) with conversion or warrant rights or obligations issued by TUI AG or its Group companies for cash until and including 7 February 2027 on the basis of the authorisation resolved by the General Meeting on 8 February 2022 exercise their conversion or warrant rights or to the extent that conversion or warrant obligations under these bonds are fulfilled and to the extent that no other forms of fulfilment are employed when servicing such obligations. Furthermore, the conditional capital increase will be effected to the extent that the creditors of the €589,600,000 convertible bonds due in 2028 (ISIN DE000A3E5KG2) exercise their conversion rights and the Conditional Capital 2021/I pursuant to Article 4.10 of the Articles of Association is utilised and no other forms of fulfilment are employed when servicing such rights. The Executive Board is authorised, subject to the consent of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase.

20.9 Conditional Capital 2022/II

Pursuant to Article 4.11 of the Articles of Association, the share capital is conditionally increased by up to €81,145,720.00 (in words: Euro eighty-one million one hundred and forty-five thousand seven hundred and twenty) by issuing up to 81,145,720 new registered shares with dividend rights from the beginning of the financial year in which they were issued (Conditional Capital 2022/II). The conditional capital increase will be effected to the extent that holders or creditors of convertible bonds, bonds with warrants, profit-sharing rights or income bonds (or combinations thereof) with conversion or warrant rights or obligations issued the Company or its Group companies for cash until and including 7 February 2027 on the basis of the authorisation resolved by the General Meeting on 8 February 2022 exercise their conversion or warrant rights or to the extent that conversion or warrant obligations under these bonds are fulfilled and to the extent that no other forms of fulfilment are employed when servicing such obligations.

20.10 Equity-linked securities

Based on the authorisation of the executive board of the Company to issue convertible bonds and the creation of a conditional share capital (Conditional Capital 2021) in the amount of up to €109,939,363.00 consisting of up to 109,939,363 ordinary registered shares pursuant to Article 4.9 of the Articles of Association described above, the Company issued €400 million senior unsecured convertible bonds and €189.6 million senior unsecured convertible bonds by means of a tap issuance due 2028, convertible into ordinary registered shares with no par value of the Company. Please refer to Section "*15.2.6. Material Agreements—Existing financing arrangements—The 2021 Convertible Bonds*" for a more detailed description.

21. Dividends and Dividend Policy

Under the terms of the KfW Facility, we will not pay dividends as long as the KfW Facility remains outstanding. Therefore, the Executive Board and the Supervisory Board may not submit a recommendation for a dividend payment to the general shareholders' meeting. This does not apply to the extent that a legal obligation of a disbursement of dividends exists. See Sections "*15.2 Material Agreements—Existing financing arrangements*". In particular, no dividend will be proposed or paid for Fiscal 2023.

Disregarding the suspension of dividend payments during the term of the duration of the KfW Facility, our general dividend policy is part of the capital allocation framework that we updated in Fiscal 2019. The framework reflects the following financial priorities:

- organic growth;
- payout of a core dividend;
- accretive Mergers & Acquisitions and portfolio optimisation; and
- return of excess cash to shareholders.

Subject to the prior targets, the availability of distributable profits, sufficient headroom in cash and the legal considerations described below, the Company's dividend policy is based on a core dividend payout of 30-40% of the Group's Underlying earnings after taxes, or EAT, after minority interests and at a constant currency rate, with a dividend floor (minimum payout) of €0.35 per share. We reserve the right to adjust the dividend floor in accordance with the number of New Shares placed since the introduction of the policy. We define Underlying EAT as Underlying EBIT minus interest expenses adjusted by separately disclosed items minus tax based on underlying tax rate of currently 18% minus minorities adjusted for separately disclosed items.

The annual general shareholders' meeting of the Company decides on the appropriation of any net retained profit, including whether that profit will be disbursed in part or in whole to shareholders.

Our Executive Board and Supervisory Board are required to submit a recommendation on the appropriation of profit. The general shareholders' meeting is not bound by that recommendation.

Entitlement to receive a dividend arises on the date on which the general shareholders' meeting resolves the dividend. Individual shareholders have no claim to the disbursement of dividends unless the general shareholders' meeting has passed a resolution to that effect.

There are no restrictions on, or special processes for, dividends for non-resident shareholders.

By law, claims to the payment of dividends generally become time-barred after three years, after which time the Company may refuse to make any disbursement. Forfeited dividend claims accrue to the Company.

We expect to publish information about any dividends that the general shareholders' meeting resolves and about the paying agents we engage in the Federal Gazette and as a UK regulatory announcement. We also upload the results of the shareholders' meeting to the National Storage Mechanism system maintained by the FCA and publish them on our website (www.tuigroup.com).

22. Underwriting

Under the terms and subject to the conditions of the Underwriting Agreement, each Underwriter has agreed, severally and not jointly, subject to certain terms and conditions, to (i) subscribe for all New Shares (which do not include any new shares that would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity) at the beginning of the Subscription Period, (ii) deliver the Subscription Price per such New Share to the Company, (iii) offer the New Shares to the existing shareholders of the Company (other than Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity) at the Subscription Price, (iv) thereafter offer the Rump Shares at a price at least equivalent to the Subscription Price to institutional investors, with the obligation to acquire any Unplaced Rump Shares being left thereafter, in each case limited to the number of New Shares set forth below:

Underwriter	**Maximum Number of New Shares**	**Percentage of the Offering**
Barclays Bank Ireland PLC One Molesworth Street Dublin 2 D02 RF29 Ireland	39,469,254	12.00
BofA Securities Europe SA 51 rue La Boétie 75008 Paris France	39,469,254	12.00
Citigroup Global Markets Europe AG Reuterweg 16 60323 Frankfurt am Main Germany	39,469,254	12.00
COMMERZBANK Aktiengesellschaft Kaiserstraße 16 (Kaiserplatz) 60311 Frankfurt am Main Germany	39,469,254	12.00
Deutsche Bank Aktiengesellschaft Taunusanlage 12 60325 Frankfurt am Main Germany	39,469,254	12.00
UniCredit Bank AG Arabellastraße 12 81925 Munich Germany	39,469,254	12.00
HSBC Trinkaus & Burkhardt GmbH Hansaallee 3 40549 Dusseldorf Germany	29,601,939	9.00
Société Générale 29 boulevard Haussmann 75009 Paris France	29,601,939	9.00
Crédit Agricole Corporate and Investment Bank 12 Place des Etats-Unis, CS 70052 92547 Montrouge Cedex France	10,963,682	3.33

Underwriter	Maximum Number of New Shares	Percentage of the Offering
ING Bank N.V. Bijlmerdreef 106 1102 CT Amsterdam The Netherlands	10,963,682	3.33
Natixis 7 promenade Germaine Sablon 75013 Paris France	10,963,682	3.33
Total	**328,910,448**	**100.00**

22.1 Underwriting Agreement

On 24 March 2023, the Company and the Underwriters entered into an Underwriting Agreement. Pursuant to the Underwriting Agreement, the Underwriters have agreed to:

- offer the New Shares to the existing shareholders of the Company (other than Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity) in the Subscription Offer and thereafter to offer the Rump Shares (for the avoidance of doubt not including any new shares that would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity) at a price at least equivalent to the Subscription Price in the Rump Placement; and
- to underwrite all Offer Shares and to subscribe for all New Shares (which do not include any new shares which would have been attributable to Unifirm and Severgroup or any other Major Shareholder Sanctioned Person or Entity).

The Underwriters may sub-underwrite their commitments and may involve one or more selling agents in connection with the Offering and, in this context, may share part of the commission with such selling agents. Their obligations are subject to the fulfilment of certain conditions, including the non-occurrence of a material adverse change.

In return, the Company is obliged to indemnify the Underwriters from certain liabilities and to pay them a base fee of 2.375% of the gross proceeds from the Offering and a discretionary fee of up to 0.125% of the gross proceeds of the Offering.

In the Underwriting Agreement, the Company further agreed that, for a period of 180 days after the settlement of the Capital Increases, it will not, except as agreed between the Company and the WSF, KfW or any other state entity in connection with further state aid measures, carry out any capital increase or issue any convertible bonds, exchangeable bonds or other securities which are convertible, exchangeable, exercisable into, or otherwise give the right to subscribe for or acquire its ordinary shares, whether directly or indirectly; or enter into any swap or other agreement, arrangement or transaction that transfers, confers or allots, in whole or in part, directly or indirectly, any of the economic consequences of the ownership of its shares (whether any such swap, agreement, arrangement or transaction is to be settled by delivery of ordinary shares, cash or otherwise) without the prior written consent of the Lead Joint Global Coordinators on behalf of the Underwriters (Lock-up).

The Lead Joint Global Coordinators on behalf of the Underwriters are entitled to terminate the Underwriting Agreement under certain circumstances at any time prior to the filing of the application for registration of the implementation of the Capital Increase with the Commercial Registers. Such circumstances include, a suspension of trading on or by any of the HSE, the FSE, the London Stock Exchange or the New York Stock Exchange or any other regulated financial market within the European Economic Area, a suspension of trading of any securities of the Company, a general moratorium on commercial banking activities, an outbreak of hostilities or escalation of hostilities or terror attacks or any material adverse change in national or international financial, political, industrial or economic conditions or laws. The Lead Joint Global Coordinators cannot terminate the Underwriting Agreement after the application for registration of the implementation of the Capital Increases has been filed with the Commercial Registers, save that the Lead Joint Global Coordinators may terminate the Underwriting Agreement if the Company successfully withdraws the application for registration of the implementation of the Capital Increases with both Commercial Registers which is at the discretion of each Commercial Register, or the Commercial Registers do not register the Capital Increases within the timeframe specified in the subscription certificate to be issued by the Underwriters (currently two business days from the date of the application, *i.e.*, until 20 April 2023).

If the Lead Joint Global Coordinators successfully terminate the Underwriting Agreement in any such case set out above, the obligation of the Underwriters to underwrite and purchase the New Shares shall terminate and the Company shall return the subscription certificates for the New Shares and the bank confirmations to the respective subscribers having previously issued such documents and release any amounts already credited to the capital increase account

22.2 Sponsors' Agreement

In addition to the Underwriting Agreement, the Sponsors have entered into the Sponsor Agreement with the Company on 24 March 2023. For further details please see Section "*15.4.2 Agreements relating to the Capital Increase—Sponsor Agreement*."

22.3 Interests of parties participating in the Offering

In connection with the Offering and the admission to trading of the Company's shares, the Underwriters have formed a contractual relationship with the Company.

The Underwriters are acting exclusively for the Company and no one else in connection with the Offering and on coordinating the structuring and execution of the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein. Upon successful implementation of the Offering, the Underwriters will receive a commission and the size of this commission depends on the results of the Offering. As a result of these contractual relationships, the Underwriters have a financial interest in the success of the Offering at the best possible terms.

Each of the Underwriters and their respective affiliates or persons acting on its behalf may have engaged in transactions with, and provided various commercial banking, investment banking, financial advisory transactions and services in the ordinary course of their business with the Company and/or its affiliates for which they would have received customary fees and commissions. Each of the Underwriters and their respective affiliates or persons acting on their behalf may provide such services to the Company and/or its affiliates in the future.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates or persons acting on their behalf may hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) in the Company and its affiliates for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments.

In addition, each of Barclays, BofA Securities, Citigroup, COMMERZBANK, Deutsche Bank and UniCredit Bank AG (acting as Lead Joint Global Coordinators in the Capital Increases), HSBC and Société Générale (acting as Co-Joint Global Coordinators in the Capital Increases) as well as Crédit Agricole CIB, ING and Natixis (acting as Joint Bookrunners in the Capital Increases) or their respective affiliates are lenders and/or may in the future be, lenders, and in some cases agents or managers for the lenders, under certain of the Group's credit facilities and other credit arrangements. The Company expects to use any net proceeds it receives from the sale of the New Shares primarily to repay financial indebtedness, which may include such credit facilities and other credit arrangements. In their capacity as lenders, such lenders may, in the future, seek a reduction of a loan commitment to the Company or its affiliates, or impose incremental pricing or collateral requirements with respect to such facilities or credit arrangements, in the ordinary course of business. In addition, certain of the Underwriters or their affiliates that have a lending relationship with the Company or its affiliates may routinely hedge their credit exposure to the Company and/or its affiliates consistent with their customary risk management policies; a typical hedging strategy would include these Underwriters or their affiliates hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Company's securities.

In connection with the Offering, each of the Underwriters and any of their respective affiliates or persons acting on their behalf, may take up a portion of the New Shares and the Subscription Rights 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 New Shares and Subscription Rights and other securities of the Company or related investments in connection with the Offering or otherwise. Accordingly, references in this document to the New Shares and Subscription Rights 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 Underwriters and any of their affiliates in such capacity. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps, warrants or contracts for difference) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Subscription Rights or New Shares. None of the Underwriters 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.

In the event that the Underwriters or their respective affiliates subscribe for New Shares pursuant to any underwriting obligations under the Underwriting Agreement which are not subscribed for during the Subscription Period or in any Rump Placement, the Underwriters and their respective affiliates may coordinate disposals of such shares in accordance with applicable law and regulation and to the extent it is reasonably necessary to maintain an orderly market in the shares in connection with an orderly disposal of such shares. Except as required by applicable law or regulation, the Underwriters and their respective affiliates and any persons acting on their behalf do not propose to make any public disclosure in relation to such transactions.

There are no other interests on the part of the parties participating in the Offering that are of material importance for the Offering. There are no conflicts of interests.

23. Selling and Transfer Restrictions

23.1 Selling restrictions

The distribution of this prospectus and the sale of the Securities may be restricted by law in certain jurisdictions. No action has been or will be taken by the Company or the Underwriters to permit a public offering of the Securities or the possession or distribution of this prospectus (or any other offering or publicity materials or application form(s) relating to the Securities, other than the offers contemplated in the prospectus in Germany and the UK). Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this prospectus comes are required to inform themselves about and observe any such restrictions, including those set out in the following paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

23.1.1. United States

The Securities have not been, and will not be, registered under the Securities Act or with the securities regulatory authorities of any individual state of the United States of America, and may not be offered, sold, exercised, pledged, transferred or delivered, directly or indirectly, to or within the United States, except in a transaction not subject to, or pursuant to an exemption from, the registration requirements of the Securities Act and, in each case, in accordance with any applicable securities laws of any state.

The Securities are being offered and sold in the United States only to QIBs in reliance on section 4(a) (2) of the Securities Act or, only with respect to the New Shares, Rule 144A under the Securities Act or another exemption from the registration requirements of the Securities Act. The Securities are being offered outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. Prospective investors are hereby notified that sellers of the New Shares may be relying on the exemption from the registration requirements of section 5 of the Securities Act provided by Rule 144A thereunder. The offering of the New Shares is being made in the United States through the U.S. broker-dealer affiliates of the underwriters.

In addition, until 40 days after the commencement of the Offering, an offer or sale of the New Shares into or within the United States by a dealer (whether or not such dealer is participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in reliance on Rule 144A or another available exemption from registration under the Securities Act.

All holders of Securities outside the United States, to the extent applicable, will be deemed to have approved and confirmed that they are exercising or acquiring the Securities within the context of an offshore transaction in compliance with Rule 903 or 904 of Regulation S under the Securities Act.

23.1.2. European Economic Area

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), no Securities have been offered or will be offered pursuant to the Offering to the public in that Relevant State, other than the offer contemplated in the prospectus in Germany, provided that the issuer has consented in writing to the use of the prospectus offers to be made in Relevant States other than Germany under the following exemptions under the Prospectus Regulation:

(1) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(2) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Underwriters for any such offer; or

(3) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer shall require the Company or any Underwriter to publish a prospectus pursuant to Article 3, or to supplement a prospectus pursuant to Article 23, of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any Securities in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Offering, the Securities so as to enable an investor to decide to purchase or subscribe for any Securities.

24. Taxation in Germany

The following section presents a number of key German taxation principles which generally are or can be relevant to the acquisition, holding or transfer of shares both by a shareholder (an individual, a partnership or corporation) that has a tax domicile in Germany (that is, whose place of residence, habitual abode, registered office or place of management is in Germany) and by a shareholder without a tax domicile in Germany. The information is not exhaustive and does not constitute a definitive explanation of all possible aspects of taxation that could be relevant for shareholders. The information is based on the tax law in force in Germany as of the date of this prospectus (and its interpretation by administrative directives and courts) as well as typical provisions of double taxation treaties that Germany has concluded with other countries. Tax law can change — sometimes retrospectively. Moreover, it cannot be ruled out that the German tax authorities or courts may consider an alternative assessment to be correct that differs from the one described in this section.

This section cannot serve as a substitute for tailored tax advice to individual shareholders. Shareholders are therefore advised to consult their tax advisers regarding the tax implications of the acquisition, holding or transfer of New Shares and regarding the procedures to be followed to achieve a possible reimbursement of German withholding tax (*Kapitalertragsteuer*). Only such advisors are in a position to take the specific tax-relevant circumstances of individual shareholders into due account.

Shareholders are subject to taxation in connection with the holding of New Shares (see below "*Taxation of Dividends*"), the sale of New Shares or Subscription Rights (see "*Taxation of Capital Gains*") and the gratuitous transfer of New Shares or Subscription Rights (see "*Inheritance and Gift Tax*")

24.1 Taxation of dividends

24.1.1. Withholding tax

Dividends distributed by the Company are generally subject to a withholding tax in the amount of 25% plus a solidarity surcharge of 5.5% thereon (i.e., a total of 26.375%). If the New Shares are admitted to be held in a collective deposit with a German collective deposit bank for securities and are deposited with such common depository in Germany, the Company is generally not responsible for withholding the tax at the source, but the tax is withheld for the account of the shareholder and remitted to the competent tax office by the German bank, German financial services institution, German securities trading enterprise or German securities trading bank (including German branches of foreign institutions) with which the New Shares are deposited or that administers the New Shares and that disburses or credits the dividends to the shareholder or that disburses the dividends to a foreign institution, or by the collective deposit bank for securities if it disburses the dividends to a foreign institution. The basis for the withholding tax is the dividend resolved by the general shareholders' meeting.

The withholding tax must generally be deducted regardless of whether and to what extent the dividend is exempt from taxation at the level of the shareholder and whether the shareholder is a person residing in Germany or in a foreign country.

In the case of dividends distributed to a company within the meaning of Art. 2 of the Council Directive No. 2011/96/EU of 30 November 2011 ("**EU Parent Subsidiary Directive**") domiciled in another Member State of the EU, an exemption from withholding tax will be granted upon request if further prerequisites are satisfied (*Freistellung im Steuerabzugsverfahren*). This also applies to dividends distributed to a permanent establishment located in another Member State of the EU of such a parent company or of a parent company tax resident in Germany if the participation in the Company is effectively connected with this permanent establishment. The key prerequisite for the application of the EU Parent Subsidiary Directive is that the shareholder has held a direct participation in the share capital of the Company of at least 10% for at least one year. In certain other cases, companies domiciled in another EU or European Economic Area Member State may be entitled to a refund of withholding tax, although the minimum holding requirements of the EU Parent Subsidiary Directive are not met.

The tax effectively being payable on distributions to other foreign resident shareholders is generally reduced in accordance with a double taxation treaty if Germany has concluded such double taxation treaty with the country of residence of the shareholder and if the shareholder does not hold his New Shares either as part of the assets of a permanent establishment or a fixed place of business in Germany or as business assets for which a permanent representative has been appointed in Germany. The reduction of the withholding tax, if applicable, is generally granted in such a manner that the difference between the total amount withheld, including the solidarity surcharge, and the tax liability determined on the basis of the tax rate set forth in the applicable double taxation treaty (generally 15%) is refunded by the German tax administration upon request (Federal Central Tax Office (Bundeszentralamt für Steuern)).

In the case of dividends received by corporations whose statutory seat and effective place of management are not located in Germany and who are therefore not tax resident in Germany, generally two-fifths of the withholding tax deducted and remitted can be refunded without the need to fulfil all prerequisites required for such refund under the EU Parent Subsidiary Directive or under a double taxation treaty.

In order to receive a refund pursuant to a double taxation treaty or the aforementioned option for foreign corporations, the shareholder has to submit a completed form for refund (available at the Federal Central Tax Office (http://www.bzst.de) as well as at the German embassies and consulates) together with a withholding tax certificate (*Kapitalertragsteuerbescheinigung*) generally issued by the institution that withheld the tax.

The exemption from withholding tax in accordance with the EU Parent Subsidiary Directive and the aforementioned options for a refund of the withholding tax depend on whether certain additional prerequisites (in particular so-called substance requirements) are fulfilled.

The aforementioned reductions of (or exemptions from) withholding tax are restricted if (i) the applicable double taxation treaty provides for a tax reduction resulting in an applicable tax rate of less than 15% and (ii) the shareholder is not a corporation that directly holds at least 10% in the equity/capital of the Company and is subject to tax on its income and profits in its state of residence without being exempt. In this case, the reduction of (or exemption from) withholding tax is subject to the following three cumulative prerequisites: (i) the shareholder must qualify as beneficial owner of the New Shares for a minimum holding period of 45 consecutive days occurring within a period of 45 days prior and 45 days after the due date of the dividends, (ii) the shareholder has to bear at least 70% of the change in value risk related to the New Shares during the minimum holding period without being directly or indirectly hedged, and (iii) the shareholder must not be required to fully or largely compensate directly or indirectly the dividends to third parties. However, these further prerequisites do not apply if the shareholder has been the beneficial owner of the New Shares for at least one uninterrupted year upon receipt of the dividends.

24.1.2. Taxation of Dividends Derived by German Tax Resident Shareholders

Taxation of dividend income for German tax resident shareholders who hold their New Shares as private assets. Dividends that are derived by a German tax resident shareholder who holds the New Shares as private assets constitute income from capital investment, which is subject to a special, flat income tax rate of 25% plus a solidarity surcharge of 5.5% thereon (i.e., a total of 26.375%). The income tax liability for the dividends is generally satisfied through the deduction of the withholding tax (so-called flat tax regime, Abgeltungsteuer). Except for an annual lump-sum allowance for savers (Sparer-Pauschbetrag) in the amount of €1,000

(€2,000 for married couples and registered partners filing jointly) income-related expenses (*Werbungskosten*) may not be deducted from income from capital investment. The shareholder may request his total income from capital investments (including the dividends) to be subject to taxation at the individual, progressive income tax rate together with his other taxable income rather than the flat tax rate for capital investments, if this results in his tax liability being lower. The tax base is the gross income less the lump-sum allowance for savers in the amount of €1,000 (€2,000 for married couples and registered partners filing jointly) with no deduction for income-related expenses to generate the income. In such a case, the withholding tax can either be credited against the income tax liability of the shareholder or refunded in the amount of the excess, subject to the rules on the restriction of withholding tax credit as described below under "*—Taxation of dividend income for German tax resident shareholders who hold their New Shares as business assets*".

Exceptions from the final flat tax regime apply upon application to shareholders that hold at least 25% of the shares in the Company and shareholders that hold at least 1% of the shares in the Company (in both instances, including but not limited to the New Shares) and through professional work for the Company are able to exercise significant entrepreneurial influence on the business activities of the Company.

If applicable, church tax generally has to be withheld based on an automatic data access procedure, unless the shareholder has filed a blocking notice (Sperrvermerk) with the Federal Central Tax Office. Where church tax is not levied by way of withholding, it is determined by means of an income tax assessment.

Taxation of dividend income for German tax resident shareholders who hold their New Shares as business assets. The flat tax does not apply to dividends paid on New Shares held by a German tax resident shareholder as business assets. The taxation depends on whether the shareholder is a corporation, an individual entrepreneur or partnership (co-entrepreneurship, Mitunternehmerschaft). The withholding tax (including solidarity surcharge) withheld and remitted can either be credited against the income tax or corporate income tax liability of the shareholder or refunded in the amount of the excess.

Pursuant to special rules on the restriction of withholding tax credit, the credit of withholding tax is subject to the following three cumulative prerequisites: (i) the shareholder must qualify as beneficial owner of the New Shares for a minimum holding period of 45 consecutive days occurring within a period of 45 days prior and 45 days after the due date of the dividends, (ii) the shareholder has to bear at least 70% of the change in value risk related to the New Shares during the minimum holding period without being directly or indirectly hedged, and (iii) the shareholder must not be required to fully or largely compensate directly or indirectly the dividends to third parties. Absent the fulfilment of all of the three prerequisites, three fifths of the withholding tax imposed on the dividends must not be credited against the shareholder's (corporate) income tax liability, but may, upon application, be deducted from the shareholder's tax base for the relevant assessment period. A shareholder that has received gross dividends without any deduction of withholding tax due to a tax exemption without qualifying for a full tax credit has to notify the competent local tax office accordingly and has to make a payment in the amount of the omitted withholding tax deduction. The special rules on the restriction of withholding tax credit do not apply to a shareholder whose overall dividend earnings within an assessment period do not exceed €20,000 or that has been the beneficial owner of the New Shares for at least one uninterrupted year upon receipt of the dividends.

Corporations. If the German tax resident shareholder is a corporation, effectively 95% of the dividends, subject to certain exceptions for enterprises in the financial and insurance sectors (see "Special Rules for Credit Institutions, Financial Services Institutions, Financial Enterprises as well as Life Insurance and Health Insurance Companies and Pension Funds") are generally exempt from corporate income tax and the solidarity surcharge. No minimum holding period needs to be observed. 5% of the dividends are deemed non-deductible business expenses, and are therefore subject to corporate income tax (plus solidarity surcharge) at a tax rate totalling 15.825%. However, if the corporation directly holds less than 10% of the share capital of the Company at the beginning of the calendar year, the full amount of any dividends received is taken into account when determining the corporation's taxable income for corporate income tax purposes. The acquisition of a shareholding of at least 10% is deemed to have occurred at the beginning of the calendar year. Aside from this, business expenses actually incurred and directly connected to the dividends may be deducted. The dividends are subject to trade tax in the full amount (after deduction of the business expenses economically connected to them) unless the corporation held a participation of at least 15% in the share capital of the Company at the beginning of the relevant tax assessment period (trade tax participation exemption). In this latter case, the dividends are not subject to trade tax. However, trade tax is levied on the amount deemed to be non-deductible business expenses (i.e., in the amount of 5% of the dividend). Depending on the assessment rate set by the municipality the trade tax is normally imposed at an effective rate of approximately 7% to 18.55% of the trade income (*Gewerbeertrag*).

***Individual entrepreneurs*.** If the German tax resident shareholder is an individual entrepreneur who holds the shares as business assets, only 60% of the dividends are subject to the progressive personal income tax plus solidarity surcharge at a tax rate totalling up to approximately 47.5% and, if applicable, church tax (partial income taxation method; Teileinkünfteverfahren). Only 60% of the business expenses economically connected to the dividends are deductible for tax purposes. If the New Shares belong to a German permanent establishment of a commercial business of the shareholder, the dividend income (after deduction of the business expenses economically connected to it) is, in addition to personal income tax, also subject to trade tax in the full amount unless the shareholder held a participation of at least 15% in the share capital of the Company at the beginning of the relevant tax assessment period (trade tax participation exemption). In this latter case, the net amount of the dividends, (i.e., after deduction of the business expenses directly connected to them) is exempt from trade tax. In general, the trade tax may be credited, completely or partially, against the personal income tax of the shareholder in accordance with a lump-sum tax credit method, depending on the assessment rate set by the local municipality and the personal tax situation.

***Partnerships*.** If the German tax resident shareholder is a partnership being engaged or deemed to be engaged in a business (co-entrepreneurship), the personal income tax or corporate income tax is not charged at the level of the partnership, but at the level of the respective partner. The taxation of each partner depends on whether the partner is a corporation or an individual. If the partner is a corporation, dividends forming part of the partner's profit share are taxed in accordance with the principles applicable to corporations, i.e., effectively 95% of the dividends are tax exempt, but dividends from a direct shareholding of less than 10% of the Company's share capital are fully subject to taxation (see above under "Corporations"). Indirect shareholdings via a partnership are attributed to the partners on a pro-rata basis and are deemed to be direct shareholdings. If the partner is an individual, the taxation is based on the principles applicable to individual entrepreneurs, i.e., the partial income taxation method applies (see "Individual entrepreneurs") to the dividends included in the individual partner's profit share.

In addition, the dividends are subject to trade tax at the level of the partnership if the New Shares are attributable to a permanent establishment of a commercial business of the partnership in Germany, and this generally in the full amount. If the partner in the partnership is an individual, the trade tax on his profit share which is paid by the partnership may generally be credited, completely or partially, against his personal income tax, depending on the assessment rate set by the local municipality and the personal tax circumstances.

If the partnership held a participation of at least 15% in the share capital of the Company at the beginning of the relevant tax assessment period, the dividends, after deduction of the business expenses economically connected thereto, should generally not be subject to trade tax. However, in this case, trade tax should be levied on 5% of the dividends to the extent they are attributable to the profit share of such corporate partners to whom at least 10% of the shares in the Company are attributable on a look-through basis, since such portion of the dividends should be deemed to be non-deductible business expenses. The remaining portion of the dividend income attributable to other than such specific corporate partners (which includes individual partners and should, under a literal reading of the law, also include corporate partners to whom, on a look-through basis, only participations in the share capital of the Company of less than 10% are attributable) should (after the deduction of business expenses economically related thereto) not be subject to trade tax.

Shareholders Domiciled in Foreign Countries. Shareholders who are not tax resident in Germany and hold their New Shares through a permanent establishment or a fixed place of business in Germany, or as business assets for which a permanent representative has been appointed in Germany, are subject to the taxation in Germany in respect of their dividend income. The situation described above for shareholders tax resident in Germany who hold their New Shares as business assets applies accordingly (see Section "Taxation of dividend income for German tax resident shareholders who hold their shares as business assets"). The withholding tax deducted and remitted to the tax authorities (including solidarity surcharge) is either credited against the personal income tax or corporate income tax liability or refunded in the amount of an excess of such.

In all other situations, the German tax liability is satisfied for the dividends with the deduction of withholding tax. The withholding tax is only refunded in the situations described above under Section "Withholding Tax".

24.2 Taxation of capital gains

24.2.1. Taxation of Capital Gains for German Tax Resident Shareholders

Taxation of capital gains for German tax resident shareholders who hold their New Shares or Subscription Rights as private assets. Capital gains from the sale of New Shares acquired by a German tax resident shareholder that are held as private assets are generally subject to personal income tax in Germany - irrespective of any holding period - as income from capital investment at a special, flat tax rate for income from capital investment of 25% (plus a solidarity surcharge of 5.5%, i.e., a total of 26.375%). This also applies to gains from the sale of Subscription Rights.

The amount of the taxable capital gain from the sale is the difference between (a) the proceeds from the sale and (b) the cost of acquisition of the New Shares or Subscription Rights and the expenses directly related to the sale. The acquisition costs of Subscription Rights are deemed to be €0.

The only deduction available from the overall income from capital investment is the annual lump-sum allowance for savers (Sparer-Pauschbetrag) in the amount of €1,000 (€2,000 for married couples and registered partners filing jointly). Income-related expenses (Werbungskosten) may not be deducted from capital gains. Losses from the sale of New Shares may only be offset against capital gains arising from the sale of the shares in stock corporations. Losses from the sale of Subscription Rights may only be offset against positive income from capital investment.

According to the German Federal Ministry of Finance (Bundesministerium der Finanzen), the exercise of Subscription Rights is not equivalent to a sale. Shares acquired by exercising Subscription Rights are considered to be acquired at the price of subscription and at the time of the exercise.

If New Shares or Subscription Rights are deposited with or administered by a German bank, German financial services institution, German securities trading enterprise or a German securities trading bank (including German branches of foreign institutions) or such an institution sells the New Shares or Subscription Rights and disburses or credits the proceeds from the sale (a "**German Disbursing Agent**"). The tax on the capital gains is generally settled by way of withholding through the German Disbursing Agent which is required to deduct a withholding tax of 26.375% (including solidarity surcharge) of the capital gains from the sale proceeds and remit it to the tax authority (final flat tax regime, Abgeltungsteuer).

If applicable, church tax generally has to be withheld based on an automatic data access procedure, unless the shareholder has filed a blocking notice (Sperrvermerk) with the Federal Central Tax Office. Where church tax is not levied by way of withholding, it is determined by means of an income tax assessment.

If the withholding tax on the capital gains or, if applicable, the church tax on the capital gains has not been withheld by a German Disbursing Agent, the German tax resident shareholder is required to report the capital gains in his income tax return. The income tax and, if applicable, the church tax on the capital gains are then collected by way of assessment.

The shareholder may request his total income from capital investments to be subject to taxation at the individual, progressive income tax rate together with his other taxable income rather than the flat tax rate for capital investments, if this results in his tax liability being lower. The tax base is the gross income less the lump-sum allowance for savers in the amount of €1,000 (€2,000 for married couples and registered partners filing jointly) with no deduction for income-related expenses to generate the income. In such a case, withholding tax can either be credited against the individual, progressive income tax or refunded in the amount of the excess.

Irrespective of any holding period or the date of acquisition, a gain from the sale of New Shares or Subscription Rights is not subject to the final flat tax regime, but rather the individual, progressive income tax if the German tax resident shareholder, or in the case of a gratuitous acquisition his legal predecessors, or, if the New Shares have been transferred gratuitously on several succeeding occasions, one of his legal predecessors, at any time during the five years preceding the sale, directly or indirectly held a participation of at least 1% in the share capital of the Company (a "**Qualified Participation**"). In this case, the partial income taxation method (Teileinkünfteverfahren) applies to gains from the sale of New Shares, i.e., only 60% of the gains from the sale of New Shares are subject to taxation and only 60% of a loss from the sale of New Shares and any expenses economically related to the sale of the New Shares are tax deductible. In case of a Qualified Participation, the partial income taxation method should also apply to capital gains or losses associated with the Subscription Rights. Unlike under the flat tax regime, the acquisition costs of Subscription Rights are calculated as a fraction of the original acquisition costs of the underlying shares which is split off from the shares and attributed to the Subscription Rights (aggregate value method). Upon exercise of a Subscription Right, its acquisition costs increase the acquisition costs of the newly acquired shares. Withholding tax is also deducted by a German Disbursing Agent in the case of a Qualified Participation, but this does not have the effect of a settlement of the shareholder's tax liability. The shareholder is therefore required to report the capital gain in his income tax return. Upon the shareholder's assessment, the withholding tax withheld and remitted (including solidarity surcharge) can either be credited against the personal income tax liability or refunded in the amount of the excess. The exercise of Subscription Rights should not be considered equivalent to a sale in the case of a Qualified Participation.

Taxation of capital gains for German tax resident shareholders who hold their New Shares as business assets. Capital gains from the sale of New Shares or Subscription Rights held by German tax resident shareholders as business assets are not subject to the flat tax regime. The taxation of capital gains depends on whether the shareholder is a corporation, an individual or a partnership (co-entrepreneurship). Capital gains derived by enterprises in the financial and insurance sectors or pension funds are subject to the special rules described below (see Section "Special Rules for Credit Institutions, Financial Services Institutions, Financial Enterprises as well as Life Insurance and Health Insurance Companies and Pension Funds").

Corporations**.** If the German tax resident shareholder is a corporation, effectively 95% of the gains from the sale of New Shares, irrespective of the amount of the participation and irrespective of any holding period, are generally exempt from corporate income tax (including solidarity surcharge) and trade tax. 5% of the gains are deemed to be non-deductible business expenses and, therefore, are subject to corporate income tax (plus solidarity surcharge) at a tax rate totalling 15.825% and trade tax (depending on the trade assessment rate set by the local municipality, generally between 7 and 18.55%). Capital losses and other reductions in profit in connection with the New Shares sold may, generally, not be deducted as business expenses.

By contrast, the full amount of the gains from the sale of Subscription Rights is subject to corporate income tax (plus solidarity surcharge) and trade tax. Capital losses and other reductions in profit in connection with the Subscription Rights should be tax-deductible, subject to general restrictions. The exercise of Subscription Rights should not be considered equivalent to a sale.

Individual entrepreneurs**.** If the German tax resident shareholder is an individual entrepreneur who holds the New Shares as business assets, 60% of the capital gains from the sale of the New Shares are subject to progressive personal income tax plus solidarity surcharge at a total tax rate of up to approximately 47.5% and, if applicable, church tax (partial income taxation method). Only 60% of any capital losses and expenses economically connected to the sale can be deducted for tax purposes. If the New Shares are attributable to a permanent establishment of a commercial business of the shareholder in Germany, 60% of the capital gains from the sale of the New Shares are additionally subject to trade tax. The partial income taxation method also applies to gains or losses from the sale of Subscription Rights that are held by the individual entrepreneur as business assets. The exercise of Subscription Rights should not be considered equivalent to a sale.

In general, the trade tax may be credited, completely or partially, against the personal income tax of the shareholder in accordance with a lump-sum tax credit method, depending on the assessment rate set by the local municipality and the individual tax circumstances.

Partnerships**.** If the German tax resident shareholder is a partnership being engaged or deemed to be engaged in a business (co-entrepreneurship), the personal income tax or corporate income tax is not charged at the level of the partnership, but at the level of the respective partner. The taxation of each partner depends on whether the partner is a corporation or an individual. If the partner is a corporation, the capital gains from the sale of New Shares and Subscription Rights included in the partner's profit share are subject to taxation in accordance with the principles applicable to corporations (see above the bullet "Corporations"). Capital gains included in the profit share of an individual partner are accordingly subject to the principles applicable to individual entrepreneurs ((i.e., the partial income taxation method), see above the bullet "Individual entrepreneurs").

In addition, the capital gains are subject to trade tax at the level of the partnership if the New Shares are attributable to a permanent establishment of a commercial business of the partnership in Germany, and this generally in the amount of 60% to the extent they are attributable to the profit share of an individual partner and generally in the amount of 5% to the extent they are attributable to the profit share of a corporate partner. Capital losses or other reductions in profit in connection with the New Shares sold are not taken into account for purposes of trade tax to the extent they are attributable to a partner that is a corporation, and subject to general restrictions only 60% of these losses or expenses are taken into account to the extent they are attributable to a partner who is an individual. Capital gains and losses realised from the sale of a Subscription Right are fully taken into account for purposes of trade tax within the scope of general restrictions to the extent they are attributable to the profit share of a corporate partner. By contrast, if the partner is an individual, the capital gains from the sale of Subscription Rights included in the profit share are arguably only subject to trade tax at a rate of 60%; accordingly losses and reductions of profits related to the sale of Subscription Rights should in this case only be deductible at a rate of 60% subject to general restrictions. The exercise of Subscription Rights held as business assets should not be treated as a sale of such Subscription Rights.

In general, if the partner of the partnership is an individual, the trade tax paid by the partnership and attributable to his profit share is completely or partially credited against the shareholder's personal income tax in accordance with a lump-sum tax credit method, depending on the assessment rate set by the local municipality and the individual tax circumstances.

Withholding tax. In the case of a German Disbursing Agent, capital gains from the sale of New Shares or Subscription Rights held as business assets are generally subject to withholding tax just as in the case of a shareholder who holds the New Shares or Subscription Rights as private assets (see Section "*24.2.1 Taxation of capital gains for German tax resident shareholders who hold their New Shares or Subscription Rights as private assets*"). The German Disbursing Agent may, however, refrain from levying withholding tax if (i) the shareholder is a corporation tax-resident in Germany, or (ii) the shareholder holds the New Shares or Subscription Rights as assets of a business in Germany and declares this to the German Disbursing Agent in the officially required pre-printed form and certain further prerequisites are fulfilled. If a German Disbursing Agent nonetheless withholds tax on capital gains, the tax withheld and remitted (including solidarity surcharge) can either be credited against the personal income tax or corporate income tax liability or refunded in the amount of the excess.

24.2.2. Shareholders Domiciled in Foreign Countries

Capital gains derived by non-German tax resident shareholders are subject to German taxation only if the selling shareholder holds a Qualified Participation in the Company or holds the New Shares or Subscription Rights through a German permanent establishment or fixed place of business or as business assets for which a permanent representative is appointed in Germany.

In the case of a Qualified Participation (as defined in Section "*24.2.1 Taxation of capital gains for German tax resident shareholders who hold their New Shares or Subscription Rights as private assets*"), 5% of the gains from the sale of New Shares and 100% of the gains from the sale of Subscription Rights are generally subject to corporate income tax plus solidarity surcharge if the shareholder is a corporation. If the shareholder is an individual, only 60% of the gains from the sale of the New Shares are subject to the individual, progressive personal income tax plus solidarity surcharge (partial income taxation method). Arguably, the partial income taxation method also applies to gains from the sale of Subscription Rights by an individual. However, most double taxation treaties provide for an exemption from German taxation of the capital gain and assign the right to tax to the shareholder's country of residence subject to certain exemptions in case of the sale of shares in a land rich company. In the opinion of the German tax administration, in the case of a Qualified Participation there is no duty to levy withholding tax.

In the case of capital gains or losses from the sale of New Shares or Subscription Rights held through a permanent establishment in Germany or a fixed place of business, or as business assets for which a permanent representative has been appointed in Germany, the description above for German tax resident shareholders who hold their New Shares as business assets applies accordingly (see Section "*24.2.1 Taxation of capital gains for German tax resident shareholders who hold their New Shares as business assets*"), provided that a German Disbursing Agent may only refrain from levying withholding tax, if the shareholder declares to the German Disbursing Agent in an officially prescribed form that the New Shares are held as assets of a German business, and certain further prerequisites are fulfilled.

24.3 Special rules for credit institutions, financial services institutions, financial enterprises as well as life insurance and health insurance companies and pension funds

If credit institutions and financial services institutions hold or sell New Shares which are allocable to their trading portfolio (*Handelsbestand*) within the meaning of the HGB then neither the exemption from corporate income tax (95%) nor the partial-income method will apply to dividends or capital gains and capital losses arising from the sale of New Shares, i.e., dividends and capital gains are fully subject to corporate income tax and correspondingly capital losses can be offset in full for tax purposes. The same applies for financial companies within the meaning of the German Banking Act if credit institutions or financial services institutions hold, directly or indirectly, a participation of more than 50% in such financial company and if the New Shares have to be recorded in the current assets (*Umlaufvermögen*) of the financial company at the time of initial recording. The dividends may be exempt from trade tax if a participation of at least 15% is held in the Company's share capital at the beginning of the relevant tax assessment period. Similarly, the 95% exemption for corporate income tax does not apply to dividends paid with respect to, or capital gains and losses arising from the sale of, New Shares held by life insurance and health insurance companies and pension funds which are allocable to capital investments; for these shareholders an exemption from trade tax in case of a participation of at least 15% in the Company's share capital is also not available.

24.4 Inheritance and gift tax

The transfer of New Shares or Subscription Rights to another person upon death or by way of a gift is generally subject to German inheritance tax or gift tax if:

- the decedent, the person making the gift, the heir, the person receiving the gift or the other person acquiring the assets has at the time of the transfer of the assets his domicile or ordinary residence, place of management or registered office in Germany or is a German citizen who has not permanently resided in a foreign country for longer than five years without having a German residence, or
- the New Shares or Subscription Rights belong to business assets of the decedent or the person making the gift for which a permanent establishment was maintained in Germany or for which a permanent representative was appointed, or
- the decedent or the person making the gift, either himself or together with other persons related to him, held a direct or indirect participation of at least 10% in the share capital of the Company at the time of the transfer.

The few German double taxation treaties on inheritance tax and gift tax presently in force usually provide that German inheritance tax or gift tax can only be charged in the case of (i) above and also with certain restrictions in case of (ii). Special rules apply to certain German citizens living outside Germany and former German citizens.

24.5 Other taxes

No German capital transfer taxes, value-added taxes, stamp taxes or similar taxes apply to the acquisition, sale or other form of transferring New Shares or Subscription Rights. However, an entrepreneur can opt to pay value-added tax on the sale of New Shares or Subscription Rights, despite being generally exempt from value-added tax, if the New Shares or Subscription Rights are sold to another entrepreneur for the entrepreneur's business. Wealth tax *(Vermögensteuer)* is presently not levied in Germany.

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common Financial Transaction Tax ("**FTT**") in relation to which the negotiations between the member states of the EU which originally intended to introduce the FTT have failed. Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**") have resumed negotiations regarding the introduction of the FTT. Additional member states of the EU may decide to participate. The scope of such tax and the timing of its implementation remain unclear. However, the latest proposal, brought up by finance ministers of Germany and France, dates on 2019. This proposal covered transactions of issued shares of companies seated in one of the participating states with a market capitalisation of over one billion euro. Instead of a comprehensive FTT, this represents a bare taxation of shares. Prospective holders of the New Shares or Subscription Rights are advised to seek their own professional tax advice in relation to the FTT.

25. Financial Information

Page

Unaudited condensed consolidated interim financial statements as of and for the three-month period ended 31 December 2022

Unaudited condensed consolidated Interim Financial Statements

Unaudited condensed consolidated Income Statement of TUI AG for the period from 1 Oct 2022 to 31 Dec 2022

€ million	Notes	**Q1 2023**	Q1 2022
Revenue	(1)	3,750.5	2,369.2
Cost of sales	(2)	3,661.4	2,472.4
Gross profit / loss		**89.2**	**- 103.2**
Administrative expenses	(2)	242.6	201.7
Other income	(3)	6.0	26.2
Other expenses	(4)	5.8	0.9
Impairment (+) / Reversal of impairment (-) of financial assets	(19)	0.8	- 4.3
Financial income	(5)	18.4	20.8
Financial expense	(5)	132.5	147.8
Share of result of investments accounted for using the equity method	(6)	- 4.4	- 2.3
Earnings before income taxes		**- 272.6**	**- 404.5**
Income taxes (expense (+), income (-))	(7)	- 40.8	- 17.9
Group loss		**- 231.8**	**- 386.5**
Group loss attributable to shareholders of TUI AG		- 256.1	- 384.3
Group profit / loss attributable to non-controlling interest	(8)	24.3	- 2.3

Earnings per share

€	**Q1 2023**	Q1 2022
Basic and diluted loss / earnings per share	- 0.14	- 0.27

Unaudited condensed consolidated Statement of Comprehensive Income of TUI AG for the period from 1 Oct 2022 to 31 Dec 2022

€ million	**Q1 2023**	Q1 2022
Group loss	**- 231.8**	**- 386.5**
Remeasurements of defined benefit obligations and related fund assets	- 123.7	72.6
Fair value profit / loss on investments in equity instruments designated as at FVTOCI	1.1	- 0.3
Income tax related to items that will not be reclassified (expense (-), income (+))	30.9	- 18.1
Items that will not be reclassified to profit or loss	**- 91.7**	**54.2**
Foreign exchange differences	- 101.3	3.7
Foreign exchange differences outside profit or loss	- 101.3	3.7
Cash flow hedges	- 136.3	- 3.9
Changes in the fair value	- 116.3	- 2.5
Reclassification	- 20.0	- 1.4
Other comprehensive income of investments accounted for using the equity method that may be reclassified	- 1.0	2.8
Changes in the measurement outside profit or loss	- 1.0	2.8
Income tax related to items that may be reclassified (expense (-), income (+))	34.7	0.6
Items that may be reclassified to profit or loss	**- 203.8**	**3.2**
Other comprehensive income	**- 295.6**	**57.4**
Total comprehensive income	**- 527.3**	**- 329.1**
attributable to shareholders of TUI AG	- 530.8	- 331.9
attributable to non-controlling interest	3.5	2.8

Unaudited condensed consolidated Statement of Financial Position of TUI AG as at 31 Dec 2022

€ million	Notes	31 Dec 2022	30 Sep 2022
Assets			
Goodwill	(9)	2,952.0	2,970.6
Other intangible assets		515.9	507.6
Property, plant and equipment	(10)	3,414.7	3,400.9
Right-of-use assets	(11)	2,741.2	2,971.5
Investments in joint ventures and associates		745.2	785.4
Trade and other receivables	(12), (19)	156.0	131.6
Derivative financial instruments	(19)	3.3	26.6
Other financial assets	(19)	11.5	10.6
Touristic payments on account		133.0	138.0
Other non-financial assets		124.8	169.7
Income tax assets		17.2	17.2
Deferred tax assets		277.0	222.0
Non-current assets		**11,091.9**	**11,351.7**
Inventories		56.6	56.1
Trade and other receivables	(12), (19)	897.4	1,011.8
Derivative financial instruments	(19)	90.7	232.5
Other financial assets	(19)	85.0	85.8
Touristic payments on account		616.3	619.6
Other non-financial assets		134.5	135.4
Income tax assets		27.5	23.1
Cash and cash equivalents	(19)	1,542.7	1,736.9
Assets held for sale	(13)	31.0	2.7
Current assets		**3,481.8**	**3,903.8**
Total assets		**14,573.7**	**15,255.5**

Unaudited condensed consolidated Statement of Financial Position of TUI AG as at 31 Dec 2022

€ million	Notes	31 Dec 2022	30 Sep 2022
Equity and liabilities			
Subscribed capital		1,785.2	1,785.2
Capital reserves		6,085.9	6,085.9
Revenue reserves		- 8,980.3	- 8,432.7
Silent participation		420.0	420.0
Equity before non-controlling interest		**- 689.2**	**- 141.6**
Non-controlling interest		790.8	787.3
Equity	(18)	**101.6**	**645.7**
Pension provisions and similar obligations	(14)	622.9	568.2
Other provisions		801.8	755.0
Non-current provisions		**1,424.6**	**1,323.2**
Financial liabilities	(15), (19)	3,660.2	1,731.4
Lease liabilities	(16)	2,270.5	2,508.7
Derivative financial instruments	(19)	0.2	3.2
Other financial liabilities	(17), (19)	2.6	2.8
Other non-financial liabilities		256.8	165.2
Income tax liabilities		10.6	11.1
Deferred tax liabilities		52.2	121.2
Non-current liabilities		**6,253.1**	**4,543.8**
Non-current provisions and liabilities		**7,677.7**	**5,867.0**
Pension provisions and similar obligations	(14)	32.5	33.1
Other provisions		413.0	541.0
Current provisions		**445.5**	**574.2**
Financial liabilities	(15), (19)	291.6	319.9
Lease liabilities	(16)	665.4	698.8
Trade payables	(19)	2,003.3	3,316.5
Derivative financial instruments	(19)	110.8	57.5
Other financial liabilities	(17), (19)	122.9	174.6
Touristic advance payments received		2,627.3	2,998.9
Other non-financial liabilities		460.2	519.9
Income tax liabilities		67.3	82.3
Current liabilities		**6,348.8**	**8,168.6**
Current provisions and liabilities		**6,794.4**	**8,742.7**
Total equity, liabilities and provisions		**14,573.7**	**15,255.5**

Unaudited condensed consolidated Statement of Changes in Equity of TUI AG for the period from 1 Oct 2022 to 31 Dec 2022

€ million	Subscribed capital	Capital reserves	Revenue reserves	Silent participation	Equity before non-controlling interest	Non-controlling interest	Total
Balance as at 1 Oct 2021	**1,099.4**	**5,249.6**	**- 8,525.7**	**1,091.0**	**- 1,085.8**	**667.3**	**- 418.4**
Share-based payment schemes	-	-	0.2	-	0.2	-	0.2
Capital increase	523.5	583.0	-	-	1,106.5	-	1,106.5
Group loss for the year	**-**	**-**	**- 384.3**	**-**	**- 384.3**	**- 2.3**	**- 386.6**
Foreign exchange differences	-	-	- 1.2	-	- 1.2	5.0	3.8
Financial assets at FVTOCI	-	-	- 0.3	-	- 0.3	-	- 0.3
Cash flow hedges	-	-	- 3.9	-	- 3.9	-	- 3.9
Remeasurements of defined benefit obligations and related fund assets	-	-	72.6	-	72.6	-	72.6
Other comprehensive income of investments accounted for using the equity method	-	-	2.8	-	2.8	-	2.8
Taxes attributable to other comprehensive income	-	-	- 17.5	-	- 17.5	-	- 17.5
Other comprehensive income	**-**	**-**	**52.5**	**-**	**52.5**	**5.0**	**57.5**
Total comprehensive income	-	-	- 331.8	-	- 331.8	2.7	- 329.1
Balance as at 31 Dec 2021	**1,622.9**	**5,832.5**	**- 8,857.3**	**1,091.0**	**- 310.8**	**669.9**	**359.1**
Balance as at 1 Oct 2022	**1,785.2**	**6,085.9**	**- 8,432.7**	**420.0**	**- 141.6**	**787.3**	**645.7**
Coupon on silent participation	-	-	- 16.8	-	- 16.8	-	- 16.8
Group profit/loss for the year	**-**	**-**	**- 256.1**	**-**	**- 256.1**	**24.3**	**- 231.8**
Foreign exchange differences	-	-	- 80.4	-	- 80.4	- 20.9	- 101.3
Financial assets at FVTOCI	-	-	1.1	-	1.1	-	1.1
Cash flow hedges	-	-	- 136.3	-	- 136.3	-	- 136.3
Remeasurements of defined benefit obligations and related fund assets	-	-	- 123.7	-	- 123.7	-	- 123.7
Other comprehensive income of investments accounted for using the equity method	-	-	- 1.0	-	- 1.0	-	- 1.0
Taxes attributable to other comprehensive income	-	-	65.6	-	65.6	-	65.6
Other comprehensive income	**-**	**-**	**- 274.7**	**-**	**- 274.7**	**- 20.9**	**- 295.6**
Total comprehensive income	-	-	- 530.8	-	- 530.8	3.4	- 527.4
Balance as at 31 Dec 2022	**1,785.2**	**6,085.9**	**- 8,980.3**	**420.0**	**- 689.2**	**790.7**	**101.6**

Unaudited condensed consolidated Cash Flow Statement of TUI AG for the period from 1 Oct 2022 to 31 Dec 2022

€ million	Notes	**Q1 2023**	Q1 2022
Group loss		- 231.8	- 386.5
Depreciation, amortisation and impairment (+) / write-backs (-)		216.7	216.0
Other non-cash expenses (+) / income (-)		12.7	9.8
Interest expenses		129.5	138.8
Dividends from joint ventures and associates		2.2	0.1
Profit (-) / loss (+) from disposals of non-current assets		- 4.0	- 24.5
Increase (-) / decrease (+) in inventories		- 1.1	0.2
Increase (-) / decrease (+) in receivables and other assets		310.2	- 87.7
Increase (+) / decrease (-) in provisions		- 120.6	- 53.2
Increase (+) / decrease (-) in liabilities (excl. financial liabilities)		- 1,984.6	- 777.3
Cash inflow / cash outflow from operating activities	(22)	**- 1,670.9**	**- 964.6**
Payments received from disposals of property, plant and equipment and intangible assets		9.9	58.5
Payments received/made from disposals of consolidated companies (less disposals of cash and cash equivalents due to divestments)		- 0.7	- 2.2
Payments received/made from disposals of other non-current assets		72.8	- 23.6
Payments made for investments in property, plant and equipment and intangible assets		- 228.6	- 85.8
Payments made for investments in other non-current assets		- 0.9	-
Cash inflow / cash outflow from investing activities	(22)	**- 147.6**	**- 53.2**
Payments received from capital increase by issuing new shares		-	1,106.5
Coupon on silent participation (dividends)		- 16.8	-
Payments received from the raising of financial liabilities		1,984.3	284.8
Payments made for redemption of loans and financial liabilities		- 47.7	- 77.9
Payments made for principal of lease liabilities		- 162.8	- 141.8
Interest paid		- 122.3	- 94.4
Cash inflow / cash outflow from financing activities	(22)	**1,634.7**	**1,077.2**
Net change in cash and cash equivalents		**- 183.7**	**59.4**
Development of cash and cash equivalents	(22)		
Cash and cash equivalents at beginning of period		**1,736.9**	**1,586.1**
Change in cash and cash equivalents due to exchange rate fluctuations		- 10.6	3.8
Net change in cash and cash equivalents		- 183.7	59.4
Cash and cash equivalents at end of period		**1,542.7**	**1,649.3**

Notes

General

The TUI Group and its major subsidiaries and shareholdings operate in tourism. TUI AG, based in Karl-Wiechert-Allee 4, 30625 Hanover, Germany, is the TUI Group's parent company and a listed corporation under German law. The Company is registered in the commercial registers of the district courts of Berlin-Charlottenburg (HRB 321) and Hanover (HRB 6580), Germany. The shares in TUI AG are traded on the London Stock Exchange and the Hanover and Frankfurt Stock Exchanges. In this document, the term "TUI Group" represents the consolidated group of TUI AG and its direct and indirect investments. Additionally, the unaudited condensed consolidated interim financial statements of TUI AG are referred to as "Interim Financial Statements", the unaudited condensed consolidated income statement of TUI AG is referred to as "income statement", the unaudited condensed consolidated statement of financial position of TUI AG is referred to as "statement of financial position", the unaudited condensed consolidated statement of comprehensive income of TUI AG is referred to as "statement of comprehensive income" and the unaudited condensed consolidated statement of changes in equity of TUI AG is referred to as "statement of changes in equity".

The Interim Financial Statements cover the period from 1 October 2022 to 31 December 2022. The Interim Financial Statements are prepared in euros. Unless stated otherwise, all amounts are stated in million euros (€m). TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months.

The Interim Financial Statements were approved for publication by the Executive Board of TUI AG on 13 February 2023.

Accounting principles

Declaration of compliance

The consolidated interim financial report for the period ended 31 December 2022 comprise the Interim Financial Statements and the Interim Management Report in accordance with section 115 of the German Securities Trading Act (WpHG).

The Interim Financial Statements were prepared in conformity with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the relevant interpretations of the IFRS Interpretation Committee (IFRS IC) for interim financial reporting applicable in the European Union.

In accordance with IAS 34, the Interim Financial Statements are published in a condensed form compared with the consolidated annual financial statements and should therefore be read in combination with TUI Group's consolidated financial statements for financial year 2022. The Interim Financial Statements were reviewed by the Group's auditor.

Going concern reporting in accordance with the UK Corporate Governance Code

The TUI Group covers its day-to-day working capital requirements through cash on hand, balances with and borrowings from banks. TUI Group's net debt (financial debt plus lease liabilities less cash and cash equivalents and less short-term interest-bearing cash investments) as of 31 December 2022 was €5.3bn (as at 30 September 2022 €3.4bn).

Net debt

€ million	31 Dec 2022	30 Sept 2022	Var. %
Financial debt	3,951.8	2,051.3	+ 92.6
Lease liabilities	2,935.8	3,207.5	- 8.5
Cash and cash equivalents	1,542.7	1,736.9	- 11.2
Short-term interest-bearing investments	85.0	85.8	- 0.9
Net debt	**-5,259.9**	**-3,436.2**	**+ 53.1**

The global travel restrictions to contain COVID-19 have had a continuous negative impact on the Group's earnings and liquidity development since the end of March 2020. To cover the resulting liquidity needs, the Group has carried out various financing measures in the financial years 2020 to 2022, which, in addition to three capital increases, the use of the banking and capital markets and cash inflows from the sale of assets, also include financing measures from the Federal Republic of Germany in the form of a KfW credit line initially totalling €2.85bn, an option bond from the Economic Stabilisation Fund (WSF) totalling €150m and two silent participations from the WSF initially totalling €1.091bn.

In financial year 2022, TUI reduced KfW's credit line to €2.1bn in various steps. In addition, 913 of the 1,500 bonds with warrants issued to WSF were redeemed and the silent participation II of the WSF of €671.0m was repaid in full ahead of schedule. Including the coupons to be shown as dividends, TUI repaid €725.4m to WSF. Following full re-payment and termination of the KfW credit line, TUI has to pay remuneration to the German state for the coupons saved by the early repayment of Silent Participation II.

In the IFRS consolidated financial statements, the silent participations are reported as equity due to their nature and are therefore not included in the Group's net debt. The financing measures are described in detail in the annual reports for the past three financial years.

As at 31 December 2022, TUI Group's revolving credit facilities totalled €3.74bn. They have a term until summer 2024 and comprised the following

- €1.64bn credit line from 20 private banks (incl. €190m guarantee line)
- €2.1bn KfW credit line.

With regard to the KfW credit lines, it was agreed that TUI AG would use 50% of individual cash inflows exceeding €50m, for example from capital measures or disposals of assets or companies, to reduce the financing granted to TUI AG to bridge the effects of COVID-19; there is no maximum limit.

TUI AG's €1.64bn credit line from private banks and KfW credit line are subject to compliance with certain financial target values (covenants) for debt coverage and interest coverage, the review of which is carried out on the basis of the last four reported quarters at the end of the financial year or the half-year of a financial year. Against the back-drop of the ongoing pressures from the COVID-19 pandemic, the review has only been resumed in September 2022 and TUI was in full compliance. In addition, higher limits are to be applied on the first two cut-off dates before nor-malised limits have to be complied with from September 2023.

On 13 December 2022, TUI has concluded a new agreement with the WSF on the repayment of stabilization measures ("Repayment Agreement"). This agreement regulates the intended complete termination of the stabiliza-tion measures granted by the WSF by means of a right of the Company (i) to repayment of the contribution made by the WSF as a silent partner in January 2021 in the nominal amount of currently €420m ("Silent Participation I") and (ii) to repurchase the warrant-linked bond 2020/2026 ("Warrant Bond") issued by the Company to WSF in the remaining amount of €58.7m as well as the 58,674,899 option rights ("Warrants") originally attached to the warrant bond. In addition, the Repayment Agreement regulates the implementation of capital measures for the purpose of refinancing the aforementioned measures.

Under the Repayment Agreement, the Company is obliged, to the extent permitted by law, to propose to the Gen-eral Meeting a reduction in the Company's share capital from currently approx. €1.785bn to then approx. €179m by consolidating shares at a ratio of ten to one in accordance with the provisions of the German Economic Stabilization

Acceleration Act (Wirtschaftsstabilisierungsbeschleunigungsgesetz - "WStBG"). The amount of the reduction of approx. €1.606bn will be allocated to the Company's capital reserves and will not be distributed to shareholders. The capital reduction shall pave the way for the termination of the stabilization measures and is thus related to the recapitalization of the Company implemented in January 2021. The invitation to the Annual General Meeting, including the full agenda and the corresponding resolution proposals from Company management, has been published in the German Federal Gazette (Bundesanzeiger) and on the Company's website at the beginning of January 2023.

Pursuant to the recapitalization measures adopted in January 2021, WSF has the right to convert Silent Participation I at a conversion price of €1.00 per share into currently up to €420m shares in the Company. In addition, under the Warrants, the WSF has the right to subscribe for currently up to 58,674,899 shares in the Company at an option price of 1.00 € per share, whereby the option price can also be paid by contributing the Warrant Bond.

The repayment agreement provides for a right of the Company to terminate the Silent Participation I in full and to repurchase the remaining Warrant Bond together with all Warrants until 31 December 2023 at a repayment price of €730,113,240.00 plus interest accruing until repayment under the stabilization measures. In economic terms, this price accounts for the existing conversion and option rights of the WSF. If the weighted average stock exchange price of the shares of the Company during the last fifteen calendar days prior to the date of the public announcement of the Refinancing Capital Increase referred to below, as adjusted for the price increase effect of the share consolidation, ("Adjusted Average Price"), is higher than 1.6816€, the repayment price shall be increased in accordance with the repayment agreement as follows: The Adjusted Average Price less a discount of 9.3% shall be multiplied by the total nominal amount of the stabilization measures in the amount of €478.7m, capped at a maximum amount of €957.4m.

WSF undertakes not to exercise its conversion and option rights under Silent Participation I and the Warrants until 31 December 2023. The Company is obliged to exercise its repayment and repurchase right under the Repayment Agreement in the event of successful completion of the Refinancing Capital Increase referred to below. If the stabilization measures are not fully terminated by 31 December 2023, the Company will pay WSF an at market standstill premium.

To finance the repayment of the WSF and thus the termination of the stabilization measures, the Company is obligated under the Repayment Agreement, to the extent permitted by law, to use its best efforts to implement a rights issue capital increase from the Authorized Capital 2022/I existing pursuant to Art. 4 par. 5 of the Articles of Association in the amount of approx. €162m and from Authorized Capital 2022/II existing pursuant to Art. 4 par. 7 of the Articles of Association in the amount of approx. €627m ("Refinancing Capital Increase"). This obligation applies for a period starting from the effective date of the capital reduction referred to above until 31 December 2023 – subject to the positive assessment of the then prevailing capital market conditions by the Board of Management and Supervisory Board. The proceeds from this Refinancing Capital Increase shall be used primarily for a full repayment of Silent Participation I and a repurchase of the Warrant Bond and the Warrants.

The Company intends to use (i) the proceeds from the exercise of the Authorized Capital 2022/I exclusively for the priority of the full repayment of the WSF and (ii) the proceeds from the exercise of Authorized Capital 2022/II predominantly for a substantial redemption of KfW's credit lines, it being understood that both capital increases shall be carried out simultaneously in one subscription offer.

The effectiveness of the repayment agreement is still subject to confirmation by the European Commission that it does not raise any objections under state aid law. Additionally the General Meeting needs to approve the reduction in the Company's share capital and a rights issue capital increase must have been implemented before the repayment agreement can be closed.

Currently, TUI Group is only marginally effected by the negative financial impact of the COVID-19 pandemic.

Contact restriction measures and travel restrictions were gradually eased in most countries in the first months of the calendar year 2022 and business was fully resumed in all segments. As of April 2022, the entire fleet of the Cruises Segment was in operation, and as of summer 2022, the Hotels & Resorts Segment was able to offer the entire product portfolio. Demand recovered very robustly, albeit later than assumed in the previous year's planning due to the travel restrictions in place at the beginning of the financial year 2022. In the Cruises segment, the recovery in demand started later than in the other segments. A more short-term booking behaviour continues to be observed.

From the Executive Board's perspective, despite the existing risks, TUI Group currently has and will continue to have sufficient funds, resulting from both borrowings and operating cash flows, to meet its payment obligations and to ensure the going concern of the company accordingly in the foreseeable future. In this context, the Executive Board assumes that the credit lines expiring in summer 2024 will be refinanced. Therefore, as at 31 December 2022, the Executive Board does not identify any material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

In its assessment, the Executive Board assumes that booking behaviour in the 2023 financial year will largely correspond to the pre-pandemic level. The Executive Board assumes that travel behaviour will not be affected by further long-term closures and lockdowns or by the impact of Russia's war of aggression against Ukraine.

The Executive Board does not consider the remaining risk with regard to a further pandemic / war-related change in booking behaviour to be a threat to the company's existence. Nevertheless, the TUI Group's performance might be impaired by the following factors. The intensified general price increase of recent months could continue, in particular due to rising energy costs, and lead to a significant reduction in the private budget available for travel services, thus lowering purchasing power and resulting in declining customer demand. In addition, a permanent increase in fuel costs as well as other services, especially those we purchase in US dollars, could lead to an increase in our input costs. Further burdens could result from continued or increased flight disruptions. If these risks were to materialise, compliance with the financial covenants as at 31 March 2023 and 30 September 2023 could be jeopardised. The Executive Board considers the simultaneous occurrence of these risks to be very unlikely and therefore assumes that the financial targets (covenants) will be met.

In accordance with Regulation 30 of the UK Corporate Governance Code, the Executive Board confirms that, in its opinion, it is appropriate to prepare the consolidated interim financial statements on a going concern basis.

Accounting and measurement methods

The preparation of the Interim Financial Statements requires management to make estimates and judgements that affect the reported values of assets, liabilities and contingent liabilities at the balance sheet date and the reported values of revenues and expenses during the reporting period.

Both the recent development of the pandemic and current trading for the summer programme have confirmed the business performance guidance provided by TUI at the end of financial year 2022. Additionally a risk assessment was performed for the Group's assets to identify any indications of impairment as at 31 December 2022. On the basis of that assessment, TUI does not see any indication that the Group's assets may generally be impaired.

The accounting and measurement methods adopted in the preparation of the Interim Financial Statements as at 31 December 2022 are materially consistent with those followed in preparing the annual consolidated financial statements for the financial year ended 30 September 2022, except for the initial application of new or amended standards, as outlined below.

The income taxes were recorded based on the best estimate of the weighted average tax rate that is expected for the whole financial year.

The repayment agreement with the WSF has not been recognized as per 31. December 2022 as the conditions for its effectiveness and closing have not yet been met and as it is not sufficiently certain at this time that they will be met. For further details on the repayment agreement please see 'Going concern reporting in accordance with the UK Corporate Governance Code'.

Newly applied standards

Since the beginning of financial year 2023, TUI Group has initially applied the following standards, amended by the IASB and endorsed by the EU, on a mandatory basis:

Newly applied standards in financial year 2023

Standard	Applicable from	Amendments	Impact on financial statements
Amendments to IAS 37 Onerous Contracts	1 Jan 2022	The amendments specify which costs to include in assessing whether a contract is onerous. The amendments clarify that the cost of fulfilling a contract consists of the direct cost of the contract representing either the incremental costs of fulfilling the contract or an allocation of other costs that relate directly to fulfilling the contract.	No impacts to the Q1 interim reporting. For the current financial year no material impacts are expected.
Amendments to IAS 16 Proceeds before Intended Use	1 Jan 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity has to recognise the proceeds from selling such items, and the cost of producing those items, in profit or loss.	No impacts.
Amendments to IFRS 3 Reference to the Conceptual Framework	1 Jan 2022	The amendments update a reference to the Conceptual Framework in IFRS 3 without changing the accounting requirements for business combinations.	No impacts.
Various amendments to IFRS (2018-2020)	1 Jan 2022	The amendments resulting from the Annual Improvements 2018-2020 Cycle include small amendments to IFRS 1, IFRS 9, IAS 41, and the Illustrative Examples accompanying IFRS 16.	No major impacts.

Group of consolidated companies

The Interim Financial Statements include all material subsidiaries over which TUI AG has control. Control requires TUI AG to have decision-making power over the relevant activities, be exposed to variable returns or have entitlements regarding the returns, and can affect the level of those variable returns through its decision-making power.

The Interim Financial Statements as of 31 December 2022 comprised a total of 270 subsidiaries of TUI AG.

Development of the group of consolidated companies* and the Group companies measured at equity

	Consolidated subsidiaries	Associates	Joint ventures
Number at 30 Sep 2022	**268**	**17**	**27**
Additions	2	-	-
Incorporation	1	-	-
Demerger	1	-	-
Disposals	-	-	-
Number at 31 Dec 2022	**270**	**17**	**27**

* excl. TUI AG

Acquisitions – Divestments

Acquisitions in the period under review

In 3M 2023, no companies were acquired.

No acquisitions were made after the reporting date.

Acquisitions of the prior financial year

In financial year 2022, no companies were acquired under IFRS 3.

Divestments

In 3M 2023, no companies were sold.

No divestments took place after the reporting date.

Notes to the unaudited condensed consolidated Income Statement

In the first three months of financial year 2023, TUI Group's business volume was significantly higher than in Q1 2022 which was still impacted by measures to contain the spread of COVID-19. TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months. In addition to seasonality, the winter season of the previous year was also negatively affected by the impact of the COVID 19 pandemic.

(1) Revenue

In the first three months of the financial year 2023, consolidated revenue increased by €1.4bn year-on-year to €3.8bn.

External revenue allocated by destinations for the period from 1 Oct 2022 to 31 Dec 2022

€ million	Spain (incl. Canary Islands)	Other European destinations	Caribbean, Mexico, USA & Canada	North Africa & Turkey	Rest of Africa, Ind. Ocean, Asia	Other countries	**Q1 2023 Revenues from contracts with customers**	Other	**Q1 2023 Total**
Hotels & Resorts	89.3	10.8	53.4	13.1	44.3	-	210.9	-	210.9
Cruises	46.7	18.3	50.2	-	-	-	115.2	-	115.2
TUI Musement	30.9	36.6	33.6	7.7	19.1	13.5	141.4	-	141.4
Holiday experiences	166.9	65.7	137.2	20.8	63.4	13.5	467.5	-	467.5
Northern Region	427.0	243.6	334.4	160.3	168.6	7.8	1,341.7	1.4	1,343.1
Central Region	388.1	278.1	106.0	332.4	244.6	1.6	1,350.8	0.3	1,351.1
Western Region	167.9	76.7	129.9	89.3	66.0	3.7	533.5	1.4	534.9
Markets & Airlines	983.0	598.4	570.3	582.0	479.2	13.1	3,226.0	3.1	3,229.1
All other segments	0.5	5.0	2.0	2.4	41.0	3.0	53.9	-	53.8
Total	**1,150.4**	**669.1**	**709.5**	**605.2**	**583.6**	**29.6**	**3,747.4**	**3.1**	**3,750.5**

External revenue allocated by destinations for the period from 1 Oct 2021 to 31 Dec 2021

€ million	Spain (incl. Canary Islands)	Other European destinations	Caribbean, Mexico, USA & Canada	North Africa & Turkey	Rest of Africa, Ind. Ocean, Asia	Other countries	**Q1 2022 Revenues from contracts with customers**	Other	**Q1 2022 Total**
Hotels & Resorts	91.7	11.7	50.5	10.9	33.5	-	198.3	-	198.3
Cruises	18.6	3.1	12.3	-	-	0.2	34.2	-	34.2
TUI Musement	16.4	22.4	16.9	3.3	5.4	1.9	66.3	-	66.3
Holiday experiences	126.7	37.2	79.7	14.2	38.9	2.1	298.8	-	298.8
Northern Region	245.3	148.6	143.6	47.3	63.9	2.7	651.4	0.8	652.2
Central Region	325.6	335.4	51.0	192.9	79.7	0.3	984.9	0.2	985.1
Western Region	194.1	75.3	97.0	21.9	26.9	0.4	415.6	0.4	416.1
Markets & Airlines	765.0	559.3	291.6	262.1	170.5	3.4	2,051.9	1.4	2,053.4
All other segments	0.9	4.5	0.9	0.9	7.9	2.0	17.1	-	17.0
Total	**892.6**	**601.0**	**372.2**	**277.2**	**217.3**	**7.5**	**2,367.8**	**1.4**	**2,369.2**

(2) Cost of sales and administrative expenses

Cost of sales relates to the expenses incurred in the provision of tourism services. In addition to the expenses for staff costs, depreciation, amortisation, rental and leasing, it includes all costs incurred by TUI Group in connection with the procurement and delivery of airline services, hotel accommodation and cruises and distribution costs.

Due to the increased business volume, the cost of sales increased by 48.1% to €3.7bn in 3M 2023.

Government Grants

€ million	**Q1 2023**	Q1 2022
Cost of Sales	-	11.5
Administrative expenses	0.2	13.5
Total	**0.2**	**25.0**

In the prior year, government grants were awarded due to the measures in place to contain the COVID-19 pandemic. When these measures ended in financial year 2022, the various aid programmes were also terminated. The government grants reported under cost of sales and administrative expenses include in particular grants for wages and salaries as well as social security contributions directly reimbursed to the relevant company. In addition, a number of Group companies have received government grants, e. g. in the form of grants for fixed costs.

Administrative expenses comprise all expenses incurred in connection with the performance of administrative functions and break down as follows:

Administrative expenses

€ million	**Q1 2023**	Q1 2022
Staff costs	141.9	135.8
Rental and leasing expenses	3.8	3.5
Depreciation, amortisation and impairment	17.2	21.0
Others	79.8	41.4
Total	**242.6**	**201.7**

The cost of sales and administrative expenses include the following expenses for staff and depreciation/amortisation:

Staff costs

€ million	**Q1 2023**	Q1 2022
Wages and salaries	448.7	394.3
Social security contributions, pension costs and benefits	94.3	83.4
Total	**543.0**	**477.7**

Depreciation/amortisation/impairment

€ million	**Q1 2023**	Q1 2022
Depreciation and amortisation of other intangible assets, property, plant and equipment and right-of-use assets	**212.6**	**218.6**
Impairment of other intangible assets, property, plant and equipment and right-of-use assets	4.2	2.2
Total	**216.8**	**220.8**

The impairments of €4.2m were presented within cost of sales (Q1 2022 €2.2m). In 3M 2023, no reversals of impairment losses were recognized. In the first quarter of the prior year reversals of impairments of €4.9m were recognized, all recorded in cost of sales.

(3) Other income

In the first three months of the financial year 2023 other income mainly includes €4.7m from the disposal of the Jet Set House (Crawley). In the prior year, this item had primarily included income from the disposal of TUI Group companies.

(4) Other expenses

In 3M 2023 other expenses mainly results from the disposal of aircraft assets. In the previous year, other expenses also included losses from the disposal of aircraft assets.

(5) Financial income and financial expenses

The improvement in the net financial result from €-127.0 m in the first three months of the previous year to €-114.1m in the current financial year is mainly the result of less interest expenses.

(6) Share of result of investments accounted for using the equity method

Share of result of investments accounted for using the equity method

€ million	Q1 2023	Q1 2022
Hotels & Resorts	15.8	7.0
Cruises	7.6	- 2.6
TUI Musement	2.9	1.0
Holiday Experiences	26.3	5.4
Northern Region	- 31.0	- 7.1
Central Region	- 0.2	- 0.6
Western Region	0.3	-
Markets & Airlines	- 30.9	- 7.7
All other segments	0.2	-
Total	**- 4.4**	**- 2.3**

(7) Income taxes

The tax income arising in the first three months of 2023 is mainly driven by the seasonality of the tourism business.

(8) Group profit / loss attributable to non-controlling interest

TUI Group's result attributable to non-controlling interests is substantially a gain, primarily relating to RIUSA II Group at an amount of €24.0m (Q1 2022 €2.2m loss).

Notes to the unaudited condensed consolidated Statement of Financial Position

(9) Goodwill

Goodwill decreased by €18.6m€ to €2,952.0m due to foreign exchange translation. The following table presents a breakdown of goodwill by cash generating unit (CGU) at carrying amounts.

Goodwill per cash generating unit

€ million	31 Dec 2022	30 Sep 2022
Northern Region	1,190.7	1,204.7
Central Region	502.3	502.5
Western Region	412.3	412.3
Riu	343.1	343.1
Marella Cruises	288.3	288.8
TUI Musement	168.4	171.4
Other	46.9	47.8
Total	**2,952.0**	**2,970.6**

As at 31 December 2022, a risk assessment of the capitalised goodwill was carried out based on updated information for the current financial year. As part of this assessment, there were no indications that led to a requirement to perform impairment testing of the capitalised goodwill. In this context, please refer to the section 'Accounting and measurement methods'.

(10) Property, plant and equipment

Compared to 30 September 2022 property, plant and equipment increased by €13.8m to €3,414.7m. Additions of €187.8m included €66.1m of acquisitions in the Hotels & Resorts segment. The construction of a new hotel in Mexico and the renovation of hotels in Cape Verde and Mauritius led to additions in the Riu Group totalling €60.5m. In addition, advance payments of €59.1m were made for the future delivery of additional aircraft. Furthermore, additions of €27.5m were attributable to payments on account to carry out maintenance work on cruise ships. Further additions related to the purchase of aircraft engines at €17.0m and of aircraft spare parts at €6.0m. The reclassification of an aircraft from right-of-use assets was the result of the exercise of an existing purchase option and led to an increase in property, plant and equipment of €18.3m.

On the other hand, property, plant and equipment decreased by €96.6m due to foreign exchange translation. Depreciation and amortisation of €61.5m led to a further decrease in property, plant and equipment. The planned sale of two aircraft engines led to a reclassification of €31.3m to assets held for sale. In this context, please refer to the section 'Assets held for sale'.

(11) Right-of-use assets

Compared to 30 September 2022 right-of-use assets decreased by €230.3m to €2,741.2m. The foreign exchange translation led to a decrease in right-of-use assets of €137.1m. Furthermore, depreciation charged of €124.1m led to a decrease in right-of-use assets. The reclassification of an aircraft into property, plant and equipment led to a further reduction of right-of-use assets by €18.3m (in this context, we refer to the section 'Property, plant and equipment'). Disposals also reduced the right-of-use assets by €6.7m.

On the other hand, modifications and reassessments of existing lease contracts increased the right-of-use assets by €57.5m. The increase is mainly due to contract extensions related to leased aircraft (€35.9m) and hotel leases (€13.2).

The corresponding liabilities are explained in the section 'Lease Liabilities'.

(12) Trade and other receivables

The decrease in current trade and other receivables results from reduced security deposits issued to secure advance payment from customers.

(13) Assets held for sale

As at 31 December 2022, two aircraft engines with a total value of €31.0m were classified as held for sale. The sale of the aircraft engines is planned for the beginning of February 2023. During the period under review, there were no reclassifications to assets held for sale.

As at the end of the prior financial year, the building at Jet Set House (Crawley) of TUI Airways Limited was classified as held for sale (€2.7m). The disposal transaction was completed on 3 October 2022. The purchase price payment of £6.5m was made on 3 October 2022.

(14) Pension provisions and similar obligations

The pension provisions for unfunded plans and underfunded plans increased by €54.1m to €655.4m compared to the end of the previous financial year.

The overfunding of funded pension plans reported in other non-financial assets decreased by €44.3m from €163.4m as at 30 September 2022 to €119.1m as at 31 December 2022.

This development is attributable in particular to remeasurement effects due to increased discount rates in the UK compared to 30 September 2022.

(15) Financial liabilities

Non-current financial liabilities increased by €1,928.8m to €3,660.2m compared to 30 September 2022. This increase was primarily attributable to an increase in liabilities to banks related to credit lines with maturity in July 2024 of €1,944.5m.

The main financing instrument is a syndicated revolving credit facility (RCF) between TUI AG and the existing banking syndicate which from 2020, included the KfW. The volume of this revolving credit facility totals €3.555bn at 31 December 2022.

At 31 December 2022, the amounts drawn under the revolving credit facilities totalled €2,449.8m (30 September 2022 €562.0m).

Current financial liabilities decreased by €28.3m to €291.6m at 31 December 2022 compared to €319.9m at 30 September 2022.

For more details on the terms, conditions and the reductions of the credit lines as well as the redemption of the bond with warrants, please refer to the section 'Going Concern Reporting under the UK Corporate Governance Code'.

(16) Lease liabilities

Compared to 30 September 2022, the lease liabilities decreased by €271.6m to €2,935.9m. Payments of €202.4m led to a decline in lease liabilities. Furthermore, lease liabilities decreased by €165.0m due to foreign exchange translation. On the other hand, changes and remeasurements of existing leases resulted in an increase in lease liabilities of €51.3m. In addition, the lease liabilities increased by €42.5m due to interest charges.

(17) Other financial liabilities

The other financial liabilities include touristic advance payments received for tours cancelled because of COVID-19 restrictions of €15.5m (as at 30 September 2022 €16.7m), for which immediate cash refund options exist and which have to be repaid shortly if the customer opts for payment. Further obligations from COVID-19 related cancelled holidays do not exist.

(18) Changes in equity

Overall, equity decreased by €544.1m when compared to 30 September 2022, from €645.7m to €101.6m.

For the Silent Participation I, a coupon for financial year 2022 in the amount of €16.8m was paid to the Economic Stabilisation Fund in December 2022 and reported in line Coupon on silent participation.

In the first three months of the financial year 2023, TUI AG paid no dividend (previous year: no dividend).

The Group loss in the first three months of the financial year 2023 is mainly caused by the seasonality of the tourism business.

The proportion of gains and losses from hedging instruments for effective hedging of future cash flows includes an amount of €-136.3m (pre-tax) carried under other comprehensive income in equity outside profit and loss (previous year €-3.9m).

The revaluation of pension obligations is also recognised under other comprehensive income directly in equity without effect on profit and loss.

(19) Financial instruments

Carrying amounts and fair values according to classes and measurement categories according to IFRS 9 as at 31 Dec 2022

€ million	Carrying amount	Category according to IFRS 9				Fair value of financial instruments
		At amortised cost	Fair value with no effect on profit and loss without recycling	Fair value with no effect on profit and loss with recycling	Fair value through profit and loss	
Assets						
Trade receivables and other receivables						
thereof instruments within the scope of IFRS 9	1,045.6	1,009.6	-	-	36.0	1,039.8
thereof instruments within the scope of IFRS 16	7.8	-	-	-	-	8.1
Derivative financial instruments						
Hedging transactions	29.9	-	-	29.9	-	29.9
Other derivative financial instruments	64.1	-	-	-	64.1	64.1
Other financial assets	96.5	85.0	10.6	-	0.9	93.3
Cash and cash equivalents	1,542.7	1,542.7	-	-	-	1,542.7
Liabilities						
Financial liabilities	3,951.8	3,951.8	-	-	-	3,619.0
Trade payables	2,003.3	2,003.3	-	-	-	2,003.3
Derivative financial instruments						
Hedging transactions	76.6	-	-	76.6	-	76.6
Other derivative financial instruments	34.4	-	-	-	34.4	34.4
Other financial liabilities	125.5	125.5	-	-	-	125.5

Carrying amounts and fair values according to classes and measurement categories according to IFRS 9 as at 30 Sep 2022

€ million	Carrying amount	Category according to IFRS 9				Fair value of financial instruments
		At amortised cost	Fair value with no effect on profit and loss without recycling	Fair value with no effect on profit and loss with recycling	Fair value through profit and loss	
Assets						
Trade receivables and other receivables						
thereof instruments within the scope of IFRS 9	1,133.8	1,027.3	-	-	106.5	1,124.5
thereof instruments within the scope of IFRS 16	9.6	-	-	-	-	9.9
Derivative financial instruments						
Hedging transactions	124.4	-	-	124.4	-	124.4
Other derivative financial instruments	134.7	-	-	-	134.7	134.7
Other financial assets	96.4	85.9	9.6	-	0.9	90.5
Cash and cash equivalents	1,736.9	1,736.9	-	-	-	1,736.9
Liabilities						
Financial liabilities	2,051.3	2,051.3	-	-	-	1,656.7
Trade payables	3,316.5	3,316.5	-	-	-	3,316.5
Derivative financial instruments						
Hedging transactions	27.0	-	-	27.0	-	27.0
Other derivative financial instruments	33.7	-	-	-	33.7	33.7
Other financial liabilities	177.4	177.4	-	-	-	177.4

The amounts shown in the column 'carrying amount' (as shown in the balance sheet) in the tables above can differ from those in the other columns of a particular row since the latter include all financial instruments. That is the latter columns include financial instruments which are part of disposal groups according to IFRS 5. In the balance sheet, financial instruments, which are part of a disposal group, are shown as separate items. If such financial instruments are included, further details on these financial instruments are explained in the section 'Assets held for sale'.

The instruments measured at fair value through other comprehensive income (OCI) within the other financial assets class are investments in companies based on medium to long-term strategic objectives. Recording all short-term fluctuations in the fair value in the income statement would not be in line with TUI Group's strategy; these equity instruments were, therefore, designated as at fair value through OCI.

In the period under review the fair values of current other receivables, current other financial assets and current liabilities to banks were generally determined. This approach is in line with the previous financial year, taking into account yield curves and the respective credit risk premium (credit spread) based on credit rating. As a result, the assumption that the carrying amount approximately corresponds to the fair value due to the short remaining term has been adjusted to the current market conditions due to the COVID-19 pandemic.

The fair values of non-current trade receivables and other receivables correspond to the present values of the cash flows associated with the assets, taking account of current interest parameters which reflect market and counter-party-related changes in terms and expectations. In the case of cash and cash equivalents, current trade receivables, current trade payables and other financial liabilities the carrying amount approximates the fair value due to the short remaining term.

The COVID-19 pandemic significantly impacted TUI's business operations, causing a strong increase in TUI's credit risk premiums. The significant increase in TUI's credit risk has a direct impact on the effectiveness of hedging relationships according to IAS 39 and explicitly on the retrospective hedge effectiveness test, because when calculating retrospective effectiveness, the credit risk is included in the derivative instrument entered into with the counter-party, but not in the hypothetical derivative. As a result, fuel price, interest rate and currency hedges had to be de-designated as they no longer met the effectiveness requirements of IAS 39. All future changes in the value of these de-designated hedges are also taken to the cost of sales respectively in the financial result in the case of interest rate hedges in the income statement through profit and loss and recognised as other derivative financial instruments from the date of the termination of the cash flow hedge accounting. As at 31 December 2022, the fair value of these reclassified fuel price hedges totalled €+16.9m at a nominal volume of €239.5m, while the fair value of the interest rate hedges amounted to €+5.5m at a nominal volume of €300.8m and the fair value of foreign currency hedges totalled €+4.1m at a nominal volume of €46.9m.

Aggregation according to measurement categories under IFRS 9 as at 31 Dec 2022

€ million	Carrying amount of financial instruments Total	Fair Value
Financial assets		
at amortised cost	2,637.3	2,628.3
at fair value – recognised directly in equity without recycling	10.6	10.6
at fair value – through profit and loss	101.0	101.0
Financial liabilities		
at amortised cost	6,080.6	5,747.8
at fair value – through profit and loss	34.4	34.4

Aggregation according to measurement categories under IFRS 9 as at 30 Sep 2022

€ million	Carrying amount of financial instruments Total	Fair Value
Financial assets		
at amortised cost	2,850.1	2,834.9
at fair value – recognised directly in equity without recycling	9.6	9.6
at fair value – through profit and loss	242.1	242.1
Financial liabilities		
at amortised cost	5,545.2	5,150.6
at fair value – through profit and loss	33.7	33.7

Fair value measurement

The table below presents the fair values of recurring, non-recurring and other financial instruments measured at fair value in line with the underlying measurement level. The individual measurement levels have been defined as follows in line with the inputs:

- Level 1: (unadjusted) quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs for the measurement other than quoted market prices included within Level 1 that are observable in the market for the asset or liability, either directly (as quoted prices) or indirectly (derivable from quoted prices).
- Level 3: inputs for the measurement of the asset or liability not based on observable market data.

Hierarchy of financial instruments measured at fair value as at 31 Dec 2022

€ million	Total	Fair value hierarchy Level 1	Level 2	Level 3
Assets				
Other receivables	**36.0**	-	-	36.0
Other financial assets	**11.5**	-	-	11.5
Derivative financial instruments				
Hedging transactions	**29.9**	-	29.9	-
Other derivative financial instruments	**64.1**	-	64.1	-
Liabilities				
Derivative financial instruments				
Hedging transactions	**76.6**	-	76.6	-
Other derivative financial instruments	**34.4**	-	34.4	-

Hierarchy of financial instruments measured at fair value as of 30 Sep 2022

€ million	Total	Fair value hierarchy Level 1	Level 2	Level 3
Assets				
Other receivables	**106.5**	-	-	106.5
Other financial assets	**10.5**	-	-	10.5
Derivative financial instruments				
Hedging transactions	**124.4**	-	124.4	-
Other derivative financial instruments	**134.7**	-	134.7	-
Liabilities				
Derivative financial instruments				
Hedging transactions	**27.0**	-	27.0	-
Other derivative financial instruments	**33.7**	-	33.7	-

At the end of every reporting period, TUI Group checks whether there are any reasons for reclassification to or from one of the measurement levels. Financial assets and financial liabilities are generally transferred out of Level 1 into Level 2 if the liquidity and trading activity no longer indicate an active market. The opposite situation applies to potential transfers out of Level 2 into Level 1. In the reporting period, there were no transfers between Level 1 and Level 2.

Reclassifications from Level 3 to Level 2 or Level 1 are made if observable market price quotations become available for the asset or liability concerned. In the reporting period there were no other transfers from or to Level 3. TUI Group records transfers from or to Level 3 at the date of the obligating event or occasion triggering the transfer.

Level 1 financial instruments

The fair value of financial instruments for which an active market exists is based on quoted prices at the reporting date. An active market exists if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency and these prices represent actual and regularly occurring market transactions on an arm's length basis. These financial instruments are classified as Level 1. The fair values correspond to the nominal amounts multiplied by the quoted prices at the reporting date. Level 1 financial instruments primarily comprise shares in listed companies classified as at fair value through OCI and bonds issued classified as financial liabilities at amortised cost.

Level 2 financial instruments

The fair values of financial instruments not traded in an active market, e.g., over-the-counter (OTC) derivatives, are determined by means of valuation techniques. These valuation techniques make maximum use of observable market data and minimise the use of Group-specific assumptions. If all essential inputs for the determination of the fair value of an instrument are observable, the instrument is classified as Level 2.

If one or several key inputs are not based on observable market data, the instrument is classified as Level 3.

The following specific valuation techniques are used to measure financial instruments:

- For OTC bonds, debt components of warrants and convertible bonds, liabilities to banks, promissory notes and other non-current financial liabilities as well as for current other receivables, current financial liabilities and non-current trade and other receivables, the fair value is determined as the present value of future cash flows, taking account of observable yield curves and the respective credit spread, which depends on the credit rating.
- The fair value of over-the-counter derivatives is determined by means of appropriate calculation methods, e.g. by discounting the expected future cash flows. The forward prices of forward transactions are based on the spot or cash prices, taking account of forward premiums and discounts. The fair values of optional hedges are calculated based on option pricing models. The fair values determined on the basis of the Group's own systems are periodically compared with fair value confirmations of the external counterparties.
- Other valuation techniques, e.g., discounting future cash flows, are used to determine the fair values of other financial instruments.

Level 3 financial instruments

The table below presents the fair values of the financial instruments measured at fair value on a recurring basis, classified as Level 3:

Financial assets measured at fair value in Level 3

€ million	Other receivables IFRS9	Other financial assets IFRS 9
Balance as at 1 Oct 2021	**108.1**	**12.3**
Disposals	- 15.0	-
Total gains or losses for the period	13.4	- 1.4
recognised through profit and loss	13.4	- 0.1
recognised in other comprehensive income	-	- 1.3
Foreign currency effects	-	- 0.4
Balance as at 30 Sep 2022	**106.5**	**10.5**
Balance as at 1 Oct 2022	**106.5**	**10.5**
Disposals	- 70.7	-
payment	- 70.7	-
Total gains or losses for the period	0.2	1.1
recognised through profit and loss	0.2	-
recognised in other comprehensive income	-	1.1
Foreign currency effects	-	- 0.1
Balance as at 31 Dec 2022	**36.0**	**11.5**

Evaluation process

The fair value of financial instruments in level 3 has been determined by TUI Group's financial department using the discounted cash flow method. This involves the market data and parameters required for measurement being compiled or validated. Non-observable input parameters are reviewed based on internally available information and updated if necessary.

In principle, the unobservable input parameters relate to the following parameters: the (estimated) EBITDA margin is in a range between 8.3 % and 24.0 % (30 September 2022: 8.3 % and 24.0 %). The constant growth rate is 1 % (30 September 2022: 1 %). The weighted average cost of capital (WACC) is in a range between 9.62%-10.17 % (30 September 2022: 9.5 %-11.3 %). Due to materiality, no detailed figures have been provided. With the exception of the WACC, there is a positive correlation between the input factors and the fair value.

The increase of the fair values of the Other financial assets in Level 3 mainly results from a valuation effect in the amount of €1.1m and foreign exchange rate effects in the amount of €-0.1m.

The Other receivables according to IFRS 9 in Level 3 at a carrying amount of €36.0 as at 31 December 2022 (as at 30 September 2022 €106.5m) relate to a variable purchase price receivable from the sale of RIU Hotels S.A., carried as a financial instrument in the measurement category at fair value through profit and loss. The fair value is determined using a probability calculation for the future gross operating profit, taking account of contractual entitlements to an additional purchase price demand and an appropriate risk-adjusted discount rate (3.49 %, 30 September 2022: 1.99 to 2.87 %). Gross operating profit is defined as total revenue minus operating expenses. The cash flows from the contractual claims set out in the underlying Memorandum of Understanding depend solely on a number of contractually determined Riu hotels delivering the gross operating profit for calendar year 2023.

The variable purchase price payment varies as a function of delivering the contractually fixed gross operating profit. The maximum amount is limited. At least 90 % of the target gross operating profit contractually agreed for 2023 has to be achieved in order to generate a variable purchase price payment. If the 90 % target is not met, no further purchase price payment will be made. The maximum purchase price payment totals €39.7m. Due to different expectations regarding target achievement, potential purchase price payments vary between €0 and €39.7m.

TUI expects the hotels concerned to deliver around 100 % to 105 % of cumulative gross operating profit in calendar year 2023. The current planning for the relevant hotels (input parameters) is regularly reviewed by the responsible accounting staff.

Sensitivity analysis shows that an increase in the hotels' gross operating profit of 10 % would result in a change in the present value of the additional purchase price receivable of €2.0m (as at 30 September 2022 €2.0m), while a reduction in gross operating profit of 10 % would result in a change in the present value of €-24.4m (as at 30 September 2022 €-24.4m). An interest rate shift of +/-100 basis points would alter the present value of the purchase price receivable by €0.4m (as at 30 September 2022 €0.5m).

Effects on results
The effects of remeasuring financial assets carried at fair value through OCI as well as the effective portions of changes in fair values of derivatives designated as cash flow hedges are listed in the statement of changes in equity.

(20) Contingent liabilities
As at 31 December 2022, contingent liabilities amounted to €89.6m (as at 30 September 2022 €93.5m). They are mainly attributable to the granting of guarantees for the benefit of hotel and cruises activities and the granting of guarantees for contingent liabilities from aircraft leasing agreements. The contingent liabilities are reported at an amount representing the best estimate of the expenditure required to meet the potential obligation at the balance sheet date.

(21) Other financial commitments

Nominal values of other financial commitments

€ million	**31 Dec 2022**	30 Sep 2022
Order commitments in respect of capital expenditure	2,218.7	2,291.4
Other financial commitments	98.3	129.2
Total	**2,317.0**	**2,420.6**

As at 31 December 2022 order commitments in respect of capital expenditure decreased by €72.7m as against 30 September 2022.

The decrease in order commitments is largely attributed to a decline in aircraft obligations. Scheduled payments and the effects of foreign exchange for order commitments denominated in non-functional currencies is to a greater extent partially offset by new aircraft orders undertaken in the period. The commitments for maintenance and repairs which are reported within other financial commitments decreased particularly in the segment Hotels & Resorts due to a reduction of refurbishment projects undertaken.

(22) Note to the unaudited condensed consolidated Cash Flow Statement
The cash flow statement shows the flow of cash and cash equivalents on the basis of a separate presentation of cash inflows and outflows from operating, investing and financing activities. The effects of changes in the group of consolidated companies and of foreign currency translation are eliminated.

In the period under review, cash and cash equivalents decreased by €194.2m to €1,542.7m.

In 3M 2023, the cash outflow from operating activities totalled €1,670.9m (Q1 2022 cash outflow of €964.6m), including an inflow of €6.4m (Q1 2022 €1.3m) from interest payments and €2.2m (Q1 2022 €0.1m) from dividends received from companies measured at equity. Income tax payments resulted in a cash outflow of €28.9m (Q1 2022 €6.1m).

The total cash outflow from investing activities totalled €147.6m (Q1 2022 cash outflow of €53.2m). This amount included a cash outflow for capital expenditure on property, plant and equipment and intangibles of €228.6m. The Group recorded a cash inflow of €9.9m from the divestment of property, plant and equipment and intangible assets. TUI recorded a cash inflow of €70.7m from the earn-out payment in connection with sale of the stakes in Riu Hotels S.A., effected in financial year 2021. A cash inflow of €2.1m resulted from the sale of money market funds.

The cash inflow from financing activities totalled €1,634.7m (Q1 2022 cash inflow of €1,077.2m).

In the financial year under review, TUI AG increased its syndicated credit facility by €1,884.6m. Other TUI Group companies took out loans worth €99.8m. A cash outflow of €210.5m resulted from the redemption of financial liabilities, including an amount of €162.8m for lease liabilities. Interest payments resulted in a cash outflow of €122.3m. TUI AG paid an amount of €16.8m as coupon on Silent Participation I of the German Economic Stabilisation Fund, carried as a dividend.

In addition, cash and cash equivalents decreased by €10.6m (Q1 2022 increase by €3.8m) due to changes in exchange rates.

As at 31 December 2022, cash and cash equivalents worth €637.1m were subject to restrictions (as at 30 September 2022 €526.1m).

On 30 September 2016, TUI AG entered into a long-term agreement to close the gap between the obligations and the fund assets of defined benefit pension plans in the UK. At the balance sheet date, an amount of €66.6m was deposited as security within a bank account (as at 30 September 2022 €66.1m). TUI Group can only use this amount of cash and cash equivalents if it provides alternative collateral.

Furthermore, an amount of €116.1m (as at 30 September 2022 €116.1m) related to cash collateral received, which was deposited with a Belgian subsidiary without acknowledgement of debt by the Belgian tax authorities in financial year 2013 in respect of long-standing litigation over VAT refunds for the period from 2001 to 2011. The purpose was to suspend the accrual of interest for both parties. In order to collateralise a potential repayment, the Belgian government was granted a bank guarantee. Due to the bank guarantee, TUI's ability to dispose of the cash and cash equivalents is restricted.

The remaining €454.5m (as at 30 September 2022 €343.9m) relate to cash and cash equivalents to be deposited due to statutory or regulatory requirements, mainly in order to secure customer deposits and credit card payables.

(23) Reporting segments

Revenue by segment for the period from 1 Oct 2022 to 31 Dec 2022

€ million	External	Group	Q1 2023 Total
Hotels & Resorts	210.9	173.8	384.7
Cruises	115.2	-	115.2
TUI Musement	141.4	64.6	206.0
Consolidation	-	- 0.1	- 0.1
Holiday Experiences	467.5	238.3	705.8
Northern Region	1,343.1	86.6	1,429.7
Central Region	1,351.1	21.2	1,372.3
Western Region	534.9	37.6	572.5
Consolidation	-	- 138.8	- 138.8
Markets & Airlines	3,229.1	6.6	3,235.7
All other segments	53.8	1.5	55.3
Consolidation	-	- 246.3	- 246.3
Total	**3,750.5**	**-**	**3,750.5**

Revenue by segment for the period from 1 Oct 2021 to 31 Dec 2021

€ million	External	Group	Q1 2022 Total
Hotels & Resorts	198.3	84.5	282.8
Cruises	34.2	-	34.2
TUI Musement	66.3	33.9	100.2
Consolidation	-	- 1.2	- 1.2
Holiday Experiences	298.8	117.2	416.0
Northern Region	652.2	76.3	728.5
Central Region	985.1	18.8	1,003.9
Western Region	416.1	35.1	451.2
Consolidation	-	- 128.4	- 128.4
Markets & Airlines	2,053.4	1.8	2,055.2
All other segments	17.0	0.8	17.8
Consolidation	-	- 119.8	- 119.8
Total	**2,369.2**	**-**	**2,369.2**

The segment data shown are based on regular internal reporting to the Executive Board. Since the 2020 fiscal year, the internationally more commonly used earnings measure "underlying EBIT" is used for value-based management. Accordingly, this represents the segment performance indicator within the meaning of IFRS 8.

We define the EBIT in underlying EBIT as earnings before interest, income taxes and expenses from the measurement of the Group's interest rate hedging instruments. Impairment losses on goodwill are by definition included in EBIT.

Underlying EBIT has been adjusted to exclude certain items which, due to their size and frequency of occurrence, make it difficult or distort the assessment of the operating performance of the business areas and the Group. These items include gains and losses on the disposal of financial assets, significant gains and losses on the disposal of assets and significant restructuring and integration expenses. In addition, all effects from purchase price allocations, incidental acquisition costs and contingent purchase price payments are adjusted. Impairment losses on goodwill have also been eliminated in the reconciliation to underlying EBIT.

In 3M 2023, underlying EBIT includes results of investments accounted for using the equity method of €-4.4m (Q1 2022 €-2.3m). For a split up by segments, please refer to Note 6 'Share of result of investments accounted for using the equity method'.

Underlying EBIT by segment

€ million	Q1 2023	Q1 2022
Hotels & Resorts	71.9	61.1
Cruises	0.2	- 31.7
TUI Musement	- 13.0	- 12.7
Holiday Experiences	59.2	16.7
Northern Region	- 122.0	- 171.7
Central Region	- 28.3	- 55.0
Western Region	- 43.7	- 32.4
Markets & Airlines	- 193.9	- 259.0
All other segments	- 18.3	- 31.3
Total	**- 153.0**	**- 273.6**

Impairment on other intangible assets, property, plant and equipment and right of use assets

€ million	Q1 2023	Q1 2022
Hotels & Resorts	3.3	-
Holiday Experiences	3.3	-
Northern Region	0.9	0.5
Central Region	-	1.2
Western Region	-	0.3
Markets & Airlines	0.9	2.0
All other segments	-	0.2
Total	**4.2**	**2.2**

Reconciliation to underlying EBIT of TUI Group

€ million	Q1 2023	Q1 2022
Earnings before income taxes	**- 272.6**	**- 404.5**
plus: Net interest expenses (excluding expense / income from measurement of interest hedges)	110.5	131.6
plus: (Income) expense from measurement of interest hedges	3.4	1.5
EBIT	**- 158.7**	**- 271.4**
Adjustments:		
less: Separately disclosed items	- 0.7	- 9.3
plus: Expense from purchase price allocation	6.4	7.1
Underlying EBIT	**- 153.0**	**- 273.6**

Net income for separately disclosed items of €0.7m included €2m income from the release of restructuring provisions no longer needed in Western Region and €1m release of restructuring provisions no longer needed in TUI Musement for the termination of the Tantur / TUI Russia business in the previous financial year, partly offset by €2m restructuring expenses in All Other Segments.

Net income for the separately disclosed items of €9.3m in Q1 2022 include income of €21m from the sale of the shares in Nordotel S.A, fully consolidated in the Hotels & Resorts segment, to Grupotel S.A., a joint venture of the TUI Group. In addition, restructuring expenses in the Central Region (€9m) and All Other Segments (€3m) segments were adjusted.

Expenses for purchase price allocations of €6.4m (previous year €7.1m) relate in particular to the scheduled amortisation of intangible assets from acquisitions made in previous years.

(24) Related parties

Apart from the subsidiaries included in the Interim Financial Statements, TUI AG, in carrying out its business activities, maintains direct and indirect relationships with related parties. All transactions with related parties were executed on an arm's length basis.

Detailed information on related parties is provided under section 50 in the Notes to the consolidated financial statements 2022.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting and in the accordance with (German) principles of proper accounting, the interim consolidated financial statements give a true and fair view of the assets, 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 financial year.

The Executive Board

Hanover, 13 February 2023

Sebastian Ebel
David Burling
Mathias Kiep
Peter Krueger
Sybille Reiss

The following review report (*Bescheinigung nach prüferischer Durchsicht*) has been issued in the German language on the German version of the condensed interim consolidated financial statements of TUI AG as of and for the three-months period ended December 31, 2022 and the interim Group management report. The interim Group management report is not included in this prospectus.

Review Report

To TUI AG, Berlin/Germany and Hanover/Germany

We have reviewed the condensed interim consolidated financial statements – comprising the condensed income statement, the condensed statement of comprehensive income, the condensed statement of financial position, the condensed statement of changes in equity, the condensed statement of cash flows as well as selected explanatory notes to the consolidated financial statements – and the interim Group management report for the period from 1 October 2022 until 31 December 2022 of TUI AG, Berlin and Hanover, which are part of the financial report under § 115 WpHG section 7 (Wertpapierhandelsgesetz: German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, and of the interim group management in accordance with the requirements of the WpHG applicable to interim Group management reports is the responsibility of the entity's executive board. Our responsibility is to issue a review report on the condensed interim consolidated financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim Group management report in compliance with the German Generally Accepted Standards for the Review of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Those standards require that we plan and perform the review to obtain a limited level of assurance to preclude through critical evaluation that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim Group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim Group management reports. A review is limited primarily to inquiries of personnel of the entity and to analytical procedures applied to financial data and thus provides less assurance than an audit. Since, in accordance with our engagement, we have not performed an audit, we do not express audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of TUI AG, Berlin and Hanover, have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim Group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Hanover/Germany, 13 February 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Annika Deutsch	Elmar Meier
German Public Auditor	German Public Auditor

Audited consolidated financial statements of TUI AG as at and for the fiscal year ended 30 September 2022

Consolidated Financial Statements

Consolidated Income Statement of TUI AG
for the period from 1 Oct 2021 to 30 Sep 2022

€ million	Notes	2022	2021
Revenue	(1)	16,544.9	4,731.6
Cost of sales	(2)	15,613.3	5,955.4
Gross profit/loss		**931.7**	**–1,223.8**
Administrative expenses	(2)	746.3	840.5
Other income	(3)	52.2	250.6
Other expenses	(3)	1.7	11.5
Impairment (+)/Reversals of impairment (–) of financial assets	(41)	7.3	–38.0
Financial income	(4)	35.9	27.3
Financial expenses	(5)	509.5	464.1
Share of result of investments accounted for using the equity method	(6)	100.7	–232.7
Impairment (+)/Reversals of impairment (–) of net investments in joint ventures and associates	(6)	1.6	5.0
Earnings before income taxes		**–145.9**	**–2,461.7**
Income taxes (expense [+], income [–])	(7)	66.7	19.2
Group loss		**–212.6**	**–2,480.9**
Group loss attributable to shareholders of TUI AG	(8)	–277.3	–2,467.2
Group profit/loss attributable to non-controlling interest	(9)	64.6	–13.8

Earnings per share

€	Notes	2022	2021
Basic and diluted loss/earnings per share	(10)	**–0.17**	**–2.58**

Consolidated Statement of Comprehensive Income of TUI AG
for the period from 1 Oct 2021 to 30 Sep 2022

€ million	Notes	2022	2021
Group loss		**–212.6**	**–2,480.9**
Remeasurements of defined benefit obligations and related fund assets		245.5	–257.5
Other comprehensive income of investments accounted for using the equity method that will not be reclassified		–	40.3
Fair value loss on investments in equity instruments designated as at FVTOCI		–1.2	–0.1
Income tax related to items that will not be reclassified (expense [–], income [+])	(11)	–71.8	139.3
Items that will not be reclassified to profit or loss		**172.5**	**–78.0**
Foreign exchange differences		206.1	119.9
Foreign exchange differences outside profit or loss		206.2	71.7
Reclassification		–0.1	48.2
Cash flow hedges		110.7	144.0
Changes in the fair value		130.2	309.1
Reclassification		–19.5	–165.1
Other comprehensive income of investments accounted for using the equity method that may be reclassified		17.0	–22.4
Changes in the measurement outside profit or loss		17.0	–22.4
Income tax related to items that may be reclassified (expense [–], income [+])	(11)	–28.5	–32.1
Items that may be reclassified to profit or loss		**305.3**	**209.5**
Other comprehensive income		**477.8**	**131.5**
Total comprehensive income		**265.1**	**–2,349.4**
attributable to shareholders of TUI AG		144.1	–2,350.3
attributable to non-controlling interest		121.1	0.9

Consolidated Statement of Financial Position of TUI AG as at 30 Sep 2022

€ million	Notes	30 Sep 2022	30 Sep 2021
Assets			
Goodwill	(12)	2,970.6	2,993.1
Other intangible assets	(13)	507.6	498.6
Property, plant and equipment	(14)	3,400.9	3,159.3
Right-of-use assets	(15)	2,971.5	3,009.2
Investments in joint ventures and associates	(16)	785.4	640.5
Trade and other receivables	(17), (41)	131.6	308.7
Derivative financial instruments	(41)	26.6	8.9
Other financial assets	(41)	10.6	12.3
Touristic payments on account	(18)	138.0	107.6
Other non-financial assets	(19)	169.7	183.4
Income tax assets		17.2	9.6
Deferred tax assets	(20)	222.0	291.1
Non-current assets		**11,351.7**	**11,222.3**
Inventories	(21)	56.1	42.8
Trade and other receivables	(17), (41)	1,011.8	471.6
Derivative financial instruments	(41)	232.5	53.4
Other financial assets	(41)	85.8	12.1
Touristic payments on account	(18)	619.6	508.6
Other non-financial assets	(19)	135.4	106.7
Income tax assets		23.1	57.7
Cash and cash equivalents	(22), (41)	1,736.9	1,583.9
Assets held for sale	(23)	2.7	96.5
Current assets		**3,903.8**	**2,933.3**
Total assets		**15,255.5**	**14,155.7**

Consolidated Statement of Financial Position of TUI AG as at 30 Sep 2022

€ million	Notes	30 Sep 2022	30 Sep 2021
Equity and liabilities			
Subscribed capital	(24)	1,785.2	1,099.4
Capital reserves	(25)	6,085.9	5,249.6
Revenue reserves	(26)	–8,432.7	–8,525.7
Silent participation	(27)	420.0	1,091.0
Equity before non-controlling interest		**–141.6**	**–1,085.8**
Non-controlling interest	(29)	787.3	667.3
Equity		**645.7**	**–418.4**
Pension provisions and similar obligations	(30)	568.2	901.9
Other provisions	(31)	755.0	763.6
Non-current provisions		**1,323.2**	**1,665.5**
Financial liabilities	(32), (41)	1,731.4	3,036.1
Lease liabilities	(32), (41)	2,508.7	2,606.1
Derivative financial instruments	(41)	3.2	10.9
Other financial liabilities	(33), (41)	2.8	5.9
Other non-financial liabilities	(35)	165.2	206.3
Income tax liabilities		11.1	56.4
Deferred tax liabilities	(20)	121.2	123.3
Non-current liabilities		**4,543.8**	**6,045.1**
Non-current provisions and liabilities		**5,867.0**	**7,710.5**
Pension provisions and similar obligations	(30)	33.1	33.2
Other provisions	(31)	541.0	539.5
Current provisions		**574.2**	**572.7**
Financial liabilities	(32), (41)	319.9	284.6
Lease liabilities	(32), (41)	698.8	623.3
Trade payables	(41)	3,316.5	2,052.4
Derivative financial instruments	(41)	57.5	12.9
Other financial liabilities	(33), (41)	174.6	313.0
Touristic advance payments received	(34)	2,998.9	2,379.4
Other non-financial liabilities	(35)	519.9	518.0
Income tax liabilities		82.3	56.7
Current liabilities		**8,168.6**	**6,240.3**
Liabilities related to assets held for sale	(36)	–	50.6
Current provisions and liabilities		**8,742.7**	**6,863.6**
Total equity, liabilities and provisions		**15,255.5**	**14,155.7**

Consolidated Statement of Changes in Equity of TUI AG for the period from 1 Oct 2021 to 30 Sep 2022

€ million	Subscribed capital	Capital reserves	Other revenue reserves	Foreign exchange differences	Financial assets at FVTOCI	Cash flow hedges	Revaluation reserve	Revenue reserves	Silent Participation	Equity before non-controlling interest	Non-controlling interest	**Total**
Notes	(24)	(25)						(26)	(27)		(29)	
Balance as at 1 Oct 2020	**1,509.4**	**4,211.0**	**–4,683.4**	**–1,326.0**	**–23.9**	**–148.3**	**12.8**	**–6,168.8**	**–**	**–448.4**	**666.5**	**218.1**
Dividends	–	–	–	–	–	–	–	–	–	–	–0.1	–0.1
Share-based payment schemes	–	–	0.3	–	–	–	–	0.3	–	0.3	–	0.3
Issuance of bonds with warrant and convertible bonds	–	93.9	–	–	–	–	–	–	–	93.9	–	93.9
Capital increase	509.0	26.9	–	–	–	–	–	–	1,091.0	1,626.9	–	1,626.9
Capital reduction	–919.0	917.8	–	–	–	–	–	–	–	–1.2	–	–1.2
Other	–	–	–6.9	–	–	–	–	–6.9	–	–6.9	–	–6.9
Group loss for the year	**–**	**–**	**–2,467.2**	**–**	**–**	**–**	**–**	**–2,467.2**	**–**	**–2,467.2**	**–13.7**	**–2,480.9**
Foreign exchange differences	–	–	–45.2	153.8	–	–3.9	–	104.7	–	104.7	15.2	119.9
Financial assets at FVTOCI	–	–	–	–	–0.1	–	–	–0.1	–	–0.1	–	–0.1
Cash flow hedges	–	–	–	–	–	144.0	–	144.0	–	144.0	–	144.0
Remeasurements of defined benefit obligations and related fund assets	–	–	–257.5	–	–	–	–	–257.5	–	–257.5	–	–257.5
Other comprehensive income of investments accounted for using the equity method	–	–	18.5	–	–	–	–	18.5	–	18.5	–0.6	17.9
Taxes attributable to other comprehensive income	–	–	139.4	–	–	–32.1	–	107.3	–	107.3	–0.0	107.3
Other comprehensive income	**–**	**–**	**–144.8**	**153.8**	**–0.1**	**107.9**	**–**	**116.9**	**–**	**116.9**	**14.6**	**131.5**
Total comprehensive income	–	–	–2,612.0	153.8	–0.1	107.9	–	–2,350.4	–	–2,350.3	0.9	–2,349.4

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Continued from previous page

Consolidated Statement of Changes in Equity of TUI AG for the period from 1 Oct 2021 to 30 Sep 2022

€ million	Subscribed capital	Capital reserves	Other revenue reserves	Foreign exchange differences	Financial assets at FVTOCI	Cash flow hedges	Revaluation reserve	Revenue reserves	Silent Participation	Equity before non-controlling interest	Non-controlling interest	**Total**
Notes	(24)	(25)						(26)	(27)		(29)	
Balance as at 30 Sep 2021	**1,099.4**	**5,249.6**	**–7,301.9**	**–1,172.2**	**–24.0**	**–40.4**	**12.8**	**–8,525.7**	**1,091.0**	**–1,085.8**	**667.3**	**–418.4**
Dividends	–	–	–	–	–	–	–	–	–	–	–0.9	–0.9
Coupon on silent participation	–	–	–51.0	–	–	–	–	–51.0	–	–51.0	–	–51.0
Share-based payment schemes	–	–	–0.2	–	–	–	–	–0.2	–	–0.2	–	–0.2
Acquisition of own shares	–	–0.6	–	–	–	–	–	–	–	–0.6	–	–0.6
Capital increase	685.8	836.9	–	–	–	–	–	–	–	1,522.7	–	1,522.7
Repayment of silent participation	–	–	–	–	–	–	–	–	–671.0	–671.0	–	–671.0
Group loss for the year	**–**	**–**	**–277.3**	**–**	**–**	**–**	**–**	**–277.3**	**–**	**–277.3**	**64.6**	**–212.6**
Foreign exchange differences	–	–	28.7	121.6	0.1	–1.5	–	148.9	–	148.9	57.3	206.2
Financial assets at FVTOCI	–	–	–	–	–1.2	–	–	–1.2	–	–1.2	–	–1.2
Cash flow hedges	–	–	–	–	–	110.7	–	110.7	–	110.7	–	110.7
Remeasurements of defined benefit obligations and related fund assets	–	–	245.5	–	–	–	–	245.5	–	245.5	–	245.5
Other comprehensive income of investments accounted for using the equity method	–	–	17.8	–	–	–	–	17.8	–	17.8	–0.8	17.0
Taxes attributable to other comprehensive income	–	–	–71.8	–	–	–28.5	–	–100.3	–	–100.3	–	–100.3
Other comprehensive income	**–**	**–**	**220.1**	**121.6**	**–1.1**	**80.7**	**–**	**421.3**	**–**	**421.3**	**56.5**	**477.8**
Total comprehensive income	–	–	–57.2	121.6	–1.1	80.7	–	144.1	–	144.1	121.1	265.1
Balance as at 30 Sep 2022	**1,785.2**	**6,085.9**	**–7,410.3**	**–1,050.4**	**–25.2**	**40.4**	**12.8**	**–8,432.8**	**420.0**	**–141.7**	**787.3**	**645.7**

Consolidated Cash Flow Statement of TUI AG for the period from 1 Oct 2021 to 30 Sep 2022

€ million	Notes	**2022**	2021
Group loss		–212.6	–2,480.9
Depreciation, amortisation and impairment (+)/write-backs (–)		883.5	1,012.4
Other non-cash expenses (+)/income (–)		–110.9	163.0
Interest expenses		492.1	461.6
Dividends from joint ventures and associates		0.2	14.2
Profit (–)/loss (+) from disposals of non-current assets		–37.2	–204.4
Increase (–)/decrease (+) in inventories		–16.4	16.2
Increase (–)/decrease (+) in receivables and other assets		–692.1	390.8
Increase (+)/decrease (–) in provisions		–117.8	–137.4
Increase (+)/decrease (–) in liabilities (excl. financial liabilities)		1,889.0	613.2
Cash inflow/cash outflow from operating activities	(43)	**2,077.8**	**–151.3**
Payments received from disposals of property, plant and equipment and intangible assets		180.7	357.9
Payments received/made from disposals of consolidated companies (less disposals of cash and cash equivalents due to divestments)		25.2	105.5
Payments received/made from disposals of other non-current assets		4.3	567.2
Payments made for investments in property, plant and equipment and intangible assets		–515.7	–299.7
Payments made for investments in consolidated companies (less cash and cash equivalents received due to acquisitions)		–	–5.3
Payments made for investments in other non-current assets		–2.7	–21.0
Cash inflow/cash outflow from investing activities	(44)	**–308.2**	**704.7**
Payments received from capital increase by issuing new shares		1,522.7	542.5
Payments received from capital increase through issuance of silent participations		–	1,084.4
Payments made for repayment of the silent participation		–671.0	–
Payments received from capital increase through equity components of the convertible bond and bond with warrants issued		–	116.9
Payments made for acquisition of own shares		–0.6	–1.7
Coupons of the silent participation (dividends)		–51.0	–
Payments received from the raising of financial liabilities		109.4	855.5
Payments made for redemption of loans and financial liabilities		–1,571.3	–1,839.2
Payments made for principal of lease liabilities		–583.6	–587.2
Interest paid		–385.6	–404.8
Cash inflow/cash outflow from financing activities	(45)	**–1,630.9**	**–233.5**
Net change in cash and cash equivalents		**138.6**	**319.8**
Development of cash and cash equivalents	(46)		
Cash and cash equivalents at beginning of period		**1,586.1**	**1,233.1**
Change in cash and cash equivalents due to exchange rate fluctuations		12.2	33.2
Net change in cash and cash equivalents		138.6	319.8
Cash and cash equivalents at end of period		**1,736.9**	**1,586.1**
of which included in the balance sheet as assets held for sale		–	2.2

Notes

Principles and Methods underlying the Consolidated Financial Statements

General

TUI Group and its major subsidiaries and shareholdings operate in tourism.

TUI AG, based in Karl-Wiechert-Allee 4, 30625 Hanover, Germany, is TUI Group's parent company and a listed corporation under German law. The Company is registered in the commercial registers of the district courts of Berlin-Charlottenburg (HRB 321) and Hanover (HRB 6580). The shares in the company are traded on the London Stock Exchange and the Hanover and Frankfurt Stock Exchanges.

These consolidated financial statements of TUI AG were prepared for financial year 2022 comprising the period from 1 October 2021 to 30 September 2022. Where any of TUI's subsidiaries have different financial years, financial statements were prepared as at 30 September in order to include these subsidiaries in TUI AG's consolidated financial statements.

The Executive Board and the Supervisory Board have submitted a Declaration of Compliance with the German Corporate Governance Code required pursuant to section 161 of the German Stock Corporation Act (AktG) and made it permanently available to the general public on the Company's website (https://www.tuigroup.com/en-en).

The consolidated financial statements are prepared in euros. Unless stated otherwise, all amounts are indicated in million euros (€ m). Due to the utilisation of rounded amounts there may be minor rounding differences in total and percentages.

The consolidated financial statements were approved for publication by TUI AG's Executive Board on 12 December 2022.

Accounting principles

DECLARATION OF COMPLIANCE

Pursuant to Regulation EEC No. 1606/2002 of the European Parliament and Council, TUI AG's consolidated financial statements as at 30 September 2022 were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union. Moreover, the commercial-law provisions listed in section 315e (1) of the German Commercial Code (HGB) were also observed in preparing the consolidated financial statements.

The accounting and measurement methods and the explanatory information and Notes to these annual financial statements for financial year 2022 are generally consistent with those followed in preparing the previous consolidated financial statements for financial year 2021, with the exception of the initial application of new or amended standards, as outlined below.

NEWLY APPLIED STANDARDS

Since the beginning of financial year 2022, TUI Group has initially applied the following standards and interpretations, amended or newly issued by the IASB and endorsed by the EU, on a mandatory or voluntary basis:

Newly applied standards in financial year 2022

Standard	Applicable from	Amendments	Impact on financial statements
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform (Phase 2)	1 Jan 2021	The amendments relate to the provision of relief from potential consequences arising from the reform of interbank offered rates (IBORs) such as LIBOR on companies' financial reporting. They address issues that affect financial reporting when an existing interest rate benchmark is actually replaced by an alternative interest rate benchmark as a result of the interest rate benchmark reform.	Not material.

For more information on the impact of the reform of global interest rate benchmarks, please refer to the section 'Interest rate risk' in Note 41.

Going concern reporting according to the UK Corporate Governance Code

TUI Group covers its daily working capital requirements through cash, bank balances and bank loans. As at 30 September 2022, TUI Group's net debt (financial debt plus lease liabilities less cash and cash equivalents and less short-term interest-bearing investments) totalled € 3,436.2 m (as at 30 September 2021 € 4,954.2 m).

Net debt

€ million	30 Sep 2022	30 Sep 2021	Var. %
Financial debt	2,051.3	3,320.8	– 38.2
Lease liabilities (IFRS 16)	3,207.5	3,229.4	– 0.7
Cash and cash equivalents	1,736.9	1,583.9	+ 9.7
Short-term interest-bearing investments	85.8	12.1	+ 609.5
Net debt	**– 3,436.2**	**– 4,954.2**	**+ 30.6**

The global travel restrictions to contain COVID-19 have had a continuous negative impact on the Group's earnings and liquidity development since the end of March 2020. To cover the resulting liquidity needs, the Group has carried out various financing measures already in financial years 2020 and 2021, which, in addition to a capital increase in January 2021, the use of the banking and capital markets and cash inflows from the sale of assets, also include financing measures from the Federal Republic of Germany in the form of a KfW credit line totalling € 2.85 bn, an option bond from the Economic Stabilisation Fund (WSF) totalling € 150 m and two silent participations from the WSF totalling € 1.091 bn. In the IFRS consolidated financial statements, the silent participations are – with the exception of € 11.6 m accumulated interest – reported as equity due to their nature and are therefore not included in the Group's net debt. The financing measures are described in detail in the financial statements for the past two financial years.

With the entry of the new shares in the commercial register on 28 October 2021 and final settlement with the participating banks on 2 November 2021, TUI AG successfully completed another capital increase. The gross issue proceeds totalled around € 1.1 bn. The Group's share capital increased nominally by € 523.5 m to € 1.623 bn.

On 17 May 2022, TUI AG placed 162.3 m new shares with institutional investors in the framework of a capital increase against cash contributions without subscription rights for shareholders by way of an accelerated placement, corresponding to around 10 % of TUI AG's share capital. The gross proceeds of € 425.2 m from the capital increase and available cash were used to fully repay the German government's silent participation II (Economic Stabilisation Fund, 'WSF') of € 671.0 m in full ahead of schedule on 30 June 2022. Including the coupons to be shown as dividends, TUI repaid € 725.4 m to the WSF. As soon as the KfW credit line has been fully repaid and terminated, TUI has to pay remuneration to the German state for the coupons saved by the early repayment of silent participation II.

As at 30 September 2022, TUI Group's credit facilities comprised the following

- € 1.64 bn credit line from 20 private banks (incl. € 190 m guarantee line)
- € 2.1 bn KfW credit line

As at 30 September 2022, TUI Group's revolving credit facilities totalled € 3.74 bn, they have a term until summer 2024.

With regard to the KfW credit lines, it was also agreed that TUI AG would use 50 % of individual cash inflows exceeding € 50 m by 20 July 2022, but not exceeding € 700 m, for example from capital measures or disposals of assets or companies, to reduce the financing granted to TUI AG to bridge the effects of COVID-19. In accordance with this agreement, TUI AG returned the unused credit facility of € 170 m on 1 April 2022. In addition, the volume of unused credit commitments under the KfW credit line as at 31 March 2022 was reduced by € 413.7 m. Finally, 913 of the 1,500 warrant bonds issued to WSF were redeemed. A purchase price of € 91.3 m plus accrued interest and early repayment penalties of € 7.2 m was paid for these. By 30 June 2022, the existing and at that date undrawn KfW credit lines were reduced by a further € 336 m to € 2.1 bn.

For regulatory reasons due to Brexit, the credit line of a British bank (around € 80 m liquid funds and € 25 m guarantee line) could not be extended beyond summer 2022. It was therefore repaid or terminated as of 20 July 2022.

After 20 July 2022, 50 % of individual specific cash inflows exceeding € 50 m must be used to reduce the financing granted to TUI AG to bridge the effects of COVID-19; there is no maximum limit.

TUI AG's € 1.64 bn credit line from private banks and KfW credit line are subject to compliance with certain financial target values (covenants) for debt coverage and interest coverage, the review of which is carried out on the basis of the last four reported quarters at the end of the financial year or the half-year of a financial year. Against the backdrop of the ongoing pressures from the COVID-19 pandemic, the review has only been resumed in September 2022 and TUI was in full compliance. In addition, higher limits are to be applied on the first two cut-off dates before normalised limits have to be complied with from September 2023.

Currently, TUI Group is only marginally effected by the negative financial impact of the COVID-19 pandemic.

Although the number of COVID-19 cases remained high, contact restriction measures and travel restrictions were gradually eased in most countries in the first months of the calendar year and business was fully resumed in all segments. As of April 2022, the entire fleet of the Cruises Segment was in operation, and as of summer 2022, the Hotels & Resorts Segment was able to offer the entire product portfolio. Demand recovered very robustly, albeit later than assumed in the previous year's planning due to the travel restrictions in place at the beginning of the financial year. In the Cruises segment, the recovery in demand started later than in the other segments. A more short-term booking behaviour continues to be observed. The unprecedented restart of business led to flight disruptions, particularly in the UK and the Netherlands, but also in other source markets, which impacted the Group's result. The price increase in the course of the financial year, especially for fuel, and changes in exchange rates could not be fully offset by higher travel prices and additionally burdened the result in the past financial year.

From the Executive Board's perspective, despite the existing risks, TUI Group currently has and will continue to have sufficient funds, resulting from both borrowings and operating cash flows, to meet its payment obligations and to ensure the going concern of the company accordingly in the foreseeable future. In this context, the Executive Board assumes that the credit lines expiring in summer 2024 will be refinanced. Therefore, as at 30 September 2022, the Executive Board does not identify any material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

In its assessment, the Executive Board assumes that booking behaviour in the 2023 financial year will largely correspond to the pre-pandemic level. The Executive Board assumes that travel behaviour will not be affected by further long-term closures and lockdowns or by the impact of Russia's war of aggression against Ukraine.

The Executive Board does not consider the remaining risk with regard to a further pandemic / war-related change in booking behaviour to be a threat to the company's existence. Nevertheless, the TUI Group's performance might be impaired by the following factors. The intensified general price increase of recent months could continue, in particular due to rising energy costs, and lead to a significant reduction in the private budget available for travel services, thus lowering purchasing power and resulting in declining customer demand. In addition, a permanent increase in fuel costs as well as other services, especially those we purchase in US dollars, could lead to an increase in our input costs. Further burdens could result from continued or increased flight disruptions. If these risks were to materialise, compliance with the financial covenants as at 31 March 2023 and 30 September 2023 could be jeopardised. The Executive Board considers the simultaneous occurrence of these risks to be very unlikely and therefore assumes that the financial targets (covenants) will be met.

In accordance with Regulation 30 of the UK Corporate Governance Code, the Executive Board confirms that, in its opinion, it is appropriate to prepare the consolidated financial statements on a going concern basis.

Principles and methods of consolidation

PRINCIPLES

The consolidated financial statements include all significant subsidiaries directly or indirectly controlled by TUI AG. Control exists where TUI AG has power over the relevant activities, is exposed to variable returns or has rights to the returns, and has the ability to affect those variable returns through its power over the investee.

Generally, the control is exercised by means of a direct or indirect majority of voting rights. If TUI Group holds less than the majority of voting rights in a shareholding, it may exercise control due to contractual or similar agreements, as in the case of the participation in the RIUSA II Group. Due to the contractual agreements between the shareholders and the framework agreements with TUI Group as well as the considerable importance of tour operation for the economic success of RIUSA II Group, TUI Group is able to exercise a controlling influence on decisions about the most relevant activities and consequently the amount of returns. TUI Group is subject to variable returns from RIUSA II Group, in particular due to dividend payments and fluctuations in the fair value of the stake itself. RIUSA II Group is therefore consolidated although TUI Group only holds a 50 % equity stake.

In assessing control, the existence and effect of potential voting rights are taken into account that are currently exercisable when decisions about the direction of relevant activities are made. Consolidation of subsidiaries starts from the date TUI gains control. When TUI ceases to control the corresponding companies, they are removed from the group of consolidated companies.

The consolidated financial statements are prepared from the separate or single-entity financial statements of TUI AG and its subsidiaries, drawn up on the basis of uniform accounting, measurement and consolidation methods and usually audited or reviewed by auditors.

Associates for which TUI Group is able to exert significant influence over the financial and operating policy decisions within these companies are accounted for using the equity method. Generally, significant influence is assumed if TUI AG directly or indirectly holds voting rights of between 20 to 50 %.

Stakes in joint ventures are also measured using the equity method. A joint venture is a company managed jointly by TUI Group with one or several partners based on a contractual agreement, in which the parties that jointly exercise control have rights to the company's net assets. Joint ventures also include companies in which TUI Group holds a majority or minority of voting rights but in which decisions about the relevant activities may only be taken on an unanimous basis due to contractual agreements.

The dates on which associates and joint ventures are included in or removed from the group of companies measured at equity are determined in a manner consistent with that applied to subsidiaries. At equity measurement in each case is based on the last annual financial statements available or the interim financial statements as at 30 September if the balance sheet dates differ from TUI AG's balance sheet date. This affects 33 companies with a financial year from 1 January to 31 December, three companies with a financial year from 1 November to 31 October and two companies with a financial year from 1 April to 31 March.

GROUP OF CONSOLIDATED COMPANIES

In financial year 2022, the consolidated financial statements included a total of 268 subsidiaries. The table below presents changes in the number of companies since 1 October 2021.

Development of the group of consolidated companies* and the Group companies measured at equity

€ million	Consolidated subsidiaries	Associates	Joint ventures
Number at 30 Sep 2021	**270**	**18**	**27**
Additions	4	–	–
Incorporation	4	–	–
Disposals	6	1	–
Liquidation	2	1	–
Sale	1	–	–
Merger	3	–	–
Change in ownership stake	–	–	–
Number at 30 Sep 2022	**268**	**17**	**27**

* Excl. TUI AG.

TUI AG's direct and indirect subsidiaries, associates and joint ventures are listed under Other Notes – TUI Group Shareholdings.

31 subsidiaries were not included in the consolidated financial statements. Even when taken together, these companies are of minor significance to the presentation of a true and fair view of the financial position and performance of the Group.

Acquisitions – Divestments

ACQUISITIONS OF THE CURRENT FINANCIAL YEAR

In financial year 2022, no companies were acquired. No acquisitions were made after the balance sheet date.

ACQUISITIONS OF THE PRIOR FINANCIAL YEAR

In financial year 2021, no companies were acquired under IFRS 3.

DIVESTMENTS

On 16 July 2021, a contract was signed with Grupotel dos S. A., a joint venture of TUI Group, to sell Nordotel S. A., a fully consolidated entity within the Hotels & Resorts segment. Accordingly, the assets and liabilities of the disposal group were classified as 'held for sale' in August 2021. The disposal transaction was completed on 5 October 2021. The first purchase price payment of € 50.0 m was made on 21 September 2021. Additional deferred purchase price payments of € 10.2 m and € 20.4 m were originally due one and two years, respectively, after the closing of the transaction, taking account of final purchase price adjustments. The final purchase price adjustment was already performed in September 2022. It resulted in an effect of € – 0.7 m. TUI Group also granted a discount of € – 2.0 m for the provisional payment of the two outstanding purchase price payments. The payment totalling € 27.9 m was made on 28 September 2022. Including foreign exchange effects, the sale of the stake results in a gain of € 19.3 m, carried in Other income.

Condensed balance sheet of Nordotel S. A. divestment as at 5 Oct 2021

€ million	
Assets	
Property, plant and equipment and intangible assets	65.7
Other non-current assets	26.8
Trade receivables	21.2
Other current assets	0.7
Cash and cash equivalents	2.2
	116.6
Provisions and liabilities	
Trade payables	21.2
Touristic advance payments received	4.9
Other current liabilities	31.4
	57.5

No divestments took place after the balance sheet date.

FOREIGN EXCHANGE TRANSLATION

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rates at the date of the transaction. Any gains and losses resulting from the execution of such transactions and the translation of monetary assets and liabilities denominated in foreign currencies at the foreign exchange rate at the date of the transaction are shown in the income statement, with the exception of gains and losses to be recognised in equity as qualifying cash flow hedges.

The annual financial statements of companies are prepared in the respective functional currency. The functional currency of a company is the currency of the primary economic environment in which the company operates.

Where subsidiaries prepare their financial statements in functional currencies other than the Euro, being the Group's reporting currency, the assets and liabilities are translated at the rate of exchange applicable at the balance sheet date (closing rate). Goodwill allocated to these companies and adjustments of the fair value arising on the acquisition of a foreign company are treated as assets and liabilities of the foreign company and also translated at the rate of exchange applicable at the balance sheet date. The items of the income statement and hence the result for the year shown in the income statement are translated at the average rate of the month in which the respective transaction takes place.

Differences arising on the translation of the annual financial statements of foreign subsidiaries are reported outside profit and loss and separately shown as foreign exchange differences in the consolidated statement of changes in equity. When a foreign company or operation is sold, any foreign exchange differences previously included in equity outside profit and loss are recognised as a gain or loss from disposal in the income statement through profit and loss.

Translation differences relating to non-monetary items with changes in their fair values eliminated through profit and loss (e. g. equity instruments measured at their fair value through profit and loss) are included in the income statement. In contrast, translation differences for non-monetary items with changes in their fair values taken to equity (e. g. financial assets at FVTOCI) are included in revenue reserves.

Some TUI Group subsidiaries operate their business in a country that developed into a hyperinflationary economy in the period under review (previous year no Group companies in hyperinflationary economies). As the Euro is the functional currency for these companies, accounting in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies, is not required.

The translation of the financial statements of foreign companies measured at equity follows the same principles for adjusting carrying amounts and translating goodwill as those used for consolidated subsidiaries.

NET INVESTMENT IN A FOREIGN OPERATION

Monetary items receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, essentially constitute part of a net investment in this foreign operation. Foreign exchange differences from the translation of these monetary items are recognised in other comprehensive income. As at 30 September 2022, TUI Group had granted loans of this type in particular to hotel companies in North Africa.

Exchange rates of currencies of relevance to the TUI Group

	Closing rate		Annual average rate	
1 € equivalent	**30 Sep 2022**	30 Sep 2021	**2022**	2021
Sterling	0.88	0.86	0.85	0.87
US dollar	0.98	1.16	1.09	1.20
Swiss franc	0.96	1.08	1.02	1.09
Swedish krona	10.95	10.22	10.43	10.18

CONSOLIDATION METHODS

The recognition of the assets and liabilities of acquired businesses is based on the acquisition method. Accordingly all identifiable assets, all liabilities and certain contingent liabilities assumed are measured at fair value as of the acquisition date. Subsequently, the consideration for the stake is measured at fair value and eliminated against the acquiree's revalued equity attributable to the acquired share. The option to measure the non-controlling interests at their fair value (full goodwill method) was not used.

Any excess of acquisition costs over net assets acquired is capitalised as goodwill and recognised as an asset in accordance with the provisions of IFRS 3. Any negative goodwill is recognised immediately in profit and loss and presented as other income.

When additional shares are purchased after obtaining control, the difference between the purchase price and the carrying amount of the stakes acquired is recognised directly in equity. The effects from sales of stakes not entailing a loss of control are also recognised directly in equity. By contrast, when control is obtained or lost, gains or losses are recognised in profit and loss. In the case of business combinations achieved in stages (where the acquirer held an equity interest before he obtained control), the equity stake previously held in the acquired company is revalued at the fair value applicable at the acquisition date and the resulting gain or loss is recognised in profit or loss. For transactions involving a loss of control, the profit or loss does not only comprise the difference between the carrying amounts of the disposed stakes and the consideration received but also the result from the revaluation of the remaining shares.

On loss of control of a subsidiary, the gain or loss on derecognition will be calculated as the total of the fair value of the consideration plus the fair value of any investment retained in the former subsidiary less the share of the book value of the net assets of the subsidiary. Any gains or losses previously recognised in other comprehensive income from currency translations or the valuation of financial assets and liabilities will be reclassified to the income statement. When a subsidiary is sold, any goodwill allocated to the respective subsidiary is taken into account in the calculation of the profit or loss of disposal.

The Group's associates and joint ventures are measured at equity and included at the cost to purchase as at the acquisition date. The Group's stake in associates and joint ventures includes the goodwill arising from the respective acquisition.

The Group's share in profits and losses of associates and joint ventures is carried in the income statement from the date of acquisition (Share of result from joint ventures and associates), while the Group's share in the total other comprehensive income is shown in its revenue reserves. The accumulated changes arising after the acquisition are shown in the carrying amount of the shareholding. When the share in the loss of an associated company or joint venture equals or exceeds the Group's original stake in this company, including other unsecured receivables, no further losses are recognised. Any losses exceeding that stake are only recognised to the extent that obligations have been assumed or payments have been made for the associated company or joint venture.

Where the accounting and measurement methods applied by associates and joint ventures differ from the uniform accounting rules applied in the Group, the differences are adjusted.

Intercompany receivables and payables or provisions are eliminated, as are intercompany revenue, other income and the corresponding expenses. Intercompany results from intercompany deliveries and services are reversed through profit and loss, taking account of deferred taxes. However, intercompany losses are an indicator that an asset may be impaired. Intercompany profits from transactions with companies measured at equity are eliminated in relation to the Group's stake in the companies. Intercompany transactions are entered into on an arm's length basis.

Accounting and measurement methods

The consolidated financial statements are prepared according to the historical cost principle, with the exception of certain financial instruments such as financial assets and derivatives as well as plan assets from externally funded pensions benefit obligations held at fair value at the balance sheet date.

The financial statements of the consolidated subsidiaries are prepared in accordance with uniform accounting and measurement principles. The amounts recognised in the consolidated financial statements are not determined by tax regulations but solely by the commercial presentation of the financial position and performance as set out in the rules of the IASB.

REVENUE RECOGNITION

TUI recognises revenue upon transfer of control over distinct goods or services to the customer. In Markets and Airlines, TUI predominantly generates revenue from the sale of package holidays. The flights, hotel accommodation and other services included in a package holiday are transformed into one product for the customer through a significant integration service provided by TUI as tour operator within the meaning of IFRS 15, so that the package holiday constitutes one performance obligation for TUI. This revenue is recognised when TUI delivers the service for its customer, i. e. on a linear basis over the duration of the holiday tour, as customers consume their holiday on a pro rata basis. TUI generates further revenue from the sale of other tourist services, e. g. seat-only, accommodation-only, cruises, etc. Revenue is recognised when or as TUI has satisfied its performance obligation, either over time in relation to the duration of the journey if the services relate to a period of time, e. g. in the case of multi-day hotel stays, or at a point in time on the day of the performance of the performance obligation, e. g. for flight services on the day of the flight. Revenue from long-term contracts is recognised over the duration of the individual contract in accordance with IFRS 15.

Amendment fees do not constitute an independent performance obligation. Revenue is therefore recognised along with the delivery of the main performance obligation.

If TUI has control over the asset before it is delivered to the customer, TUI acts as the principal in relation to that service. Otherwise, TUI acts as an agent. As a principal, TUI carries the recognised revenue and costs in the income statement on a gross basis, e. g. for revenue from its own tour operator activities, for hotel revenue in own hotels, and for aviation revenue. When acting as an agent, TUI carries the relevant revenue on a net basis at the amount of the commission received, e. g. for car rental and hotel revenue for third-party hotels in which TUI does not have control over the hotel rooms. Passenger-related aviation taxes and fees charged by TUI on behalf of third parties and passed on to these third parties are carried in the income statement on a net basis.

TUI uses the practical expedient offered under IFRS 15.121(a). For open performance obligations as at the balance sheet date, TUI discloses all performance obligations for contracts with an original term of more than twelve months, i. e. at least twelve months lie between the start of the contract (in principle the booking date) and the end of the contract (in principle the end of the service).

TUI has to pay compensation to customers for flight delays or cancellations (so-called denied boarding compensation). These payments are directly related to the obligation of the flight service. Therefore these payments represent variable considerations under IFRS 15. Hence, denied boarding compensations are shown net in revenue.

GOODWILL AND OTHER INTANGIBLE ASSETS

Acquired intangible assets are carried at cost. Internally generated intangible assets are capitalised at cost where an inflow of future economic benefits for the Group is probable and can be reliably measured. The cost to produce comprises direct costs and directly allocable overheads. Intangible assets with a finite service life are amortised over the expected useful life.

Intangible assets acquired as a result of business combinations are included at their fair value as at the date of acquisition and are amortised on a straight-line basis.

Useful lives of intangible assets

	Useful lives
Brands, licences and other rights	5 to 20 years
Transport and leasing contracts	12 to 20 years
Computer Software	3 to 10 years
Customer base as at acquisiton date	7 to 15 years

Due to changes in our strategy and delays in the digital transformation, the useful lives of certain software solutions were extended by two to three years. For further information, please refer to the section 'Other intangible assets'.

If there are any events or indications suggesting potential impairment, the amortised carrying amount of the intangible asset is compared with the recoverable amount. Any losses in value going beyond wear-and-tear depreciation are taken into account through the recognition of impairment charges.

Depending on the functional area of the intangible asset, amortisation and impairment charges are included under cost of sales or administrative expenses.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment at least annually. In addition, impairment tests are conducted if there are any events or indications suggesting potential impairment. TUI Group's intangible assets with an indefinite useful life consist exclusively of goodwill.

Impairment tests for goodwill are conducted on the basis of cash-generating units (CGU) or groups of cash-generating units.

Impairment charges are recognised where the carrying amount of the tested units plus the allocated goodwill exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and the present value of future cash flows based on continued use (value in use). The fair value less costs of disposal corresponds to the amount that could be generated between knowledgeable, willing, independent business partners after deduction of the costs of disposal.

Impairment of goodwill is shown separately in the consolidated income statement.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at amortised cost. The costs to purchase include costs to bring the asset to a working condition. The costs to produce are determined on the basis of direct costs and directly attributable indirect costs and depreciation.

Borrowing costs directly associated with the acquisition, construction or production of qualifying assets are included in the costs to acquire or produce these assets until the assets are ready for their intended use.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the underlying capitalisation rate is determined on the basis of the specific borrowing cost; in all other cases the weighted average of the borrowing costs applicable to the borrowings outstanding is applied.

Depreciation of property, plant and equipment is based on the straight-line method, based on the customary useful lives. The useful economic lives are as follows:

Useful lives of property, plant and equipment

	Useful lives
Hotel buildings	30 to 40 years
Other buildings	25 to 50 years
Cruise ships	30 to 38 years
Aircraft	
Fuselages and engines	22 to 25 years
Engine overhaul	depending on intervals, up to 12 years
Major overhaul	depending on intervals, up to 12 years
Spare parts	up to 10 years
Operating and business equipment	3 to 10 years

Moreover, the level of depreciation is determined by the residual values at the end of the useful life of an asset. The residual value assumed in first-time recognition for cruise ships and hotel complexes is between 15 % and 35 % of the acquisition costs. The determination of the depreciation of aircraft fuselages and aircraft engines in first-time recognition is based on a residual value of a maximum of 5 % of the cost of acquisition. In addition, a residual value of 20 % is used to determine the scheduled depreciation of spare parts. The payments made under a power by the hour arrangement relating to maintenance overhauls are capitalised as PPE under construction up to a maintenance event at which point the cost is transferred to the appropriate PPE category.

Both the useful lives and residual values are reviewed on an annual basis when preparing the Group financial statements. The review of the residual values is based on comparable assets at the end of their useful lives as at the current point in time. Any adjustments required are recognised as a correction of depreciation over the remaining useful life of the asset. The adjustment of depreciation is recognised retrospectively for the entire financial year in which the review has taken place. Where the review results in an increase in the residual value so that it exceeds the remaining net carrying amount of the asset, depreciation is suspended. In this case, the amounts are not written back.

Any losses in value going beyond wear-and-tear depreciation are taken into account through the recognition of impairment losses. If there are any events or indications suggesting impairment, the required impairment test is performed to compare the carrying amount of an asset with the recoverable amount.

LEASES

Leases are agreements transferring the right to use an identified asset for a given period of time in return for a payment. As a lessee, TUI leases moveable assets such as aircraft, vehicles and cruise ships, as well as, in particular, immoveable property such as hotel buildings and land, office buildings and travel agencies. As a lessor, TUI subleases some aircraft and hotel and office space.

TUI AS LESSEE

TUI recognises right-of-use assets and corresponding lease liabilities for the lease arrangements, in which it is the lessee, in the statement of financial position. As an exception, TUI applies the recognition and measurement exemptions for all short-term leases and low-value asset leases. A short-term lease is a lease that has a lease term of 12 months or less and does not contain a purchase option. The lease payments for those leases are recognised as an expense in the cost of sales or in administrative expenses on a straight-line basis over the lease term or on another systematic basis.

At the inception of an agreement, TUI evaluates whether it is, or contains, a lease. Apart from traditional lease, tenancy or leasing contracts, service or capacity agreements may also fall within the scope of IFRS 16. In connection with the purchase of mixed tourism services, the rental or purchase of the largest portion of a hotel's room capacity is identified as a lease component if TUI commits to its contract partner to purchase a fixed allotment of more than 90% of the hotel's capacity for a period of more than 12 months, provided the agreement does not include an exemption to return committed capacity for self-marketing by the hotelier, and if therefore an irrevocable payment obligation exists. For agreements that contain one or several lease components alongside non-lease components, TUI uses the option not to separate these non-lease components, in particular for vehicle or IT leases and for hotel capacity contracts.

At the commencement date, i.e. the date from which the lessee is entitled to exercise the right to use the underlying asset, a lease liability amounting to the present value of the lease payments not yet made as at that date is recognised. The lease payments include all fixed and in substance-fixed payments less any future lease incentives to be provided by the lessor. The lease payments also include variable payments linked to an index or an interest rate as well as expected payments from residual value guarantees. Lease payments for the exercise of extension, purchase and termination options are included if the exercise of these options is assessed as reasonably certain. As a rule, the lease payments are discounted at the lessor's interest rate implicit in the lease. If that rate is not known to TUI, the present value is determined using the incremental borrowing rate. After initial measurement, the carrying amount is increased to reflect interest on the lease liability and reduced to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The interest expense from the subsequent measurement of the lease liability is presented in the interest result. Variable lease payments not linked to an index nor to an interest rate are recognised through profit or loss in the period in which the event or condition that triggers the payment occurs.

In addition, a right-of-use asset is recognised at the commencement date. Right-of-use assets for the leased items are measured at amortised cost less cumulative depreciation/amortisation and cumulative impairment and adjusted for revaluations of the lease liability. The costs of a right-of-use asset comprise the present value of the future lease payments plus initial direct costs and the lease payments made prior to commencement less any lease incentives received and the estimated costs to be incurred to restore the leased asset to the condition required by the terms and conditions of the lease. Capitalised right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the expected useful life of the right-of-use asset. If the lease transfers ownership of the leased asset to TUI by the end of the lease term, or if the lease payments reflect the future exercise of a purchase option, the right-of-use asset is depreciated over the useful life of the leased asset. Depreciation of capitalised right-of-use assets is carried in the cost of sales or in administrative expenses.

SALE AND LEASEBACK

For sale and leaseback transactions, TUI initially determines in accordance with IFRS 15 whether the transfer of the asset has to be accounted for as a sale. If the transfer is accounted for as a sale, TUI recognises the right-of-use asset associated with the sale and leaseback transaction, as seller and as lessee, at the proportion of the previous carrying amount that relates to the right-of-use asset retained. The gain or loss from the sale transaction is carried in profit or loss on a pro rata basis at the amount of the rights transferred to the buyer and lessor. If the transfer is not accounted for as a sale, TUI continues to recognise the legally transferred asset as before and carries a financial liability for the proceeds received.

TUI AS LESSOR

As a lessor, TUI classifies each lease as an operating lease or a finance lease. If TUI as a lessor has substantially all the risks and rewards incidental to ownership of the underlying asset, the lease is classified as an operating lease. If the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee, the lease is classified as a finance lease.

For subleases, the lease classification has been made by reference to the right-of-use asset arising from the head lease in accordance with IFRS 16 and not by reference to the underlying lease asset.

The lease payments from operating leases are recognised in revenue on a straight-line basis over the lease term. Any initial direct costs incurred in obtaining the lease are added to the carrying amount of the underlying leased item and depreciated over the lease term on a straight-line basis.

For finance leases, TUI recognises a lease receivable at an amount equal to the net investment in the lease and derecognises the underlying leased asset or the right-of-use asset from the head lease. The lease payments made by the lessees are broken down into an interest portion and a redemption portion using the effective interest rate method so as to produce a constant periodic rate of interest on the balance of the net investment. The redemption portions received are deducted from the lease receivable. The interest portion of the payments received is carried in the interest result.

FINANCIAL INSTRUMENTS

Financial instruments are contractual rights or obligations that will lead to an inflow or outflow of financial assets or the issue of own equity instruments for one of the two contracting parties and correspondingly to an inflow or outflow of financial assets for the other contracting party. They also comprise (derivative) rights or obligations derived in particular, from non-derivative financial assets.

NON-DERIVATIVE FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The classification and measurement of financial assets are determined on the basis of the business model assigned to manage financial assets and the related contractual cash flows. At initial recognition of financial assets, the classification comprises the categories 'Financial assets at amortised cost (AC)', 'Financial assets at fair value through other comprehensive income (FVTOCI)' and 'Financial assets at fair value through profit and loss (FVPL)'.

Non-derivative financial assets are initially recognized with their values at the trading date on which TUI Group under-takes to buy the assets. When recognised for the first time, they are either classified at amortised costs or at fair value, depending on their objective. Non-derivative financial assets are classified as financial assets at amortised cost when the objective of the entity's business model is to hold the financial assets to collect contractually agreed cash flows, and when the cash flows exclusively constitute interest and principal payments on the nominal amount outstanding.

For financial assets held at amortised cost, a loss allowance for expected credit losses is recognised in accordance with IFRS 9. Loss allowances for financial assets are based on either full lifetime expected credit losses or 12-month expected credit losses. A loss allowance for lifetime expected credit losses is required for a financial instrument if the credit risk of that financial asset has increased significantly since initial recognition or if the financial instruments are trade receivables, lease liabilities or contract assets. For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit losses.

IFRS 9 allows entities to apply a simplified approach inter alia for trade receivables. Lifetime expected credit losses on all these assets can be recognised at initial recognition. TUI applies the simplified approach for all trade receivables.

Impairments and reversals of impairments are recognised under 'Impairment / reversals of impairment of financial assets' in the income statement.

The equity instruments held in the balance sheet item 'Other financial assets' were irrevocably designated as 'Financial assets at fair value through OCI' as they are held for medium- to long-term strategic objectives. These instruments are stakes in associated non-consolidated subsidiaries, equity investments and other investments. Recognising all fluctuations in the fair value in the income statement would not be in line with the Group's strategy. They are allocated to assets unless the entity intends to sell them within twelve months after the balance sheet date. Dividends from these equity instruments are recognised in the income statement unless the dividends are clearly a partial repayment of the cost to purchase the equity instrument.

The cumulative gain or loss from the subsequent measurement of the equity instruments recognised in other comprehensive income will continue to be recognised in equity even after the equity instrument has been derecognised and reclassified to revenue reserves.

All other financial assets not recognised at amortised cost or at fair value through OCI must be measured at fair value through profit and loss.

Financial assets are derecognised at the date on which the rights for payments from the assets expire or are transferred and therefore at the date on which essentially all risks and rewards of ownership are transferred. The rights to an asset expire when the rights to receive the cash flows from the asset have expired. For transfers of financial assets, it is assessed whether they have to be derecognised in accordance with the derecognition requirements of IFRS 9.

Non-derivative financial liabilities are recognised in the consolidated statement of financial position if an obligation exists to transfer cash and cash equivalents or other financial assets to another party. A non-derivative financial liability is initially recognized at its fair value. For loans taken out, the nominal amount is reduced by discounts retained and transaction costs paid and discounted over the expected remaining term of the liability. The subsequent measurement of non-derivative financial liabilities is effected at amortised cost using the effective interest method. TUI does not use the fair value option.

Financial liabilities are derecognised when the obligations specified in the contract are discharged, cancelled or expire.

All foreign exchange differences resulting from the translation of trade accounts payable are reported as a correction to the cost of sales. Foreign exchange differences from the translation of liabilities not resulting from normal operating processes are reported under Other income / expenses, Financial expenses / income or administrative expenses, depending on the nature of the underlying receivables or payables.

The bond with warrants and the convertible bond on shares in TUI AG have to be accounted for as compound financial instruments. Compound financial instruments are divided into an equity and a debt component in accordance with IAS 32. The debt component shown under financial liabilities is valued, less the pro rata transaction costs and added to the repayment amount using the effective interest method. The equity component is valued at the residual value that results after deducting the amount determined for the debt component from the fair value of the entire instrument. The pro rata transaction costs of the equity component are deducted from this component. No gain or loss will result from the exercise or expiry of the relevant conversion option.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

At initial measurement, derivative financial instruments are measured at the fair value attributable to them on the date the contract is entered into and recognised in the balance sheet. Subsequent remeasurement is also recognised at the fair value calculated at the respective balance sheet date. Where derivative financial instruments are not part of a designated hedging relationship in connection with hedge accounting, they are classified as 'at fair value through profit and loss'. The method used to recognise gains and losses depends on whether the derivative financial instrument has been fully or possibly only partly designated as a hedging instrument, and on the nature of the hedged item. Changes in the fair value of a derivative financial instrument not designated as a hedging instrument or the component of a derivative financial instrument not designated as a hedging instrument are immediately recognised through profit and loss. If, by contrast, an effective hedging relationship exists, the transaction is recognised as a hedge. The unrealised gains and losses from the fair value valuation of derivative financial instruments that are designated as hedging instruments within hedge accounting are initially recognised in equity without affecting profit or loss. In the case of derivative financial instruments that are not part of a hedging relationship, the effect on profit or loss is immediate, i. e. the changes from the fair valuation are recognised through profit and loss.

TUI Group uses the accounting policy choice provided by IFRS 9, enabling entities to continue applying the hedge accounting requirements of IAS 39. Hedge accounting is exclusively used to hedge the exposure due to foreign currency and fuel price fluctuations in cash flows from highly probable forecast transactions (cash flow hedges). Hedges of balance sheet items (fair value hedges), i. e. hedges of the fair value of an asset or a liability, which would be accounted for at amortised cost, are currently not designated.

Upon entering into a transaction, TUI documents the hedge relationship between the hedge and the underlying transaction, the risk management goal and the underlying strategy. In addition, a record is kept of the assessment, both at the beginning of the hedge relationship by the using Critical Terms Match method and on a continual qualitative basis, as to whether the derivatives used for the hedge are highly effective in compensating for the changes in the fair values or cash flows of the underlying transactions.

The effective portion of changes in the fair value of derivatives forming cash flow hedges is recognised in equity without affecting profit and loss. Any ineffective portion of such changes in the fair value, by contrast, is recognised immediately in the income statement through profit and loss. Amounts taken to equity are reclassified to the income statement and carried as income or expenses in the period in which the hedged item or the hedge has an effect on results or it is no longer highly expected that the hedged item or a corresponding part thereof will occur.

If a hedge expires, sold or no longer meets the criteria of IAS 39 for hedge accounting, the cumulative gain or loss remains in equity and is only recognised in the income statement through profit and loss when the originally hedged future forecasted transaction occurs. If the future transaction is no longer expected to take place, the cumulative gains or losses recognised directly in equity are immediately recognised through profit and loss.

More detailed information on the Group's risk management activities is provided in Note 41 and as well as in the 'Risk report' section of the Management Report.

CONTRACTUAL ASSETS AND TRADE RECEIVABLES

If TUI has fulfilled their contractual obligations, contractual assets or trade receivables are carried. Trade receivables are carried if the claim for the acquisition of the consideration is no longer subject to a condition. As a rule, this is the case when the Group is contractually entitled to issue an invoice to the customer that has not yet been paid in advance through a customer deposit. Due to the tourism business model under which customers pay for their travel services in advance, TUI generally does not have any contractual assets.

CONTRACTUAL COSTS

The direct costs immediately resulting from obtaining a contract, e. g. sales commissions to travel agencies for sales of travel services, are capitalised as contractual costs in the statement of financial position upon payment of the commission. As a rule, the resulting expenses are recognised over the duration of the travel service in line with the associated revenue.

INVENTORIES

The measurement method applied to similar inventory items is the weighted average cost formula.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash, call deposits, other current highly liquid financial assets with an original term of a maximum of three months and current accounts. Overdrawn current accounts are shown as liabilities to banks under current financial liabilities.

EQUITY

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or conversion options are taken to equity on a net after-tax basis as a deduction from the issuance proceeds.

OWN SHARES

The group's holdings in its own equity instruments are shown as deductions from shareholders' equity at cost, including directly attributable transaction costs. No gain or loss is recognised in the income statement on the purchase or sale of shares. Any difference between the proceeds from sale and the original cost are taken to reserves.

PENSION PROVISIONS

The pension provision recognised for defined benefit plans corresponds to the net present value of the defined benefit obligations (DBOs) as at the balance sheet date less the fair value of the plan assets. If the value of the plan assets exceeds the value of the DBO, the excess amount is shown within other non-financial assets. The DBOs are calculated annually by independent actuaries using the projected unit credit method.

For defined contribution plans, the Group pays contributions to public or private pension insurance plans on the basis of a statutory or contractual obligation or on a voluntary basis. The Group does not have any further payment obligations on top of the payment of the contributions. The contributions are recognised under staff costs when they fall due.

OTHER PROVISIONS

Other provisions are formed when the Group has a current legal or constructive obligation as a result of a past event, where in addition it is probable that assets will be impacted by the settlement of the obligation and the level of the provision can be reliably determined.

Where a large number of similar obligations exist, the probability of a charge over assets is determined on the basis of this group of obligations. A provision is also recognised if the probability of a charge over assets is low in relation to an individual obligation contained in this group.

Provisions are measured at the present value of the expected expenses, taking account of a pre-tax interest rate, reflecting current market assessments of the time value of money and the risks specific to the liability. Risks already taken into account in estimating future cash flows do not affect the discount rate. Increases in provisions due to accretion of interest are recognised as interest expenses through profit or loss.

GOVERNMENT GRANTS

Government grants are recognised if there is reasonable assurance that TUI will comply with all attached conditions for receiving the grant and the grant will be awarded. Investment grants received are deducted from the carrying amounts of assets in property, plant or equipment where these grants are directly allocable to individual assets. If a direct allocation of grants to individual items of property, plant or equipment is not possible, or if the grants are from other government programmes, the grants and subsidies received are recognised as deferred income and shown within Other liabilities. Grants related to income are deducted from related expenses in the period in which the corresponding expenses are incurred. Government grants include, for example, income subsidies or social security contributions for short-time allowances. If short-time allowance is a personal benefit for the employee, the respective payments are not recognised as income in the statement of profit or loss.

TOURISTIC ADVANCE PAYMENTS RECEIVED (CONTRACT LIABILITIES)

A contract liability is an obligation of the Group to deliver goods or services for a customer for which the customer has already delivered a performance, e.g. in the form of payment of a deposit. In the tourism business model, customers pay deposits on most travel services prior to departure. The deposits received therefore constitute contract liabilities within the meaning of IFRS 15.

DEFERRED TAXES AND INCOME TAXES

Expected tax savings from the use of tax losses carried forward assessed as recoverable in the future are recognised as deferred tax assets. Regardless of the unlimited ability to carry German tax losses forward which continues to exist, the annual utilisation is limited by the minimum taxation. Foreign tax losses carried forward frequently have to be used within a given country-specific time limit and are subject to restrictions concerning the use of these losses carried forward for profits on ordinary activities, which are taken into account accordingly in the measurement.

Income tax is directly charged or credited to equity if the tax relates to items directly credited or charged to equity in the same period or some other period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference or an unused tax loss can be utilised.

Deferred taxes are measured at the tax rates and tax provisions applicable at the balance sheet date or adopted by law and expected to be applicable at the date of recognition of the deferred tax asset or the payment of the deferred tax liability.

Deferred and current income tax liabilities are offset against the corresponding tax assets if they exist in the same fiscal territory and have the same nature and maturity.

SHARE-BASED PAYMENTS

Share-based payment schemes in the Group comprise both cash-settled and equity-settled schemes.

For cash-settled transactions, the resulting liability for the Group is charged to expenses at its fair value as at the date of the performance of the service by the beneficiary. Until settlement of the liability, the fair value of the liability is re-measured at every closing date and all changes in the fair value are recognised through profit and loss.

For equity-settled transactions the fair value of the awards granted is recognised under staff costs with a corresponding direct increase in equity. The fair value is determined at the point when the awards are granted and spread over the vesting period during which the employees become entitled to the awards. The method for the calculation of the granted awards is described in Note 40 'Share-based payments in accordance with IFRS 2'.

SUMMARY OF SELECTED ACCOUNTING AND MEASUREMENT METHODS

The table below lists the key accounting and measurement methods used by TUI Group.

Summary of selected measurement bases

Item in the statement of financial position	Measurement base
Assets	
Goodwill	At cost (subsequent measurement: impairment test)
Other intangible assets with definite useful lives	At amortised cost
Property, plant & equipment	At amortised cost
Right-of-use assets	At amortised cost
Investments in Joint ventures and Associates	At the Group's share of the net assets of the joint ventures and associates
Financial assets	
Equity Instruments	At fair value through other comprehensive income (without subsequent reclassification to profit or loss)
Trade and other receivables	At amortised cost or at fair value through profit or loss (depending on the underlying business model and the contractual cashflows)
Derivative financial instruments	At fair value through profit or loss
Cash and cash equivalents	At amortised cost
Inventories	Lower of cost and net realisable value
Touristic prepayments	At cost (or lower recoverable amount)
Assets held for sale	Lower of cost and fair value less costs of disposal
Liabilities and Provisions	
Financial liabilities	At amortised cost
Provision for pensions	Projected unit credit method
Other provisions	Present value of the settlement amount
Lease liabilities	At amortised cost
Touristic advance payments received	At amortised cost
Other financial liabilities	
Non-derivative financial liabilities	At amortised cost
Derivative financial liabilities	At fair value through profit or loss
Payables, trade and other liabilities	At amortised cost

Key judgements, assumptions and estimates

The presentation of the assets, liabilities and provisions as well as contingent assets and liabilities shown in the consolidated financial statements is based on judgements, assumptions and estimates. Any uncertainties are appropriately taken into account in determining the values.

All estimates and assumptions are based on the conditions and assessments as at the balance sheet date. In evaluating the future development of business, reasonable assumptions are made regarding the expected future economic environment in the business areas and regions in which the Group operates.

Despite careful preparation of the estimates, actual results may differ from the estimate. In such cases, the assumptions and the carrying amounts of the assets and liabilities concerned, if necessary, are adjusted accordingly. As a matter of principle, changes in estimates are taken into account in the financial year in which the changes have occurred and in future periods.

JUDGEMENTS

The judgements made by management in applying accounting policies that may have a significant impact on TUI Group's assets and liabilities mainly relate to the following topics:

- Assessment when the Group has control over an investee and therefore consolidates this investment
- Definition of whether a Group company acts as an agent or as a principal in a transaction
- Determination whether an agreement is to be classified as a lease or contains a lease
- Determination of the term of the lease as a lessee in the event of agreements with extension or termination options

DETERMINATION OF THE TERM OF THE LEASE AS A LESSEE

TUI determines the term of the lease based on the non-cancellable period for which the lessee has the right to use the asset, together with any periods covered by extension options, if exercise of that option by TUI is reasonably certain, as well as periods covered by termination options if TUI is reasonably certain that it will not exercise that option. Many of TUI's individually negotiated aircraft and real estate leases contain extension or termination options.

TUI applies judgement in evaluating whether it is reasonably certain that an option to renew will be exercised or that an option to terminate the lease will not be exercised. In this context, TUI considers all relevant facts and circumstances that create an economic incentive for TUI to exercise, or not to exercise, the extension or termination option, respectively. From the commencement date, TUI remeasures the lease term if there is either a significant event or a significant change in the circumstances within our control that alters any of our assessments about what is reasonably certain. The lease term, for instance, is adjusted if an extension option is exercised or if a termination option is not exercised and if this had been considered differently in the original assessment.

For aircraft leases, we determine the end of the lease term on the basis of the contractually agreed return date. For medium- to long-term property agreements, e. g. office buildings, hotels or travel agency leases, options to renew the lease are included in the lease term to the extent to which TUI presumes that the future exercise of the option is reasonably certain in the individual case.

For information on potential future lease payments relating to periods after the exercise date for extension or termination options, please refer to Note 15.

ASSUMPTIONS AND ESTIMATES

Assumptions and estimates that may have a material impact on the amounts reported as assets and liabilities in TUI Group are mainly related to the following balance sheet-related facts and circumstances:

- Determination of assumptions for use in impairment tests, in particular for goodwill and property, plant and equipment
- Effect of climate-related risks on the measurement of assets
- Determination of the fair values for acquisitions of companies and determination of the useful lives of acquired intangible assets
- Determination of useful lives and residual carrying amounts of property, plant and equipment
- Determination of actuarial assumptions to measure pension obligations
- Recognition and measurement of other provisions
- Determination of the incremental borrowing rate used to measure lease liabilities
- Recoverability of future tax savings from tax losses carried forward and tax-deductible temporary differences
- Measurement of tax risks
- Recoverable amounts of touristic prepayments
- Determination that the package holiday represents a performance obligation due to the significant integration service
- Determination of period-related revenue recognition on a straight-line basis over the duration of the trip
- Determination of the ECL of financial instruments

DETERMINING ASSUMPTIONS FOR USE IN IMPAIRMENT TESTS, IN PARTICULAR FOR GOODWILL AND PROPERTY, PLANT AND EQUIPMENT

The impairment tests are performed on the basis of future discounted cash inflows derived from medium-term corporate planning. Both the derivation of future cash inflows and the determination of the interest rate are heavily influenced by assumptions and estimates and are associated with uncertainties, in particular due to the strong general increase in prices and interest rates, which could lead to a decline in demand for tourism products, due to long-lasting price increases for fuel and other input factors and as a result of climate related risks.

While TUI's Winter 2021/22 business was still adversely affected by travel restrictions in response to the COVID-19 pandemic, all segments fully resumed their operations after these restrictions were gradually lifted. From April 2022, the Cruises segment again operated its entire fleet. From Summer 2022, Hotels & Resorts offered their entire product portfolio. Demand showed a very robust recovery, which, however started later than assumed in the prior year's planning due to the travel restrictions in place at the beginning of the financial year. In the Cruises segment, demand recovered later than in other segments. A shorter-term booking pattern continues to be observed. The unprecedented restart of business operations resulted in business disruptions in aviation, in particular in the UK and the Netherlands, but also in other source markets, causing an adverse impact on Group earnings. The price increases recorded in the course of the financial year under review, in particular for fuels, and the fluctuations in exchange rates were not fully offset by higher travel prices and placed an additional burden on earnings in the completed financial year. For financial year 2023, it is expected that travel restrictions will no longer have a material impact on TUI's business and that TUI's business will return to 2019 levels. However, in financial year 2023, fuel costs are expected to remain high as well as energy and food prices. The cost-saving initiatives already implemented, especially in Markets & Airlines and the segment Musement, will have a positive effect. For the subsequent financial years 2024 and 2025, the cost-saving initiatives already implemented, the further digitalisation of our business and the expansion of existing and new business areas are expected to take largely effect. These factors together will lead to customer volumes which will expectedly exceed 2019 levels. Fuel prices are expected to decline in those years though remain at higher levels. Below we describe the key assumptions underlying medium-term business planning in the segments.

In its business plan, Hotels & Resorts expects to improve performance versus 2022, in particular as travel restrictions are no longer expected. This development is expected to benefit from TUI's high level of direct distribution, enabling the segment to steer customers to its own hotels. In the medium term, the segment is expected to deliver further earnings growth due to capacity expansion, demand growth and increases in average selling prices.

In the Cruises segment, Marella and TUI Cruises are expected to operate their entire fleets and achieve occupancy rates close to 2019 levels in financial year 2023. However, earnings will be adversely impacted by increased prices for bunker oil in 2023. Post-2023, prices for bunker oil are expected to decline, initially to levels 23 % and then to 16.5 % above the assumed price levels for fuel of prior year's planning. In Summer 2023, Marella will already be expanding its fleet by an additional cruise ship. TUI Cruises will transfer that vessel in Summer 2023 and expand its fleet to eight ships (excluding the Hapag Lloyd Kreuzfahrten brand) in the following years to 2025. The fleet expansion and the associated assumptions about occupancy rates are subject to elevated uncertainty.

The future development of TUI Musement depends in part on the development of customer numbers in Markets & Airlines. TUI Musement will also generate growth through the sale of tours, activities and tickets due to the expansion of its own/direct distribution via the internet and the app.

In Markets & Airlines, financial year 2023 is expected to see a return of customer numbers to 2019 levels, partly driven by market consolidation. The implemented cost-savings initiatives will cushion the adverse earnings impact from higher fuel prices and other higher costs. The operational flight disruption encountered in financial year 2022 is not expected to recur in 2023 to that extent, partly due to measures initiated by TUI itself, partly because airports will adjust their capacity to higher load factors. Wider use of online distribution, the provision of dynamic production capacities for flights and accommodation and the investments in digitalisation are expected to take effect in financial years 2024 and 2025. Moreover, kerosene prices are expected to decline initially to 49.6 % and then 41.0 % above the assumed price niveau of prior year's planning. These planning assumptions are subject to elevated uncertainty.

Other key factors are the weighted average cost of capital after income taxes (WACC), on which discounting is based, the sustainable growth rate and the growth in perpetuity. Changes in these assumptions may have a significant impact on the recoverable amount and the amount of any impairment loss. The increase in the general interest rate level in financial year 2022 also resulted in an increase in WACC as at 30 September 2022.

The weighted average cost of capital after income taxes (WACC), on which discounting is based, was derived from external capital market information about comparable companies. The cost of capital to Markets & Airlines was increased by an additional risk premium of 1.9 % (previous year 3.4 %). This additional risk premium was based on an analysis of internal and external market expectations and reflects the elevated uncertainty with regard to medium- and long-term market developments as well as existing risks regarding a general price inflation which could lead to a decline in demand for tourism products and increased prices for fuel and other input factors. Additional country-specific risk premiums are included, in particular, in the measurement of individual hotels. On the determination of WACC we refer to the section Goodwill.

The increased discount factor and the general price inflation, in particular, triggered the implementation of a risk assessment for the Group's assets in the light of indications suggesting impairments as at 30 September 2022. Where an increased risk was identified for a cash-generating unit, its assets were tested for impairment. Moreover, where additional indications such as planned closures, divestments or restructurings were observed, the assets were also tested for impairment. All previously impaired assets were tested for reversals of impairments and all goodwills were tested for impairments.

Finally we have implemented sensitivity analyses to estimate the uncertainty associated with the assumptions on which the impairment tests are based. The sensitivities and their impact on the fair value result exclusively from the adjustment of individual parameters. Possible compensatory measures were not taken into account. Sensitivities have been calculated for changes of the WACC and the sustainable growth in perpetuity. In addition, sensitivity analyses have been carried out for a general increase or decrease of future cash flows, a long-lasting increase or decrease of prices for fuel, risks or chances related to demand and fuel prices in the financial year 2023 and for material climate related risks. For further details we refer to the section 'Goodwill'.

EFFECT OF CLIMATE-RELATED RISKS ON THE MEASUREMENT OF ASSETS

Climate-related risks can have an impact on the recoverability of the Group's assets in various ways. These risks include the increasing occurrence of natural disasters and the resulting damage, e.g. to hotels, or the disruption to travel activity. TUI addresses risks from natural disasters, e.g. hurricanes, by taking out insurance policies. In addition TUI has well-established crisis management procedures in place which are focused on the welfare of the customers in such situations. The related expenses are included in the business plans. In total the aforementioned physical risks do not have a material financial impact. Accordingly these risks are not comprised in the sensitivity analysis described in the section 'Goodwill'.

Climate-related risks with an impact on the recoverability of assets can additionally occur if the demand for the services of TUI declines because they do not meet the standards in relation to emissions and adaptation to climate change. TUI counteracts these risks with its strategy to reduce climate-damaging emissions and increasing the sustainability of our services. These so called transitional risks are subsumed under SBTi risks.

Moreover, the future cash inflows used in impairment tests for individual assets may also be affected by higher future expenses due to regulatory or voluntary measures to reduce climate-damaging emissions. In 2022, TUI joined the Science Based Target intitiative (SBTi), committing to implement emission reductions until 2030. Detailed emission reduction roadmaps have been developed for TUI's airlines, cruises and hotels which represent 99 % of the Groups's own emissions. The estimates of the impact on future cash inflows from these roadmaps are subject to substantial uncertainty. This uncertainty is especially related to changes in the regulatory framework, the development of new technologies and changes in customer behaviour. The impact is different between the segments. The following SBTi risks are taken into account in the sensitivity analysis in the section 'Goodwill'.

In Markets & Airlines, these risks primarily concern the airlines. They will be impacted by higher aircraft fuel taxes, emissions trading and the consumption of low-carbon aviation fuel. These expenses will partially be offset by cost savings from reduced aviation fuel consumption and lower costs of emissions trading in the wake of an increasing use of low-carbon aviation fuels. Overall we expect an increase of the flight expenses. Given the comparable young and efficient fleet of TUI we expect that we will occur less additional costs than other airlines. Therefore it is our assumption that these increases are in a range that made it possible to cover them by corresponding price increases. However, at the current point in time, the future regulatory framework for aircraft fuel tax and emissions trading is not yet known and there is as yet insufficient production capacity for low-carbon aviation fuel. In addition the willingness to pay of our customers might not be sufficient to cover the cost increases. The estimates are therefore subject to elevated uncertainty.

TUI assumes that expenses from measures to reduce climate-damaging emissions in the Hotels & Resorts segment will relate in particular to efforts to reduce energy consumption, to establish own energy generation units, e.g. through the use of solar installations, and to purchase energy which has been produced without climate-damaging emissions. Estimates show that energy-saving measures as well as the Group's own generation of energy may lead to savings that exceed the initial expenses.

In the Cruises segment, the measures to reduce climate-damaging emissions include investments, leading, for instance, to a more efficient use of the ships and the installation of shore power connections. These investments are already included in planned capital expenditure. However, in the Cruises segment, too, a big proportion of future expenses will relate to the use of low-carbon fuels, bunker oil taxes and emissions trading. As in Markets & Airlines, the estimates of these expenses and the willingness to pay of our customers are subject to substantial uncertainty.

Overall, TUI does not consider climate-related risks as a triggering event to test assets for impairment as at 30 September 2022. However, we have implemented sensitivity analyses for all relevant cash generating units to estimate the uncertainty associated with the assumptions, presented in the section 'Goodwill.' The sensitivity analyses for these SBTi risks are calculated for an increase or decrease of the expenses related to the reduction of climate-damaging emissions until 2030 without taking into account a compensation by changes of the travel prices.

BUSINESS ACQUISITIONS AND INTANGIBLE ASSETS

In accounting for business combinations, the identifiable assets, liabilities and contingent liabilities acquired have to be measured at their fair values. In this context, cash flow-based methods are regularly used, which may lead to different results depending on the underlying assumptions. In particular, some judgement is required in estimating the economic useful lives of intangible assets and determining the fair values of contingent liabilities.

Detailed information on business acquisitions and useful lives of intangible assets is provided in the section 'Acquisitions – divestments' in the section on 'Principles and methods of consolidation' and in the section on 'Goodwill and other intangible assets' of the section 'Accounting and measurement methods'.

PROPERTY, PLANT AND EQUIPMENT

The measurement of wear-and-tear to property, plant and equipment items entails estimates. In addition material assumptions and estimates are the determination of useful lives and residual carrying amounts of property, plant and equipment. The carrying amount of property, plant and equipment as at 30 September 2022 totals € 3,400.9 m (previous year € 3,159.3 m). In order to review the amounts carried, an evaluation is carried out on a regular basis to assess whether there are any indications of a potential impairment. These indications relate to a number of areas and factors, e.g. the market-related or technical environment but also physical condition. If any such indication exists, management must estimate the recoverable amount on the basis of expected cash flows and appropriate interest rates.

More detailed information on the useful lives and residual values of property, plant and equipment items is provided in the section 'Property, plant and equipment' in the section 'Accounting and measurement methods'.

PENSION PROVISIONS

As at 30 September 2022, the carrying amount of provisions for pensions and similar obligations totals € 601.3 m (previous year € 935.1 m). For those pension plans where the plan assets exceed the obligation, other non-financial assets amounting to € 163.4 m are shown as at 30 September 2022 (previous year € 137.1 m).

In order to determine the obligations under defined benefit pension schemes, actuarial calculations are used which rely on underlying assumptions concerning life expectancy and the discount rate.

At the balance sheet date, the fair value of the plan assets totals € 2,076.4 m (previous year € 3,172.1 m). As assets classified as plan assets are never available for short-term sale, the fair values of these plan assets may change significantly up to the realisation date.

Detailed information on actuarial assumptions is provided in Note 30.

OTHER PROVISIONS

As at 30 September 2022, other provisions amount to € 1,296.0 m (previous year € 1,303.1 m). When recognising and measuring provisions, assumptions to a considerable content regarding the probability of occurrence, maturity and level of risk are required.

Determining whether a current obligation exists is usually based on review by internal or external experts. The amount of provisions is based on expected expenses, and is either calculated by assessing the specific case in the light of empirical values, outcomes from comparable circumstances or ranges of possible claims, or else estimated by experts. Due to the uncertainties associated with assessment, actual expenses may deviate from estimates so that unexpected charges may result.

More detailed information on Other provisions is provided in the Notes to the statement of financial position in Note 31.

LEASE LIABILITIES

As at 30 September 2022, lease liabilities worth € 3,207.5 m (previous year € 3,229.4 m) were carried, reflecting the present value of the future lease payments as at that date. The interest rate implicit in the lease can only be easily determined in exceptional cases. In all other cases TUI therefore uses its own incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the interest rate TUI would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Determining the incremental borrowing rate therefore regularly involves estimates regarding the interest rate the Group would have to pay. In this context, estimates are required, for instance, to determine the interest the Group companies would have to pay if no observable interest rates are available, or if adjustments are required regarding the specific agreed terms and conditions such as the transaction currency or contract term. TUI determines the incremental borrowing rate using observable inputs (bond yields and CDS quotations) and makes specific adjustments for individual companies (e. g. country risk premiums).

DEFERRED TAX ASSETS

As at 30 September 2022, deferred tax assets totalling € 222.0 m (previous year € 291.1 m) were recognised. Prior to offsetting against deferred tax liabilities, deferred tax assets total € 608.5 m, including an amount of € 194.4 m (previous year € 147.3 m) for recognised losses carried forward. The assessment of the recoverability of deferred tax assets is based on the ability of the respective Group company to generate sufficient taxable income. TUI therefore assesses at every balance sheet date whether the recoverability of expected future tax savings is sufficiently probable in order to recognise deferred tax assets. The assessment is based on various factors including internal forecasts regarding the future earnings situation of the Group company. TUI uses a five-year planning horizon to derive the recoverability of tax loss carryforwards and deductible differences. If the assessment of the recoverability of deferred tax assets changes, impairment charges may be recognised, if necessary, on the deferred tax assets.

More detailed information on deferred tax assets is available in the Notes to the statement of financial position in Note 20.

INCOME TAXES

The Group is liable to pay income taxes in various countries. Key estimates are required when determining income tax liabilities, including the probability, the timing and the size of any amounts that may become payable. For certain transactions and calculations the final tax charge cannot be determined during the ordinary course of business. After taking appropriate external advice, the Group makes provisions or discloses contingencies for uncertain tax positions based on the probable or possible level of additional taxes that might be incurred. The level of obligations for expected tax audits is based on an estimation of whether and to what extent additional income taxes will be due. Judgements are corrected, if necessary, in the period in which the final tax charge is determined.

RECOVERABLE AMOUNTS OF TOURISTIC PREPAYMENTS

As at 30 September 2022, the carrying amount of touristic prepayments totals € 757.6 m (previous year € 616.2 m). The assessment of the recoverable amounts of touristic prepayments made to hoteliers requires judgement about the volume of future trading with hoteliers and the credit worthiness of those hoteliers. To assess the recoverability of touristic prepayments, TUI considers the financial strength of those hoteliers, the quality of the hotels as well as the demand for each hotel and the relevant destination during the past and in forthcoming seasons.

FINANCIAL INSTRUMENTS

When measuring ECL of financial instruments under IFRS 9 TUI uses, besides historical information, reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers. The uncertainty remains that this future ECL will not be in line with actual default rates due to market development.

Segment Reporting

Notes to the segments

The identification of operating segments is based on the internal organisational and reporting structure primarily built around the different products and services as well as a geographical structure within TUI Group. Allocation of individual organisational entities to operating segments is exclusively based on economic criteria, irrespective of the participation structure under company law. The segments are independently managed by those in charge, who regularly receive separate financial information for each segment. They regularly report to the Group Executive Committee, which consists of six Executive Board members and five other executives. The legally binding decision regarding the use of resources is taken by the Executive Board. TUI Group's Executive Board has therefore been identified as the Chief Operating Decision Maker (CODM) in accordance with IFRS 8.

The Hotels & Resorts segment comprises all Group-owned hotels and hotel shareholdings of TUI Group.

The Cruises segment consists of the joint venture TUI Cruises, its subsidiary Hapag-Lloyd Cruises as well as the British cruise business Marella Cruises.

The TUI Musement segment comprises the companies providing services in the destinations.

The income statement items of the aircraft leasing companies holding TUI Group's aircraft and subletting them within the Group have been fully allocated to the airlines using the respective aircraft (Northern Region, Central Region and Western Region segments).

The Northern Region segment comprises the tour operators and airlines in the UK, Ireland and the Nordic countries and the stake in the tour operation business of the Canadian company Sunwing. This segment also includes the tour operator TUI Lakes & Mountains, which plays a major role in securing the load factor for our UK aircraft fleet in winter.

The Central Region segment comprises the tour operators and airlines in Germany and tour operators in Austria, Poland and Switzerland.

The Western Region segment comprises the tour operators and airlines in Belgium and the Netherlands and tour operators in France.

Apart from the above segments, the recognised items also include All other segments. This comprises the business operations for new markets and in particular the central corporate functions and interim holdings of TUI Group and the Group's real estate companies, as well as central tourism functions such as information technology.

Notes to the segment data

The selection of segment data presented is based on the regular internal reporting to the Executive Board. From the 2020 financial year onwards, underlying EBIT is the segment performance indicator within the meaning of IFRS 8.

We define the EBIT in underlying EBIT as earnings before interest, income taxes and result of the measurement of the Group's interest hedges. EBIT by definition includes goodwill impairments.

Underlying EBIT is adjusted for by income and expense items impacting or distorting the assessment of the operating profitability of the segments and the Group due to their level and frequency. These separately disclosed items include gains on disposal from investments, major gains and losses from the sale of assets and major restructuring and integration expenses. In addition, adjustments are carried for all effects from purchase price allocations, ancillary acquisition costs and conditional purchase price payments. Adjustments made in the reconciliation to underlying EBIT also include goodwill impairments.

In financial year 2022, net expenses totalling € 58.7 m were adjusted as separately disclosed items.

The adjusted separately disclosed items for financial year 2022 include restructuring expenses of € 94 m in the Hotels & Resorts (€ 37 m), Central Region (€ 21 m), Northern Region (€ 19 m), TUI Musement (€ 9 m), All Other Segments (€ 14 m) and Western Region (€ 3 m) segments. Restructuring expenses also include income of € 9 m from the reversal of restructuring provisions no longer required in Western Region. In addition, income of € 19 m from the sale of the shares in Nordotel S.A, fully consolidated in the Hotels & Resorts segment, to Grupotel dos S.A., a joint venture of the TUI Group, income of € 16 m from the subsequent purchase price adjustment of the disposal of our 49 % stake in the Riu Hotels S.A. joint venture to a company of the Riu Group in the previous year was adjusted.

In financial year 2021, net income totalling € 95.9 m was adjusted as separately disclosed items.

Separately disclosed items in the financial year 2021 include income of € 54 m from the reversal of provisions as well as other obligations in connection with restructuring measures no longer required in the Central Region due to the lower than expected reduction in fleet size at TUIfly and € 2 m in Western Region. In addition, restructuring expenses of € 149 m related to the segments TUI Musement (€ 12 m), Northern Region (€ 11 m), Central Region (€ 21 m), Western Region (€ 55 m) and All Other Segments (€ 50 m). Furthermore, gains or losses on disposal from the sale of our 49 % stake in the joint venture Riu Hotels S.A. to a company of the Riu Group (€ 197 m), the closure of TUI Musement's Mauritius business (€ – 2 m) and the sale of a stake in an aircraft asset company in the Northern (€ – 2 m) and Western (€ – 1 m) Regions, the sale of two hotel companies in Hotels & Resorts (€ – 4 m) and in the Western Region (€ 2 m) were adjusted.

The adjusted expenses of €30.1 m (previous year €33.2 m) from purchase price allocations mainly include scheduled amortization of intangible assets from acquisitions made in previous years.

In accordance with IFRS 8 TUI presents intercompany leases – in line with the internal steering logic – as if they were IAS 17 Operating leases in segment reporting.

Apart from this indicator, internal and external revenue, depreciation and amortisation, impairments of other intangible assets (excluding goodwill), property, plant and equipment, right-of-use assets and investments as well as the share of result of joint ventures and associates are likewise shown for each segment, as these amounts are included when determining underlying EBIT. As a rule, inter-segment business transactions are based on the arm's length principle, as applied in transactions with third parties. No single external customer accounts for 10 % or more of revenue.

Assets and liabilities by segment are not included in the reporting to the Executive Board and are therefore not shown in segment reporting.

Depreciation and write-backs relate to non-current assets by region.

Non-current assets by region contain other intangible assets, property, plant and equipment, right-of-use assets and specific other non-current assets that do not meet the definition of financial instruments.

Segment indicators

Revenue by segment

	2022			2021		
€ million	**External**	**Group**	**Total**	External	Group	Total
Hotels & Resorts	806.2	693.4	1,499.6	440.5	226.2	666.7
Cruises	331.5	–	331.5	27.0	–	27.0
TUI Musement	517.2	288.5	805.7	116.7	61.6	178.3
Consolidation	–	–3.5	–3.5	–	–4.1	–4.1
Holiday Experiences	1,654.9	978.4	2,633.3	584.1	283.8	867.9
Northern Region	6,320.2	327.8	6,648.0	807.7	273.8	1,081.5
Central Region	5,773.5	83.7	5,857.2	2,322.9	84.0	2,406.9
Western Region	2,712.6	146.2	2,858.8	976.1	130.7	1,106.8
Consolidation	–	–538.1	–538.1	–	–484.9	–484.9
Markets & Airlines	14,806.3	19.6	14,825.9	4,106.7	3.6	4,110.3
All other segments	83.8	5.6	89.4	40.8	4.4	45.2
Consolidation	–	–1,003.7	–1,003.7	–	–291.8	–291.8
Total	**16,544.9**	**–**	**16,544.9**	**4,731.6**	**–**	**4,731.6**

Underlying EBIT by segment

€ million	**2022**	2021
Hotels & Resorts	480.6	–152.7
Cruises	0.8	–277.5
TUI Musement	23.2	–105.3
Holiday Experiences	504.6	–535.4
Northern Region	–101.6	–965.8
Central Region	87.8	–328.6
Western Region	–31.5	–176.6
Markets & Airlines	–45.3	–1,470.9
All other segments	–50.5	–69.1
Total	**408.7**	**–2,075.5**

Reconciliation to underlying EBIT of TUI Group

€ million	2022	2021
Earnings before income taxes	**–145.9**	**–2,461.7**
plus: Net interest expense (excluding expense/income from measurement of interest hedges)	478.9	439.1
less/plus: Expense (income) from measurement of interest hedges	–13.0	9.8
EBIT	**320.0**	**–2,012.8**
Adjustments:		
less/plus: Separately disclosed items	58.7	–95.9
plus: Expense from purchase price allocation	30.1	33.2
Underlying EBIT	**408.7**	**–2,075.5**

Other segmental information

	Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets, property, plant and equipment, right-of-use assets and investments		Thereof impairment of intangible assets and property, plant, equipment and right-of-use assets		Thereof reversal of impairment losses on intangible assets and property, plant, equipment and right-of-use assets		Thereof amortisation/depreciation of intangible assets and property, plant, equipment and right-of-use assets		Share of result of joint ventures and associates	
€ million	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Hotels & Resorts	206.8	217.8	60.8	56.6	30.7	30.9	176.7	192.3	94.0	–44.6
Cruises	54.6	63.4	–	–	15.2	–	69.8	63.4	41.4	–146.7
TUI Musement	32.6	32.9	1.2	0.2	–	0.1	31.3	32.9	7.5	–5.6
Holiday Experiences	294.0	314.1	62.0	56.7	45.9	31.0	277.8	288.5	142.9	–196.9
Northern Region	328.1	363.6	4.1	37.5	3.6	2.5	327.6	328.5	–46.2	–38.2
Central Region	104.9	133.4	0.8	6.4	0.8	–	104.8	127.2	3.8	2.3
Western Region	144.6	158.9	–	18.4	–	3.5	144.6	143.9	–	–
Markets & Airlines	577.6	655.9	4.9	62.3	4.4	6.0	577.1	599.6	–42.3	–35.9
All other segments	11.8	42.4	6.9	36.4	0.1	–	5.0	5.9	0.2	0.1
Total	**883.4**	**1,012.4**	**73.9**	**155.5**	**50.4**	**37.0**	**859.8**	**894.1**	**100.7**	**–232.7**

Key figures by region

	External revenue by customer locations		Non-current assets	
€ million	**2022**	2021	**2022**	2021
Germany	4,555.2	1,741.5	257.8	307.4
United Kingdom	6,103.1	768.5	3,829.3	3,656.2
Spain	145.5	87.4	551.4	589.9
Other Europe	5,357.9	1,926.3	483.7	533.9
North and South America	293.7	144.6	728.4	553.0
Rest of the world	89.6	63.3	1,196.1	1,197.4
Total	**16,545.0**	**4,731.6**	**7,046.7**	**6,837.8**

Notes to the Consolidated Income Statement

As a result of the easing of global travel restrictions, TUI Group was able to increase its business volume compared with financial year 2021. Nevertheless, the development of revenue and earnings in particular in the first half of financial year 2022 continued to be significantly impacted by the measures to contain the spread of COVID-19. TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months, however the impact is less evident especially in the previous year period due to the COVID-19 pandemic.

(1) Revenue

Group revenue is mainly generated from tourism services. The other revenues present income from sub-lease. In financial year 2022, consolidated revenue increased by 249.7 % year-on-year from € 4.7 bn to € 16.5 bn. This reflects a normalisation of the business environment in tourism to an approximate pre-pandemic level in the course of the financial year.

External revenue allocated by destinations for the period from 1 Oct 2021 to 30 Sep 2022

€ million	Spain (incl. Canary Islands)	Other European destinations	Caribbean, Mexico, USA & Canada	North Africa & Turkey	Rest of Africa, Ind. Ocean, Asia	Other countries	**2022 Revenues from contracts with customers**	Other	**2022 Total**
Hotels & Resorts	292.0	85.8	216.1	74.7	137.6	–	806.2	–	806.2
Cruises	158.2	124.8	48.3	–	–	0.1	331.4	–	331.5
TUI Musement	97.7	191.4	123.8	32.1	34.1	38.2	517.3	–	517.2
Holiday experiences	547.9	402.0	388.2	106.8	171.7	38.3	1,654.9	–	1,654.9
Northern Region	1,955.3	1,986.4	1,202.6	816.7	333.1	20.8	6,314.9	5.3	6,320.2
Central Region	1,646.4	1,987.2	300.2	1,271.1	565.6	2.5	5,773.0	0.5	5,773.5
Western Region	868.7	832.5	474.5	390.8	138.8	6.0	2,711.3	1.3	2,712.6
Markets & Airlines	4,470.4	4,806.1	1,977.3	2,478.6	1,037.5	29.3	14,799.2	7.1	14,806.3
All other segments	2.1	21.4	10.3	5.0	34.5	10.4	83.7	–	83.7
Total	**5,020.4**	**5,229.5**	**2,375.8**	**2,590.4**	**1,243.7**	**78.0**	**16,537.8**	**7.1**	**16,544.9**

External revenue allocated by destinations for the period from 1 Oct 2020 to 30 Sep 2021

€ million	Spain (incl. Canary Islands)	Other European destinations	Caribbean, Mexico, USA & Canada	North Africa & Turkey	Rest of Africa, Ind. Ocean, Asia	Other countries	2021 Revenues from contracts with customers	Other	2021 Total
Hotels & Resorts	186.4	65.4	108.6	52.1	27.4	0.6	440.5	–	440.5
Cruises	0.3	26.3	0.3	–	–	0.1	27.0	–	27.0
TUI Musement	21.4	53.9	23.3	9.0	7.1	1.9	116.6	–	116.7
Holiday experiences	208.1	145.6	132.2	61.1	34.5	2.6	584.1	–	584.1
Northern Region	235.9	468.0	82.6	10.0	8.6	1.5	806.6	1.0	807.7
Central Region	602.7	1,161.9	79.9	337.8	139.7	0.5	2,322.5	0.3	2,322.9
Western Region	282.7	503.4	106.1	78.6	4.5	0.4	975.7	0.5	976.1
Markets & Airlines	1,121.3	2,133.3	268.6	426.4	152.8	2.4	4,104.8	1.8	4,106.7
All other segments	1.7	11.0	1.3	0.8	22.0	4.0	40.8	–	40.8
Total	**1,331.1**	**2,289.9**	**402.1**	**488.3**	**209.3**	**9.0**	**4,729.7**	**1.8**	**4,731.6**

Future revenue from performance obligations not yet delivered as at 30 September 2022 totals € 1,502.1 m (previous year € 2,192.4 m), including an amount of € 1,340.6 m (previous year € 2,006.6 m) to be recognised within the next twelve months. The remaining revenue will mostly be recognised in the following twelve months.

The touristic advance payments received (contract liabilities) are presented in Note 34.

(2) Cost of sales and administrative expenses

Cost of sales relates to the expenses incurred in the provision of tourism services. In addition to the expenses for personnel, depreciation, amortisation, rental and leasing, it includes all costs incurred by the Group in connection with the procurement and delivery of airline services, hotel accommodation, cruises and distribution costs.

Due to the increased business volume, the cost of sales increased by 162.2 % from € 6.0 bn to € 15.6 bn in financial year 2022.

The cost of sales in financial year 2022 and in the prior year include effects from the termination of hedging relationships that were previously designated in hedge accounting relationships. For more details, please refer to Note 41 'Financial instruments'.

Government grants

€ million	**2022**	2021
Cost of Sales	58.0	158.8
Administrative expenses	35.5	62.7
Total	**93.5**	**221.5**

The government grants reported under cost of sales and administrative expenses include in particular grants for wages and salaries, social security contributions as well as other contributions directly reimbursed to the relevant company. Since April 2020 government programmes and measures to secure jobs had been introduced by European governments similar to the short-time work benefit scheme in Germany as part of the meaures to curtail COVID-19. Especially subsidiaries of the Northern, Western and Central Region segments used these programmes following the introduction of travel restrictions in financial years 2020 and 2021 and in Winter 2022. In addition, a number of Group companies have applied for government grants, or received such grants, respectively, from the relevant national awarding authorities, e. g. in the form of grants for fixed costs. In the wake of the lifting of travel restrictions and the resumption of business operations, these measures have been decreasingly used or they have been terminated. Accordingly, the government grants declined year-on-year.

In addition TUI AG received government assistance in the form of financing measures to cover the liquidity requirements due to the COVID-19 pandemic from the KfW and the ESF. For further details we refer to the section 'Going concern reporting according to the UK Corporate Governance Code'.

Administrative expenses comprise all expenses incurred in connection with activities by the administrative functions and break down as follows:

Administrative expenses

€ million	**2022**	2021
Staff cost	544.7	542.1
Rental and leasing expenses	11.0	14.3
Depreciation, amortisation and impairment	73.6	131.9
Others	116.9	152.2
Total	**746.3**	**840.5**

The cost of sales and administrative expenses include the following expenses for personnel and depreciation/amortisation/impairment:

Staff costs

€ million	**2022**	2021
Wages and salaries	1,732.3	1,393.1
Social security contributions	300.4	193.7
Pension costs	109.2	119.3
Total	**2,141.9**	**1,706.1**

Pension costs include service cost for defined benefit obligations and contributions to defined contribution pension schemes.

In the period under review, TUI Group's personnel expenses rose from € 1.7 bn in the prior year to € 2.1 bn. The year-on-year increase in wages and salaries and social security contributions in financial year 2022 resulted in particular from a 24.0 % increase in the average number of employees across the Group. In addition, the use of short-time working and other government programmes to secure jobs was significantly lower than in the previous year.

The average annual headcount (excluding trainees) evolved as follows:

Average annual headcount in the financial year (excl. trainees)

	2022	2021
Hotels & Resorts	21,766	14,546
Cruises	63	58
TUI Musement	6,695	4,277
Holiday Experiences	28,524	18,881
Northern Region	9,722	8,952
Central Region	6,919	7,537
Western Region	4,867	4,572
Markets & Airlines	21,508	21,061
All other segments	2,332	2,274
Total	**52,364**	**42,216**

Depreciation / amortisation / impairment

€ million	**2022**	2021
Depreciation and amortisation of other intangible assets, property, plant and equipment and right-of-use assets	859.8	894.1
Impairment of other intangible assets, property, plant and equipment and right-of-use assets	73.9	155.5
Total	**933.7**	**1,049.6**

Impairment losses of € 73.6 m (previous year € 111.3 m) are presented within cost of sales and € 0.3 m (previous year € 44.2 m) in administrative expenses.

Impairments losses of € 57.2 m (previous year € 50.7 m) relate to property, plant and equipment. Additionally € 8.8 m (previous year € 72.4 m) correspond to right-of-use assets and € 7.9 m (previous year € 32.4 m) to other intangible assets.

In financial year 2022, reversals of impairment losses of € 50.4 m (previous year € 37.0 m) were recognized, of which € 49.6 m (previous year € 37.0 m) were recorded in cost of sales and € 0.8 m (previous year € 0.0 m) in administrative expenses.

For details of the impairment losses and reversals of impairment losses effected in financial year 2022, please refer to the respective sections in the Notes to the consolidated statement of financial position. A breakdown of impairments and reversals of impairments is presented in Segment Reporting.

(3) Other income and other expenses

In financial year 2022 other income reflects mainly € 19.3 m from the disposal of Nordotel S.A. in October 2022 and subsequent income of € 13.4 m relating to the disposal of RUI Hotels S.A. in the prior financial year. In the prior year, this item had primarily included the gain on disposal of Riu Hotels S.A. of € 196.8 m.

In financial year 2022, other expenses result in particular from the disposal of aircraft assets. In the previous year, losses from the disposal of aircraft assets and the result from the sale of TUI Group companies were presented in other expenses.

(4) Financial income

Financial income

€ million	**2022**	2021
Bank interest income	4.7	0.8
Other interest and similar income	20.2	10.8
Income from the measurement of hedges	1.4	1.1
Interest income	**26.3**	**12.7**
Income from investments	0.3	–
Foreign exchange gains	9.3	14.6
Total	**35.9**	**27.3**

The increase in financial income of € 8.6 m in financial year 2022 mainly results from higher interest income of € 13.6 m. This increase in this income was partly compensated by decreased income from exchange rate changes on lease liabilities in accordance with IFRS 16.

(5) Financial expenses

Financial expenses

€ million	2022	2021
Bank interest payable on loans and overdrafts	15.2	14.8
Interest expenses on lease liabilities	159.3	153.3
Net interest expenses from defined benefit pension plans	6.6	0.9
Unwinding of discount on provisions	10.1	– 0.7
Other interest and similar expenses	293.1	282.5
Expenses relating to the measurement of hedges	7.8	10.9
Interest expenses	**492.1**	**461.7**
Expenses relating to the measurement of other financial instruments	0.1	–
Foreign exchange losses	17.3	2.4
Total	**509.5**	**464.1**

In the period under review financial expenses increased by € 45.4 m. This increase mainly results from higher interest expenses, in particular, due to lease liabilities and defined benefit pension plans as well as the unwinding of discount on provisions. Expenses from exchange rate changes in lease liabilities in accordance with IFRS 16 increased as well.

(6) Share of result of joint ventures and associates

The share of result of joint ventures and associates of € 100.7 m (previous year € – 232.7 m) comprises the net result for the year attributable to the associated companies and joint ventures.

Joint ventures and associates were tested for impairment as at 30 September 2022. This resulted in impairments of € 4.8 m (previous year € 5.0 m) and reversals of € 3.4 m (previous year € 0.0 m) in the Hotels & Resorts segment and € 0.4 m impairments (previous year € 0.1 m) and € 0.2 m reversals (previous year € 0.1 m) in the Central Region segment.

For the development of the results of the material joint ventures and associates, please refer to Note 16 'Investments in joint ventures and associates'.

(7) Income taxes

As in the previous year, TUI Group's German companies have to pay trade tax of 15.7 % and corporation tax of 15.0 % plus a 5.5 % solidarity surcharge on corporation tax.

Foreign income taxes are calculated on the basis of the laws and provisions applicable in the individual countries. The income tax rates applied to foreign companies vary from 0 % to 35.0 %.

Breakdown of income taxes

€ million	2022	2021
Current tax (expense [+] / income [–])		
in Germany	–15.7	– 6.5
abroad	127.5	3.4
Deferred tax (expense [+] / income [–])	– 45.1	22.3
Total	**66.7**	**19.2**

In financial year 2022, the actual tax income in Germany included income attributable to prior periods. Due to the required reassessment of tax risks, income tax liabilities of € 4.8 m (previous year € 2.0 m) were reversed. In financial year 2022, the tax expense from actual taxes attributable to prior periods totalled € 42.4 m (previous year € 18.2 m).

In the financial year deferred tax expenses include deferred tax income from the reassessment of tax loss carryforwards in Germany of € 61.4 m (previous year tax expense € 39.7 m).

In financial year 2022, tax expense totalled € 66.7 m (previous year € 19.2 m) and are derived as follows from an 'expected' income tax expense that would have arisen if the statutory income tax rate of parent company TUI AG (aggregate income tax rate) had been applied to earnings before taxes.

Reconciliation of expected to actual income taxes

€ million	2022	2021
Earnings before income taxes	– 145.9	– 2,461.7
Expected income tax (current year 31.5 %, previous year 31.5 %)	**– 46.0**	**– 775.4**
Effect from the difference of the actual tax rates to the expected tax rates	35.4	196.0
Changes in tax rates and tax law	23.0	75.1
Income not taxable	– 61.8	– 82.9
Expenses not deductible	30.5	177.1
Effects from loss carryforwards	89.5	483.2
Temporary differences for which no deferred taxes were recognised	– 15.0	– 25.5
Deferred and current income tax relating to other periods (net)	31.8	– 34.5
Other differences (expense [+] / income [–])	– 20.7	6.1
Income taxes	**66.7**	**19.2**

(8) Group loss attributable to shareholders of TUI AG

In financial year 2022, the share in Group loss attributable to TUI AG shareholders decreased from € – 2,467.2 m in the prior year to € – 277.3 m.

(9) Group profit / loss attributable to non-controlling interest

In the Hotels & Resorts segment, the Group profit attributable to non-controlling interest primarily relates to the RIUSA II Group with € 64.2 m (previous year Group loss € 10.6 m).

(10) Earnings per share

In accordance with IAS 33, basic earnings per share are calculated by dividing the Group result for the year attributable to TUI AG shareholders by the weighted average number of registered shares outstanding during the financial year. The average number of shares is derived from the total number of shares at the beginning of the financial year (1,099,393,634 shares) and the share capital increases in October and May in total of 685,812,219 new shares issued on a pro rata basis (535,425,497 new shares).

Earnings per share

		2022	2021
Group loss / profit for the year attributable to shareholders of TUI AG	€ million	– 277.3	– 2,467.2
Weighted average number of shares		1,634,819,131	954,369,613
Basic earnings per share	€	**– 0.17**	**– 2.58**

Diluted Earnings per share

		2022	2021
Group loss / profit for the year attributable to shareholders of TUI AG	€ million	– 277.3	– 2,467.2
Weighted average number of shares		1,634,819,131	954,369,613
Weighted average number of shares (diluted)		1,634,819,131	954,369,613
Diluted earnings per share	€	**– 0.17**	**– 2.58**

As a rule, a dilution of earnings per share occurs when the average number of shares increases due to the addition of the issue of potential shares from conversion options. In the event of a loss, this is not applicable. The matters described below therefore have no dilutive effect as of the reporting date.

On 1 October 2020, TUI AG issued a warrant bond to the Economic Stabilisation Fund (ESF) of € 150.0 m primary. Following the capital reduction in financial year 2021, the option price decreased accordingly from € 2.56 to € 1.00 per share. The number of potential shares continues to amount to 58.7 m.

In January 2021 a conditional capital of € 420.0 m was approved to grant ESF the right to exchange all or part of ESF's asset contribution in the form of a silent partnership of € 420.0 m at any time for up to 420.0 m new registered shares representing a proportionate amount of the capital stock of € 1.00 per share.

In April and July 2021, a convertible bond was issued for a total of € 589.6 m. At a present conversion price of € 4.58 per share, the number of potential shares is 128.7 m.

In total the potential shares amount to 607.4 m.

(11) Taxes attributable to other comprehensive income

Tax effects relating to other comprehensive income

	2022			2021		
€ million	**Gross**	**Tax effect**	**Net**	Gross	Tax effect	Net
Foreign exchange differences	206.1	–	206.1	119.9	–	119.9
Cash flow hedges	110.7	–28.5	82.2	144.0	–32.1	111.9
Remeasurements of benefit obligations and related fund assets	245.5	–71.8	173.7	–257.5	139.3	–118.2
Changes in the measurement of companies measured at equity outside profit or loss	17.0	–	17.0	17.9	–	17.9
Fair value gain/loss on investments in equity instruments designated as at FVTOCI	–1.2	–	–1.2	–0.1	–	–0.1
Other comprehensive income	**578.1**	**–100.3**	**477.8**	**24.3**	**107.2**	**131.5**

In the period under review corporate income taxes in the amount of € –1.0 m were recognised directly in equity (previous year € –1.3 m). Deferred income taxes recognised directly in equity were not generated, as in the prior year.

(12) Goodwill

Goodwill

€ million	2022	2021
Historical cost		
Balance as at 1 Oct	**3,469.5**	**3,404.7**
Exchange differences	–24.6	86.8
Reclassification as assets held for sale	–	–22.0
Balance as at 30 Sep	**3,444.9**	**3,469.5**
Impairment		
Balance as at 1 Oct	**–476.4**	**–490.2**
Exchange differences	2.1	–8.2
Reclassification as assets held for sale	–	22.0
Balance as at 30 Sep	**–474.3**	**–476.4**
Carrying amounts as at 30 Sep	**2,970.6**	**2,993.1**

In accordance with the provisions of IAS 21, goodwill allocated to the individual segments and sectors was recognised in the functional currency of the subsidiaries and subsequently translated when preparing the consolidated financial statements. Similar to the treatment of other differences from the translation of annual financial statements of foreign subsidiaries, differences due to exchange rate fluctuations between the exchange rate at the date of acquisition of the subsidiary and the exchange rate at the balance sheet date are taken directly to equity outside profit and loss and disclosed as a separate item. In financial year 2022, a reduction in the carrying amount of goodwill of € 22.5 m (previous year increase of € 78.6 m) resulted from foreign exchange differences.

The following table presents a breakdown of goodwill by cash-generating unit (CGU) at carrying amounts. Other exclusively consists of the two cash-generating units Robinson and Blue Diamond, which belong to the Hotels & Resorts segment.

Goodwill per cash generating unit

€ million	30 Sep 2022	30 Sep 2021
Northern Region	1,204.7	1,224.6
Central Region	502.5	501.7
Western Region	412.3	412.3
Riu	343.1	343.1
Marella Cruises	288.8	295.2
TUI Musement	171.4	170.3
Other	47.8	45.9
Total	**2,970.6**	**2,993.1**

As at 30 September 2022, an impairment test of capitalised goodwill was performed at the level of cash-generating units. No impairments of capitalised goodwill were identified.

For all CGUs, the recoverable amount was determined on the basis of fair value less costs of disposal, being the higher value compared to the value in use. The fair value was calculated by discounting the expected cashflows. This was based on the medium-term plan for the respective entity as at 30 September 2022. Budgeted revenues and EBIT margins are based on expectations with regard to the future business performance. We refer to the section 'Key judgements, assumptions and estimates'.

The discount rates are calculated as the weighted average cost of capital, taking account of country-specific risks of the CGU and based on external capital market information. The unchanged high weighted average cost of capital reflects the current market situation and in particular the increase in beta factors and debt capital.

The table below provides an overview of the parameters versus the previous financial year, underlying the determination of the fair values per CGU. Due to a growth phase in the first three planning years, the planning period for TUI Musement was extended to five years in order to represent a normalised business. At Marella Cruises, the higher growth rate in revenues in the previous financial year is mainly due to an expected addition of a new ship in the planning year 2024. As in the previous year, the EBIT margin has been adjusted for deductions of centrally incurred costs The table lists the CGUs to which goodwill has been allocated:

Parameters for calculation of the recoverable amount at 30 September 2022

	Planning period in years	Growth rate revenues[2] in % p.a.	EBIT margin[3] in % p.a.	Sustainable growth rate[4] in %	WACC in %	Level	Carrying amount in € million	Recoverable amount in € million
Northern Region	3.00	8.7	2.8	0.5	11.75	3	1,099.5	2,787.8
Central Region	3.00	4.1	2.5	0.5	11.75	3	–134.2	1,133.5
Western Region	3.00	4.1	2.1	0.5	11.75	3	471.1	786.2
Riu[1]	3.00	8.8	30.5	1.0	8.55	3	2,279.8	3,107.2
Marella Cruises[1]	3.00	0.7	11.0	1.0	10.57	3	722.6	1,081.5
TUI Musement	5.00	25.0	2.9	1.0	9.84	3	453.0	805.3
Other	3.00	2.3 to 4.3	15.5 to 21.3	1.0	8.55 to 9.21	3	669.4 to 812.3	711.8 to 956.0

[1] Those are groups of CGUs.
[2] Planned growth rate in revenues in % in relation financial year 2024 to financial year 2025.
[3] EBIT-Margin for financial year 2025.
[4] Growth rate of expected net cash inflows.

Parameters for calculation of the recoverable amount at 30 September 2021

	Planning period in years	Growth rate revenues[2] in % p.a.	EBIT margin[3] in % p.a.	Sustainable growth rate[4] in %	WACC in %	Level	Carrying amount in € million	Recoverable amount in € million
Northern Region	3.00	8.3	4.4	0.5	11.75	3	1,205.4	3,563.3
Central Region	3.00	3.3	3.4	0.5	11.75	3	7.2	1,363.1
Western Region	3.00	6.1	3.4	0.5	11.75	3	449.9	902.7
Riu[1]	3.00	7.2	30.1	1.0	7.77	3	2,099.3	3,304.1
Marella Cruises[1]	3.00	18.1	14.2	1.0	9.18	3	838.0	1,202.1
TUI Musement	3.00	23.4	4.8	1.0	8.36	3	327.5	727.7
Other	3.00	2.2 to 4.9	14.9 to 18.8	1.0	7.77 to 8.51	3	548.6 to 672.6	760.4 to 799.0

[1] Those are groups of CGUs.
[2] Planned growth rate in revenues in % in relation financial year 2023 to financial year 2024.
[3] EBIT margin for financial year 2024.
[4] Growth rate of expected net cash inflows.

In view of the existing uncertainties regarding future business development, an analysis of sensitivities for the main planning parameters was carried out. In the sector Markets & Airlines a risk premium of 1.9 % (previous year 3.4 %) was added to the cost of capital. For further information we refer to 'Key judgements, assumptions and estimates'. The following table shows the effects of potential deviations in fair value in financial year 2022:

Sensitivities presenting potential changes of the recoverable amount

Sensitivity analysis Markets & Airlines	WACC +150 BPS € million	WACC – 150 BPS € million	Sustainable growth rate[2] +50 BPS € million	Sustainable growth rate[2] – 50 BPS € million	Cash inflow +15 % € million	Cash inflow – 15 % € million
Northern Region	– 221.3	281.1	60.6	– 55.4	418.2	– 418.2
Central Region	–130.7	169.8	40.3	– 36.9	173.6	–173.6
Western Region	– 61.0	77.5	16.7	–15.3	118.0	–117.9

Sensitivity analysis Cruises	WACC +100 BPS € million	WACC –100 BPS € million	Sustainable growth rate[2] +50 BPS € million	Sustainable growth rate[2] – 50 BPS € million	Cash inflow +10 % € million	Cash inflow –10 % € million
Marella Cruises[1]	– 86.4	105.9	40.5	– 36.5	108.1	–108.1

Sensitivity analysis Hotels & Resorts and TUI Musement	WACC +100 BPS € million	WACC –100 BPS € million	Sustainable growth rate[2] +50 BPS € million	Sustainable growth rate[2] – 50 BPS € million	Cash inflow +10 % € million	Cash inflow –10 % € million
Riu[1]	– 402.1	526.6	214.4	–187.7	310.7	– 310.7
TUI Musement	– 90.7	114.3	46.1	– 41.2	80.5	– 80.5
Other	–78.5 to –103.0	102.1 to 131.4	40.7 to 52.4	– 35.7 to – 46.4	71.2 to 95.6	–71.2 to – 95.6

[1] Those are groups of CGUs.
[2] Sustainable growth rate of expected net cash inflows.

The fair values determined in the sensitivity analysis would have led to an impairment requirement of €36.0 m in the Hotels & Resorts segment (CGU Robinson) if the WACC had increased by 100 basis points. The reduction in the Cash inflow by 10 % would result in an impairment requirement of €28.8 m in the Hotels & Resorts segment (CGU Robinson). With the exception of the impairments presented in the Hotels & Resorts segment, the sensitivity analysis did not reveal any further indications of an additional need for impairment losses.

Due to existing uncertainties regarding the general increase in prices and interest rated, which could lead to a decline in demand for travel services, in connection with possible significantly higher costs for fuel and other input factors in the short term, as well as the SBTi risks, which have been described above, and the associated effects on the tourism business, an extended analysis of sensitivities was carried out for cash-generating units with goodwill. For information on these uncertainties, please refer to the section 'Key judgements, assumptions and estimates'. The sensitivity of the effects of the Science Based Target initiative (SBTi) is based on the assumption of additional negative effects on earnings or lower costs as expected from the planned measures necessary to reach the climate targets. Existing uncertainties for financial year 2023 as a result of the general increase in prices and the associated fall in demand, the USD development and in relation to fuel costs are reflected in the sensitivity of demand and price risks. In addition a corresponding positive development in 2023 has been considered. The sensitivities relating to fuel costs are based on the assumptions of cost increases or cost reductions for aircraft and cruise ships, considered equally for all plan periods. The shown sensitivities and their impact on the fair value result exclusively from the adjustment of the individual parameters. Possible compensatory measures such as using derivative financial instruments to limit price risks or cost saving measures were not taken into account in the determination.

Only the increase in fuel prices by 10 % would have led to an impairment of €9.5 m in the segment Region West. The following table provides the effects of the sensitivities on the fair value in the financial year 2022.

Sensitivities presenting potential changes of the recoverable amount

Sensitivity analysis Markets & Airlines	Negative impact on earnings Science Based Target initiative (SBTi) +10 %	Positive impact on earnings Science Based Target initiative (SBTi) –10 %	Demand and price risks 2023	Demand and price chances 2023	Fuel cost +10 %	Fuel cost –10 %
Northern Region	–140.0	142.0	–123.8	123.8	–715.9	715.9
Central Region	–36.0	37.0	–96.9	96.9	–142.1	142.1
Western Region	–83.0	84.0	–52.2	52.2	–324.7	324.7

Sensitivity analysis Cruises	Negative impact on earnings Science Based Target initiative (SBTi) +10 %	Positive impact on earnings Science Based Target initiative (SBTi) –10 %	Demand and price risks 2023	Demand and price chances 2023	Fuel cost +10 %	Fuel cost –10 %
Marella Cruises*	–27.6	9.7	–11.4	11.4	–79.2	79.2

Sensitivity analysis Hotels & Resorts and TUI Musement	Negative impact on earnings Science Based Target initiative (SBTi) +10 %	Positive impact on earnings Science Based Target initiative (SBTi) –10 %	Demand and price risks 2023	Demand and price chances 2023	Fuel cost +10 %	Fuel cost –10 %
Riu*	–7.5	7.5	–12.3	12.3	n.a.	n.a.
TUI Musement	n.a.	n.a.	–9.8	9.8	n.a.	n.a.
Other	–2.1 to –2.7	2.1 to 2.7	–3.6 to –8.9	3.6 to 8.9	n.a.	n.a.

* Those are groups of CGUs.

(13) Other intangible assets

The development of the line items of Other intangible assets in financial year 2022 is shown in the following table.

Other intangible assets

€ million	Brands, licenses and other rights	Computer software internally generated	Computer software acquired	Transport and leasing contracts	Customer base	Intangible assets in the course of construction and Payments on account	**Total**
Historical cost							
Balance as at 1 Oct 2020	**328.7**	**517.2**	**269.8**	**59.1**	**78.8**	**84.1**	**1,337.7**
Exchange differences	9.1	22.8	−2.1	3.3	0.9	4.0	38.0
Additions	–	10.3	8.5	–	–	89.3	108.1
Disposals	−5.4	−79.1	−46.2	–	−0.1	−3.6	−134.4
Reclassification as assets held for sale	–	–	−1.1	–	–	–	−1.1
Transfer	−2.7	37.6	20.4	–	–	−55.3	–
Balance as at 30 Sep 2021	**329.7**	**508.8**	**249.3**	**62.4**	**79.6**	**118.5**	**1,348.3**
Exchange differences	4.7	−11.1	2.6	−1.4	0.7	−3.6	−8.1
Additions	0.1	10.0	12.5	–	–	112.6	135.2
Disposals	−0.2	−74.2	−17.5	–	−0.3	−0.7	−92.9
Transfer	−0.3	26.6	12.7	–	–	−40.4	−1.4
Balance as at 30 Sep 2022	**334.0**	**460.1**	**259.6**	**61.0**	**80.0**	**186.4**	**1,381.1**

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Other intangible assets

€ million	Brands, licenses and other rights	Computer software internally generated	Computer software acquired	Transport and leasing contracts	Customer base	Intangible assets in the course of construction and Payments on account	**Total**
Amortisation and impairment							
Balance as at 1 Oct 2020	**–188.9**	**–313.3**	**–191.8**	**–44.8**	**–44.5**	**–0.9**	**–784.2**
Exchange differences	–6.3	–14.0	2.7	–2.5	–0.7	–0.1	–20.9
Amortisation for the current year	–15.9	–81.9	–35.1	–2.4	–9.2	–	–144.5
Impairments	–1.0	–9.4	–4.8	–	–	–17.2	–32.4
Disposals	5.4	79.2	45.8	–	0.1	0.9	131.4
Reclassification as assets held for sale	–	–	1.0	–	–	–	1.0
Transfer	3.7	–3.3	–0.5	–	–	–	–0.1
Balance as at 30 Sep 2021	**–203.0**	**–342.7**	**–182.7**	**–49.7**	**–54.3**	**–17.3**	**–849.7**
Exchange differences	1.9	9.3	–2.6	1.2	0.1	0.1	10.0
Amortisation for the current year	–15.9	–64.5	–30.3	–2.5	–5.4	–	–118.6
Impairments	–	–	–7.3	–	–	–0.6	–7.9
Reversal of impairments	–	–	–	–	–	0.1	0.1
Disposals	0.2	74.1	17.4	–	0.3	0.6	92.6
Transfer	0.2	–1.8	–1.1	–	–	2.7	–
Balance as at 30 Sep 2022	**–216.6**	**–325.6**	**–206.6**	**–51.0**	**–59.3**	**–14.4**	**–873.5**
Carrying amounts as at 30 Sep 2021	**126.7**	**166.1**	**66.6**	**12.7**	**25.3**	**101.2**	**498.6**
Carrying amounts as at 30 Sep 2022	**117.4**	**134.5**	**53.0**	**10.0**	**20.7**	**172.0**	**507.6**

Internally generated computer software consists of computer programs for tourism applications exclusively used internally by the Group.

Transport contracts relate to landing rights at airports in the UK purchased and measured during the acquisition of First Choice Holidays Plc in 2007.

The intangible assets in the course of construction amounted to €172.0 m as at 30 September 2022 (previous year €101.3 m).

The impairments recognised for the financial year under review totalled €7.9 m (previous year €32.4 m). Impairment charges of €6.7 m relate primarily to purchased computer software and are due to restructuring in 'All other segments'. In the previous year, the COVID-19 pandemic gave impetus on accelerate the digital transformation of TUI. Accordingly, local software systems which will be replaced by group wide software were impaired in the previous year. This included €9.4 m impairment of internally generated software and €4.8 m of acquired computer software. In addition, software projects presented as intangible assets in the course of construction have been impaired by €17.1 m in the previous year.

Due to changes in our strategy and delays in the digital transformation, a realignment for Markets & Airlines was applied in the current financial year. With the focus on strategic key elements, the timeframe for implementing the digitization has been adjusted, prompting a review of the useful lives of a number of software solutions. Due to the revision the useful life of the affected software systems were extended which reduced the amortization by €8.6 m in the financial year under review. For the financial year 2023 we expect a decrease of amortization by €0.1 m compared with the amount that would have been charged before the change in useful life. The extension of the useful life beyond the previous end of useful life will lead to an increase in amortisation by €1.8 m for financial year 2024 and by €6.9 m for financial year 2025.

In the previous year, the useful life of individual software systems had been revised based on the acceleration of the digital transformation. Due to this revision, the useful life of the affected software systems was shortened, which increased the amortisation by € 8.1 m in the previous year.

(14) Property, plant and equipment

The table below presents the development of the individual items of property, plant and equipment in financial year 2022.

Property, plant and equipment

€ million	Hotels incl. land	Other buildings and land	Aircraft	Cruise ships	Other plant, operating and office equipment	Assets under construction	Payments on account	**Total**
Balance as at 1 Oct 2020	**2,280.4**	**250.7**	**392.3**	**647.2**	**1,305.2**	**220.4**	**372.0**	**5,468.2**
Exchange differences	21.5	14.3	2.2	36.9	8.0	2.3	3.3	88.5
Additions	55.1	0.2	26.4	–	61.2	63.8	27.4	234.1
Disposals	–18.4	–30.2	–180.7	–16.5	–101.4	–4.6	–115.8	–467.6
Transfer to assets held for sale	–123.7	–51.5	0.2	–	–123.3	0.2	–	–298.1
Transfer	135.5	–	44.9	24.5	22.8	–147.5	–27.7	52.5
Balance as at 30 Sep 2021	**2,350.4**	**183.5**	**285.3**	**692.1**	**1,172.5**	**134.6**	**259.2**	**5,077.6**
Exchange differences	118.5	26.2	39.3	–15.9	37.9	25.2	20.8	252.0
Additions	34.7	0.2	150.7	–	32.9	184.2	57.1	459.8
Disposals	–8.0	–4.5	–51.9	–16.5	–23.4	–0.3	–157.9	–262.5
Transfer to assets held for sale	–	–4.9	–	–	–0.6	–	–	–5.5
Transfer	98.9	–	98.7	35.2	46.6	–173.0	–66.5	39.9
Balance as at 30 Sep 2022	**2,594.5**	**200.5**	**522.1**	**694.9**	**1,265.9**	**170.7**	**112.7**	**5,561.3**
Depreciation and impairment								
Balance as at 1 Oct 2020	**–666.6**	**–65.6**	**–152.9**	**–208.9**	**–911.3**	**0.2**	**–0.6**	**–2,005.7**

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Property, plant and equipment

€ million	Hotels incl. land	Other buildings and land	Aircraft	Cruise ships	Other plant, operating and office equipment	Assets under construction	Payments on account	**Total**
Exchange differences	–6.0	–0.7	–3.5	–11.8	–4.3	–	0.1	–26.2
Depreciation for the current year	–57.2	–3.0	–22.3	–53.0	–96.9	–	–0.4	–232.8
Impairments	–37.9	–1.4	–7.2	–	–4.2	–	–	–50.7
Reversal of impairment losses	7.5	0.1	1.5	–	–	–	–	9.1
Disposals	18.4	3.0	50.3	16.5	98.1	–	–	186.3
Transfer to assets held for sale	68.7	49.6	–	–	97.9	–0.2	–	216.0
Transfer	–1.5	–	–24.1	11.4	–0.1	–	–	–14.3
Balance as at 30 Sep 2021	**–674.6**	**–18.0**	**–158.2**	**–245.8**	**–820.8**	**–**	**–0.9**	**–1,918.3**
Exchange differences	–34.1	0.9	–8.9	7.3	–22.2	–	–0.1	–57.1
Depreciation for the current year	–59.1	–1.4	–27.9	–59.7	–82.5	–	–	–230.6
Impairments	–53.0	–	–	–	–4.2	–	–	–57.2
Reversal of impairment losses	19.4	–	–	15.2	–	–	–	34.6
Disposals	7.7	1.9	38.0	16.5	23.1	–	–	87.2
Transfer to assets held for sale	–	2.2	–	–	0.5	–	–	2.7
Transfer	0.1	–	–22.8	–	1.0	–	–	–21.7
Balance as at 30 Sep 2022	**–793.6**	**–14.4**	**–179.8**	**–266.5**	**–905.1**	**–**	**–1.0**	**–2,160.4**
Carrying amounts as at 30 Sep 2021	**1,675.8**	**165.5**	**127.1**	**446.3**	**351.7**	**134.6**	**258.3**	**3,159.3**
Carrying amounts as at 30 Sep 2022	**1,800.9**	**186.1**	**342.3**	**428.4**	**360.8**	**170.7**	**111.7**	**3,400.9**

In the financial year under review, the construction of a new hotel in Mexico, the refurbishment and expansion of a hotel in Zanzibar and the renovation of hotels in Mexico and Cape Verde led to additions to the Riu Group totalling € 165.4 m. These investments include an amount of € 112.9 m for assets under construction, € 24.9 m for hotels including land and € 16.8 m for payments in advance.

Furthermore, additions of € 120.6 m are due to the purchase of five new aircraft. In the financial year under review, sale and leaseback agreements were concluded for four of these aircraft, for which the requirements for a sale under IFRS 15 were not met. These aircraft are still recognised under property, plant and equipment. Further additions to aircraft assets include € 16.8 m for spare parts and € 13.2 m for engines.

Further additions to assets under construction include € 35.2 m for investments in cruise ships and € 17.3 m for investments in aircraft.

In the financial year under review, advance payments of € 29.7 m (previous year € 15.0 m) were made for the future delivery of aircraft. Additional payments in advance of € 10.1 m (previous year € 10.6 m) related to cruise ships.

The main disposals in the financial year under review include € 157.9 m for the disposal of advance payments for the delivery of aircraft and € 13.5 m for the sale of aircraft engines and spare parts. The disposal of pre-delivery payments led to additions of property, plant and equipment. Besides that, the disposal of aircraft led to additions of right-of-use assets, which were due to sale and leaseback transactions. In this context, please refer to the section 'Right-of-use assets and leases'.

The review of the carrying amounts of property, plant and equipment resulted in impairment losses of € 57.2 m in the financial year under review (previous year € 50.7 m). Impairments of € 53.0 m (previous year € 37.9 m) related to hotels including land in the Hotels & Resorts segment. This notably included € 36.2 m relating to the demolition of a hotel in Mauritius. Further impairments in the Hotels & Resorts segment related to groups of cash-generating units of Robinson, TUI Blue and Magic life.

The review of the carrying amounts also led to the reversal of impairment losses of € 34.6 m (previous year € 9.1 m). Reversal of impairments of € 19.4 m were attributable to hotels of Robinson and TUI Blue in the Hotels & Resorts segment. In addition, reversal of impairments of € 15.2 m were made for two Marella cruise ships in the Cruises segment.

In the previous year, the reclassification of property, plant and equipment to the balance sheet item 'Assets held for sale' mainly related to the sale of Nordotel to the Grupotel joint venture. In this context, we refer to the section 'Divestments'. Further reclassifications related to the disposal of hotel assets in the Hotels & Resorts segment.

The transfer to property, plant and equipment by reclassifications relate amongst other to carrying amounts of previously leased assets carried as right-of-use assets for which purchase options were exercised.

In financial year 2022, no borrowing costs (previous year € 0.6 m) were capitalised as part of acquisition costs. In the previous year, the capitalisation rate of capitalised borrowing costs was 3.0 % p. a. For information on the calculation of the capitalisation rate, please refer to 'Property, plant and equipment' in the section 'Accounting and measurement methods'.

The carrying amount of property, plant and equipment subject to ownership restrictions or pledged as security totals € 611.3 m as at the balance sheet date (previous year € 490.7 m). The increase is mainly attributable to collaterals of financial liabilities for aircraft and buildings.

(15) Right-of-use assets and leases

As a lessee, TUI recognises right-of-use assets and lease liabilities according to IFRS 16. For more detailed information on the use of practical expedients, please refer to the accounting and measurement methods in the section 'Leases'.

TUI AS A LESSEE

As a lessee, TUI leases moveable assets such as aircraft, vehicles and cruise ships, as well as property such as hotel buildings, land, office buildings and travel agencies. The terms and conditions of the lease agreements are individually negotiated. Some of TUI's aircraft leases comprise purchase or extension options. Many of TUI's property leases, in particular for travel agencies and office buildings, contain extension options and price adjustment clauses. No residual value guarantees were provided for the leased items.

The development of the right-of-use assets in financial year 2022 is presented in the table below:

Right-of-use assets

€ million	Aircraft and engines	Hotels	Travel agencies	Buildings	Cruise ships	Other	**Total**
Historical cost							
Balance as at 1 Oct 2020	**2,998.9**	**612.0**	**229.2**	**184.1**	**211.7**	**66.1**	**4,302.0**
Exchanges differences	39.9	5.1	4.6	1.7	12.0	0.2	63.5
Additions	343.0	20.6	10.8	27.6	0.3	21.5	423.8
Revaluations and modifications	44.2	–71.0	3.3	–23.6	8.7	0.5	–37.9
Disposals	–72.6	–33.6	–14.8	–7.1	–0.1	–2.9	–131.1
Reclassifications as assets held for sale	–	–24.7	–	–0.4	–	–0.6	–25.7
Transfer	–30.0	–10.9	–	2.0	0.3	–0.2	–38.8
Balance as at 30 Sep 2021	**3,323.4**	**497.5**	**233.1**	**184.3**	**232.9**	**84.6**	**4,555.8**
Exchanges differences	454.2	–2.4	–0.3	3.0	–5.0	–0.1	449.4
Additions	142.0	–	6.3	4.8	0.5	2.6	156.2
Revaluations and modifications	57.1	–12.9	15.2	–5.7	–1.5	–0.8	51.4
Disposals	–63.2	–15.0	–10.5	–4.2	–0.5	–4.0	–97.4
Transfer	–33.4	–	0.3	0.9	–0.3	–0.1	–32.6
Balance as at 30 Sep 2022	**3,880.1**	**467.2**	**244.1**	**183.1**	**226.1**	**82.2**	**5,082.8**

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Right-of-use assets

€ million	Aircraft and engines	Hotels	Travel agencies	Buildings	Cruise ships	Other	**Total**
Depreciation and impairment							
Balance as at 1 Oct 2020	**–737.0**	**–155.5**	**–78.4**	**–23.5**	**–49.5**	**–30.2**	**–1,074.1**
Exchange differences	–16.3	–0.6	–1.9	–0.2	–2.9	–0.1	–22.0
Depreciation for the current year	–355.3	–67.7	–42.0	–23.7	–16.5	–11.4	–516.6
Impairments	–2.1	–22.4	–13.1	–27.9	–6.9	–	–72.4
Reversal of impairments losses	–	21.2	4.5	–	–	2.3	28.0
Disposals	36.0	30.5	14.7	6.7	0.1	2.8	90.8
Reclassifications as assets held for sale	–	11.6	–	0.4	–	0.6	12.6
Transfer	19.2	1.7	–0.1	–2.3	–11.7	0.3	7.1
Balance as at 30 Sep 2021	**–1,055.5**	**–181.2**	**–116.3**	**–70.5**	**–87.4**	**–35.7**	**–1,546.6**
Exchange differences	–184.2	1.6	0.9	–0.1	2.6	–	–179.2
Depreciation for the current year	–365.0	–59.8	–37.7	–21.4	–16.0	–10.7	–510.6
Impairments	–	–4.4	–3.4	–	–1.0	–	–8.8
Reversal of impairments losses	0.6	13.2	2.0	–	–	–	15.8
Disposals	63.2	15.1	10.5	3.5	0.5	4.0	96.8
Transfer	22.4	–	–	0.1	–	–1.2	21.3
Balance as at 30 Sep 2022	**–1,518.5**	**–215.5**	**–144.0**	**–88.4**	**–101.3**	**–43.6**	**–2,111.3**
Carrying amounts as at 30 Sep 2021	**2,267.9**	**316.3**	**116.8**	**113.8**	**145.5**	**48.9**	**3,009.2**
Carrying amounts as at 30 Sep 2022	**2,361.6**	**251.7**	**100.1**	**94.7**	**124.8**	**38.6**	**2,971.5**

Right-of-use assets declined by € 37.7 m year-on-year. Depreciation of € 510.6 m led to a decrease in right-of-use assets. The reclassification to property, plant and equipment led to a further reduction in right-of-use assets of € 11.3 m. In this context, we refer to the section 'Property, plant and equipment'.

An opposite effect was caused by additions of € 156.2 m, including an amount of € 142.0 m for the delivery of six aircraft (previous year € 343.0 m for the delivery of aircraft and engines) acquired in the framework of sale and leaseback transactions. In addition, foreign exchange translation resulted in an increase of right-of-use assets of € 270.2 m. Changes and remeasurements of existing leases increase right-of-use assets by a further € 51.4 m. The increase is primarily driven by a large number of lease extensions for leased aircraft (€ 57.1 m) and leased travel agencies (€ 15.2 m). This was partly offset by contract remeasurements relating to hotel contracts (€ –12.9 m).

The reclassification of right-of-use assets to the balance sheet item 'Assets held for sale' in the previous year related to the sale of Nordotel to the Grupotel joint venture. In this context, we refer to section 'Divestments'.

Information on the associated lease liabilities is provided in Note 32, 'Financial liabilities and lease liabilities'. Details regarding the maturities of the lease payments not yet made at the balance sheet date are shown in the section 'Liquidity risk' in Note 41 'Financial instruments'.

The table below presents the expenses and income carried in the consolidated income statement of financial position in financial year 2022 in connection with leases in which TUI is the lessee:

Expenses and income from leases with TUI as the lessee

€ million	**2022**	2021
Expenses from short-term leases	–131.1	–17.0
Expenses from low-value leases	–3.0	–4.3
Variable lease income and expenses	0.5	22.6
Depreciation of right-of-use assets	–510.6	–516.6
Impairment of right-of-use assets	–8.8	–72.4
Reversal of impairments	15.8	28.0
Interest expenses from lease liabilities	–159.3	–153.3
Gains or losses arising from sale and leaseback transactions	2.4	7.8

The expenses from short-term leases in the financial year under review relate in particular to the temporary rental of aircraft. The impairment losses of the previous year related primarily to the leased office buildings (€ 27.9 m) and to leased hotels (€ 22.4 m).

Gains from sale and leaseback transactions of € 2.4 m are mainly attributable to aircraft financing. In the financial year under review, six newly delivered Boeing B737 Max aircraft were refinanced by means of sale and leaseback contracts. As at 30 September 2022, lease liabilities resulting from these transactions totalled € 165.6 m (previous year € 334.6 m). Gains obtained in the previous year of € 7.2 m related to sale and leaseback transactions for nine newly delivered Boeing B737 Max aircraft and two acquired engines. Moreover, sale and leaseback transactions were used for follow-up financing for another aircraft as well as the sale and leaseback of one aircraft and eight engines. In addition, the sale and leaseback of a plot of land with buildings resulted in a gain from sale and leaseback transactions of € 0.6 m. As at 30 September 2021, lease liabilities resulting from that transaction totalled € 24.8 m.

The cash outflows for leases totalled € 867.4 m (previous year € 751.4 m) in financial year 2022. The increase is mainly due to short-term leases of aircraft.

At the balance sheet date, unrecognised financial commitments for short-term leases amounted to € 4.3 m (previous year € 3.7 m). In addition, potential future lease payments from extension and termination options of € 270.3 m (previous year € 259.5 m) were not included in the measurement of the right-of-use assets and lease liabilities as it was not reasonably certain that the lease contracts were going to be extended or to be terminated.

TUI AS LESSOR

As a lessor, TUI leases or subleases aircraft and, less significantly, space in office buildings and travel agencies. In financial year 2022, proceeds from operating leases worth € 7.8 m (previous year € 2.0 m) were carried in revenue. In addition, income from finance leases of € 0.7 m (previous year € 1.0 m) was carried in the interest result.

The following table shows the reconciliation from the undiscounted lease payments to the net investment for the two subleases classified as finance leases:

Net investments – finance leases

€ million	**30 Sep 2022**	30 Sep 2021
Undiscounted lease payments (lease components)	10.5	12.7
Unguaranteed residual values	–	–
Gross investment	10.5	12.7
Unearned finance income	0.7	1.3
Impairment	0.2	0.3
Net investment	9.6	11.1

The table below comprises a maturity analysis of the undiscounted annual payments from leases in which TUI is the lessor:

Expected minimum lease payments

	30 Sep 2022						
	Remaining term						
€ million	up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	more than 5 years	**Total**
Operating lease contracts	15.6	0.6	–	–	–	–	16.2
Finance lease contracts	4.6	3.9	2.0	–	–	–	10.5

	30 Sep 2021						
	Remaining term						
€ million	up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	more than 5 years	Total
Operating lease contracts	7.5	5.2	0.2	0.2	0.1	0.1	13.3
Finance lease contracts	4.1	4.1	3.4	1.1	–	–	12.7

(16) Investments in joint ventures and associates

The table below presents all joint arrangements and associates of relevance to TUI Group. All joint arrangements and associates are listed as TUI Group shareholdings in Note 52. All joint arrangements are joint ventures. There are no joint operations within the meaning of IFRS 11.

Significant associate and joint ventures

		Capital share in %		Voting rights share in %	
Name and headquarter of company	Nature of business	**30 Sep 2022**	30 Sep 2021	**30 Sep 2022**	30 Sep 2021
Associate					
Sunwing Travel Group Inc., Toronto, Canada	Tour operator & Hotel operator	49.0	49.0	25.0	25.0
Joint venture					
Grupotel dos S.A., Can Picafort, Spain	Hotel operator	50.0	50.0	50.0	50.0
TUI Cruises GmbH, Hamburg, Germany	Cruise ship operator	50.0	50.0	50.0	50.0

All companies presented above are measured at equity.

The financial year of Sunwing Travel Group Inc., Toronto / Canada (Sunwing), corresponds to TUI Group's financial year. The financial years of the joint ventures listed above deviate from TUI Group's financial year, ending on 31 December of any one year. In order to update the at equity measurement as at TUI Group's balance sheet date, interim financial statements for the period ending 30 September are prepared for these companies.

SIGNIFICANT ASSOCIATES

In 2009, TUI Group entered into a partnership with Sunwing. Sunwing is a vertically integrated travel company comprising tour operation, an airline and retail shops. Since the transfer of the hotel operation and development company Blue Diamond Hotels & Resorts Inc., St Michael / Barbados, to Sunwing in September 2016, Sunwing has also included the hotel operation business with a chain of luxury beach resorts and hotels in the Caribbean and Mexico. Sunwing's hotel operation business is carried in the Hotels & Resorts segment, while the tour operation business is carried in the Northern Region segment. The company has different classes of shares. TUI Group holds 25 % of the voting shares.

Togebi Holdings Limited (TUI Russia), which was reported in the previous year, was sold at the end of March 2021. Accordingly, this company is no longer reported. Where figures were still reported in financial year 2021, they are presented as previous year figures in the following tables.

SIGNIFICANT JOINT VENTURES

Grupotel dos S.A., founded in 1998, owns and operates hotels in the Balearic and the Canary Islands.

The TUI Group's shares in Riu Hotels S.A., reported in the previous year, were sold at the end of July 2021. As explained above for Togebi Holdings Ltd., only previous-year figures are reported for Riu Hotels S.A. as well.

TUI Cruises GmbH is a joint venture with the US shipping line Royal Caribbean Cruises Ltd. established in 2008. The Hamburg-based company offers German-speaking cruises for the premium market. TUI Cruises GmbH currently operates twelve cruise ships.

FINANCIAL INFORMATION ON ASSOCIATES AND JOINT VENTURES

The tables below present summarised financial information for the significant associates and joint ventures of TUI Group. The amounts shown reflect the full amounts presented in the consolidated financial statements of the relevant associates and joint ventures (100 %); they do not represent TUI Group's share of those amounts.

Summarised financial information of material associates

	Sunwing Travel Group Inc., Toronto, Canada		Togebi Holdings Limited, Nicosia, Cyprus	
€ million	**30 Sep 2022 / 2022**	30 Sep 2021 / 2021	**30 Sep 2022 / 2022**	30 Sep 2021 / 2021*
Non-current assets	2,115.8	1,559.4	n. a.	n. a.
Current assets	862.8	623.4	n. a.	n. a.
Non-current provisions and liabilities	1,500.1	1,015.3	n. a.	n. a.
Current provisions and liabilities	1,278.4	1,019.5	n. a.	n. a.
Revenue	1,907.3	506.7	n. a.	167.9
Profit / loss	7.0	–144.9	n. a.	6.1
Other comprehensive income / loss	45.0	–1.0	n. a.	2.1
Total comprehensive income / loss	**52.0**	**–145.9**	**n. a.**	**8.2**

* Financial year 2021 only takes into account the values for the period until the disposal of the company.

Summarised financial information of material joint ventures

€ million	Grupotel dos S.A., Can Picafort, Spain 30 Sep 2022/2022	Grupotel dos S.A., Can Picafort, Spain 30 Sep 2021/2021	Riu Hotels S.A., Palma de Mallorca, Spain 30 Sep 2022/2022	Riu Hotels S.A., Palma de Mallorca, Spain 30 Sep 2021/2021*	TUI Cruises GmbH, Hamburg, Germany 30 Sep 2022/2022	TUI Cruises GmbH, Hamburg, Germany 30 Sep 2021/2021
Non-current assets	260.6	229.8	n. a.	n. a.	4,153.0	4,312.8
Current assets	37.8	24.8	n. a.	n. a.	591.4	615.6
thereof cash and cash equivalents	16.9	12.9	n. a.	n. a.	255.9	440.8
Non-current provisions and liabilities	146.3	131.6	n. a.	n. a.	3,195.7	3,585.9
thereof financial liabilities	134.1	124.7	n. a.	n. a.	3,165.3	3,546.7
Current provisions and liabilities	36.9	26.8	n. a.	n. a.	863.5	777.4
thereof financial liabilities	14.7	18.6	n. a.	n. a.	282.9	599.2
Revenue	131.0	30.0	n. a.	97.4	1,238.2	319.2
Depreciation/amortisation of intangible assets and property, plant and equipment	12.0	6.4	n. a.	16.1	129.9	177.3
Interest income	0.2	0.1	n. a.	–	17.2	0.9
Interest expenses	2.4	1.9	n. a.	0.4	135.8	106.4
Income taxes	5.1	3.7	n. a.	–5.7	–8.6	–
Profit/loss	18.8	2.1	n. a.	–32.5	82.8	–293.5
Other comprehensive income/loss	0.2	–13.9	n. a.	102.1	37.3	–43.6
Total comprehensive income/loss	**19.0**	**–11.8**	**n. a.**	**69.6**	**120.1**	**–337.1**

* Financial year 2021 only takes into account the values for the period until the disposal of the company.

In financial year 2022, TUI Group received dividends of € 0.9 m (previous year € 3.8 m) from its joint ventures and dividends of € 0.2 m (previous year € 2.7 m) from its associates.

In addition to TUI Group's significant associates and joint ventures, TUI AG has interests in other associates and joint ventures accounted for under the equity-method, which individually are not considered to be of material significance. The tables below provide information on TUI Group's share of the earnings figures shown for the major associates and joint ventures as well as the aggregated amount of the share of profit/loss, other comprehensive income and total comprehensive income for the immaterial associates and joint ventures.

Share of financial information of material and other associates

€ million	Sunwing Travel Group Inc., Toronto, Canada 2022	Sunwing Travel Group Inc., Toronto, Canada 2021	Other immaterial associates 2022	Other immaterial associates 2021	Associates total 2022	Associates total 2021
TUI's share of						
Profit/loss	3.4	–71.0	4.2	–1.0	7.6	–72.0
Other comprehensive income/loss	27.8	2.2	–3.3	–2.1	24.5	0.1
Total comprehensive income/loss	**31.2**	**–68.8**	**0.9**	**–3.1**	**32.1**	**–71.9**

Share of financial information of material and other joint ventures

€ million	Grupotel dos S.A., Can Picafort, Spain 2022	Grupotel dos S.A., Can Picafort, Spain 2021	Riu Hotels S.A., Palma de Mallorca, Spain 2022	Riu Hotels S.A., Palma de Mallorca, Spain 2021*	TUI Cruises GmbH, Hamburg, Germany 2022	TUI Cruises GmbH, Hamburg, Germany 2021	Other immaterial joint ventures 2022	Other immaterial joint ventures 2021	Joint ventures total 2022	Joint ventures total 2021
TUI's share of										
Profit/loss	9.4	1.1	n. a.	–15.9	41.4	–146.7	42.3	2.9	93.1	–158.6
Other comprehensive income/loss	0.1	–6.9	n. a.	49.3	18.6	–21.8	–2.0	–8.3	16.7	12.3
Total comprehensive income/loss	**9.5**	**–5.8**	**n. a.**	**33.4**	**60.0**	**–168.5**	**40.3**	**–5.4**	**109.8**	**–146.3**

* Financial year 2021 only takes into account the values for the period until the disposal of the company.

Net assets of the material associates

€ million	Sunwing Travel Group Inc., Toronto, Canada	Togebi Holdings Limited, Nicosia, Cyprus*
Net assets as at 1 Oct 2020	**293.9**	**–138.0**
Foreign exchange effects	–1.0	2.1
Profit/loss	–144.9	6.1
Consolidation effects	–	129.8
Net assets as at 30 Sep 2021	**148.0**	**–**
Other comprehensive income	–	–
Foreign exchange effects	45.0	–
Profit/loss	7.0	–
Net assets as at 30 Sep 2022	**200.0**	**–**

* Financial year 2021 only takes into account the values for the period until the disposal of the company.

Reconciliation to the carrying amount of the associates in the Group balance sheet

€ million	Sunwing Travel Group Inc., Toronto, Canada	Other immaterial associates	Associates total
Share of TUI in % as at 30 Sep 2021	49.0	n. a.	n. a.
TUI's share of the net assets as at 30 Sep 2021	72.5	29.2	101.7
Goodwill as at 30 Sep 2021	51.2	5.0	56.2
Impairment of net assets	–	– 0.2	– 0.2
Carrying amount as at 30 Sep 2021	**123.7**	**34.0**	**157.7**
Share of TUI in % as at 30 Sep 2022	49.0	n. a.	n. a.
TUI's share of the net assets as at 30 Sep 2022	98.0	29.6	127.6
Goodwill as at 30 Sep 2022	56.9	5.0	61.9
Carrying amount as at 30 Sep 2022	**154.9**	**34.6**	**189.5**

Net assets of the material joint ventures

€ million	Grupotel dos S.A., Can Picafort, Spain	Riu Hotels S.A., Palma de Mallorca, Spain*	TUI Cruises GmbH, Hamburg, Germany
Net assets as at 1 Oct 2020	**108.0**	**714.2**	**783.2**
Profit/loss	2.1	–32.5	–293.5
Other comprehensive income	–13.9	82.6	–43.6
Capital increase	–	–	119.0
Foreign exchange effects	–	19.5	–
Consolidation effects	–	–783.8	–
Net assets as at 30 Sep 2021	**96.2**	**–**	**565.1**
Profit/loss	18.8	–	82.8
Other comprehensive income	0.2	–	37.3
Net assets as at 30 Sep 2022	**115.2**	**–**	**685.2**

* Financial year 2021 only takes into account the values for the period until the disposal of the company.

Reconciliation to the carrying amount of the joint ventures in the consolidated balance sheet

€ million	Grupotel dos S.A., Can Picafort, Spain	TUI Cruises GmbH, Hamburg, Germany	Other immaterial joint ventures	Joint ventures total
Share of TUI in % as at 30 Sep 2021	50.0	50.0	n. a.	n. a.
TUI's share of the net assets as at 30 Sep 2021	48.1	282.6	159.2	489.9
Goodwill as at 30 Sep 2021	–	–	18.3	18.3
Unrecognised share of losses	–	–	8.2	8.2
Impairment of net assets	–	–	–33.6	–33.6
Carrying amount as at 30 Sep 2021	**48.1**	**282.6**	**152.1**	**482.8**
Share of TUI in % as at 30 Sep 2022	50.0	50.0	n. a.	n. a.
TUI's share of the net assets as at 30 Sep 2022	57.6	342.6	207.3	607.5
Goodwill as at 30 Sep 2022	–	–	15.5	15.5
Unrecognised share of losses	–	–	8.4	8.4
Impairment of carrying amounts	–	–	–35.5	–35.5
Carrying amount as at 30 Sep 2022	**57.6**	**342.6**	**195.7**	**595.9**

IMPAIRMENT OF THE CARRYING AMOUNTS OF ASSOCIATES AND JOINT VENTURES

Due to the increase in the interest rates, the effects of Russia's war of aggression against Ukraine and general price inflation a risk assessment was performed if indicators for impairments exist. If this was the case the carrying amounts of the respective associates and joint ventures concerned were subsequently tested for impairment. In addition all carrying amounts of associates and joint ventures which have been impaired in before were tested for reversals of impairment. All impairment tests used the business plan of the respective joint venture or associate. Based on these business plans, the recoverable amount was calculated by discounting future net cash flows. In all cases the fair value less cost to sell was higher than the value in use. Level 3 inputs of fair value hierarchy were used in the calculations.

The impairments included an amount of € 4.8 m related to the Vitya Holding Co. Ltd. joint venture in Thailand, which operates the Robinson Club Khao Lak. An impairment loss of € 3.4 million recognised in 2020 for WOT Hotels Adriatic Asset Company d. o. o. was partially reversed. The country-specific discount rates of 8.88 % for Thailand and Croatia were applied. Other impairments related to joint ventures in Central Region. Apart from that, the same parameters were applied as for the goodwill impairment test in the Hotel & Resorts segment (see Note 12).

UNRECOGNISED LOSSES BY ASSOCIATES AND JOINT VENTURES

Unrecognised accumulated losses amounted to € 8.4 m (previous year € 8.2 m). The losses of € 4.6 m carried in prior years for TUI's share in the earnings of Bartu Turizm Yatirimlari AS. were offset by a positive result in the period under review. Additional unrecognised losses in the prior year relating to WOT Hotels Vietnam increased by € 3.4 m to € 6.9 m in the period under review. Further unrecognised losses of € 1.1 m related to Ahungalla Resorts Limited and € 0.4 m to Abou Soma for Hotels S. A. E. The recognition of additional losses would have resulted in the carrying amounts falling below nil.

RISKS ASSOCIATED WITH THE STAKES IN ASSOCIATES AND JOINT VENTURES

Contingent liabilities of € 6.5 m (previous year € 12.2 m) existed in respect of associates as at 30 September 2022. Contingent liabilities in respect of joint ventures totalled € 3.1 m (previous year € 28.1 m).

(17) Trade and other receivables

Trade and other receivables

€ million	30 Sep 2022 Remaining term more than 1 year	30 Sep 2022 Total	30 Sep 2021 Remaining term more than 1 year	30 Sep 2021 Total
Trade receivables	–	399.2	–	259.9
Security deposits	–	312.5	–	92.7
Advances and loans	43.4	66.7	182.0	202.0
Lease receivables	5.2	9.6	7.2	11.1
Other receivables and assets	83.0	355.4	119.4	214.7
Total	**131.6**	**1,143.4**	**308.7**	**780.3**

As at 30 September 2022, TUI has recognised deferred sales commissions to travel agencies and other distribution channels worth € 63.3 m (previous year € 34.1 m) in respect of costs of obtaining a contract until the associated revenue was earned. In the financial year under review, sales commissions worth € 622.5 m (previous year € 208.0 m) were recognised in profit and loss.

Security deposits include securities for credit card acquirers as well as securities for touristic advance payments received.

During the first quarter of financial year 2021, TUI sold other receivables to a third party and thus derecognised it as all criteria for derecognition were met. The sale resulted in a loss, which is presented as a financial expense in the income statement.

(18) Touristic payments on account

Touristic payments on account mainly relate to customary advance payments in respect of future tourism services, in particular advance payments made by tour operators for future hotel services.

In the financial year under review the reversals of impairments recognised through profit or loss for advance payments made by tour operators for future hotel services totalled € 33.6 m (previous year expenses from impairments € 8.4 m).

(19) Other non-financial assets

The other non-financial assets of € 305.1 m (previous year € 290.1 m) resulted mainly from the overfunded pension plans worth € 163.4 m (previous year € 137.1 m) and assets from other taxes worth € 70.3 m (previous year € 63.4 m).

(20) Deferred tax assets

Individual items of deferred tax assets and liabilities recognised in the statement of financial position

	30 Sep 2022		30 Sep 2021	
€ million	**Asset**	**Liability**	Asset	Liability
Lease transactions	14.1	71.3	11.8	61.9
Recognition and measurement differences for property, plant and equipment and other non-current assets	153.4	230.4	125.6	232.0
Recognition differences for receivables and other assets	21.9	55.5	15.7	35.9
Measurement of financial instruments	0.2	61.4	1.1	37.6
Measurement of pension provisions	78.6	43.3	175.7	38.8
Recognition and measurement differences for other provisions	50.4	5.3	72.1	6.5
Other transactions	95.5	40.5	87.0	55.8
Capitalised tax savings from recoverable losses carried forward	194.4	–	147.3	–
Netting of deferred tax assets and liabilities	–386.5	–386.5	–345.2	–345.2
Balance sheet amount	**222.0**	**121.2**	**291.1**	**123.3**

Deferred tax assets include an amount of €138.0 m (previous year €169.2 m) expected to be realised after more than twelve months. Deferred tax liabilities include an amount of €119.5 m (previous year €118.9 m) expected to be realised after more than twelve months.

No deferred tax assets are recognised for deductible temporary differences of €22.7 m (previous year €179.7 m).

No deferred tax liabilities are carried for temporary differences of €87.2 m (previous year €75.2 m) between the net assets of subsidiaries and the respective taxable carrying amounts of subsidiaries since these temporary differences are not expected to be reversed in the near future.

Recognised losses carried forward and time limits for non-recognised losses carried forward

€ million	**30 Sep 2022**	30 Sep 2021
Recognised losses carried forward	**1,091.0**	**771.4**
Non-recognised losses carried forward	**11,880.6**	**11,562.5**
of which losses carried forward forfeitable within one year	–	6.7
of which losses carried forward forfeitable within 2 to 5 years	8.7	70.2
of which losses carried forward forfeitable within more than 5 years (excluding non-forfeitable loss carryforwards)	6.2	–
of which non-forfeitable losses carried forward	11,865.7	11,485.6
Total unused losses carried forward	**12,971.6**	**12,333.9**

Losses carried forward for German companies comprise the cumulative amount of trade tax and corporation tax as well as interest carried forward in relation to the German interest barrier rule. Potential tax savings totalling €2,444.6 m (previous year €2,341.2 m) were not recognised as the underlying losses carried forward were not expected to be utilised in the planning horizon.

In financial year 2022, tax savings of €0.0 m (previous year €0.3 m) resulted from the use of tax losses carried forward previously not assessed as recoverable for which, therefore, no deferred tax assets had been carried as at 30 September 2021 for the potential tax savings resulting from these assets. Tax reductions from loss carry-backs (previous year €0.0 m) were not realised.

Development of deferred tax assets from losses carried forward

€ million	**2022**	2021
Capitalised tax savings at the beginning of the year	**147.3**	**124.2**
Use of losses carried forward	–23.7	–2.0
Capitalisation of tax savings from tax losses carried forward	84.7	75.0
Impairment of capitalised tax savings from tax losses carried forward	–14.2	–50.0
Exchange adjustments and other items	0.3	0.1
Capitalised tax savings at financial year-end	**194.4**	**147.3**

Capitalised deferred tax assets from temporary differences and losses carried forward that are assessed as recoverable of €321.3 m (previous year €237.2 m) are covered by expected future taxable income even for companies that generated losses in the reporting period or the prior year. This is based on the future business development planned by TUI's management. The key points of this planning are presented in the section 'Key judgements, assumptions and estimates'. TUI uses a five-year planning horizon to derive the recoverability of tax loss carryforwards and deductible differences.

(21) Inventories

Inventories

€ million	30 Sep 2022	30 Sep 2021
Airline spares and operating equipment	13.3	10.9
Real estate for sale	0.2	0.2
Consumables used in hotels	20.9	15.5
Other inventories	21.7	16.2
Total	**56.1**	**42.8**

In financial year 2022, inventories of € 584.2 m (previous year € 248.5 m) were recognised as expense.

(22) Cash and cash equivalents

Cash and cash equivalents

€ million	30 Sep 2022	30 Sep 2021
Bank deposits	1,718.6	1,575.0
Cash in hand and cheques	18.3	8.9
Total	**1,736.9**	**1,583.9**

At 30 September 2022, cash and cash equivalents of € 526.1 m (previous year € 509.0 m) were subject to disposition restrictions listed below:

On 30 September 2016, TUI AG entered into a long-term agreement to close the gap between the obligations and the fund assets of defined benefit pension plans in the UK. At the balance sheet date an amount of € 66.1 m is deposited as security within a bank account. TUI Group can only use that cash and cash equivalents if it provides alternative collateral.

Furthermore, an amount of € 116.1 m (previous year € 116.3 m) was deposited with a Belgian subsidiary without acknowledgement of debt by the Belgian tax authorities in financial year 2013 in respect of long-standing litigation over VAT refunds for the years 2001 to 2011. The purpose was to suspend the accrual of interest for both parties. In order to collateralise a potential repayment, the Belgian government was granted a bank guarantee. Due to the bank guarantee, TUI's ability to dispose of the cash and cash equivalents is restricted. The remaining € 343.9 m (previous year € 346.3 m) subject to restrictions relate to cash and cash equivalents to be deposited due to statutory or regulatory requirements mainly in order to secure customer deposit and payment service provider.

(23) Assets held for sale

Assets held for sale

€ million	30 Sep 2022	30 Sep 2021
Disposal group Nordotel	–	96.5
Other assets	2.7	–
Total	**2.7**	**96.5**

On 26 August 2022, a contract was signed between TUI Airways Limited and A E Chapman & Son Limited to sell the building at Jet Set House (Crawley). Correspondingly, the asset was classified as held for sale. The disposal transaction was completed on 3 October 2022. The purchase price payment of £ 6.5 m was made on 3 October 2022.

No reclassifications to assets held for sale were effected in the course of the year under review.

In the previous year, assets from the sale of the Nordotel disposal group were carried as held for sale. The disposal transaction was completed on 5 October 2021. The first purchase price payment of € 50.0 m was made on 21 September 2021. Further deferred purchase price payments of € 10.2 m and € 20.4 m were originally due one or two years, respectively, after the closing of the transaction, taking account of final purchase price adjustments. The final purchase price adjustment was already effected in September 2022. In this context, we refer to the note 36 'Liabilities related to assets held for sale' and to the section 'Divestments'.

Disposal group Nordotel

€ million	30 Sep 2021
Other intangible assets and property, plant and equipment	65.7
Right-of-use assets	13.2
Deferred tax assets	7.2
Touristic payments on account	6.0
Cash and cash equivalents	2.2
Other assets	2.2
Total	**96.5**

(24) Subscribed capital

The fully paid subscribed capital of TUI AG consists of no-par value shares, each representing an identical share in the capital stock. The proportionate share in the capital stock per no-par value share is € 1.00. As the capital stock consists of registered shares, the owners are listed by name in the share register.

The subscribed capital of TUI AG has been registered in the commercial registers of the district courts of Berlin-Charlottenburg and Hanover. In October of the financial year under review, the Company's capital stock of € 1,099,393,634.00, consisting of 1,099,393,634 no-par value registered shares, was increased by the issuance of 523,520,778 new no-par value registered shares with a proportionate share in the capital stock of around € 1.00 per no-par value share. This increase in capital stock totalling € 523.5 m was carried out using the authorizations granted by the Annual General Meeting on 25 March 2021 to issue new registered shares against cash contributions by a maximum of € 109.9 m (Authorized Capital 2021 / I) and to issue new shares against cash or non-cash contributions totalling € 413.6 m (Authorized Capital 2021 / II) in full from the authorized capital.

In May of the financial year under review, the Company's capital stock of € 1,622,914,412.00, consisting of 1,622,914,412 no-par value registered shares, was again increased through the issuance of 162,291,441 new no-par value registered shares with a proportionate share in the capital stock of around € 1.00. At the end of the financial year under review, the subscribed capital therefore consisted of 1,785,205,853 shares, corresponding to € 1,785,205,853.00.

This increase in capital stock in the amount of € 162.3 m was carried out by making partial use of the authorization granted by the Annual General Meeting on 8 February 2022 to create authorized capital for the issue of new shares against cash or non-cash contributions in the total amount of € 671.0 m (Authorized Capital 2022 / III).

In accordance with section 71 (1) no. 2 of the German Stock Corporation Act, TUI AG acquired 398,901 own shares to issue to employees in the framework of the employee share programme. The 398,901 shares were purchased at the stock exchange at € 1.4306 per share and transferred free of charge to the employees participating in the program on 30 September 2022. The shares represent a capital stock of € 398,901.00, i. e. <0.025 % of the capital stock, and an acquisition volume of € 0.6 m. As at 30 September 2022, TUI AG did not hold any own shares.

CONDITIONAL CAPITAL

The Annual General Meeting on 9 February 2016 had created conditional capital of € 150.0 m for the issuance of bonds. The authorisation to acquire bonds with conversion or option rights or obligations or profit participation rights (with or without a fixed term) was limited to a nominal amount of € 2.0 bn and expired on 8 February 2021. This authorisation was fully utilised with the issuance of a bond with warrants totalling € 150.0 m to the Economic Stabilisation Fund (ESF) in October 2020. As at the reporting date, the ESF had not yet exercised its warrants.

The Extraordinary General Meeting on 5 January 2021 resolved to create conditional capital of € 420.0 m in order to grant the ESF the right to convert ESF's asset contribution in the form of a silent participation of € 420.0 m ('Silent Participation I') at any time (in a single or several transactions) in full or in part into up to 420 m new no-par value registered shares with a proportionate share in the capital stock of € 1.00 per no-par value share. The new shares will be issued at the minimum issuance amount of € 1.00. At the balance sheet date, the ESF had not yet exercised its conversion right.

The Annual General Meeting on 25 March 2021 resolved to create conditional capital for the issuance of bonds totalling € 109.9 m. The authorisation to acquire bonds with conversion or option rights or obligations or profit participation rights (with or without a fixed term) was limited to a nominal amount of € 2.0 bn and expires on 24 March 2026. This authorisation was fully utilised with the issuance of a convertible bond totalling € 589.6 m in April and June 2021. As at the reporting date, no shares had been issued to serve the convertible bond.

The Annual General Meeting on 8 February 2022 resolved to create two further amounts of conditional capital for the issuance of bonds worth € 162.3 m and € 81.1 m. The authorisation to acquire bonds with conversion or option rights or obligations or profit participation rights (with or without a fixed term) was limited to a nominal amount of € 2.0 bn and expires on 7 February 2027.

As of 30 September 2022, unused option and conversion rights of issued bonds with warrants and convertible bonds will result in conditional capital of € 588.6 m. As of 30 September 2022 TUI AG also has unused conditional capital of € 243.4 m, resulting in total unused conditional capital of € 832.0 m.

AUTHORISED CAPITAL

The Annual General Meeting on 13 February 2018 resolved to create authorised capital of € 30.0 m for the issuance of employee shares. The Executive Board of TUI AG has been authorised to use this capital in one or several transactions to issue employee shares against cash contribution by 12 February 2023. No new employee shares were issued in the completed financial year so that authorised capital at the balance sheet date remains at around € 22.3 m.

The Annual General Meeting on 25 March 2021 resolved to authorise the Executive Board to issue new registered shares against cash contribution by up to € 109.9 m (Authorised Capital 2021 / I). This authorisation will expire on 24 March 2026.

The Annual General Meeting on 25 March 2021 also resolved to create authorised capital for the issuance of new shares against cash or non-cash contribution of € 417.0 m (Authorised Capital 2021 / II). The issuance of new shares against non-cash contribution is limited to € 109.9 m. This authorisation will expire on 24 March 2026.

In the completed financial year, the two last-mentioned authorisations were utilised to increase the capital stock by € 523.5 m. In addition, the authorisation for the remaining part of Authorised Capital 2021 / II in the amount of € 3.4 m was subsequently cancelled.

The Annual General Meeting on 8 February 2022 resolved to authorise the Executive Board to issue new registered shares against cash contributions for up to a maximum of € 162.3 m (Authorised Capital 2022 / I). This authorisation will expire on 7 February 2027.

The Annual General Meeting on 8 February 2022 also resolved to create authorised capital for the issuance of new shares against cash and non-cash contribution of € 626.9 m (Authorised Capital 2022 / II). The issuance of new shares against non-cash contributions is limited to € 162.3 m. The authorisation for this capital will expire on 7 February 2027.

The Annual General Meeting on 8 February 2022 furthermore resolved to create authorised capital for the issuance of new shares against cash or non-cash contribution of € 671.0 m. The net issuance proceeds are exclusively to be used to repay the capital made available to TUI AG by the ESF in the framework of Silent Particpation II of € 671.0 m (Authorised Capital 2022 / III). The authorisation for this authorised capital will expire on 7 February 2027. In May of the completed financial year, the Company's capital stock was increased by € 162.3 m, utilising a part of Authorised Capital III, and the proceeds were used to fully repay Silent Participation II.

At the balance sheet date, the total authorisations for unused authorised capital amounted to around € 1,320.2 m (previous year around € 549.2 m), of which € 508.7 m can no longer be used due to the repayment of Silent Participation II.

(25) Capital reserves

The capital reserves comprise transfers of premiums. They also comprise amounts entitling the holders to acquire shares in TUI AG in the framework of bonds issued for conversion options and warrants.

In the completed financial year, capital reserves rose by € 836.3 m from € 5,249.6 m to € 6,085.9 m, in particular due to the premium from the capital increases in October 2021 (€ 609.3 m) and in May 2022 (€ 262.9 m).

The ancillary costs of the capital increase in October 2021 (€ 27.3 m), the capital increase in May 2022 (€ 5.9 m) and in connection with the silent participation issued in financial year 2021 (€ 2.1 m) were offset against the capital reserve.

The capital reserve also decreased by € 0.6 m as a result of the repurchase of own shares for issue to employees under the employee share program.

(26) Revenue reserves

In the completed financial year, TUI AG did not pay a dividend to its shareholders (previous year no dividend).

The ongoing recording of existing equity-settled stock option plans resulted in an decrease in equity of € 0.2 m (previous year increase € 0.3 m) in the reporting period. Disclosures on these long-term incentive programmes are outlined in the section on Share-based payments in accordance with IFRS 2.

Foreign exchange differences comprise differences from the translation of the financial statements of foreign subsidiaries as well as differences from the translation of goodwill denominated in foreign currencies.

The proportion of gains and losses from hedges used as effective hedges of future cash flows is carried directly in equity at €+110.7 m (previous year €+144.0 m). The increase in financial year 2022 is mainly attributable to changes in exchange rates and fuel prices.

The revaluation of pension obligations (in particular actuarial gains or losses) is also carried directly in Other income in equity.

The revaluation reserve formed in accordance with IAS 27 (old version) in the framework of step acquisitions of companies is retained until the date of deconsolidation of the company concerned.

(27) Silent participations

In financial year 2021, two silent participations were issued to the ESF. They are both carried in equity in the consolidated financial statements as of 30 September 2021 in accordance with IAS 32.

The Silent participation II in the amount of € 671.0 m was fully repaid in May 2022.

As in the previous year, the remaining Silent participation I is carried in equity in the consolidated financial statements as of 30 September 2022.

(28) Use of Group profit available for distribution

In accordance with the German Stock Corporation Act, the Annual General Meeting resolves the use of the profit available for distribution carried in TUI AG's commercial-law annual financial statements. TUI AG's loss for the year amounts to € 530.9 m (previous year loss of € 491.5 m). Taking account of loss carried forward of € 300.6 m (previous year profit carried forward € 190.9 m) TUI AG's balance sheet loss totals € 831.5 m.

(29) Non-controlling interest

Non-controlling interests mainly relate to RIUSA II S.A. based in Palma de Mallorca, Spain. TUI's capital share in this hotel operator stands at 50.0 %, as in the prior year.

The financial year of RIUSA II S.A. ends on 31 December and thus deviates from TUI Group's financial year. This reporting date was fixed when the company was founded. In order to include the RIUSA II Group in TUI Group's consolidated financial statements as at 30 September, the RIUSA II Group prepares sub-group financial statements as at 30 September, the balance sheet date.

RIUSA II Group, allocated to Hotels & Resorts, operates owned and leased hotels and hotels operated under management contracts in tourism destinations of TUI Group.

The table below provides summarised financial information on RIUSA II S.A., Palma de Mallorca, Spain – the subsidiary for which material non-controlling interests exist. It presents the consolidated financial statements of the sub-group.

Summarised financial information on RIUSA II S.A., Palma de Mallorca, Spain*

€ million	**30 Sep 2022 / 2022**	30 Sep 2021 / 2021
Current assets	206.0	91.6
Non-current assets	2,016.0	1,824.1
Current liabilities	199.3	101.0
Non-current liabilities	108.6	141.9
Revenues	916.2	344.1
Profit / loss	128.4	– 21.2
Other comprehensive income	112.9	27.8
Cash outflow / inflow from operating activities	275.4	71.5
Cash outflow / inflow from investing activities	– 169.6	– 73.0
Cash outflow / inflow from financing activities	– 31.9	– 27.1
Accumulated non-controlling interest	785.5	664.9
Profit / loss attributable to non-controlling interest	64.2	– 10.6

* Consolidated subgroup.

(30) Pension provisions and similar obligations

A number of defined contribution and defined benefit pension plans are operated for Group employees. Pension obligations vary, reflecting the different legal, fiscal and economic conditions in each country of operation, and usually depend on employees' length of service and pay levels.

All defined contribution plans are funded by the payment of contributions to external insurance companies or funds. German employees enjoy benefits from a statutory defined contribution plan paying pensions as a function of employees' income and the contributions paid in. Several additional industry pension organisations exist for TUI Group companies. Once the contributions to the state-run pension plans and private pension insurance organisations have been paid, the Company has no further payment obligations. Apart from Germany, major defined contribution plans are also operated the Netherlands and in the UK. Contributions paid are expensed for the respective period. In the reporting period, the expenses for all defined contribution plans totalled € 80.5 m (previous year € 77.1 m).

Apart from these defined contribution pension plans, TUI Group operates defined benefit plans, which usually entail the formation of provisions within the Company or investments in funds outside the Company.

Within this group, MER-Pensionskasse VVaG, a private pension fund in which German companies of the tourism industry are organised, represents a multi-employer plan classified as a defined benefit plan. In accordance with the statues of the plan, the plan participants and the employers pay salary-based contributions into the plan. There are no further obligations pursuant to the statutes of the plan; an additional funding obligation of the participating companies is explicitly excluded. The paid-in contributions are invested in accordance with the policies of the pension plan unless they are used in the short term for benefit payments. As the investments are pooled and are not kept separately for each participating employer, an allocation of plan assets to individual participating employers is not possible. The investment risk and the mortality risk are jointly shared by all plan participants. Moreover, the pension fund does not provide any information to participating companies that would allow the allocation of any over- or underfunding or TUI's participation in the plan. For this reason, accounting for the plan as defined benefit plan is not possible, and the plan is therefore in accordance with the requirements of IAS 19 shown like a defined contribution plan. In the reporting period, contributions to MER-Pensionskasse VVaG totalled € 5.6 m (previous year € 5.9 m). For the next financial year, contributions are expected to remain at that level.

TUI Group's major pension plans recognised as defined benefit plans exist in Germany and the UK. By far the largest pension plans are operated by the Group's tour operators in the UK. They accounted for 68.2 % (previous year 72.6 %) of TUI Group's total obligations at the balance sheet date. German plans account for a further 25.6 % (previous year 23.0 %).

Material defined benefit plans in the United Kingdom

Scheme name	Status
BAL Scheme	closed
TUI UK Scheme	closed
TAPS Scheme	closed

Almost all defined benefit plans in the UK are funded externally. Under UK law, the employer is obliged to ensure sufficient funding so that plan assets cover the pension payments to be made and the administrative costs of the funds. The pension funds are managed by independent trustees. The trustees comprise independent members, beneficiaries of the plan and employer representatives. The trustees are responsible for the investment of fund assets, taking account of the interests of plan members, but they also negotiate the level of the contributions to the fund to be paid by the employers, which constitute minimum contributions to the funds. To that end, actuarial valuations are made every three years by actuaries commissioned by the trustees. The annual contributions to be paid to the funds in order to cover any shortfalls were last defined on the basis of the measurement as at 30 September 2019.

Since 31 October 2018, the main sections of TUI Group's UK Pension Trust have been closed to future accrual of benefits. As a result, current service cost no longer arises for services delivered by the employees. Since 1 November 2018, increases in accrued pension benefits from the plan have been therefore calculated in line with the rules for deferred members. With the closure of the Pension Trust for future accrual, all existing staff in the defined benefit scheme were offered the opportunity to join the existing defined contribution plan to accrue pension from 1 November 2018 onwards.

By contrast, defined benefit plans in Germany are mainly unfunded and the obligations from these plans are recognised as provisions. The company assumes the obligation for payments of company pensions when the beneficiaries reach the legal retirement age. The amount of the pension paid usually depends either on the remuneration received by the employee at the retirement date or the amount of the average remuneration over the employee's service period. Pension obligations usually include surviving dependants' benefits and invalidity benefits. Pension payments are partly limited by third party compensations, e. g. from insurances and MER–Pensionskasse.

Material defined benefit plans in Germany

Scheme name	Status
Versorgungsordnung TUI AG	open
Versorgungsordnung TUIfly GmbH	open
Versorgungsordnung TUI Deutschland GmbH	closed
Versorgungsordnung TUI Beteiligungs GmbH	closed
Versorgungsordnungen TUI Immobilien Services GmbH	closed

In the period under review, defined benefit pension obligations created total expenses of € 65.3 m for TUI Group, principally comprising current service cost. The restructuring of the activities of the Group's German airline resulted in a past service cost and a curtailment expense in the current year. In the previous year, this measure resulted in income from curtailments. The administrative costs shown are costs for consulting services for pension plans, which were paid from the plan assets. The administrative expenses shown relate to professional advisor costs for the pension plans settled from the plan assets.

Pension costs for defined benefit obligations

€ million	2022	2021
Current service cost for employee service in the period	23.1	36.3
Curtailment (losses)/gains	–13.6	29.7
Net interest on the net defined benefit liability	6.6	0.9
Past service cost	19.8	1.5
Administration cost	2.2	6.7
Total	**65.3**	**15.7**

Provisions for pension obligations are established for benefits payable in the form of retirement, invalidity and surviving dependants' benefits. Provisions are exclusively formed for defined benefit schemes under which the Company guarantees employees a specific pension level, including arrangements for early retirement and temporary assistance benefits.

Defined benefit obligation recognised on the balance sheet

€ million	30 Sep 2022 Total	30 Sep 2021 Total
Present value of funded obligations	1,918.0	3,101.5
Fair value of external plan assets	2,076.4	3,172.1
Surplus (–)/Deficit (+) of funded plans	**–158.4**	**–70.6**
Present value of unfunded pension obligations	596.3	868.6
Defined benefit obligation recognised on the balance sheet	**437.9**	**798.0**
of which		
Overfunded plans in other non-financial assets	163.4	137.1
Provisions for pensions and similar obligations	**601.3**	**935.1**
of which current	33.1	33.2
of which non-current	568.2	901.9

For funded pension plans, the provision carried only covers the shortfall in coverage between plan assets and the present value of benefit obligations.

Where plan assets exceed funded pension obligations, taking account of a difference due to past service cost, and where at the same time there is an entitlement to reimbursement or reduction of future contributions to the fund, the excess is recognised in conformity with the cap defined by IAS 19. As at 30 September 2022, other non-financial assets include excesses of € 163.4 m (previous year € 137.1 m).

Development of defined benefit obligations

€ million	Present value of obligation	Fair value of plan assets	Total
Balance as at 1 Oct 2021	**3,970.1**	**–3,172.1**	**798.0**
Current service cost	23.1	–	23.1
Past service cost	19.8	–	19.8
Curtailments and settlements	13.6	–	13.6
Interest expense (+)/interest income (–)	68.4	–61.8	6.6
Administration cost	–	2.2	2.2
Pensions paid	–163.8	123.8	–40.0
Contributions paid by employer	–	–141.1	–141.1
Contributions paid by employees	1.4	–1.4	–
Remeasurements	–1,413.2	1,167.7	–245.5
due to changes in financial assumptions	–1,433.7	–	–1,433.7
due to changes in demographic assumptions	10.1	–	10.1
due to experience adjustments	10.4	–	10.4
due to return on plan assets not included in Group profit for the year	–	1,167.7	1,167.7
Exchange differences	–4.5	6.3	1.8
Other changes	–0.6	–	–0.6
Balance as at 30 Sep 2022	**2,514.3**	**–2,076.4**	**437.9**

Development of defined benefit obligations

€ million	Present value of obligation	Fair value of plan assets	Total
Balance as at 1 Oct 2020	**4,025.4**	**–3,373.7**	**651.7**
Current service cost	36.3	–	36.3
Past service cost	1.5	–	1.5
Curtailments and settlements	–29.7	–	–29.7
Interest expense (+)/interest income (–)	54.8	–53.9	0.9
Administration cost	–	6.7	6.7
Pensions paid	–178.1	146.2	–31.9
Contributions paid by employer	–	–78.3	–78.3
Contributions paid by employees	1.4	–1.4	–
Remeasurements	–101.5	359.0	257.5
due to changes in financial assumptions	–180.2	–	–180.2
due to changes in demographic assumptions	84.7	–	84.7
due to experience adjustments	–6.0	–	–6.0
due to return on plan assets not included in Group profit for the year	–	359.0	359.0
Exchange differences	160.9	–176.7	–15.8
Other changes	–0.9	–	–0.9
Balance as at 30 Sep 2021	**3,970.1**	**–3,172.1**	**798.0**

The net defined benefit obligation decreased by € 360.1 m to € 437.9 m in the financial year under review. The present value of the obligation decreased by a total of € 1,455.8 m compared to the previous year, mainly due to an increase in discount rates in the euro area and the United Kingdom. The fair value of the plan assets decreased as well by € 1,095.7 m. As the pension fund's assets in the United Kingdom also include instruments that are intended to hedge changes in interest rates, the assets decrease in line with the decreased obligation when interest rates rise.

In order to limit the risk arising from the obligation, the trustees of the UK pension plans acquired insurance policies in the previous fiscal year securitising full reimbursement by insurers of the payments to be made for parts of the existing obligations. The obligation to fulfill the pension commitment has not been assumed by the insurer in this transaction. Accordingly, the insured portions of the pension plan continue to be recognised in the financial statements.

At the balance sheet date, TUI Group's fund assets break down as shown in the table below.

Composition of fund assets at the balance sheet date

	30 Sep 2022		30 Sep 2021	
	Quoted market price in an active market		Quoted market price in an active market	
€ million	**yes**	**no**	yes	no
Fair value of fund assets at end of period	**1,127.5**	**948.9**	**1,797.4**	**1,374.7**
of which equity instruments	528.2	–	843.8	–
of which government bonds	229.0	116.2	584.2	140.6
of which corporate bonds	260.8	–	302.0	–
of which liability driven investments	41.7	–	38.4	–
of absolute return bonds	39.1	–	–	–
of which property	22.1	–	23.7	–
of which insurance policies	–	642.3	–	894.1
of which insurance linked securities	–	155.0	–	209.3
of which loans	–	10.4	–	15.6
of which cash	–	25.0	–	115.1
of which other	6.6	–	5.3	–

At the balance sheet date, as in the prior year, fund assets did not comprise any direct investments in financial instruments issued by TUI AG or its consolidated subsidiaries or any property owned by the Group. For funded plans, investments in passive index tracker funds may entail a proportionate investment in Group-owned financial instruments.

Pension obligations are measured on the basis of actuarial calculations based on country-specific parameters and assumptions. The obligations under defined benefit plans are calculated on the basis of the internationally accepted projected unit credit method, taking account of expected future increases in salaries and pensions. For the pension plans in the UK, expected increases in salaries are not taken into account as they are no longer relevant for the measurement due to the plan amendment outlined above. In order to take account of the currently high inflation, significantly higher pension trends have been applied for the next scheduled pension adjustment for the German pension plans in deviation from the projected future pension increases indicated below for Germany.

Actuarial assumptions

Percentage p.a.	30 Sep 2022 Germany	United Kingdom	Other countries
Discount rate	3.7	5.1	3.1
Projected future salary increases	2.0	–	1.5
Projected future pension increases	2.5	3.6	0.9

Percentage p.a.	30 Sep 2021 Germany	United Kingdom	Other countries
Discount rate	1.0	2.0	0.8
Projected future salary increases	2.0	–	1.0
Projected future pension increases	1.8	3.3	0.7

The interest rate applicable in discounting the provision for pensions is based on an index for corporate bonds adjusted for securities already downgraded and under observation by rating agencies as well as subordinate bonds in order to meet the criterion for high quality bonds (rated AA or higher) required under IAS 19. The resulting yield structure is extrapolated on the basis of the yield curves for almost risk-free bonds, taking account of an appropriate risk mark-up reflecting the term of the obligation. In order to cover a correspondingly broad market, an index partly based on shorter-term bonds is used (for instance for Eurozone bonds from the iBoxx € Corporates AA 10+ and iBoxx € Corporates AA 7 – 10).

Apart from the parameters described above, a further key assumption relates to life expectancy. In Germany, the Heubeck reference tables 2018 G are used to determine life expectancy. In the UK, the S3NxA base tables are used, adjusted to future expected increases on the basis of the Continuous Mortality Investigation (CMI) 2021. The pension in payment escalation formulae depend primarily on the pension plan concerned. Apart from fixed rates of increase, there are also a number of inflation-linked pension adjustment mechanisms in different countries.

Changes in the key actuarial assumptions mentioned above would lead to the changes in defined benefit obligations presented below. The methodology used to determine sensitivity corresponds to the method used to calculate the defined benefit obligation. The assumptions were amended in isolation each time; actual interdependencies between the assumptions were not taken into account. The effect of the increase in life expectancy by one year is calculated by means of a reduction in mortality due to the use of the Heubeck tables 2018 G for pension plans in Germany. In the UK, an extra year is added to the life expectancy determined on the basis of the mortality tables.

Sensitivity of the defined benefit obligation due to changed actuarial assumptions

€ million	30 Sep 2022 +50 Basis points	30 Sep 2022 –50 Basis points	30 Sep 2021 +50 Basis points	30 Sep 2021 –50 Basis points
Discount rate	–171.0	+193.4	–342.4	+393.6
Salary increase	+12.2	–11.1	+13.2	–11.6
Pension increase	+54.4	–45.7	+103.4	–105.6
	+1 year		+1 year	
Life expectancy	+79.1	–	+174.7	–

The weighted average duration of the defined benefit obligations totalled 15.8 years (previous year 19.4 years) for the overall Group. In the UK, the weighted duration was 16.2 years (previous year 19.8 years), while it stood at 15.4 years (previous year 19.4 years) in Germany.

Fund assets are determined on the basis of the fair values of the funds invested as at 30 September 2022. The interest rate used to determine the interest income from the assets of external funds is identical with the discount rate used for the defined benefit obligation.

For the forthcoming financial year, the companies of TUI Group are expected to contribute around € 104.4 m (previous year € 137.2 m) to pension funds and pay pensions worth € 33.1 m (previous year € 33.2 m) for unfunded plans. The expected employer contribution to the pension funds mainly includes the annual payment agreed with the trustees in the UK to reduce the existing coverage shortfall. For funded plans, the payments to the recipients are fully made from fund assets and therefore do not result in a cash outflow for TUI Group.

TUI Group’s defined benefit plans entail various risks; some of which may have a substantial effect on the Company. The purchase of insurance policies within the UK schemes serves to eliminate these risks in respect of the liabilities due to pension scheme members covered by this insurance, and hence reduce the overall level of risk in respect of all the categories detailed below.

INVESTMENT RISK

The investment risk plays a major role, in particular for the large funded plans in the UK. Although shares usually outperform bonds in terms of producing higher returns, they also entail stronger volatility of balance sheet items and the risk of short-term shortfalls in coverage. In order to limit this risk, the trustees have built a balanced investment portfolio to limit the concentration of risks.

INTEREST RATE RISK

The interest rate influences in particular unfunded schemes in Germany as a decline in interest rates leads to an increase in the defined benefit obligations. Accordingly, an increase in the interest rate leads to a reduction in the defined benefit obligations. Funded plans are less strongly affected by this development as the performance of the interest-bearing assets included in plan assets regularly dampens the effects. For the funded plans in the UK, the trustees have invested a part of the plan assets in liability-driven investment portfolios, holding credit and hedging instruments in order to largely offset the impact of changes in interest rates.

INFLATION RISK

An increase in the inflation rate normally increases the obligation in pension schemes linked to the final salary of beneficiaries as inflation causes an increase in the projected salary increases. At the same time, inflation-based pension increases included in the plan also rise. The inflation risk is reduced through the use of caps and collars. Moreover, the large pension funds in the UK hold inflation-linked assets, which also partly reduce the risk from a significant rise in inflation. By investing, in particular, plan assets in liability-driven investment portfolios, which hold credit and hedging instruments, they aim to largely offset the impact of the inflation rate.

LONGEVITY RISK

An increasing life expectancy increases the expected benefit duration of the pension obligation. This risk is countered by using regularly updated mortality data in calculating the present values of the obligation.

CURRENCY RISK

For TUI Group, the pension schemes entail a currency risk as most pension schemes are operated in the UK and therefore denominated in sterling. The risk is limited as the currency effects on the obligation and the assets partly offset each other. The currency risk only relates to any excess of pension obligations over plan assets or vice versa.

(31) Other provisions

Development of provisions in the financial year 2022

€ million	Balance as at 30 Sep 2021	Changes with no effect on profit and loss*	Usage	Reversal	Additions	**Balance as at 30 Sep 2022**
Maintenance provisions	794.3	– 28.8	160.9	31.6	254.7	827.7
Restructuring provisions	157.4	– 4.1	66.8	42.5	44.3	88.3
Provisions for litigation	27.8	– 1.2	3.3	4.2	52.2	71.3
Provisions for other personnel costs	37.1	9.7	3.0	8.5	7.2	42.5
Provisions for other taxes	51.2	0.5	2.9	10.3	3.4	41.9
Provisions for environmental protection	52.0	–	1.1	17.2	1.2	34.9
Risks from onerous contracts	46.5	– 7.9	8.5	14.4	12.4	28.1
Miscellaneous provisions	136.8	– 17.1	31.2	19.6	92.4	161.3
Other provisions	**1,303.1**	**– 48.9**	**277.7**	**148.3**	**467.8**	**1,296.0**

* Reclassifications, transfers, exchange differences and changes in the group of consolidated companies.

Provisions for maintenance primarily relate to contractual maintenance, overhaul and repair requirements for aircraft, engines and other specific components arising from aircraft lease contracts. Measurement of these provisions is based on the expected cost of the next maintenance event, estimated on the basis of current prices, expected price increases and manufacturers' data sheets. In line with the terms of the individual contracts and the aircraft model concerned, additions are recognised on a prorated basis in relation to flight hours, the number of flights or the length of the complete maintenance cycle. With the termination of an aircraft lease, the associated guarantee agreement in the amount of € 13.1 m was reversed. Lower maintenance expenses than expected led also to a reversal of € 18.5 m.

Restructuring provisions comprise severance payments to employees as well as payments for the early termination of leases. They primarily relate to restructuring projects as part of our Global Realignment Programme for which detailed, formal restructuring plans were drawn up and communicated to the parties concerned. The reversal of the provision in the amount of € 42.5 m is mainly due to the lower than expected reduction in the fleet size of the Group's German airline. At the balance sheet date, restructuring provisions totalled € 88.3 m (previous year € 157.4 m), for the most part relating to benefits for employees in connection with the termination of employment contracts.

Provisions for litigation are formed for existing lawsuits. For further details on lawsuits, please refer to Note 38.

Provisions for personnel costs comprise provisions for jubilee benefits and provisions for cash-settled share-based payment schemes in accordance with IFRS 2. For information on these long-term incentive programmes, please refer to Note 40 'Share-based payments in accordance with IFRS 2'.

Provisions for environmental protection primarily relate to statutory obligations to remediate sites contaminated with legacy waste from former mining and metallurgical activities. Due to the absence of risks existing in previous years, the provision of € 17.2 m was reversed.

Provisions from onerous contracts include € 15.3 m for the premature abandonment of a leased administrative building as the largest single item.

Miscellaneous provisions include various provisions that, taken individually, do not have a significant influence on TUI Group's economic position. This item includes provisions for dismantling obligations and compensation claims from customers.

Changes in other provisions outside profit and loss primarily relate to changes in the group of consolidated companies, foreign exchange differences and reclassifications within other provisions.

Where the difference between the present value and the settlement value of a provision is material for the measurement of a non-current provision as at the balance sheet date, the provision is recognised at its present value in accordance with IAS 37. The discount rate to be applied should take account of the specific risks of the liability and of future price increases. This criterion applies to some items contained in TUI Group's other provisions. Additions to other provisions comprise an interest portion of € 10.1 m (previous year € – 0.7 m), recognised as an interest expense.

Terms to maturity of other provisions

	30 Sep 2022		30 Sep 2021	
€ million	Remaining term more than 1 year	**Total**	Remaining term more than 1 year	Total
Maintenance provisions	561.1	827.7	569.7	794.3
Restructuring provisions	28.6	88.3	48.3	157.4
Provisions for litigation	38.6	71.3	5.1	27.8
Provisions for other personnel costs	34.9	42.5	28.7	37.1
Provisions for other taxes	21.9	41.9	21.9	51.2
Provisions for environmental protection	32.9	34.9	44.8	52.0
Risks from onerous contracts	15.1	28.1	18.4	46.5
Miscellaneous provisions	21.9	161.3	26.7	136.8
Other provisions	**755.0**	**1,296.0**	**763.6**	**1,303.1**

(32) Financial and lease liabilities

Financial and lease liabilities

	30 Sep 2022				30 Sep 2021			
	Remaining term				Remaining term			
€ million	up to 1 year	1 – 5 years	more than 5 years	**Total**	up to 1 year	1 – 5 years	more than 5 years	Total
Convertible bonds	13.5	–	518.6	532.1	13.5	–	508.7	522.2
Bonds	–	48.4	–	48.4	–	119.3	–	119.3
Liabilities to banks	280.0	913.8	188.8	1,382.6	247.6	2,264.3	100.7	2,612.6
Other financial liabilities	26.4	61.8	–	88.2	23.5	43.1	–	66.6
Financial liabilities	**319.9**	**1,024.0**	**707.4**	**2,051.3**	**284.6**	**2,426.7**	**609.4**	**3,320.7**
Lease liabilities	**698.8**	**1,668.0**	**840.7**	**3,207.5**	**623.3**	**1,738.1**	**868.0**	**3,229.4**

Non-current financial liabilities decreased by € 1,304.7 m to € 1,731.4 m versus 30 September 2021. This decrease was primarily attributable to a decrease in liabilities to banks of € 1,262.4 m as well as to a contractually agreed early redemption of 913 partial option bonds on 1 April 2022. Of this amount, € 91.3 m is accounted for by the nominal value of the partial option bonds and € 7.2 m by interest and early repayment penalties. The remaining 587 partial bonds shown under non-current financial liabilities are not affected by the early redemption, nor are the approx. 58.7 m call options on TUI shares, which are legally and financially separated from the warrant bond. The bond component of this bond with warrants is carried under Financial liabilities in the table above in the line Bonds, the separately tradable warrants are recognised in equity. The early termination rights by TUI AG and the put options held by the holders of the convertible bond and the bond with warrant represent embedded derivatives which were not separated in accordance with IFRS 9 as they are classified as closely related to the host contract.

The main financing instrument is a syndicated revolving credit facility (RCF) between TUI AG and the existing banking syndicate which, from 2020, included the KfW. The amount of this revolving credit facility totals € 3.555 bn at 30 September 2022. The unused loan commitments under the separate KfW credit line within this syndicated revolving credit facility were reduced by € 413.7 m in April 2022 as well as by € 336.0 m in May. In June 2022, a British bank left the group of syndicated banks for regulatory reasons which led to a reduction in the volume of the syndicated revolving credit facility of € 80.6 m.

In addition, there was a separate syndicated revolving credit facility of € 170.0 m. This credit facility was fully cancelled in April 2022.

At 30 September 2022, the amounts drawn under the revolving credit facilities totalled € 562.0 m (30 September 2021 € 1,852.9 m).

Current financial liabilities increased by € 35.3 m to € 319.9 m at 30 September 2022 compared to € 284.6 m at 30 September 2021. The increase results primarily from an increase in liabilities to banks.

For more details on the terms, conditions and the reductions of the credit lines as well as the redemption of the bond with warrants, please refer to the section 'Going Concern Reporting under the UK Corporate Governance Code'.

Movements financial and lease liabilities

€ million	Convertible bonds	Bonds	Short-term liabilities to banks	Long-term liabilities to banks	Other financial liabilities	Total financial liabilities	Lease liabilities
Balance as at 1 Oct 2021	**522.2**	**119.3**	**247.5**	**2,365.1**	**66.6**	**3,320.7**	**3,229.4**
Raisings/ redemptions of the period	–	– 91.3	– 95.0	–1,270.6	–16.0	–1,472.9	– 572.6
Foreign exchange movements	–	–	5.0	24.8	0.1	29.9	328.8
Other non-cash movements	9.9	20.4	122.5	–16.7	37.5	173.6	221.9
Balance as at 30 Sep 2022	**532.1**	**48.4**	**280.0**	**1,102.6**	**88.2**	**2,051.3**	**3,207.5**

Movements financial and lease liabilities

€ million	Convertible bonds	Bonds	Short-term liabilities to banks	Long-term liabilities to banks	Other financial liabilities	Total financial liabilities	Lease liabilities
Balance as at 1 Oct 2020	**–**	**298.8**	**560.9**	**3,392.9**	**16.4**	**4,269.0**	**3,399.9**
Raisings/redemptions of the period	506.9	–184.5	–9.1	–1,347.1	50.2	–983.6	–587.2
Changes in scope of consolidation	–	–	–0.2	–2.7	–	–2.9	–17.2
Foreign exchange movements	–	–	3.8	–16.1	–	–12.3	47.6
Other non-cash movements	15.3	5.0	–307.9	338.1	–	50.5	386.3
Balance as at 30 Sep 2021	**522.2**	**119.3**	**247.5**	**2,365.1**	**66.6**	**3,320.7**	**3,229.4**

The payments made in the period include the raisings of financial debt, the repayment of bonds and financial debt as well as the repayment of lease liabilities.

Fair values and carrying amounts of the bonds at 30 Sep 2022

	30 Sep 2022						30 Sep 2021	
€ million	**Issuer**	**Nominal value initial**	**Nominal value outstanding**	**Interest rate % p.a.**	**Stock market value**	**Carrying amount**	Stock market value	Carrying amount
2021/28 convertible bond	TUI AG	589.6	589.6	5.000	423.0	532.1	583.7	522.2
Total					**423.0**	**532.1**	**583.7**	**522.2**

(33) Other financial liabilities

Other financial liabilities include touristic advance payments received for tours cancelled because of COVID-19 restrictions of € 16.7 m (previous year € 204.6 m), for which immediate cash refund options exist and which have to be repaid immediately if the customer chooses to receive a refund. For more details, please refer to the section below.

(34) Touristic advance payments received

Touristic advance payments received

€ million	
Touristic advance payments received as at 1 Oct 2020	**1,770.1**
Revenue recognised that was included in the balance at the beginning of the period	–444.4
Increases due to cash received, excluding amounts recognised as revenue during the period	1,691.9
Reclassification to other financial liabilities	–61.3
Customer refund repayments	–609.9
Changes in the consolidation status	–6.0
Other	39.0
Touristic advance payments received as at 30 Sep 2021	**2,379.4**
Revenue recognised that was included in the balance at the beginning of the period	–2,253.1
Increases due to cash received, excluding amounts recognised as revenue during the period	3,237.7
Reclassification to other financial liabilities	–12.0
Customer refund repayments	–325.0
Other	–28.1
Touristic advance payments received as at 30 Sep 2022	**2,998.9**

Apart from the immediate cash refund option in certain jurisdictions, TUI Group offers its customers voucher/refund credits for trips cancelled because of the COVID-19 crisis. If these voucher/refund credits are not used for future bookings within a specified period, the customer is entitled to a refund of the voucher value. The entitlement to a refund of the voucher value represents a financial liability. As at 30 September 2022 the touristic advance payments received do not include any advance payments (previous year € 2.4 m) for cancelled trips for which customers have received voucher/refund credits which may have to be refunded after a certain period of time.

(35) Other non-financial liabilities

Other non-financial liabilities

€ million	30 Sep 2022 Remaining term up to 1 year	30 Sep 2022 Remaining term 1–5 years	30 Sep 2022 **Total**	30 Sep 2021 Remaining term up to 1 year	30 Sep 2021 Remaining term 1–5 years	30 Sep 2021 Total
Other liabilities relating to employees	224.8	27.4	252.2	201.5	33.7	235.2
Other liabilities relating to social security	39.7	–	39.7	50.2	–	50.2
Other liabilities relating to other taxes	50.6	–	50.6	20.8	–	20.8
Other miscellaneous liabilities	144.2	0.9	145.1	195.5	5.7	201.2
Deferred income	60.6	136.9	197.5	50.0	166.9	216.9
Other non-financial liabilities	**519.9**	**165.2**	**685.1**	**518.0**	**206.3**	**724.3**

(36) Liabilities related to assets held for sale

As at 30 September 2022, there were no liabilities related to assets held for sale.

Disposal group Nordotel

€ million	30 Sep 2021
Lease liabilities	23.9
Trade payables	19.5
Other non-financial liabilities	5.0
Other provisions and liabilities	2.2
Total	**50.6**

As at 30 September 2021, liabilities related to assets held for sale amounted to € 50.6 m. These liabilities exclusively related to the Nordotel disposal group. In this context, we refer to Note 23 'Assets held for sale' and the section 'Divestments'.

(37) Contingent liabilities

As at 30 September 2022, contingent liabilities amounted to € 93.5 m (previous year € 128.7 m, adjusted). They are mainly attributable to the granting of guarantees for the benefit of hotel activities and the granting of guarantees for contingent liabilities from aircraft leasing agreements. The contingent liabilities are reported at an amount representing the best estimate of the expenditure required to meet the potential obligation at the balance sheet date.

(38) Litigation

TUI AG and its subsidiaries are involved in several pending or foreseeable court or arbitration proceedings, which do not have a significant impact on their economic position as at 30 September 2022 or future periods. This also applies to actions claiming warranty, repayment or any other compensation in connection with the divestment of subsidiaries and business units over the past few years. As in previous years, the Group recognised adequate provisions, partly covered by expected insurance benefits, to cover all probable financial charges from court or arbitration proceedings.

(39) Other financial commitments

Other financial commitments

€ million	30 Sep 2022 Remaining term up to 1 year	30 Sep 2022 Remaining term 1–5 years	30 Sep 2022 Remaining term more than 5 years	30 Sep 2022 **Total**	30 Sep 2021 Remaining term up to 1 year	30 Sep 2021 Remaining term 1–5 years	30 Sep 2021 Remaining term more than 5 years	30 Sep 2021 Total
Order commitments in respect of capital expenditure	400.7	1,730.6	160.1	2,291.4	456.5	1,769.5	160.1	2,386.1
Other financial commitments	71.9	28.5	28.8	129.2	51.8	37.0	2.9	91.7
Total	**472.6**	**1,759.1**	**188.9**	**2,420.6**	**508.3**	**1,806.5**	**163.0**	**2,477.8**

As at 30 September 2022 order commitments in respect of capital expenditure decreased by € 94.7 m as against 30 September 2021. The decrease in order commitments is attributed to delivery of aircraft. The reduction is to a greater extent partially off set by the effects of foreign exchange for order commitments denominated in non-functional currencies. The commitments for maintenance and repairs reported within other financial commitments increased in particular in the Hotels & Resorts segment after the business returned to normality.

(40) Share-based payments in accordance with IFRS 2

As at 30 September 2022, all existing awards except the employee share programme 'oneShare' are recognised as cash-settled share-based payment schemes.

The following share-based payment schemes are in effect within TUI Group as at 30 September 2022.

1. PHANTOM SHARES IN THE FRAMEWORK OF THE LONG TERM INCENTIVE PLAN (LTIP) FOR THE EXECUTIVE BOARD OF TUI AG

1.1 LTIP WITH SHARE ALLOCATION FROM FINANCIAL YEAR 2020 (LTIP EPS20 – 22)

Since the 2020 financial year, the Long Term Incentive Plan (LTIP) consists of a programme based on phantom shares and is measured over a period of four years (performance reference period). The phantom shares are allocated in annual tranches.

All Executive Board members have their individual target amounts defined in their service contracts. At the beginning of each financial year, this target amount is translated into a preliminary number of phantom shares based on the target amount. It constitutes the basis for the determination of the performance-related pay after the end of the performance reference period. In order to determine that number, the target amount is divided by the average Xetra share price of TUI AG shares during the 20 trading days prior to the beginning of the performance reference period (1 October of any one year). The entitlement under the long-term incentive programme arises upon completion of the four-year performance reference period subject to the application of the remuneration restrictions (see below 1.3) and is subject to attainment of the relevant target.

The performance target for determining the amount of the final payout after the end of the performance reference period is the average development over four years of the earning per share based on a pro-forma adjusted EPS from continuing operations (Earnings per Share – EPS) as reported in the annual report of the company. The average development of EPS per annum (in percent) is derived from the four equally weighted yearly EPS development values (in percent). Each yearly EPS development value is calculated as the quotient of the EPS of the current financial year and the EPS of the previous financial year. The initial EPS value used to determine the target achievement is calculated at the beginning of the performance period from the first EPS in the performance period and the last EPS before the performance period.

Target achievement for the average development of EPS per annum based on the annual amounts is determined as follows:

- An average absolute EPS of less than 50 % of the absolute EPS value determined at the beginning of the performance period corresponds to target achievement of 0 %.
- An average absolute EPS of 50 % of the absolute EPS value determined at the beginning of the performance period corresponds to target achievement of 25 %.
- An average absolute EPS of 50 % or more of the absolute EPS value determined at the beginning of the performance period up to an average increase of 5 % corresponds to target achievement of 25 % to 100 %.
- An average increase of 5 % p.a. corresponds to target achievement of 100 %.
- An average increase of 5 % to 10 % p.a. corresponds to target achievement of 100 % to 175 %.
- An average increase of 10 % or more p.a. corresponds to target achievement of 175 %.

For an average absolute EPS of 50 % or more of the absolute EPS value determined at the beginning of the performance period up to an average increase of 5 %, corresponding to a target achievement of 25 % to 100 %, and an average increase of 5 % to 10 % p.a., corresponding to a target achievement of 100 % to 175 %, linear interpolation is used to determine the degree of target achievement. The degree of target achievement is rounded to two decimal places, as is customary in commercial practice.

If the prior-year EPS amounts to less than € 0.50, the Supervisory Board defines new absolute targets for EPS as well as minimum and maximum amounts for determining the percentage target achievement for each subsequent financial year in the performance reference period.

In order to determine the final number of phantom shares, the degree of target achievement is multiplied by the preliminary number of phantom shares on the final day of the performance reference period. The payout amount is determined by multiplying the final number of phantom shares by the average Xetra share price of TUI AG shares over the 20 trading days prior to the end of the performance reference period (30 September of any one year). The payout amount determined in this way subject to the application of the remuneration restrictions is paid out in the month of the approval and audit of TUI Group's annual financial statements for the relevant financial year. If the service contract begins or ends in the course of the financial year relevant for the allocation of the LTIP, the entitlement to payment of the LTIP is determined on a pro rata basis.

In case of a capital increase from company funds, the number of preliminary phantom shares would increase at the same ratio as the nominal value of the share capital. In case of a capital decrease without return of capital, the number of preliminary phantom shares would decrease at the same ratio as the nominal value of the share capital. In case of a capital increase against contributions, a capital decrease with return of capital or any other capital or structural measures that have an effect on the share capital and cause a material change in the value of the TUI AG share, the number of preliminary phantom shares would also be adjusted. The Supervisory Board is entitled, at reasonable discretion, to make adjustments to neutralize any negative or positive effects from such capital or structural measures. The same rule applies in case of a change in share price due to the payment of an unusually high superdividend.

The maximum LTIP payout is capped at 240 % of the individual target amount for each performance reference period. This means that there is an annual LTIP cap which is determined individually for each Executive Board member. The Supervisory Board is furthermore, according to section 87 para. 1 cl. 3 German stock corporation law, authorized to cap the LTIP payout in case of extraordinary circumstances (e. g. company mergers, segment disposals, recognition of hidden reserves or external influences).

1.2 LTIP WITH SHARE ALLOCATION IN FINANCIAL YEAR 2019 (LTIP EPS19)

The LTIP with allocation in the 2019 financial year consists of a phantom share-based programme and has been measured over a duration of four years (performance reference period) upon achievement of a total shareholder return (TSR) target and an earnings per share (EPS) target. The phantom shares are allocated in annual tranches.

All Executive Board members have their individual target amounts defined in their service contracts. At the beginning of each financial year, this target amount is translated into a preliminary number of phantom shares based on the target amount. It constitutes the basis for the determination of the performance-related pay after the end of the performance reference period. In order to determine that number, the target amount is divided by the average Xetra share price of TUI AG shares during the 20 trading days prior to the beginning of the performance reference period (1 October of any one year). The entitlement under the long-term incentive programme arises upon completion of the four-year performance reference period and is subject to attainment of the relevant target.

The performance target for determining the amount of the final payout after the end of the performance reference period is the development of TSR of TUI AG relative to the development of the TSR of the STOXX Europe 600 Travel & Leisure (Index). The relative TSR is included in the determination of target achievement with a weighting of 50 %. The degree of target achievement is determined as a function of TUI AG's TSR rank in comparison with the TSR ranks of the index companies over the performance reference period. In order to determine TUI AG's relative TSR, the TSR ranks established for TUI's peer companies are sorted in descending order. TUI AG's relative TSR is expressed as a percentile (percentile rank).

The TSR is the aggregate of all share price increases plus the gross dividends paid over the performance reference period. Data from recognised data providers (e. g. Bloomberg, Thomson Reuters) is used to establish the TSR ranks for TUI AG and the index companies. The reference used to determine the ranks is the composition of the index on the last day of the performance reference period. The values for companies that were not listed over the entire performance reference period are factored in on a pro rata basis. The degree of target achievement (in percent) is established as follows for TUI AG's relative TSR based on the percentile:

- A percentile below the median of the index corresponds to target achievement of 0 %.
- A percentile equal to the median corresponds to target achievement of 100 %.
- A percentile constituting the maximum value corresponds to target achievement of 175 %.

For a percentile between the median and the maximum value, linear interpolation is used to determine the degree of target achievement at between 100 % and 175 %. The degree of target achievement is rounded to two decimal places, as is customary in commercial practice.

Moreover, the average development of EPS per annum is included in the LTIP as an additional Group indicator with a weighting of 50 %. The averages determined for the four-year performance reference period are based on pro forma underlying earnings per share from continuing operations, as already reported in the Annual Report.

Target achievement for the average development of EPS per annum based on the annual amounts is determined as follows:

- An average increase of less than 3 % p. a. corresponds to target achievement of 0 %.
- An average increase of 3 % p. a. corresponds to target achievement of 25 %.
- An average increase of 5 % p. a. corresponds to target achievement of 100 %.
- An average increase of 10 % or more p. a. corresponds to target achievement of 175 %.

For an average increase of 3 % to 5 % p. a., linear interpolation is used to determine the degree of target achievement at between 25 % and 100 %. Linear interpolation is used for an average increase of between 5 % and 10 % or more p. a. to determine target achievement at between 100 % and 175 %. Here, too, the degree of target achievement is rounded to two decimal places, as is customary in commercial practice.

If the prior-year EPS amounts to less than € 0.50, the Supervisory Board defines new absolute targets for EPS as well as minimum and maximum amounts for determining the percentage target achievement for each subsequent financial year in the performance reference period.

The degree of target achievement (in percent) is calculated from the average target achievement for the performance targets 'relative TSR of TUI AG' and 'EPS'. In order to determine the final number of phantom shares, the degree of target achievement is multiplied by the preliminary number of phantom shares on the final day of the performance reference period. The payout amount is determined by multiplying the final number of phantom shares by the average Xetra share price of TUI AG shares over the 20 trading days prior to the end of the performance reference period (30 September of any one year). The payout amount determined in this way is paid out in the month of the approval and audit of TUI Group's annual financial statements for the relevant financial year. If the service contract begins or ends in the course of the financial year relevant for the allocation of the LTIP, the entitlement to payment of the LTIP is determined on a pro rata basis.

The maximum LTIP payout is capped at 240 % of the individual target amount for each performance reference period. This means that there is an annual LTIP cap which is determined individually for each Executive Board member.

1.3 REMUNERATION RESTRICTIONS DUE TO FRAMEWORK AGREEMENT II WITH THE ECONOMIC STABILISATION FUND

On 4 January 2021, TUI AG concluded a framework agreement with the Economic Stabilisation Fund on the granting of stabilisation measures, fixing a number of provisions for the remuneration of the Executive Board members during the use of these measures. Accordingly, each Executive Board member already appointed on 31 December 2019 must not receive compensation beyond the basic remuneration of the respective Board member as at 31 December 2019 unless at least 75 % of the stabilisation measure has been repaid (taking account of potential Group remuneration in the event of dual employment by another Group company). The framework agreement also sets out that TUI AG does not grant and therefore does not entitle Executive Board members to 'any other remuneration components or services in the free discretion of the Company or any legally unjustified severance payments, taking account of potential Group remuneration bonuses, other variable or comparable compensation components or special payments in the form of share packages, bonuses or other separate remuneration'.

PERFORMANCE SHARE PLAN (PSP)

The PSP governs the share-based remuneration for eligible executives who are not members of the Executive Board. The PSP is in principle harmonized with the LTIP EPS 20 – 22 of the Board members. The performance period of the PSP is three years. The current PSP has been in effect in its current form since 2019. The plan conditions for the outstanding tranches of financial years 2021 and 2022 were adjusted again retroactively in financial year 2022 and the vesting of the virtual shares was made dependent on the achievement of absolute EPS values instead of relative EPS growth.

Since LTIP EPS20 – 22 and PSP follow common scheme principles, the following development of allocated phantom shares under the programs are shown on an aggregated basis.

Development of phantom shares allocated (LTIP EPS20 – 22, LTIP EPS19, PSP)

	LTIP EPS20 – 22 & PSP		LTIP EPS19	
	Number of shares	Present value € million	**Number of shares**	Present value € million
Balance as at 30 Sep 2020	**1,526,114**	**5.2**	**763,460**	**2.6**
Phantom shares allocated	3,775,181	13.0	–	–
New virtual shares allocated from subscription rights	1,552,117	–	448,272	–
Phantom shares exercised	– 342	–	–	–
Phantom shares forfeited	– 477,470	–1.7	– 567,103	– 2.1
Measurement results	–	6.6	–	1.8
Balance as at 30 Sep 2021	**6,375,600**	**23.1**	**644,629**	**2.3**
Phantom shares allocated	2,986,295	10.8	–	–
New virtual shares allocated from subscription rights	2,349,794	–	85,844	–
Phantom shares forfeited	–1,358,549	– 3.1	–730,473	–1.1
Measurement results	–	–15.2	–	–1.2
Balance as at 30 Sep 2022	**10,353,140**	**15.6**	**–**	**–**

EMPLOYEE SHARE PROGRAM 'ONESHARE'

Eligible employees can acquire TUI AG shares under preferential conditions when participating in the oneShare programme. The preferential conditions include a discount on 'investment' shares bought during a twelve month investment period plus one 'matching' share per three investment shares held, after a lock-up period of two years. Investment shares are created via capital increase, while matching shares are bought on the open market. Eligible employees decide once a year about their participation in oneShare. As the investment and matching shares as well as the Golden shares are equity instruments of TUI AG, oneShare is accounted for as an equity-settled share-based payment scheme in line with IFRS 2. Once all eligible employees have decided upon their yearly participation, the fair value of the equity instrument granted is calculated once and fixed for each tranche on the basis of the proportional shares price at grant date taking into consideration the discounted estimated dividends.

In 2022, no new tranche of oneShare was launched. The matching date for Tranche 4 was 30 September 2022 and the matching shares of Tranche 4 were subsequently transferred to participants who still held their investment shares at the beginning of the financial year.

The development of acquired investment and estimated matching shares, as well as the parameters used for the calculation of the fair value are as follows:

Overview oneShare tranches

		Tranche 1 (2017/3)	Tranche 2 (2017/7)	Tranche 3 (2018/7)	Tranche 4 (2019/7)
Investment period		1.4.2017 –31.7.2017	1.8.2017 –31.7.2018	1.8.2018 –31.7.2019	1.8.2019 –31.7.2020
Matching date		30.9.2019	30.9.2020	30.9.2021	30.9.2022
Acquired investment shares		349,941	524,619	1,152,598	1,394,512
thereof forfeited investment shares		1,228	10,216	32,859	31,724
Distributed / estimated matching shares		116,647	174,873	384,199	464,837
thereof forfeited matching shares		15,256	23,953	67,181	65,925
Share price at grant date	in €	12.99	13.27	18.30	8.99
Fair value: discount per investment share	in €	2.60	2.02	2.94	1.26
recognised estimated dividend	in €	–	0.63	0.72	0.54
Fair value: matching share	in €	11.65	11.15	15.93	7.17
recognised discounted estimated dividend	in €	1.34	2.11	2.37	1.82

ACCOUNTING FOR SHARE-BASED PAYMENT SCHEMES

As at 30 September 2022, all existing awards except oneShare are recognised as cash-settled share-based payment schemes and are allocated with an exercise price of € 0.00. The personnel expense is recognised upon actual delivery of service according to IFRS 2 and is, therefore, spread over a period of time. According to IFRS 2, all contractually granted entitlements have to be accounted for, irrespective of whether and when they are actually allocated. Accordingly, phantom shares allocated in the past are charged on a pro rata basis upon actual delivery of service.

Overall, income from the reversal of provisions for cash-settled share-based payments of € 4.5 m was recognised through profit or loss in financial year 2022 (previous year personnel expenses of € 1.9 m).

Overall, personnel expenses due to equity-settled share-based payment schemes of € 0.8 m (previous year € 1.6 m) were recognised through profit or loss in financial year 2022.

As at 30 September 2022, provisions relating to entitlements under these long-term incentive programmes totalled € 7.6 m (previous year € 12.2 m).

(41) Financial instruments

RISKS AND RISK MANAGEMENT

RISK MANAGEMENT PRINCIPLES

Due to the nature of its business operations, TUI Group is exposed to various financial risks, including market risks (consisting of currency risks, interest rate risks and market price risks), credit risks and liquidity risks.

In accordance with TUI Group's financial goals, financial risks have to be mitigated. In order to achieve this, policies and procedures have been developed to manage risk associated with financial transactions undertaken.

The rules, responsibilities and processes as well as limits for transactions and risk positions have been defined in policies. The trading, processing and control have been segregated in functional and organisational terms. Compliance with the policies and limits is continually monitored. All hedges by TUI Group are consistently based on recognised or forecasted underlying transactions. Standard software is used for assessing, monitoring, reporting, documenting and reviewing the effectiveness of the hedging relationships for the hedges entered into. In this context, the fair values of all derivative financial instruments determined on the basis of the Group's own systems are regularly compared with the fair value confirmations from the external counterparties. The processes, the methods applied and the organisation of risk management are reviewed for compliance with the relevant regulations on at least an annual basis by the internal audit department and external auditors.

Within TUI Group, financial risks primarily arise from cash flows in foreign currencies, fuel requirements (jet fuel and bunker oil) and financing via the money and capital markets. In order to limit the risks from changes in exchange rates, market prices and interest rates for underlying transactions, TUI Group uses over-the-counter derivative financial instruments. These are primarily fixed-price transactions. In addition, TUI also uses options and structured products. Use of derivative financial instruments is confined to internally fixed limits and other policies. The transactions are concluded on an arm's length basis with counterparties operating in the financial sector, whose counterparty risk is regularly monitored. Foreign exchange translation risks from the consolidation of group companies not preparing their accounts in euros are not hedged.

MARKET RISK

Market risks result in fluctuations in earnings, equity and cash flows. Risks arising from input cost volatility are more fully detailed in the risk report section of the management report. In order to limit or eliminate these risks, TUI Group has developed various hedging strategies, including the use of derivative financial instruments.

IFRS 7 requires the presentation of a sensitivity analysis showing the effects of hypothetical changes in relevant market risk variables on profit or loss and equity. The effects for the period are determined by relating the hypothetical changes in risk variables to the portfolio of primary and derivative financial instruments as at the balance sheet date. It is assured that the portfolio of financial instruments as at the balance sheet date is representative for the entire financial year.

The analyses of TUI Group's risk reduction activities outlined below and the amounts determined using sensitivity analyses represent hypothetical and thus uncertain risks. Due to unforeseeable developments in the global financial markets, actual results may deviate substantially from the disclosures provided. The risk analysis methods used must not be considered a projection of future events or losses, since TUI is also exposed to risks of a non-financial or non-quantifiable nature. These risks primarily include sovereign, business and legal risks not covered by the following presentation of risks.

CURRENCY RISK

The business operations of TUI's group companies generate payments or receipts denominated in foreign currencies, which are not always matched by payments or receipts with equivalent terms in the same currency. Using potential netting effects (netting of payments made and received in the same currency with identical or similar terms), TUI Group enters into appropriate hedges with external counterparties in order to protect its profit margin from exchange rate-related fluctuations.

Within TUI Group, risks from exchange rate fluctuations are hedged, with the largest hedging volumes relating to US dollars, euros and pound sterling. The Eurozone limits the currency risk from transactions in the key tourist destinations to group companies whose functional currency is not the euro. The tourism business operations are mainly affected by changes in the value of the US dollar and the euro, the latter predominantly affecting the TUI tour operators in the UK and the Nordic countries. In tourism operations, payments in US dollars primarily relate to the procurement of services in non-European destinations, purchases of jet and ship fuel and aircraft and cruise ship purchases or charter.

The tourism companies use financial derivatives to hedge their planned foreign exchange requirements. They aim to take out cover ahead of the markets' customer booking profiles in the planned currency requirements in the run-up to the tourism season. In this regard, account is taken of the different risk profiles of TUI's group companies. The hedged currency volumes are adjusted in line with changes in planned requirements based on reporting by business units. Target hedge ratios are regularly reviewed with the aim of matching hedge ratios with the respective target hedging ratios for future seasons.

Currency risks within the meaning of IFRS 7 arise from primary and derivative monetary financial instruments issued in a currency other than the functional currency of a company. Exchange rate-related differences from the translation of financial statements into the Group's presentation currency are not taken into account. Taking account of the different functional currencies within the TUI Group, the sensitivity analyses of the currencies identified as relevant risk variables are presented below. A 10 % strengthening or weakening of the respective functional currencies, primarily euro and pound sterling, against the other currencies would cause the following effects on the revaluation reserve and earnings after income tax.

Sensitivity analysis – currency risk

€ million	**30 Sep 2022**		30 Sep 2021	
Variable: Foreign exchange rate	**+10 %**	**–10 %**	+10 %	–10 %
Exchange rates of key currencies				
€/US dollar				
Revaluation reserve	+1.4	–1.5	–	–
Earnings after income taxes	–53.7	+66.0	–30.1	+36.9
Pound sterling/€				
Revaluation reserve	+67.5	–66.3	+1.2	–1.2
Earnings after income taxes	+49.8	–47.1	–76.2	+91.9
Pound sterling/US dollar				
Revaluation reserve	+58.9	–58.3	+0.9	–0.9
Earnings after income taxes	+406.7	–481.4	–18.4	+28.3
€/Swedish krona				
Revaluation reserve	+0.1	–0.1	–	–
Earnings after income taxes	+0.1	–0.1	–	+0.1

INTEREST RATE RISK

TUI Group is exposed to interest rate risks from floating-rate primary and derivative financial instruments. Where interest-driven cash flows of floating-rate primary financial instruments are converted into fixed cash flows using derivative hedges and the critical terms of the hedging transaction are the same as those of the hedged items they are not exposed to an interest rate risk. No interest rate risk exists for fixed-interest financial instruments carried at amortised cost.

Changes in market interest rates mainly impact floating-rate non-derivative financial instruments and derivative financial instruments entered into in order to reduce interest-induced cash flow fluctuations.

The table below presents the equity and earnings after income taxes effects of an assumed increase or decrease in the market interest rate of 100 basis points (previous year 50 basis points) as at the balance sheet date. The adjustment in the sensitivity of market prices from 50 basis points in the previous year to 100 basis points was based on the assumption that central banks are expected to continue with an aggressive rate hike cycle in the coming months.

Sensitivity analysis – interest rate risk

€ million	**30 Sep 2022**		30 Sep 2021	
Variable: Interest rate level for floating interest-bearing debt	**+100 basis points**	**–100 basis points**	+50 basis points	–50 basis points
Earnings after income taxes	–0.3	+0.4	+2.9	–2.9

IMPACT OF THE REFORM OF GLOBAL REFERENCE INTEREST RATE (IBORS)

The global reform of reference interest rates (IBORs) gives rise to uncertainties for TUI insofar as variable reference interest rates that are available today, on which some transactions concluded in foreign currencies are based, will no longer be available in the future or will be determined differently. At TUI, only non-derivative risk positions are affected by these uncertainties. As in the previous year, there are no derivative risk positions.

With regard to the EURIBOR, there are no effects from the switch to accounting for non-derivative assets and liabilities. The method of calculating the EURIBOR had already been adjusted by the European Money Market Institute in 2019 in order to ensure that the EURIBOR conforms to the EU benchmark regulation.

According to the latest announcements, the USD LIBOR quotations will not be published after June 30, 2023. With reference to the USD LIBOR, there are non-derivative liabilities at 30 September 2022 with carrying amounts totalling € 492.7 m (previous year € 334.9 m) with a term beyond 30 June 2023. Of this amount, € 15.7 m (previous year € 0.1 m) relating to a bank facility with a contractual fallback clause. The other risk positions relate to the leases or financing of aircraft. There is some residual risk with regard to the timeliness and the content of the contract amendment needed. TUI's fleet management will enter into talks with the counterparties in the coming months to agree on fallback clauses or to convert the existing agreements to an alternative reference interest rate. No significant effects are expected from the USD-LIBOR conversion, which is still pending.

FUEL PRICE RISK

Due to the nature of its business operations, TUI Group is exposed to market price risks from the purchase of fuel for the aircraft fleet and the cruise ships.

The tourism companies use financial derivatives to hedge their exposure to market price risks for the planned consumption of fuel. They aim to take out cover ahead of the markets' customer booking profiles in the planned commodity requirements in the run-up to the tourism season. The different risk profiles of the group companies operating in different source markets are taken into account, including the possibility of levying fuel surcharges. The hedging volumes are adjusted for changes in planned consumption as identified by the group companies. Target hedge ratios are regularly reviewed with the aim of matching hedge ratios with the respective target hedging ratios for future seasons.

If the commodity prices, which underlie the fuel price hedges, increase or decrease by 15 % (previous year +10 % / –10 %), on the balance sheet date, the impact on equity and on earnings after income taxes would be as shown in the table below. The adjustment in the sensitivity of market price to +/– 15 % was based on the assumption that an above-average price volatility in fuel prices could be expected to continue over the coming months in the context of the current geo-political environment.

Sensitivity analysis – fuel price risk

€ million	**30 Sep 2022**		30 Sep 2021	
Variable: Fuel prices for aircraft and ships	**+15 %**	**–15 %**	+10 %	–10 %
Revaluation reserve	+13.5	–26.0	+2.1	–2.0
Earnings after income taxes	+15.0	–3.0	+10.1	–10.1

OTHER PRICE RISKS

Apart from the financial risks that may result from changes in exchange rates, commodity prices and interest rates, TUI Group is not exposed to significant price risks at the balance sheet date.

CREDIT RISK

The credit risk in non-derivative financial instruments results from the risk of counterparties defaulting on their contractual payment obligations.

Maximum credit risk exposure corresponds in particular to the total of the recognised carrying amounts of the financial assets (including derivative financial instruments with positive market values). Furthermore, there are no material financial guarantees for the discharge of liabilities. Where legally enforceable, financial assets and liabilities are netted. Credit risks are reviewed closely on conclusion of the contract and continually monitored thereafter in order to swiftly respond to potential impairment in a counterparty's solvency. Responsibility for handling the credit risk is generally held by the Group company holding the receivable.

Since TUI Group operates in many different business areas and regions, significant credit risk concentrations of receivables from and loans to specific debtors or groups of debtors are not to be expected. A significant concentration of credit risks related to specific countries is not to be expected either. As in the previous year, at the balance sheet date, there is no material collateral held, or other credit enhancements that reduce the maximum credit risk. Collateral held relates exclusively to financial assets of the category trade receivables and other receivables. The collateral mainly comprises collateral for financial receivables granted and maturing in more than one year and / or with a volume of more than € 1.0 m. Real property rights, directly enforceable guarantees, bank guarantees and comfort letters are used as collateral.

Credit management also covers TUI Group's derivative financial instruments. The maximum credit risk for derivative financial instruments entered into is limited to the total of all positive market values of these instruments since in the event of counterparty default asset losses would only be incurred up to that amount. Since derivative financial instruments are concluded with different debtors, credit risk exposure is reduced. The specific credit risks of individual counterparties are taken into account in determining the fair values of derivative financial instruments. In addition, the counterparty risk is continually monitored and controlled using internal bank limits.

IFRS 9 requires entities to recognise expected losses for all financial assets held at amortised cost and for financial assets constituting debt instruments and measured at FVTOCI (Fair Value Through Other Comprehensive Income). In TUI Group, the items affected are financial instruments recognised at amortised cost in the following categories: trade receivables and other receivables with the sub-classes trade receivables, advances and loans, other receivables and assets as well as lease receivables. Additional classes are other financial assets and cash and cash equivalents. In determining expected losses, IFRS 9 distinguishes between the general and the simplified approach to impairment.

Under the general approach to impairment, financial assets are classified into three stages. Stage 1 is where financial assets are recognised for the first time or where credit risk has not increased significantly since initial recognition. At this stage, the expected bad debt losses that may arise from possible default events within the next 12 months after the respective balance sheet date are reported. For financial assets in stage 1, entities are required to recognise 12-month Expected Credit Losses (ECL). Stage 2 is where credit risk has increased significantly since initial recognition. Stage 3 includes financial assets that additionally have objective evidence of impairment alongside the criteria of stage 2. Stages 2 and 3 show lifetime ECL.

Under the simplified approach to impairment, a loss allowance is carried at an amount equal to life-time ECL at initial recognition for trade receivables and lease receivables, regardless of the credit quality of the accounts receivable and the lease receivables. TUI uses a provision matrix to determine the expected loss for trade receivables and lease receivables. Average historical observed default rates are determined for the following maturity bands. Not overdue, less than 30 days past due, 30 – 90 days, 91 – 180 days and more than 180 days past due. The loss rates determined are adjusted by credit default swap (CDS) rates in order to take account of forward-looking information. The adjusted loss rates are based on average rates for the past few years. The economic environment of the relevant geographical regions is taken into account through a weighting of CDS rates. All model parameters mentioned above are regularly reviewed and updated.

Under the simplified approach to impairment, trade receivable and lease receivables are transferred to Stage 3 when there is any objective evidence of impairment. In principle TUI Group classifies whether a trade receivable is to be transferred to Stage 3 on an individual basis, depending on the region, after 180 days at the earliest. In the event of insolvencies or other objective indications of impairment before this date, a transfer to stage 3 is made earlier. If a receivable is more than 180 days overdue, it is assumed to be impaired and, in the event of uncollectibility, generally written down in full. Objective evidence of impairment of lease receivables includes, for example, significant financial difficulties on the part of the debtor, breach of contract (default or delay in interest and repayment) or concessions made for economic or contractual reasons in connection with the debtor's financial difficulties.

For all other financial assets carried at amortised cost impairments are determined in accordance with the general approach.

For cash and cash equivalents, the low credit risk exemption of IFRS 9 is applied, according to which financial instruments with a low default risk at the time of acquisition can be classified in stage 1 of the impairment model. Cash and cash equivalents include, for instance, cash in hand or bank balances that are exclusively due to counterparties with a high credit rating. In accordance with stage 1 of the impairment hierarchy, a risk provision corresponding to the 12-month credit loss is recorded in cash and cash equivalents upon initial recognition. At each balance sheet date, a verification is made as to whether the counterparties continue to have a rating of investment grade quality. As the corresponding financial assets have a maximum term of 3 months, the impairment requirement is very low. A transfer from Stage 1 to Stage 2 or 3 has no practical relevance, as the business relationship would be terminated immediately in the case of a corresponding event.

For material advances and loans and other receivables and assets, the expected credit losses are determined by multiplying the probability of default with the loss given default and the exposure of default. TUI Group determines the probabilities of default on the basis of an internal rating model. As part of TUI Group's business model, the ratings of debtors for material receivables are evaluated on the basis of this internal rating. Category 1 of the rating model contains the debtors with the highest credit rating, whereas the debtors with the lowest credit rating are classified in the category 7. If the credit risk has not significantly deteriorated since initial recognition, 12-month credit losses are determined (stage 1). In the event of a significant increase in the credit risk, the lifetime-expected credit loss is determined (stage 2). A significant increase in the default risk is assumed on the basis of the internal rating and other relevant information such as changes in the economic, regulatory or technological environment.

If there is any objective evidence of impairment, a transfer is made to Stage 3.

The gross carrying amount of a financial asset of all classes of financial instruments recognised at amortised cost is written off when there is no longer the expectation of full or partial recovery a financial asset following an appropriate assessment. For individual customers the gross carrying amount is usually written off by the Group companies based on past experience of recoveries of such assets in the country specific business environment if the financial asset is no longer expected to be collected due to days overdue. For corporate customers, TUI Group's businesses conduct an individual assessment about the timing and the amount of write off based on whether there is a reasonable expectation of recovery. TUI Group does not expect significant recovery of amounts written off. However, written-off financial assets may still be subject to enforcement actions to collect overdue receivables.

For advances and loans, other receivables and assets as well as other financial assets, the expected credit losses are determined on a portfolio basis. In significant individual cases, this portfolio approach is deviated from, as the relevant information for determining the expected loss is available at the stage of the individual instrument. TUI Group ensures that solely financial assets with similar credit risk characteristics are combined, e. g. type of product and geographical region. TUI Group initially carries the credit loss based on a loss rate expected for the next twelve months. This loss rate is adjusted at regular intervals depending on the macroeconomic market environment. If the credit risk increases significantly, the lifetime expected credit loss is determined (Stage 2). The assessment of a significant increase in the credit risk, because of the past due status of the instruments, is determined in TUI Group on an individual basis by region, change in default risk-related market data or change in contractual conditions, among other factors. Depending on the portfolio, a reclassification to stage 2 is regularly made if the overdue amount is more than 30 days past due. If there is objective evidence of impairment, the instrument is transferred to Stage 3.

In principle, the general approach assumes that the default risk of financial assets has increased significantly since initial recognition if contractual payments are more than 30 days overdue. However, this can be refuted by TUI Group's available appropriate and comprehensible information. The assessment of the objective evidence of impairment for all instruments falling within the scope of the general model is based on the following indicators: e. g. severe financial difficulties of the debtor, breach of contract (default or delinquency in interest or principal payment) or concessions made for economic or contractual reasons in connection with financial difficulties of the debtor. As a result, such instruments are usually written off in full.

CDS rates are used as forward-looking information in the general impairment model, too.

TUI Group recognises an impairment gain or loss on all financial assets with a corresponding adjustment of the carrying amount through a provision for impairment.

As at 30 September 2022, trade receivables were impaired in the amount of € 59.5 m (previous year € 71.6 m). The following overview shows a maturity analysis of the impairments.

Ageing structure of impairment of financial instruments classified as trade receivables

€ million				**30 Sep 2022**
	Gross value	**Impairment**	**Net value**	**Impairment ratio**
Trade receivables				
Not overdue	271.9	6.8	265.1	5 – 25 %
Overdue less than 30 days	95.9	11.6	84.3	10 – 30 %
Overdue 30 – 90 days	35.4	12.3	23.1	15 – 35 %
Overdue 91 – 180 days	17.5	8.5	9.0	20 – 45 %
Overdue more than 180 days	38.0	20.3	17.7	50 – 75 %
Total	**458.7**	**59.5**	**399.2**	

Ageing structure of impairment of financial instruments classified as trade receivables

€ million				30 Sep 2021
	Gross value	Impairment	Net value	Impairment ratio
Trade receivables				
Not overdue	184.5	17.9	166.6	5 – 25 %
Overdue less than 30 days	76.2	19.4	56.8	10 – 30 %
Overdue 30 – 90 days	20.8	9.6	11.2	15 – 35 %
Overdue 91 – 180 days	16.3	2.7	13.6	20 – 45 %
Overdue more than 180 days	33.6	22.0	11.6	50 – 75 %
Total	**331.4**	**71.6**	**259.8**	

Impairments of lease receivables have developed as follows:

Ageing structure of impairment of financial instruments classified as lease receivables

€ million				**30 Sep 2022**
	Gross value	**Impairment**	**Net value**	**Impairment ratio**
Lease receivables				
Not overdue	9.8	0.2	9.6	5 – 25 %
Overdue less than 30 days	–	–	–	10 – 30 %
Overdue 30 – 90 days	–	–	–	15 – 35 %
Overdue 91 – 180 days	–	–	–	20 – 45 %
Overdue more than 180 days	–	–	–	50 – 75 %
Total	**9.8**	**0.2**	**9.6**	

Ageing structure of impairment of financial instruments classified as lease receivables

€ million	Gross value	Impairment	Net value	30 Sep 2021 Impairment ratio
Lease receivables				
Not overdue	11.4	0.3	11.1	5 – 25 %
Overdue less than 30 days	–	–	–	10 – 30 %
Overdue 30 – 90 days	–	–	–	15 – 35 %
Overdue 91 – 180 days	–	–	–	20 – 45 %
Overdue more than 180 days	–	–	–	50 – 75 %
Total	**11.4**	**0.3**	**11.1**	

The following tables show the development of impairment losses on financial instruments in the category Other receivables and assets and in the category advances and loans, in each case less the amounts shown for the corresponding category in the table of the default risk below.

Ageing structure of impairment of financial instruments classified as other receivables and assets

€ million	**Gross value**	**Impairment**	**Net value**	**30 Sep 2022** **Impairment ratio**
Other receivables and assets				
Not overdue	642.1	2.3	639.8	5 – 25 %
Overdue less than 30 days	–	–	–	10 – 30 %
Overdue 30 – 90 days	3.4	3.4	–	15 – 35 %
Overdue 91 – 180 days	0.2	–	0.2	20 – 45 %
Overdue more than 180 days	1.1	0.3	0.8	50 – 75 %
Total	**646.8**	**6.0**	**640.8**	

Ageing structure of impairment of financial instruments classified as other receivables and assets

€ million	Gross value	Impairment	Net value	30 Sep 2021 Impairment ratio
Other receivables and assets				
Not overdue	223.8	9.1	214.7	5 – 25 %
Overdue less than 30 days	0.2	–	0.2	10 – 30 %
Overdue 30 – 90 days	0.2	–	0.2	15 – 35 %
Overdue 91 – 180 days	0.9	–	0.9	20 – 45 %
Overdue more than 180 days	2.0	0.1	1.9	50 – 75 %
Total	**227.1**	**9.2**	**217.9**	

Impairments of advances and loans developed as follows:

Ageing structure of impairment of financial instruments classified as advances and loans

€ million	**Gross value**	**Impairment**	**30 Sep 2022** **Net value**
Advances and loans			
Not overdue	23.0	15.6	7.4
Overdue less than 30 days	–	–	–
Overdue 30 – 90 days	0.1	0.1	–
Overdue 91 – 180 days	–	–	–
Overdue more than 180 days	5.6	5.6	–
Total	**28.7**	**21.3**	**7.4**

Ageing structure of impairment of financial instruments classified as advances and loans

€ million	Gross value	Impairment	30 Sep 2021 Net value
Advances and loans			
Not overdue	40.4	28.4	12.0
Overdue less than 30 days	–	–	–
Overdue 30 – 90 days	0.1	–	0.1
Overdue 91 –180 days	–	–	–
Overdue more than 180 days	1.6	1.2	0.4
Total	**42.1**	**29.6**	**12.5**

The material single items in the following table, 'Default risk on financial instruments classified as advances and loans, as other receivables or as other financial assets' are disclosed based on an internal rating. In the past financial year, there was a stage transfer in the individual items listed there in the category of advances and loans to related companies from stage 2 to stage 3 in the amount of € 6.2 m (previous year two transfers from stage 1 to stage 2 totaling € 9.7 m).

Default risk on financial instruments classified as advances and loans, as other receivables or as other financial assets

	30 Sep 2022					30 Sep 2021		
€ million	**Impairment Stage**	**Rating**	**Gross value**	**Impairment**	**Net value**	Gross value	Impairment	Net value
Loans to related parties								
Advances and loans	1	internal: class 2	21.9	– 0.6	21.3	25.0	– 0.2	24.8
Advances and loans	3	internal: class 5	6.2	– 3.6	2.6	–	–	–
Other receivables	1	internal: class 2	–	–	–	0.5	–	0.5
Loans to hotels								
Advances and loans	1	internal: class 5	10.4	–1.8	8.6	7.8	– 0.5	7.3
Advances and loans	2	internal: class 5	30.0	– 3.3	26.7	29.0	–1.5	27.5
Other receivables	3	internal: class 3	41.0	–13.8	27.2			
Loans to other companies								
Advances and loans	1	internal: class 2	–	–	–	130.0	– 0.1	129.9
Other financial assets	1	internal: class 1	34.6	– 0.2	34.4	–	–	–
Other receivables	1	internal: class 2	–	–	–	89.2	– 0.2	89.0
Other financial assets	1	external	45.1	– 0.1	45.0	–	–	–

Other financial assets carried at amortised cost at an amount of € 85.8 m (previous year € 12.1 m) relate to short-term deposits with banks. The full amount of these investments with a gross amount of € 86.2 m (previous year € 12.7 m) is not overdue. Impairments of € 0.5 m (previous year € 0.7 m) were carried in the framework of risk provisioning.

In the financial year 2022, there were cash inflows of € 4.8 m from impaired interest-bearing trade receivables and other receivables (previous year no significant cash inflows).

The tables below show a reconciliation of the loan loss provisions for financial assets, measured at amortised cost, for which loan loss provisions are determined using the general approach or the simplified approach.

Change in risk provisions for financial assets measured at amortised cost in the classes advances and loans, other receivables and assets and other financial assets

€ million	Stage 1 12-month-ECL	Stage 2 lifetime-ECL (not impaired)	Stage 3 lifetime-ECL (impaired)	**Total**
Risk provisioning as at 1 Oct 2020	**66.2**	**4.8**	**–**	**71.0**
Exchange differences	0.1	–	–	0.1
Addition of impairments on newly issued/acquired financial assets	18.7	–	–	18.7
Transfer to stage 2 lifetime ECL (not impaired)	–9.7	9.7	–	–
Unrequired impairments on financial assets derecognised during the period and use of impairments	47.7	0.2	–	47.9
Risk provisioning as at 30 Sep 2021	**27.6**	**14.3**	**–**	**41.9**
Risk provisioning as at 1 Oct 2021	**27.6**	**14.3**	**–**	**41.9**
Addition of impairments on newly issued/acquired financial assets	2.3	1.8	20.8	24.9
Transfer to stage 3 lifetime ECL (impaired)	–7.4	–12.8	20.2	–
Unrequired impairments on financial assets derecognised during the period and use of impairments	15.9	–	–	15.9
Risk provisioning as at 30 Sep 2022	**6.6**	**3.3**	**41.0**	**50.9**

As at 30 September 2022, risk provisioning totals € 19.8 m (previous year € 9.4 m) for the other receivables and assets class and € 0.5 m (previous year € 0.7 m) for the other financial assets class as well as € 30.6 m (previous year € 31.8 m) for the advances and loans class.

As at 30 September, 2022, three instruments in class other receivables and assets and eight instruments in class advances and loans were reported in stage 3 (previous year no instruments in stage 3). There were no currency differences (previous year € 0.1 m). There was no change in the scope of consolidation (previous year no changes). Transfers were made between the stages of the impairment model in the advances and loans class. In the amount of € 6.6 m from stage 1 to stage 3 and in the amount of € 12.8 m from stage 2 to stage 3 (previous year transfer from stage 1 to stage 2: € 9.7 m). A transfer of € 0.8 m from stage 1 to stage 3 was made in the other receivables and assets class (previous year no transfer).

The largest single item in the use of impairments in class advances and loans amounts to € 9.5 m. The models were adjusted with regard to the risk parameters used in terms of the loss rate in line with the macroeconomic market environment. This resulted in a lower risk provision of € 6.2 m (previous year € 21.2 m).

Change in risk provisions for financial assets measured at amortised cost classified as trade receivables

€ million	Lifetime ECL simplified approach
Risk provisioning as at 1 Oct 2020	**86.2**
Exchange differences	0.7
Changes in the group of consolidated companies	0.1
Addition of impairments on newly issued/acquired financial assets	30.1
Unrequired impairments on financial assets derecognised during the period and use of impairments	45.5
Risk provisioning as at 30 Sep 2021	**71.6**
Risk provisioning as at 1 Oct 2021	**71.6**
Exchange differences	0.7
Addition of impairments on newly issued/acquired financial assets	23.6
Other changes	1.3
Unrequired impairments on financial assets derecognised during the period and use of impairments	37.7
Risk provisioning as at 30 Sep 2022	**59.5**

Change in risk provisions for financial assets measured at amortised cost classified as lease receivables

€ million	Lifetime ECL simplified approach
Risk provisioning as at 1 Oct 2020	**27.1**
Exchange differences	0.3
Unrequired impairments on financial assets derecognised during the period and use of impairments	27.1
Risk provisioning as at 30 Sep 2021	**0.3**
Risk provisioning as at 1 Oct 2021	**0.3**
Exchange differences	– 0.3
Unrequired impairments on financial assets derecognised during the period and use of impairments	– 0.2
Risk provisioning as at 30 Sep 2022	**0.2**

The tables below show a reconciliation of gross carrying amounts for financial assets measured at amortised cost:

Change in gross carrying amounts classified as advances and loans

€ million	Stage 1 12-month-ECL	Stage 2 lifetime-ECL (not impaired)	Stage 3 lifetime-ECL (impaired)	**Total**
Gross carrying amounts as at 1 Oct 2020	**285.8**	**63.4**	**–**	**349.2**
Addition of assets	37.7	–	–	37.7
Reduction of assets	–124.9	– 28.1	–	–153.0
Transfer to lifetime-ECL (Stage 2)	– 9.7	9.7	–	–
Gross carrying amounts as at 30 Sep 2021	**188.9**	**45.0**	**–**	**233.9**
Gross carrying amounts as at 1 Oct 2021	**188.9**	**45.0**	**–**	**233.9**
Addition of assets	13.2	1.0	2.3	16.5
Reduction of assets	–153.1	–	–	–153.1
Transfer to impaired financial assets (Stage 3)	– 9.1	–16.0	25.1	–
Gross carrying amounts as at 30 Sep 2022	**39.9**	**30.0**	**27.4**	**97.3**

As of 30 September 2022, instruments of the classes loans and advances amounting to € 27.4 m are reported in stage 3. There were no significant changes or modifications. There were transfers of € 9.1 m from stage 1 to stage 3 and of € 16.0 m from stage 2 to stage 3 (previous year transfers between stage 1 and 2: € 9.7 m).

Change in gross carrying amounts classified as other receivables and assets and other financial assets

€ million	Stage 1 12-month-ECL	Stage 3 lifetime-ECL (impaired)	**Total**
Gross carrying amounts as at 1 Oct 2020	**460.6**	**–**	**460.6**
Addition of assets	318.6	–	318.6
Reduction of assets	– 449.6	–	– 449.6
Gross carrying amounts as at 30 Sep 2021	**329.6**	**–**	**329.6**
Gross carrying amounts as at 1 Oct 2021	**329.6**	**–**	**329.6**
Addition of assets	685.4	44.4	729.8
Reduction of assets	– 285.3	–	– 285.3
Transfer to impaired financial assets (Stage 3)	–7.7	7.7	–
Gross carrying amounts as at 30 Sep 2022	**722.0**	**52.1**	**774.1**

As at 30 September 2022, instruments in the classes of other receivables and assets and other financial assets amounting to € 52.1 m were reported in stage 3. There were no significant changes or modifications. There were transfers from stage 1 to stage 3 amounting to € 7.7 m. (Previous year no transfers between stages 1 – 3). No newly issued or acquired instruments were impaired at the date of addition.

Change in gross carrying amounts of assets classified as trade receivables

€ million	Lifetime ECL simplified approach
Gross carrying amounts as at 1 Oct 2020	**237.4**
Addition of assets	331.4
Reduction of assets	– 237.4
Gross carrying amounts as at 30 Sep 2021	**331.4**
Gross carrying amounts as at 1 Oct 2021	**331.4**
Addition of assets	458.7
Reduction of assets	– 331.4
Gross carrying amounts as at 30 Sep 2022	**458.7**

Change in gross carrying amounts of assets classified as lease receivables

€ million	Lifetime ECL simplified approach
Gross carrying amounts as at 1 Oct 2020	**40.5**
Addition of assets	10.1
Reduction of assets	– 39.2
Gross carrying amounts as at 30 Sep 2021	**11.4**
Gross carrying amounts as at 1 Oct 2021	**11.4**
Addition of assets	9.8
Reduction of assets	– 11.4
Gross carrying amounts as at 30 Sep 2022	**9.8**

LIQUIDITY RISK

Liquidity risks arise from TUI Group being unable to meet its short-term financial obligations and the resulting increases in funding costs. TUI Group has established an internal liquidity management system to secure TUI Group's liquidity at all times and consistently comply with contractual payment obligations. To that end, TUI Group's liquidity management system uses the opportunities of physical and virtual cash pooling for more efficient liquidity pooling. It also uses credit lines to compensate for the seasonal fluctuations in liquidity resulting from the tourism business. The core credit facility is a syndicated revolving credit facility totalling € 3.6 bn agreed with the previous syndicate banks and KfW Bank, which has been included due to the COVID-19 pandemic.

Details of the financing transactions are presented in the section 'Going-concern reporting in accordance with the UK Corporate Governance Code'.

As in the previous year, no material assets were deposited as collateral for liabilities. Moreover, the Group companies participating in the cash pool are jointly and severally liable for financial liabilities from cash pooling agreements.

The tables provided below list the contractually agreed (undiscounted) cash flows of all primary financial liabilities as at the balance sheet date. Planned payments for future new liabilities were not taken into account. Where financial liabilities have a floating interest rate, the forward interest rates fixed at the balance sheet date were used to determine future interest payments. Financial liabilities cancellable at any time are allocated to the earliest maturity band.

The analysis of cash flows from derivative financial instruments shows the contractually agreed (undiscounted) cash flows by maturity of foreign exchange hedges of all liabilities and receivables that existed at the balance sheet date. Derivative financial instruments used to hedge other price risks are included in the analysis with their contractually agreed (undiscounted) cash flows by maturity from all financial receivables and liabilities at the balance sheet date.

Cash flow of financial instruments – financial and lease liabilities (30 Sep 2022)

	Cash outflow until 30 Sep							
	up to 1 year		1 – 2 years		2 – 5 years		more than 5 years	
€ million	**repay-ment**	**interest**	repay-ment	interest	repay-ment	interest	repay-ment	interest
Financial liabilities								
Convertible bonds	–	– 29.5	–	– 29.5	–	– 88.4	– 589.6	– 29.5
Bonds	–	– 5.6	–	– 5.6	– 58.7	– 11.2	–	–
Liabilities to banks	– 280.0	– 65.3	– 600.9	– 44.0	– 312.8	– 36.5	– 188.9	– 16.7
Other financial debt	– 26.4	– 1.6	– 44.9	– 2.0	– 16.9	– 0.5	–	–
Trade payables	– 3,316.5	–	–	–	–	–	–	–
Other financial liabilities	– 174.7	– 0.3	– 0.3	–	– 2.5	–	–	–
Lease liabilities	**– 698.8**	**– 60.8**	**– 655.7**	**– 69.8**	**– 1,012.4**	**– 182.5**	**– 840.7**	**– 393.4**

Cash flow of financial instruments – financial and lease liabilities (30 Sep 2021)

€ million	up to 1 year repayment	up to 1 year interest	1 – 2 years repayment	1 – 2 years interest	2 – 5 years repay-ment	2 – 5 years interest	more than 5 years repay-ment	more than 5 years interest
	Cash outflow until 30 Sep							
Financial liabilities								
Convertible bonds	–	– 29.5	–	– 29.5	–	– 88.4	– 589.6	– 59.0
Bonds	–	–14.3	–	–14.3	–150.0	– 42.8	–	–
Liabilities to banks	– 247.6	–107.7	– 223.1	–105.6	– 2,040.1	– 85.2	–101.8	– 6.2
Other financial debt	– 23.5	– 21.7	– 42.9	–	– 0.2	– 0.2	–	–
Trade payables	– 2,052.4	–	–	–	–	–	–	–
Other financial liabilities	– 313.2	–1.1	–1.0	–	– 2.2	–	–	–
Lease liabilities	**– 623.3**	**– 66.2**	**–727.1**	**–70.6**	**–1,011.0**	**–176.8**	**– 868.0**	**– 362.5**

Cash flow of derivative financial instruments (30 Sep 2022)

€ million	up to 1 year	1 – 2 years	2 – 5 years	more than 5 years
	Cash in- / outflow until 30 Sep			
Derivative financial instruments				
Hedging transactions – inflows	+156.2	–	–	–
Hedging transactions – outflows	–185.1	–	–	–
Other derivative financial instruments – inflows	+ 630.3	–	–	–
Other derivative financial instruments – outflows	– 665.7	–	–	–

Cash flow of derivative financial instruments (30 Sep 2021)

€ million	up to 1 year	1 – 2 years	2 – 5 years	more than 5 years
	Cash in- / outflow until 30 Sep			
Derivative financial instruments				
Hedging transactions – inflows	+ 57.6	–	–	–
Hedging transactions – outflows	– 57.8	–	–	–
Other derivative financial instruments – inflows	+ 513.8	+ 52.1	–	–
Other derivative financial instruments – outflows	– 531.5	– 65.5	– 2.4	–

The derivative financial instruments carried as Other derivative financial instruments are derivatives not designated as hedging instruments according to IAS 39.

For further information for hedging strategies and risk management see also the remarks in the Risk Report section of the Management Report.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGES

STRATEGY AND GOALS

In accordance with TUI Group's policy, derivatives are allowed to be used if they are based on underlying recognised assets or liabilities, firm commitments or forecast transactions. Hedge accounting based on the rules of IAS 39 is applied to forecasted transactions. In the completed financial year, hedges consisted of cash flow hedges.

Derivative financial instruments in the form of fixed-price transactions and options as well as structured products are used to limit currency, interest rate and fuel risks.

The COVID-19 pandemic significantly impacted business operations and the existing hedging strategy for currency risks and fuel price risks. Due to numerous travel restrictions and limitations in the past three financial years, the occurrence of numerous hedged underlying transactions could no longer be assessed as highly likely, causing a rapid decline in fuel price and currency hedge requirements and therefore requiring the prospective termination of these hedges.

For the hedges so affected, occurrence of the underlying transactions can no longer be expected for a future point in time, so that the accrued amounts from the change in the value of the hedging instruments were reclassified from cash flow hedge reserve (OCI) to the cost of sales in the income statement. Despite the significant increase in bookings, €+ 0.4 m were reclassified from foreign currency hedges in the reporting period. During financial year 2022 only foreign currency hedges have been de-designated as the highly expected forecasted transactions did not occur.

Furthermore, the strong increase in TUI's credit risk had a direct impact on the retrospective hedge effectiveness test. As a result, fuel price, interest rate and currency hedges had to be terminated as they no longer met the effectiveness requirements of IAS 39. All future changes in the value of these de-designated hedges are also taken to the cost of sales respectively in the financial result in the case of interest rate hedges in the income statement through profit and loss and recognised as other derivative financial instruments from the date of the termination of the cash flow hedge accounting. At 30 September 2022, the fair value of these reclassified fuel price hedges totalled € 21.6 m at a nominal value of € 153.5 m, while the fair value of the interest rate hedges amounted to € 5.7 m at a nominal volume of € 358.1 m and the fair value of currency hedges totalled € 10.4 m at a nominal volume of € 68.7 m.

CASH FLOW HEDGES

At 30 September 2022, hedges existed to manage cash flows in foreign currencies with maturities of up to two years (previous year up to two years). The fuel price hedges had terms of up to one year (previous year up to one year). Hedges to protect variable interest payment obligations are currently not in the portfolio (previous year none). The impact on profit or loss for the period is at the time the expected cash inflow occurs.

Nominal amounts of derivative financial instruments used

				30 Sep 2022
	Remaining term			
€ million	up to 1 year	more than 1 year	**Total**	Average hedged rate / price
Currency hedges				
Forwards	2,535.6	2.4	2,538.0	
Forwards EUR / GBP	1,013.5	–	1,013.5	1.1582
Forwards EUR / USD	464.7	2.4	467.1	0.9627
Forwards GBP / USD	878.6	–	878.6	0.8368
Forwards EUR / SEK	63.5	–	63.5	0.0942
Other currencies	115.3	–	115.3	
Commodity hedges				
Swaps	165.2	–	165.2	
Jet fuel	154.8	–	154.8	1,088.90
Marine fuel	10.4	–	10.4	674.27
Other fuels	–	–	–	–
Other derivative financial instruments	**3,743.2**	**53.6**	**3,796.8**	

Nominal amounts of derivative financial instruments used

€ million	Remaining term up to 1 year	Remaining term more than 1 year	Total	30 Sep 2021 Average hedged rate / price
Currency hedges				
Forwards	131.2	0.4	131.6	
Forwards EUR / GBP	17.0	–	17.0	1.1712
Forwards EUR / USD	76.4	–	76.4	0.8602
Forwards GBP / USD	12.9	–	12.9	0.7223
Forwards EUR / SEK	19.5	–	19.5	0.0982
Other currencies	5.4	0.4	5.8	
Commodity hedges				
Swaps	26.9	–	26.9	
Jet fuel	26.9	–	26.9	538.06
Marine fuel	–	–	–	–
Other fuels	–	–	–	–
Other derivative financial instruments	**1,950.3**	**505.3**	**2,455.6**	

Other derivative hedging instruments comprise the nominal values of hedges not designated for hedge accounting. TUI Group exclusively enters into derivative financial instruments for hedging purposes. Depending on the type of the hedged underlying transaction, TUI exercises the option to apply hedge accounting according to IAS 39. Due to the COVID-19 pandemic, a large number of hedges according to IAS 39 had to be terminated. Accordingly, the derivative financial instruments underlying these hedges are shown under Other derivative financial instruments.

The nominal values correspond to the total of all purchase and sale amounts underlying the transactions or the respective contract values of the transactions.

In order to hedge the risks of fluctuations in future cash flows from currency, interest rate and fuel price risks, TUI regularly enters into hedges. The planned transactions, i. e. the underlying transactions, are used to determine the ineffective portions of hedges designated as cash flow hedges. In designating cash flow hedges, only the spot rate component is included in hedge accounting as a hedge for some forward exchange transactions, while the interest component of these financial instruments is shown separately in all relevant tables under Other derivative financial instruments, in line with derivatives not designated as hedging instruments according to IAS 39.

Disclosures on underlying transactions of cash flow hedges

€ million	**Fair Value changes to determine inefficient portions**	**Balance of hedging reserve of active cash flow hedges**	**30 Sep 2022 Hedging reserve completed (ended) cash flow hedges**
Interest rate risk hedges	–	–	–30.6
Currency risk hedges	–121.7	121.6	1.4
Fuel price risk hedges	23.8	–22.9	–19.3
Hedging	**–97.9**	**98.7**	**–48.5**
Total	**–97.9**	**98.7**	**–48.5**

Disclosures on underlying transactions of cash flow hedges

€ million	Fair Value changes to determine inefficient portions	Balance of hedging reserve of active cash flow hedges	30 Sep 2021 Hedging reserve completed (ended) cash flow hedges
Interest rate risk hedges	–	–	–31.0
Currency risk hedges	–0.9	0.9	3.9
Fuel price risk hedges	–3.7	3.2	–33.7
Hedging	**–4.6**	**4.1**	**–60.8**
Total	**–4.6**	**4.1**	**–60.8**

In accounting for cash flow hedges, the effective portions of the hedging relationships have to be recognised in OCI outside profit and loss. Any additional changes in the fair value of the designated components are recognised as ineffective portions in cost of sales. The table below presents the development of OCI in financial year 2022.

Development of OCI

€ million	Interest rate risk	Currency risk	Fuel price risk	Total
	30 Sep 2022			
Gain or loss from fair value changes of hedges within hedge accounting	– 30.6	123.0	– 42.2	50.2
recognised in equity	– 30.6	123.0	– 42.2	50.2
Reclassification from cash flow hedge reserve to income statement	–1.4	4.1	– 22.0	–19.3
due to early termination of the hedge	–	0.5	–	0.5
due to recognition of the underlying transaction	–1.4	3.6	– 22.0	–19.8

Development of OCI

€ million	Interest rate risk	Currency risk	Fuel price risk	Total
	30 Sep 2021			
Gain or loss from fair value changes of hedges within hedge accounting	– 31.0	4.8	– 30.5	– 56.7
recognised in equity	– 31.0	4.8	– 30.5	– 56.7
Reclassification from cash flow hedge reserve to income statement	– 3.0	– 45.7	–116.3	–165.0
due to early termination of the hedge	–	–11.4	–10.8	– 22.2
due to recognition of the underlying transaction	– 3.0	– 34.3	–105.5	–142.8

In the reporting period, expenses of € 18.4 m (previous year expenses of € 139.8 m) from currency hedges and derivative financial instruments used to hedge the impact of exposure to fuel price risks was recognised in the cost of sales. Interest rate hedges result in expenses of € 1.4 m (previous year expenses of € 3.0 m), carried in net interest income. Expense of € 1.3 m (previous year income of € 0.2 m) was recognised for the ineffective portion of cash flow hedges.

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

The fair values of derivative financial instruments generally correspond to the market value. The market price determined for all derivative financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A description of the determination of the fair values of derivative financial instruments is provided with the classification of financial instruments measured at fair value.

Positive and negative fair values of derivative financial instruments shown as receivables or liabilities

€ million	Receivables	Liabilities	FV changes to determine ineffective portions	Nominal volume
	30 Sep 2022			
Cash flow hedges for				
currency risks	124.4	2.8	121.6	2,537.9
fuel price risks	–	24.2	– 24.2	165.2
interest rate risks	–	–	–	–
Hedging	**124.4**	**27.0**	**97.4**	**2,703.1**
Other derivative financial instruments	**134.7**	**33.7**	**–**	**3,796.7**
Total	**259.1**	**60.7**	**97.4**	**6,499.8**

Positive and negative fair values of derivative financial instruments shown as receivables or liabilities

				30 Sep 2021
€ million	Receivables	Liabilities	FV changes to determine ineffective portions	Nominal volume
Cash flow hedges for				
currency risks	1.3	0.4	0.9	131.6
fuel price risks	3.2	–	3.2	26.9
interest rate risks	–	–	–	–
Hedging	**4.5**	**0.4**	**4.1**	**158.5**
Other derivative financial instruments	**57.8**	**23.4**	**–**	**2,455.6**
Total	**62.3**	**23.8**	**4.1**	**2,614.1**

Financial instruments which are entered into in order to hedge a risk position according to operational criteria but do not meet the criteria of IAS 39 to qualify for hedge accounting are shown as other derivative financial instruments. They include foreign currency transactions entered into in order to hedge against foreign exchange-exposure to changes in the value of balance sheet items and foreign exchange fluctuations from future expenses in tourism.

FINANCIAL INSTRUMENTS – ADDITIONAL DISCLOSURES

CARRYING AMOUNTS AND FAIR VALUES

Where financial instruments are listed in an active market, e. g. shares held and bonds issued, the fair value or market value is the respective quotation in this market at the balance sheet date. For over-the-counter bonds, debt components of bonds with warrants and convertible bonds, liabilities to banks, promissory notes and other non-current financial liabilities, the fair value is determined as the present value of future cash flows, taking account of yield curves and the respective credit spread, which depends on the credit rating.

In financial year 2022, the fair values of other current receivables and current liabilities to banks were determined in line with the past financial year, taking into account yield curves and the respective credit risk premium (credit spread) based on credit rating. As a result, the assumption that the carrying amount approximately corresponds to the fair value due to the short remaining term has been adjusted to the current market conditions due to the COVID-19 pandemic.

The fair values of non-current trade receivables and for parts of current other receivables and current other financial assets as well as cash and cash equivalents, current other financial liabilities and trade payables correspond to the present values of the cash flows associated with the assets, taking account of current interest parameters which reflect market and counterparty-related changes in terms and expectations. In the case of cash and cash equivalents, current trade receivables, other financial assets, current trade payables and other financial liabilities the carrying amount approximates the fair value due to the short remaining term.

The table below shows the reconciliation of the balance sheet items to the financial instrument categories by carrying amount and fair value of the financial instruments.

Carrying amounts and fair values according to classes and measurement categories according to IFRS 9 as at 30 Sep 2022

€ million	**Carrying amount**	Category according to IFRS 9: At amortised cost	Fair value with no effect on profit and loss without recycling	Fair value with no effect on profit and loss with recycling	Fair value through profit and loss	Fair value of financial instruments
Assets						
Trade receivables and other receivables						
thereof instruments within the scope of IFRS 9	1,133.8	1,027.3	–	–	106.5	1,124.5
thereof instruments within the scope of IFRS 16	9.6	–	–	–	–	9.9
Derivative financial instruments						
Hedging transactions	124.4	–	–	124.4	–	124.4
Other derivative financial instruments	134.7	–	–	–	134.7	134.7
Other financial assets	96.4	85.9	9.6	–	0.9	90.5
Cash and cash equivalents	1,736.9	1,736.9	–	–	–	1,736.9
Liabilities						
Financial liabilities	2,051.3	2,051.3	–	–	–	1,656.7
Trade payables	3,316.5	3,316.5	–	–	–	3,316.5
Derivative financial instruments						
Hedging transactions	27.0	–	–	27.0	–	27.0
Other derivative financial instruments	33.7	–	–	–	33.7	33.7
Other financial liabilities	177.4	177.4	–	–	–	177.4

Carrying amounts and fair values according to classes and measurement categories according to IFRS 9 as at 30 Sep 2021

€ million	Carrying amount	Category according to IFRS 9 At amortised cost	Fair value with no effect on profit and loss without recycling	Fair value with no effect on profit and loss with recycling	Fair value through profit and loss	Fair value of financial instruments
Assets						
Trade receivables and other receivables						
thereof instruments within the scope of IFRS 9	769.2	661.1	–	–	108.1	783.2
thereof instruments within the scope of IFRS 16	11.1	–	–	–	–	11.7
Derivative financial instruments						
Hedging transactions	4.5	–	–	4.5	57.8	4.5
Other derivative financial instruments	57.8	–	–	–	2.0	57.8
Other financial assets	24.4	12.1	10.3	–	–	24.4
Cash and cash equivalents	1,583.9	1,586.1	–	–	–	1,586.1
Liabilities						
Financial liabilities	3,320.7	3,320.8	–	–	–	3,359.7
Trade payables	2,052.4	2,071.9	–	–	–	2,071.9
Derivative financial instruments						
Hedging transactions	0.4	–	–	0.4	–	0.4
Other derivative financial instruments	23.4	–	–	–	23.4	23.4
Other financial liabilities	318.9	318.9	–	–	–	318.9

The amounts shown in the column 'carrying amount' (as shown in the balance sheet) in the tables above can differ from those in the other columns of a particular row since the latter include all financial instruments. That is the latter columns include financial instruments which are part of disposal groups according to IFRS 5. In the balance sheet, financial instruments, which are part of a disposal group, are shown as separate items. If such financial instruments are included, further details on these financial instruments are explained in the sections 'Assets held for sale' and 'Liabilities related to assets held'.

The instruments measured at fair value through other comprehensive income within the other financial assets class are investments in companies based on medium to long-term strategic objectives. Recording all short-term fluctuations in the fair value in the income statement would not be in line with TUI Group's strategy; these equity instruments were therefore designated as fair value through OCI.

Aggregation according to measurement categories under IFRS 9 as at 30 Sep 2022

€ million	Carrying amount of financial instruments Total	Fair Value
Financial assets		
at amortised cost	2,850.1	2,834.9
at fair value – recognised directly in equity without recycling	9.6	9.6
at fair value – through profit and loss	242.1	242.1
Financial liabilities		
at amortised cost	5,545.2	5,150.6
at fair value – through profit and loss	33.7	33.7

Aggregation according to measurement categories under IFRS 9 as at 30 Sep 2021

€ million	Carrying amount of financial instruments Total	Fair Value
Financial assets		
at amortised cost	2,259.3	2,381.4
at fair value – recognised directly in equity without recycling	10.3	10.3
at fair value – through profit and loss	167.9	167.9
Financial liabilities		
at amortised cost	5,711.6	5,750.5
at fair value – through profit and loss	23.4	23.4

FAIR VALUE MEASUREMENT

The table below presents the fair values of recurring, non-recurring and other financial instruments measured at fair value in line with the underlying measurement level. The individual measurement levels have been defined as follows in line with the inputs:

- Level 1: (unadjusted) quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs for the measurement other than quoted market prices included within Level 1 that are observable in the market for the asset or liability, either directly (as quoted prices) or indirectly (derivable from quoted prices).
- Level 3: inputs for the measurement of the asset or liability not based on observable market data.

Hierarchy of financial instruments measured at fair value as at 30 Sep 2022

€ million	Total	Fair value hierarchy Level 1	Level 2	Level 3
Assets				
Other receivables	106.5	–	–	106.5
Other financial assets	10.5	–	–	10.5
Derivative financial instruments				
Hedging transactions	124.4	–	124.4	–
Other derivative financial instruments	134.7	–	134.7	–
Liabilities				
Derivative financial instruments				
Hedging transactions	27.0	–	27.0	–
Other derivative financial instruments	33.7	–	33.7	–

Hierarchy of financial instruments measured at fair value as at 30 Sep 2021

€ million	Total	Fair value hierarchy Level 1	Level 2	Level 3
Assets				
Other receivables	108.1	–	–	108.1
Other financial assets	12.3	–	–	12.3
Derivative financial instruments				
Hedging transactions	4.5	–	4.5	–
Other derivative financial instruments	57.8	–	57.8	–
Liabilities				
Derivative financial instruments				
Hedging transactions	0.4	–	0.4	–
Other derivative financial instruments	23.4	–	23.4	–

At the end of every reporting period, TUI Group checks whether there are any reasons for reclassification to or from one of the measurement levels. Financial assets and financial liabilities are generally transferred out of Level 1 into Level 2 if the liquidity and trading activity no longer indicate an active market. The opposite situation applies to potential transfers out of Level 2 into Level 1. In the reporting period, there were no transfers between Level 1 and Level 2.

Reclassifications from Level 3 to Level 2 or Level 1 are made if observable market price quotations become available for the asset or liability concerned. In the reporting period there were no other transfers from or to Level 3. TUI Group records transfers from or to Level 3 at the date of the obligating event or occasion triggering the transfer.

LEVEL 1 FINANCIAL INSTRUMENTS

The fair value of financial instruments for which an active market exists is based on quoted prices at the reporting date. An active market exists if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency and these prices represent actual and regularly occurring market transactions on an arm's length basis. These financial instruments are classified as Level 1. The fair values correspond to the nominal amounts multiplied by the quoted prices at the reporting date. Level 1 financial instruments primarily comprise shares in listed companies classified as at fair value through OCI and bonds issued classified as financial liabilities at amortised cost.

LEVEL 2 FINANCIAL INSTRUMENTS:

The fair values of financial instruments not traded in an active market, e. g., over-the-counter (OTC) derivatives, are determined by means of valuation techniques. These valuation techniques make maximum use of observable market data and minimise the use of group-specific assumptions. If all essential inputs for the determination of the fair value of an instrument are observable, the instrument is classified as Level 2.

If one or several key inputs are not based on observable market data, the instrument is classified as Level 3.

The following specific valuation techniques are used to measure financial instruments:

- For over-the-counter bonds, debt components of warrant and convertible bonds, liabilities to banks, promissory notes and other non-current financial liabilities as well as for current other receivables, current financial liabilities and non-current trade and other receivables, the fair value is determined as the present value of future cash flows, taking account of observable yield curves and the respective credit spread, which depends on the credit rating.
- The fair value of over-the-counter derivatives is determined by means of appropriate calculation methods, e. g., by discounting the expected future cash flows. The forward prices of forward transactions are based on the spot or cash prices, taking account of forward premiums and discounts. The fair values of optional hedges are calculated on the basis of option pricing models. The fair values determined on the basis of the group's own systems are periodically compared with fair value confirmations of the external counterparties.
- Other valuation techniques, e. g., discounting future cash flows, are used to determine the fair values of other financial instruments.

LEVEL 3 FINANCIAL INSTRUMENTS:

The table below presents the fair values of the financial instruments measured at fair value on a recurring basis, classified as Level 3.

Financial assets measured at fair value in Level 3

€ million	Other receivables IFRS 9	Other financial assets IFRS 9
Balance as at 1 Oct 2020	**–**	**10.6**
Additions	108.1	–
sale	108.1	–
Disposals	–	– 0.1
sale	–	– 0.1
Total gains or losses for the period	–	– 0.1
recognised in other comprehensive income	–	– 0.1
Foreign currency effects	–	1.9
Balance as at 30 Sep 2021	**108.1**	**12.3**
Balance as at 1 Oct 2021	**108.1**	**12.3**
Disposals	–15.0	–
Total gains or losses for the period	13.4	–1.4
recognised through profit and loss	13.4	– 0.1
recognised in other comprehensive income	–	–1.3
Foreign currency effects	–	– 0.4
Balance as at 30 Sep 2022	**106.5**	**10.5**

EVALUATION PROCESS

The fair value of financial instruments in Level 3 has been determined by TUI Group's financial department using the discounted cash flow method. This involves the market data and parameters required for measurement being compiled or validated. Non-observable input parameters are reviewed on the basis of internally available information and updated if necessary.

In principle, the unobservable input parameters relate to the following parameters; the (estimated) EBITDA margin is in a range between 8.3 % and 24.0 % (previous year – 4.2 % and 22.5 %). The constant growth rate is 1 % (previous year 1 %). The weighted average cost of capital (WACC) is in a range between 9.5 %–11.3 % (previous year 8.8 – 9.9 %). Due to materiality, no detailed figures have been provided. With the exception of the WACC, there is a positive correlation between the input factors and the fair value.

The decrease in the fair values of Other financial assets in Level 3 results from a measurement effect totalling €–1.4 m and from foreign exchange effects totalling €–0.4 m.

Financial instruments classified as Other financial assets include shares in corporations. The total fair value of these financial investments at 30 September 2022 is €9.6 m (previous year €10.3 m). In the year under review, there were no disposals (previous year €0.1 m) of shares in corporations as part of the initial consolidation which were measured at fair value, as part of their first consolidation. None of these strategic financial investments were sold in the completed financial year. Dividend payments of €0.3 m (previous year €0.0 m) resulted from these financial investments.

At 30 September 2022, other receivables in accordance with IFRS 9 in Level 3 include a carrying amount of €106.5 m (previous year €108.1 m) for a variable purchase price receivable from the sale of Riu Hotels S.A. in the prior year, measured as a financial instrument in the category FVTPL. The fair value is determined using a probability calculation for the future gross operating profit, taking account of contractual entitlements to an additional purchase price demand and an appropriate risk-adjusted discount rate (1.99 % until 2.87 % previous year –0.33 % until –0.22 %). Gross operating profit is defined as total revenue minus operating expenses. The cash flows from the contractual claims depend solely on a number of contractually determined Riu hotels delivering the gross operating profit for calendar years 2022 and 2023.

The variable purchase price payment varies as a function of delivering the contractually fixed gross operating profit. Its' maximum amount is limited. At least 90 % of the target gross operating profit contractually agreed for 2022 or 2023, respectively, has to be achieved in order to generate a variable purchase price payment. If the 90 % target is not met, no further purchase price payment will be made. The maximum purchase price payment totals €112.4 m. Due to different expectations regarding target achievement, potential purchase price payments vary between €0 and €112.4 m. At 30 September 2022, the contractually fixed target for 2022 had already been reached, thus the variable purchase price receivable related to 2022 was recognised at its maximum amount (€87.7 m, previously €69.9 m). After granting a discount, income of €13.4 m was recognised in the income statement.

TUI expects the hotels concerned to deliver around 100 % to 105 % in calendar year 2023. The current planning for the relevant hotels (input parameters) is regularly reviewed by the responsible accounting staff.

A sensitivity analysis shows that an increase in the hotels' gross operating profit of 10 % (regarding calendar year 2023) would result in a change in the present value of the additional purchase price receivable of around €2 m, while a reduction in gross operating profit of 10 % would result in a change in the present value of around €–24.4 m. An interest rate shift of +/–100 basis points would alter the present value of the purchase price receivable by around €0.5 m.

EFFECTS ON RESULTS

The effects of remeasuring the financial assets carried at fair value through OCI as well as the effective portions of changes in fair values of derivatives designated as cash flow hedges are listed in the statement of changes in equity.

The net results of the financial instruments by measurement category according to IFRS 9 are as follows:

Net results of financial instruments

€ million			**2022**
	from interest	**other net results**	**net result**
Financial assets	1.4	202.9	204.3
at amortised cost	1.4	40.1	41.5
at fair value through profit or loss	–	162.8	162.8
Financial liabilities	–256.7	–1.7	–258.4
at amortised cost	–256.7	–1.6	–258.3
at fair value through profit or loss	–	–0.1	–0.1
Total	**–255.3**	**201.2**	**–54.1**

Net results of financial instruments

€ million			2021
	from interest	other net results	net result
Financial assets	1.3	140.3	141.6
at amortised cost	0.2	140.5	140.7
at fair value through profit or loss	1.1	–0.2	0.9
Financial liabilities	–255.7	–114.2	–369.9
at amortised cost	–255.7	–12.7	–268.4
at fair value through profit or loss	–	–101.5	–101.5
Total	**–254.4**	**26.1**	**–228.3**

NETTING

The following financial assets and liabilities are subject to contractual netting arrangements:

Offsetting of financial assets

€ million	Gross amounts of financial assets	Gross amounts of financial liabilities set off	**Net amounts of financial assets set off, presented in the balance sheet**	Financial assets and liabilities not set off in the balance sheet: Financial liabilities	Collateral received	Net amount
Financial assets as at 30 Sep 2022						
Derivative financial assets	259.1	–	259.1	32.9	–	226.2
Cash and cash equivalents	1,859.7	122.8	1,736.9	–	–	1,736.9
Financial assets as at 30 Sep 2021						
Derivative financial assets	62.3	–	62.3	11.1	–	51.2
Cash and cash equivalents	1,691.2*	107.3*	1,583.9	–	–	1,583.9

* Restated by € 49.5 m from a correction when determining the netted amount.

Offsetting of financial liabilities

€ million	Gross amounts of financial assets	Gross amounts of financial assets set off	**Net amounts of financial liabilities set off, presented in the balance sheet**	Financial assets and liabilities not set off in the balance sheet: Financial assets	Collateral granted	Net amount
Financial liabilities as at 30 Sep 2022						
Derivative financial liabilities	60.7	–	60.7	32.9	–	27.8
Financial liabilities	2,174.1	122.8	2,051.3	–	–	2,051.3
Financial liabilities as at 30 Sep 2021						
Derivative financial liabilities	23.8	–	23.8	11.1	–	12.7
Financial liabilities	3,428.0*	107.3*	3,320.7	–	–	3,320.7

* Restated by € 49.5 m from a correction when determining the netted amount.

Financial assets and financial liabilities are only netted in the balance sheet if a legally enforceable right to netting exists and the Company concerned intends to settle on a net basis.

The contracts for financial instruments are based on standardised master agreements for financial derivatives (including ISDA Master Agreement, German master agreement for financial derivatives), creating a conditional right to netting contingent on defined future events. Under the contractual agreements all derivatives contracted with the corresponding counterparty with positive or negative fair values are netted in that case, resulting in a net receivable or payable in the amount of the balance. As this conditional right to netting is not enforceable in the course of ordinary business transactions and thus the criteria for netting are not met, the derivative financial assets and liabilities are carried at their gross amounts in the balance sheet at the reporting date.

Financial assets and liabilities in the framework of the cash pooling scheme are shown on a net basis if there is a right to netting in ordinary business transactions and TUI intends to settle on a net basis.

(42) Capital management

TUI Group's capital management ensures that our goals and strategies can be achieved in the interest of our share- / bond- and credit-holders as well as other stakeholders. The primary objectives of the Group are as follows:

- Ensuring sufficient liquidity for the Group
- Profitable growth and a sustainable increase in TUI Group's value
- Strengthening our cash generation allowing to invest, pay dividends and strengthen the balance sheet
- Maintaining sufficient debt capacity and an at least unchanged credit rating

In financial year 2021 and also in the first half of financial year 2022, the travel restrictions triggered by the COVID-19 pandemic had a strong negative impact on the Group's earnings and liquidity development.

The financing measures carried out in the year under review are described in detail in the section on Going concern reporting in accordance with the UK Corporate Governance Code, addititional information can be found on page 162 and in the section on Financial instruments, page 224 in the Notes.

Management variables used in capital management to measure and control the above objectives are Return On Invested Capital (ROIC) and the leverage ratio, presented in the table below.

From a Group perspective, invested capital is derived from liabilities, comprising equity (including non-controlling interests) and the balance of interest-bearing liabilities and interest-bearing assets with an adjustment for the seasonality of the Group's net financial position. The cumulative amortisations of purchase price allocations are then added to the invested capital.

TUI Group calculates the leverage ratio as the ratio of gross financial debt + lease liabilities + recognised obligations from defined benefit pension plans to EBITDA. Due to the lower gross financial debt and the return to a positive EBITDA, the leverage ratio improved in the 2022 financial year to a value of 4.7x. Our medium-term objective is to return to a leverage ratio of below 3.0x.

TUI Group's financial and liquidity management for all Group subsidiaries is centrally operated by TUI AG, which acts as the Group's internal bank. Financing and refinancing requirements, derived from the multi-year finance budget, are satisfied by the timely conclusion of appropriate financing instruments. The short-term liquidity reserve is safeguarded by syndicated credit facilities, bilateral bank loans and liquid funds. Moreover, through intra-Group cash pooling the cash surpluses of individual Group companies are used to finance the cash requirements of other Group companies.

Key figures of capital risk management

€ million	**2022**	2021
Ø Invested Capital	5,457.8	6,913.1
Underlying EBIT	408.7	–2,075.5
ROIC	**7.5 %**	**–30.0 %**
Gross financial liabilities	2,051.3	3,320.8
Lease liabilities	3,207.5	3,229.4
Defined benefit obligation recognised on the balance sheet	438.0	798.0
EBITDA	1,203.3	–1,000.4
Leverage Ratio	**4.7**	**–7.3**

Notes to the Cash Flow Statement

The cash flow statement shows the flow of cash and cash equivalents on the basis of a separate presentation of cash inflows and outflows from operating, investing and financing activities. The effects of changes in the group of consolidated companies and of foreign currency translation are eliminated.

In the period under review, cash and cash equivalents rose by € 150.8 m to € 1,736.9 m. The balance sheet item 'Assets held for sale' did not include any cash or cash equivalents (previous year € 2.2 m).

(43) Cash inflow / cash outflow from operating activities

Based on the Group result after tax, the cash flow from operating activities is derived using the indirect method. In the completed financial year, the cash inflow from operating activities totalled € 2,077.8 m (previous year cash outflow of € 151.3 m). This amount includes interest payments received of € 12.4 m (previous year € 6.4 m) and dividends of € 0.3 m from non-consolidated companies (previous year € 0.0 m) and of € 0.2 m from companies measured at equity (previous year € 14.2 m). Income tax payments resulted in a cash outflow of € 131.4 m (previous year € 9.0 m).

(44) Cash inflow / cash outflow from investing activities

In financial year 2022, the cash outflow from investing activities totalled € 308.2 m (previous year inflow of € 704.7 m). This amount includes a cash outflow for capital expenditure related to property, plant and equipment and intangible assets of € 515.7 m. The Group recorded a cash inflow of € 180.7 m from the sale of property, plant and equipment and intangible assets. Purchase price adjustments for the divestment of interests in Riu Hotels S. A., effected in the previous year, resulted in a cash outflow of € 8.9 m. The divestment Karisma Hotels Caribbean S. A., also effected in the previous year, resulted in a cash inflow of € 3.5 m for TUI Group. TUI Group received an inflow of € 25.7 m net of cash and cash equivalents from the disposal of Nordotel S. A. A part of the purchase price had already been paid in the previous year.

(45) Cash inflow / cash outflow from financing activities

The cash outflow from financing activities totalled € 1,630.9 m (previous year outflow of € 233.5 m). TUI AG recorded a cash inflow of € 1,522.7 m from equity increases after deduction of capital procurement costs in October 2021 and in May 2022. At the end of June, TUI AG fully repaid the Silent Participation II of € 671.0 m plus a coupon of € 51.0 m, carried as a dividend, to the Economic Stabilisation Fund.

In the period under review, TUI AG reduced its syndicated credit facility by € 1,301.4 m. TUI Group companies took out loans worth € 109.7 m. A cash outflow of € 853.5 m was recorded for the redemption of other financial liabilities, including an amount of € 583.6 m for lease liabilities. A cash outflow of € 385.6 m related to interest payments. A further cash outflow of € 0.6 m was used to purchase shares transferred to TUI Group employees in the framework of the oneShare employee stock option programme.

(46) Development of cash and cash equivalents

Cash and cash equivalents comprise all liquid funds, i. e. cash in hand, bank balances and cheques.

Cash and cash equivalents increased by € 12.2 m (previous year € 33.2 m) due to foreign exchange effects.

Other Notes

(47) Services of the auditors of the consolidated financial statements

TUI AG's consolidated financial statements have been audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft. Since financial year 2022, Annika Deutsch has been the auditor in charge. Total expenses for the services provided by the auditors of the consolidated financial statements in financial year 2022 break down as follows:

Services of the auditors of the consolidated financial statements

€ million	2022	2021
Audit fees for TUI AG and subsidiaries in Germany	3.4	3.1
Audit fees	**3.4**	**3.1**
Review of interim financial statements	0.4	0.3
Other certification services (mainly in connection with comfort letters)	0.6	0.8
Other certification services	**1.0**	**1.1**
Total	**4.4**	**4.2**

(48) Remuneration of Executive and Supervisory Board members according to § 314 HGB

In the completed financial year, the remuneration paid to Executive Bord members totalled € 6.4 m (previous year € 4.9 m), and that of the Supervisory Board members totalled € 3.2 m (previous year € 3.2 m, adjusted). The aforementioned remuneration of the Executive Board members includes a tranche of the long term incentive plan of € 2.0 m (previous year € 0.0 m), which represents the fair value at the time of granting in relation to a number of 1,878,828 phantom shares (previous year 3,573,057) granted in the 2022 financial year.

Pension payments for former Executive Board members or their surviving dependants totalled € 6.2 m (previous year € 6.1) in the completed financial year. Pension obligations according to IAS 19 for former Executive Board members and their surviving dependants amounted to € 63.0 m (previous year € 71.8 m) at the balance sheet date.

(49) Use of exemption provision

The following German subsidiaries fully included in consolidation made use of the exemption provision in accordance with section 264 (3) of the German Commercial Code (HGB):

Use of exemption provision

DEFAG Beteiligungsverwaltungs GmbH I, Hanover	TUI Aviation GmbH, Hanover
DEFAG Beteiligungsverwaltungs GmbH III, Hanover	TUI Aviation Holding GmbH, Hanover
FIRST Travel GmbH, Hanover	TUI Beteiligungs GmbH, Hanover
Flyloco GmbH, Rastatt	TUI BLUE DE GmbH, Hanover
Last-Minute-Restplatzreisen GmbH, Rastatt	TUI Business Services GmbH, Hanover
Leibniz-Service GmbH, Hanover	TUI Customer Operations GmbH, Hanover
l'tur GmbH, Rastatt	TUI Deutschland GmbH, Hanover
MEDICO Flugreisen GmbH, Rastatt	TUI Group Services GmbH, Hanover
Preussag Beteiligungsverwaltungs GmbH IX, Hanover	TUI Hotel Betriebsgesellschaft mbH, Hanover
Robinson Club GmbH, Hanover	TUI Immobilien Services GmbH, Hanover
TICS GmbH Touristische Internet und Call Center Services, Rastatt	TUI InfoTec GmbH, Hanover
TLT Urlaubsreisen GmbH, Hanover	TUI Insurance & Financial GmbH, Hanover
TUI 4 U GmbH, Bremen	TUI Leisure Travel Service GmbH, Neuss
TUI Airline Service GmbH, Hanover	TUIfly GmbH, Langenhagen
TUI Asset Management and Advisory GmbH, Hanover	TUI fly Vermarktungs GmbH, Hanover

(50) Related parties

Apart from the subsidiaries included in the consolidated financial statements, TUI AG, in carrying out its ordinary business activities, maintains indirect or direct relationships with related parties. Related parties controlled by TUI Group or over which TUI Group is able to exercise a significant influence are shown in the list of shareholdings (Note 52) published in the Federal Gazette (www.bundesanzeiger.de). Apart from pure equity investments, related parties also include companies that supply goods or provide services for TUI Group companies.

Through the Economic Stabilisation Fund (ESF), the federal German government has indirectly acquired two silent participations and a warrant bond, which combined form the stabilisation package for TUI AG. With the payments of € 420 m made in connection with the first silent participation on 25 January 2021, a number of terms and conditions relating to the package have entered into force, which TUI AG has to comply with. Amongst others the ESF nominated two members of the supervisory board of TUI AG. Due to the scope of those terms and conditions, ESF can exercise material control over TUI AG and hence is a related party. The stabilisation measures received are significant business transactions with the ESF. Please refer to Note 27 'Silent participations' and Note 10 'Earnings per share' for details regarding the warrant bond.

Financial obligations from order commitments vis-à-vis related parties primarily relate to the purchasing of hotel services.

Transactions with related parties

€ million	2022	2021
Services provided by the Group		
Management and consultancy services	3.9	16.1
Sales of tourism services	49.2	36.9
Other services	0.8	–
Total	**53.9**	**53.0**
Services received by the Group		
Rental and leasing agreements	18.3	9.5
Purchase of hotel services	309.3	110.1
Distribution services	6.5	0.8
Other services	14.7	2.9
Total	**348.8**	**123.3**

Transactions with related parties

€ million	2022	2021
Services provided by the Group to		
non-consolidated Group companies	0.4	0.3
joint ventures	38.1	29.0
associates	15.4	1.7
other related parties	–	22.0
Total	**53.9**	**53.0**
Services received by the Group from		
non-consolidated Group companies	1.0	0.4
joint ventures	226.4	106.1
associates	121.4	16.8
Total	**348.8**	**123.3**

Transactions with joint ventures and associates are primarily effected in the tourism business. They relate in particular to the tourism services of the hotel companies used by the Group's tour operators.

In accordance with IAS 24, all transactions with related parties were executed on an arm's length basis as would be customary with third parties outside the Group.

In October 2021, TUI Group sold Nordotel S.A. to the joint venture Grupotel dos S.A. For details of the transaction, we refer to the section 'Divestments'.

Receivables against related parties

€ million	30 Sep 2022	30 Sep 2021
Trade receivables from		
non-consolidated Group companies	0.1	–
joint ventures	9.6	4.2
associates	0.5	3.9
other related parties	–	5.5
Total	**10.2**	**13.6**
Advances and loans to		
non-consolidated Group companies	–	–
joint ventures	3.3	3.1
associates	26.9	27.3
other related parties	–	2.5
Total	**30.2**	**32.9**
Payments on account to		
joint ventures	15.1	24.4
Total	**15.1**	**24.4**
Other receivables from		
non-consolidated Group companies	1.3	1.3
joint ventures	2.4	1.4
associates	1.6	1.8
other related parties	–	–
Total	**5.3**	**4.5**

Payables due to related parties

€ million	30 Sep 2022	30 Sep 2021
Trade payables due to		
non-consolidated Group companies	0.1	0.3
joint ventures	40.5	19.6
associates	19.7	3.0
other related parties	–	–
Total	**60.3**	**22.9**
Financial liabilities due to		
non-consolidated Group companies	0.4	0.5
joint ventures	91.6	111.9
Total	**92.0**	**112.4**
Other liabilities due to		
non-consolidated Group companies	4.5	4.9
joint ventures	15.8	6.3
associates	7.2	2.3
key management personnel	3.0	3.3
Total	**30.5**	**16.8**

Financial liabilities to joint ventures included liabilities from leases of € 91.2 m (previous year € 111.9 m).

The share of result of associates and joint ventures is shown separately in segment reporting.

As at 31 December 2021, Unifirm Ltd., Cyprus, held 34.0 % of the shares in TUI AG (as at 30 September 2021 32.0 %). Unifirm Ltd. was indirectly controlled by Alexey Mordashov. TUI received voting rights notifications informing the company that a 4.1 % stake in TUI AG had been transferred to Severgroup LLC, Russia, a company controlled by Alexey Mordashov, on 28 February 2022 via a number of share transfers, and that Alexey Mordashov had ceded control over Unifirm Ltd. The majority shareholder of Unifirm Ltd., which held 29.9 % of the shares in TUI AG at the time of the notification of voting rights, was, according to the notification, Ondero Ltd., British Virgin Islands. In a further regulatory notification TUI was informed on 18 March 2022 that Marina Mordashova was the controlling shareholder of Ondero Ltd.

Moreover, the Federal Ministry for Economic Affairs and Climate Action has informed TUI on 17 March 2021 that it has initiated an assessment procedure under the Foreign Trade and Payments Act to ascertain whether the reported transactions are effective. Until the conclusion of these proceedings the transactions are provisionally invalid and the voting rights of Unifirm Ltd. may not be exercised.

Alexey Mordashov was specified on a EU sanctions list on 28 February 2022, Marina Mordashova on 3 June 2022. Thus they do not have access to the shares in TUI AG controlled by them, the associated voting rights and economic benefits. This applies irrespectively of the outcome of the review by the Federal Ministry for Economic Affairs and Climate Protection. Mr Mordashov stepped down from TUI AG's Supervisory Board on 2 March 2022.

Mr Mordashov and Ms Mordashova and the companies controlled by them therefore do not constitute related parties to TUI AG since the sabctions entered into force.

The Executive Board and the Supervisory Board are key management personnel. They are therefore related parties in the meaning of IAS 24 whose compensation must be disclosed separately.

Remuneration of Executive and Supervisory Board

€ million	**2022**	2021
Short-term benefits	7.6	8.1*
Post-employment benefits	–1.2	1.5
Share-based payment	1.1	0.5
Termination benefits – Share-based payment	1.4	–
Termination benefits – Other	3.0	–
Total	**11.9**	**10.1**

*Adjusted.

Post-employment benefits are transfers to or reversals of pension provisions for Executive Board members active in the reporting period. The expenses mentioned do not meet the definition of remuneration for Executive and Supervisory Board members under German accounting rules. The share-based payments are an offset amount of expenses due to the addition to the provision and income resulted from the reversal of the provision due to the valuation. Termination benefits relate to provisions in connection with the resignation of Fritz Joussen, whose service agreement including all related compensation components will continue until the end of the 2024 financial year.

Pension provisions for active Executive Board members total € 13.2 m (previous year € 16.0 m) as at the balance sheet date. In addition, provisions of € 5.1 m (previous year € 2.6 m) are recognised relating to the long-term incentive programme.

(51) International Financial Reporting Standards (IFRS) not yet applied

New standards endorsed by the EU, but applicable after 30 Sep 2022

Standard	Applicable from	Amendments	Expected impact on financial position and performance
Amendments to IAS 37 Onerous Contracts	1 Jan 2022	The amendments specify which costs to include in assessing whether a contract is onerous. The amendments clarify that the cost of fulfilling a contract consists of the direct cost of the contract representing either the incremental costs of fulfilling the contract or an allocation of other costs that relate directly to fulfilling the contract.	No major impacts.
Amendments to IAS 16 Proceeds before Intended Use	1 Jan 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity has to recognise the proceeds from selling such items, and the cost of producing those items, in profit or loss.	No impacts.
Amendments to IFRS 3 Reference to the Conceptual Framework	1 Jan 2022	The amendments update a reference to the Conceptual Framework in IFRS 3 without changing the accounting requirements for business combinations.	No impacts.
Various amendments to IFRS (2018–2020 Cycle)	1 Jan 2022	The amendments resulting from the Annual Improvements 2018–2020 Cycle include small amendments to IFRS 1, IFRS 9, IAS 41, and the Illustrative Examples accompanying IFRS 16.	No major impacts.
IFRS 17 Insurance Contracts	1 Jan 2023	IFRS 17 establishes the principles for the accounting for insurance contracts and replaces IFRS 4. On 25 June 2020, the IASB published Amendments to IFRS 17 and deferred the effective date of the Standard to 1 January 2023. Amendments were also issued to address challenges arising from the implementation of IFRS 17 that were identified after it was published.	Not relevant.
Amendments to IAS 1 Disclosure of Accounting Policies	1 Jan 2023	The amendments to IAS 1 and IFRS Practice Statement 2 are to help preparers in deciding which accounting and measurement methods to disclose in their financial statements. The amendments require entities to disclose their material accounting and measurement policy information instead of their significant accounting and measurement policies.	TUI will review the impacts of this amendment on the disclosures of accounting policies in financial year 2023.
Amendments to IAS 8 Definition of Accounting Estimates	1 Jan 2023	The amendments to IAS 8 are to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates is replaced with a new definition of accounting estimates. It is clarified that a change in an accounting estimate that results from new information or new developments is not the correction of an error.	No major impacts.
Amendments to IFRS 17 Initial Application of IFRS 17 and IFRS 9 – Comparative Information	1 Jan 2023	The amendment addresses implementation challenges in the presentation of comparative information that were identified after IFRS 17 was published.	No impact.
Amendments to IAS 12 Deferred tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023	The amendments clarify that deferred tax assets and liabilities have to be formed when a transaction gives rise to equal amounts of deductible and taxable temporary differences at the same time. The initial recognition exemption, according to which deferred tax assets or liabilities are not recognised on initial recognition of an asset or a liability, does not apply to transactions of this type.	No major impacts.

The following amendments and new standards have not yet been endorsed by the European Union.

New standards and interpretations not yet endorsed by the EU and applicable after 30 Sep 2022

Standard	Applicable from	Amendments	Expected impact on financial position and performance
Amendments to IAS 1 Classification of Liabilities as Current or Non-Current	1 Jan 2024	The amendments to IAS 1 are intended to clarify the criteria used to classify a liability as current or non-current. In future, the classification of liabilities as current or non-current will exclusively be based on 'rights' that are in existence at the end of the reporting period. The amendments additionally include guidance on the interpretation of the criterion 'right to defer settlement by at least twelve months' and clarify what 'settlement' refers to. On 15 July 2020, the IASB had issued an amendment resulting in the deferral of the effective date to 1 January 2023. By the amendments to IAS 1 (Non-current Liabilities with Covenants) issued on 31 October 2022, the effective date of these amendments is deferred again to 1 January 2024.	TUI will review the impacts of this amendment in due course. We currently do not expect to see any major impacts.
Amendments to IFRS 16 Lease Liability in a Sale and Leaseback	1 Jan 2024	The amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	No major impacts.
Amendments to IAS 1 Non-Current Liabilities with Covenants	1 Jan 2024	The amendments to IAS 1 clarify that only covenants an entity must comply with on or before the reporting period should affect the classification of the corresponding liability as current or non-current. However, an entity is required to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.	TUI will review the impacts of this amendment in due course. We currently do not expect to see any major impacts.

(53) TUI Group Shareholdings

Company	Country	Capital share in %
Consolidated companies		
Tourism		
Absolut Holding Limited, Qormi	Malta	99.9
Advent Insurance PCC Limited (Absolut Cell), Qormi	Malta	100
Africa Focus Tours Namibia (Proprietary) Limited, Windhoek	Namibia	100
Antwun S.A., Clémency	Luxembourg	100
ATC African Travel Concept Proprietary Limited, Cape Town	South Africa	50.1
ATC-Meetings and Conferences Proprietary Limited, Cape Town	South Africa	100
B.D.S Destination Services Tours, Cairo	Egypt	100
B2B d.o.o., Dubrovnik	Croatia	100
BU RIUSA II EOOD, Sofia	Bulgaria	100
Cabotel-Hoteleria e Turismo Lda., Santiago	Cape Verde	100
Cel Obert SL, Sant Joan de Caselles	Andorra	100
Chaves Hotel & Investimentos S.A., Sal-Rei, Boa Vista Island	Cape Verde	100
Citirama Ltd., Quatre Bornes	Mauritius	100
Club Hotel CV SA, Santa Maria	Cape Verde	100
Club Hôtel Management Tunisia SARL, Djerba	Tunisia	100
Clubhotel Cala Serena S.A., Madrid	Spain	100
Clubhotel IP S.A., Athens	Greece	100
Clubhotel JD, S.A., Las Palmas	Spain	100
Cruisetour AG, Zurich	Switzerland	100
Daidalos Hotel- und Touristikunternehmen A.E., Athens	Greece	89.8
Darecko S.A., Luxembourg	Luxembourg	100
Destination Services Singapore Pte Limited, Singapore	Singapore	100
Egyptian Germany Co. for Hotels Limited, Cairo	Egypt	66.6
Elena SL, Palma de Mallorca	Spain	100
ETA Turizm Yatirim ve Isletmeleri A.S., Ankara	Turkiye	100
Evre Grup Turizm Yatirim A.Ş., Ankara	Turkiye	100
Explorers Travel Club Limited, Luton	United Kingdom	100
Faberest S.r.l., Verona	Italy	100
First Choice (Turkey) Limited, Luton	United Kingdom	100
First Choice Holiday Hypermarkets Limited, Luton	United Kingdom	100
First Choice Holidays & Flights Limited, Luton	United Kingdom	100
First Choice Land (Ireland) Limited, Dublin	Ireland	100
First Choice Travel Shops Limited, Luton	United Kingdom	100
FIRST Reisebüro Güttler GmbH & Co. KG, Dormagen	Germany	75.1
FIRST Travel GmbH, Hanover	Germany	100
flyloco GmbH, Rastatt	Germany	100
Follow Coordinate Hotels Portugal Unipessoal Lda, Albufeira	Portugal	100
Fritidsresor Tours & Travels India Pvt Ltd, Bardez, Goa	India	100
GBH Turizm Sanayi Isletmecilik ve Ticaret A.Ş., Istanbul	Turkiye	100
GEAFOND Número Dos Fuerteventura S.A., Las Palmas, Gran Canaria	Spain	100
GEAFOND Número Uno Lanzarote S.A., Las Palmas, Gran Canaria	Spain	100
Gemma Limited, Unguja	Tanzania	100
German Tur Turizm Ticaret A.Ş., Izmir	Turkiye	100
Groupement Touristique International SAS, Lille	France	100
Gulliver Travel d.o.o., Dubrovnik	Croatia	100
Hannibal Tourisme et Culture SA, Tunis	Tunisia	100
Hapag-Lloyd Reisebüro Hagen GmbH & Co. KG, Hanover	Germany	70
Hellenic EFS Hotel Management E.P.E., Athens	Greece	100
Holiday Center S.A., Cala Serena, Cala d'Or	Spain	100
Holidays Services S.A., Agadir	Morocco	100
Hoteli Koločep d.d., Koločep	Croatia	100
Hoteli Živogošće d.d., Živogošće	Croatia	100
Iberotel International A.S., Antalya	Turkiye	100
Iberotel Otelcilik A.Ş., Istanbul	Turkiye	100
Imperial Cruising Company SARL, Heliopolis-Cairo	Egypt	90
Inter Hotel SARL, Tunis	Tunisia	100
Intercruises Port Operations USA Inc, Wilmington DE	United States	100
Intercruises Shoreside & Port Services Canada, Inc., Quebec	Canada	100
Intercruises Shoreside & Port Services Pty Limited, Sydney	Australia	100
Intercruises Shoreside & Port Services Sam, Monaco	Monaco	100
Intercruises Shoreside & Port Services SARL, Paris	France	100
Intercruises Shoreside & Port Services, Inc., State of Delaware	United States	100
Itaria Limited, Nicosia	Cyprus	100
Jandia Playa S.A., Morro Jable, Fuerteventura	Spain	100
Kurt Safari Proprietary Limited, White River – Mpumalanga	South Africa	51
Kybele Turizm Yatırım San. Ve Tic. A.Ş., Istanbul	Turkiye	100
Label Tour EURL, Levallois-Perret	France	100
Last-Minute-Restplatzreisen GmbH, Rastatt	Germany	100
Le Passage to India Tours and Travels Pvt Ltd, New Delhi	India	99,6
Lima Tours S.A.C., Lima	Peru	100
Lodges & Mountain Hotels SARL, Courchevel	France	100
l'tur GmbH, Rastatt	Germany	100
L'TUR Suisse AG, Basel	Switzerland	99.5
Lunn Poly Limited, Luton	United Kingdom	100

Company	Country	Capital share in %
Magic Hotels SA, Tunis	Tunisia	100
MAGIC LIFE Assets GmbH, Vienna	Austria	100
Magic Life Egypt for Hotels LLC, Sharm el Sheikh	Egypt	100
Magic Tourism International S.A., Tunis	Tunisia	100
Manahe Ltd., Quatre Bornes	Mauritius	51
Marella Cruises Limited, Luton	United Kingdom	100
Medico Flugreisen GmbH, Rastatt	Germany	100
Meetings & Events International Limited, Luton	United Kingdom	100
Meetings & Events Spain S.L.U., Palma de Mallorca	Spain	100
Meetings & Events UK Limited, Luton	United Kingdom	100
Musement S.p.A., Milan	Italy	100
MX RIUSA II S.A. de C.V., Cabo San Lucas	Mexico	100
Nazar Nordic AB, Malmö	Sweden	100
Nouvelles Frontières Senegal S.R.L., Dakar	Senegal	100
Nungwi Limited, Zanzibar	Tanzania	100
Ocean College LLC, Sharm el Sheikh	Egypt	100
Ocean Ventures for Hotels and Tourism Services SAE, Sharm el Sheikh	Egypt	98
Pacific World (Beijing) Travel Agency Co., Ltd., Beijing	China	100
Pacific World (Shanghai) Travel Agency Co. Limited, Shanghai	China	100
Pacific World Destination East Sdn. Bhd., Penang	Malaysia	65
Pacific World Meetings & Events Hong Kong, Limited, Hong Kong	Hong Kong SAR	100
Pacific World Meetings & Events SAM, Monaco	Monaco	100
Pacific World Meetings & Events Singapore Pte. Ltd, Singapore	Singapore	100
Pacific World Meetings and Events France SARL, Nice	France	100
Pacific World Travel Services Company Limited, Ho Chi Minh City	Vietnam	90
Papirüs Otelcilik Yatırım Turizm Seyahat İnşaat Ticaret A.Ş., Antalya	Turkiye	100
Paradise Hotel Management Company LLC, Cairo	Egypt	100
PATS N.V., Ostend	Belgium	100
Promociones y Edificaciones Chiclana S.A., Palma de Mallorca	Spain	100
PT Pacific World Nusantara, Bali	Indonesia	100
RC Clubhotel Cyprus Limited, Limassol	Cyprus	100
RCHM S.A.S., Agadir	Morocco	100
Rideway Investments Limited, London	United Kingdom	100
Riu Jamaicotel Ltd., Negril	Jamaica	100
Riu Le Morne Ltd, Port Louis	Mauritius	100
RIUSA II S.A., Palma de Mallorca*	Spain	50
Riusa Lanka (PVT) Ltd., Ahungalla	Sri Lanka	100
RIUSA NED B.V., Amsterdam	Netherlands	100
Robinson Austria Clubhotel GmbH, Villach-Landskron	Austria	100
Robinson Club GmbH, Hanover	Germany	100

Company	Country	Capital share in %
Robinson Club Italia S.p.A., Marina di Ugento	Italy	100
Robinson Club Maldives Private Limited, Malé	Maldives	100
Robinson Clubhotel Turizm Ltd. Sti., Istanbul	Turkiye	100
Robinson Hoteles España S.A., Cala d'Or	Spain	100
Robinson Hotels Portugal S.A., Vila Nova de Cacela	Portugal	67
Robinson Otelcilik A.Ş., Istanbul	Turkiye	100
Santa Maria Hotels SA, Santa Maria	Cape Verde	100
SERAC Travel GmbH, Zermatt	Switzerland	100
Skymead Leasing Limited, Luton	United Kingdom	100
Société d'Exploitation du Paladien Marrakech SA, Marrakesh	Morocco	100
Société d'Investissement Aérien S.A., Casablanca	Morocco	100
Société d'Investissement et d'Exploration du Paladien de Calcatoggio (SIEPAC), Calcatoggio	France	100
Société d'investissement hotelier Almoravides S.A., Marrakesh	Morocco	100
Société Marocaine pour le Developpement des Transports Touristiques S.A., Agadir	Morocco	100
Sons of South Sinai for Tourism Services and Supplies SAE, Sharm el Sheikh	Egypt	84.1
Stella Polaris Creta A.E., Heraklion	Greece	100
STIVA RII Ltd., Dublin	Ireland	100
Summer Times Ltd., Quatre Bornes	Mauritius	100
Summertime International Ltd., Quatre Bornes	Mauritius	100
Sunshine Cruises Limited, Luton	United Kingdom	100
Tantur Turizm Seyahat A.Ş., Istanbul	Turkiye	100
Tec4Jets NV, Zaventem	Belgium	100
Thomson Reisen GmbH, St. Johann	Austria	100
Thomson Travel Group (Holdings) Limited, Luton	United Kingdom	100
TICS GmbH Touristische Internet und Call Center Services, Rastatt	Germany	100
TLT Reisebüro GmbH, Hanover	Germany	100
TLT Urlaubsreisen GmbH, Hanover	Germany	100
Travel Choice Limited, Luton	United Kingdom	100
Travel Guide With Offline Maps B.V., Amsterdam	Netherlands	100
TT Hotels Croatia d.o.o., Zagreb	Croatia	100
TT Hotels Italia S.R.L., Rome	Italy	100
TT Hotels Turkey Otel Hizmetleri Turizm ve ticaret A.Ş., Antalya	Turkiye	100
TUI (Suisse) AG, Zurich	Switzerland	100
TUI 4 U GmbH, Bremen	Germany	100
TUI Airlines Belgium N.V., Ostend	Belgium	100
TUI Airlines Nederland B.V., Rijswijk	Netherlands	100
TUI Airways Limited, Luton	United Kingdom	100

* Entrepreneurial management.

Company	Country	Capital share in %
TUI Asset Management and Advisory GmbH, Hanover	Germany	100
TUI Austria Holding GmbH, Vienna	Austria	100
TUI Belgium NV, Ostend	Belgium	100
TUI Belgium Real Estate N.V., Brussels	Belgium	100
TUI Belgium Retail N.V., Zaventem	Belgium	100
TUI BLUE AT GmbH, Schladming	Austria	100
TUI BLUE DE GmbH, Hanover	Germany	100
TUI Blue Hotels L.L.C., Dubai	United Arab Emirates	100
TUI Bulgaria EOOD, Varna	Bulgaria	100
TUI Curaçao N.V., Curaçao	Country of Curaçao	100
TUI Customer Operations GmbH, Hanover	Germany	100
TUI Cyprus Limited, Nicosia	Cyprus	100
TUI Danmark A/S, Copenhagen	Denmark	100
TUI Destination Experiences (Thailand) Limited, Bangkok*	Thailand	49
TUI Destination Experiences Costa Rica SA, San José	Costa Rica	100
TUI Destination Services Cyprus, Nicosia	Cyprus	100
TUI Deutschland GmbH, Hanover	Germany	100
TUI Dominicana SAS, Higuey	Dominican Republic	100
TUI España Turismo SL, Palma de Mallorca	Spain	100
TUI Finland OY AB, Helsinki	Finland	100
TUI France SA, Nanterre	France	100
TUI Hellas Travel Tourism and Airlines A.E., Athens	Greece	100
TUI Holding Spain S.L., Palma de Mallorca	Spain	100
TUI Holidays Ireland Limited, Dublin	Ireland	100
TUI Hotel Betriebsgesellschaft mbH, Hanover	Germany	100
TUI Ireland Limited, Luton	United Kingdom	100
TUI Italia S.r.l., Sorrent	Italy	100
TUI Italia S.r.l. 'in liquidazione', Fidenza	Italy	100
TUI Jamaica Limited, Montego Bay	Jamaica	100
TUI Malta Limited, Pieta	Malta	100
TUI Mexicana SA de CV, Mexico	Mexico	100
TUI Nederland Holding N.V., Rijswijk	Netherlands	100
TUI Nederland N.V., Rijswijk	Netherlands	100
TUI Nordic Holding AB, Stockholm	Sweden	100
TUI Norge AS, Stabekk	Norway	100
TUI Northern Europe Limited, Luton	United Kingdom	100
TUI Norway Holding AS, Stabekk	Norway	100
TUI Österreich GmbH, Vienna	Austria	100
TUI Pension Scheme (UK) Limited, Luton	United Kingdom	100
TUI Poland Dystrybucja Sp. z o.o., Warsaw	Poland	100

* Entrepreneurial management.

Company	Country	Capital share in %
TUI Poland Sp. z o.o., Warsaw	Poland	100
TUI PORTUGAL – Agencia de Viagens e Turismo S.A., Faro	Portugal	100
TUI Reisecenter Austria Business Travel GmbH, Vienna	Austria	74.9
TUI Service AG, Altendorf	Switzerland	100
TUI Suisse Retail AG, Zurich	Switzerland	100
TUI Sverige AB, Stockholm	Sweden	100
TUI Technology NV, Zaventem	Belgium	100
TUI Travel Distribution N.V., Ostend	Belgium	100
TUI UK Italia Srl, Turin	Italy	100
TUI UK Limited, Luton	United Kingdom	100
TUI UK Retail Limited, Luton	United Kingdom	100
TUI UK Transport Limited, Luton	United Kingdom	100
TUIfly GmbH, Langenhagen	Germany	100
TUIfly Nordic AB, Stockholm	Sweden	100
TUIfly Vermarktungs GmbH, Hanover	Germany	100
Tunisie Investment Services Holding S.A., Tunis	Tunisia	100
Tunisie Voyages S.A., Tunis	Tunisia	100
Tunisotel S.A.R.L., Tunis	Tunisia	100
Turcotel Turizm A.Ş., Istanbul	Turkiye	100
Turkuaz Insaat Turizm A.Ş., Ankara	Turkiye	100
Ultramar Express Transport S.A., Palma de Mallorca	Spain	100
Umbhaba Eco Lodge Proprietary Limited, Cape Town	South Africa	85
WOT Hotels Adriatic Management d.o.o., Zagreb	Croatia	51
Zanzibar Beach Village Limited, Zanzibar	Tanzania	100
All other segments		
Absolut Insurance Limited, St. Peter Port	Guernsey	100
Canadian Pacific (UK) Limited, Luton	United Kingdom	100
Cast Agencies Europe Limited, Luton	United Kingdom	100
CP Ships (Bermuda) Ltd., Hamilton	Bermuda	100
CP Ships (UK) Limited, Luton	United Kingdom	100
DEFAG Beteiligungsverwaltungs GmbH I, Hanover	Germany	100
DEFAG Beteiligungsverwaltungs GmbH III, Hanover	Germany	100
Europa 2 Ltd, Valletta	Malta	100
First Choice Holidays Finance Limited, Luton	United Kingdom	100
First Choice Holidays Limited, Luton	United Kingdom	100
First Choice Olympic Limited, Luton	United Kingdom	100
Jetset Group Holding (Brazil) Limited, Luton	United Kingdom	100
Jetset Group Holding Limited, Luton	United Kingdom	100
Leibniz-Service GmbH, Hanover	Germany	100

Company	Country	Capital share in %
Mala Pronta Viagens e Turismo Ltda., Curitiba	Brazil	100
Manufacturer's Serial Number 852 Limited, Dublin	Ireland	100
PM Peiner Maschinen GmbH, Hanover	Germany	100
Preussag Beteiligungsverwaltungs GmbH IX, Hanover	Germany	100
Sovereign Tour Operations Limited, Luton	United Kingdom	100
Thomson Airways Trustee Limited, Luton	United Kingdom	100
travel-Ba.Sys GmbH & Co KG, Mülheim an der Ruhr	Germany	83.5
TUI Airline Service GmbH, Hanover	Germany	100
TUI Ambassador Tours Unipessoal Lda, Lisbon	Portugal	100
TUI Aviation Asset Company Limited, Luton	United Kingdom	100
TUI Aviation GmbH, Hanover	Germany	100
TUI Aviation Holding GmbH, Hanover	Germany	100
TUI Aviation Services Limited, Luton	United Kingdom	100
TUI Beteiligungs GmbH, Hanover	Germany	100
TUI Brasil Operadora e Agencia de Viagens LTDA, Curitiba	Brazil	100
TUI Business Services GmbH, Hanover	Germany	100
TUI Canada Holdings, Inc, Toronto	Canada	100
TUI Chile Operador y Agencia de Viajes SpA, Santiago	Chile	100
TUI China Travel CO. Ltd., Beijing	China	75
TUI Group Fleet Finance Limited, Luton	United Kingdom	100
TUI Group Services GmbH, Hanover	Germany	100
TUI Group UK Healthcare Limited, Luton	United Kingdom	100
TUI Group UK Trustee Limited, Luton	United Kingdom	100
TUI Immobilien Services GmbH, Hanover	Germany	100
TUI India Private Limited, New Delhi	India	100
TUI InfoTec GmbH, Hanover	Germany	100
TUI Insurance & Financial GmbH, Hanover	Germany	100
TUI International Holiday (Malaysia) Sdn. Bhd., Kuala Lumpur	Malaysia	100
TUI Leisure Travel Service GmbH, Neuss	Germany	100
TUI LTE Viajes S.A de C.V, Mexico City	Mexico	100
TUI Spain, SLU, Madrid	Spain	100
TUI Travel Amber E&W LLP, Luton	United Kingdom	100
TUI Travel Aviation Finance Limited, Luton	United Kingdom	100
TUI Travel Common Investment Fund Trustee Limited, Luton	United Kingdom	100
TUI Travel Group Management Services Limited, Luton	United Kingdom	100
TUI Travel Group Solutions Limited, Luton	United Kingdom	100
TUI Travel Holdings Limited, Luton	United Kingdom	100
TUI Travel Limited, Luton	United Kingdom	100
TUI Travel Overseas Holdings Limited, Luton	United Kingdom	100

Company	Country	Capital share in %
Non-consolidated Group companies		
Tourism		
'Schwerin Plus' Touristik-Service GmbH, Schwerin	Germany	80
Airline Consultancy Services S.A.R.L., Casablanca	Morocco	100
Ambassador Tours S.A., Barcelona	Spain	100
Centro de Servicios Destination Management SA de CV, Cancun	Mexico	100
FIRST Reisebüro Güttler Verwaltungs GmbH, Hanover	Germany	75
Hapag-Lloyd Reisebüro Hagen Verwaltungs GmbH, Hanover	Germany	70
HV Finance SAS, Levallois-Perret	France	100
Ikaros Travel A.E. (i.L.), Heraklion	Greece	100
L'TUR SARL, Schiltigheim	France	100
Lunn Poly (Jersey) Limited, St. Helier	Jersey	100
N.S.E. Travel and Tourism A.E. (i.L.), Athens	Greece	100
NEA Synora Hotels Limited (Hinitsa Beach), Porto Heli Argolide	Greece	100
New Eden S.A., Marrakesh	Morocco	100
Nouvelles Frontières Burkina Faso EURL, Ouagadougou	Burkina Faso	100
Nouvelles Frontières Tereso EURL, Grand-Bassam	Ivory Coast	100
Nouvelles Frontières Togo S.R.L. (i.L), Lome	Togo	99
Société de Gestion du resort Al Baraka, Marrakesh	Morocco	100
T-Développement SAS, Levallois-Perret	France	100
Trendturc Turizm Otelcilik ve Ticaret A.Ş., Istanbul	Turkiye	100
Triposo GmbH i.L., Berlin	Germany	100
TUI 4 U Poland sp.zo.o., Warsaw	Poland	100
TUI d.o.o., Maribor	Slovenia	100
TUI Magyarország Utazasi Iroda Kft., Budapest	Hungary	100
TUI Reisecenter GmbH, Salzburg	Austria	100
TUI ReiseCenter Slovensko s.r.o., Bratislava	Slovakia (Slovak Republic)	100
TUI Travel Cyprus Limited, Nicosia	Cyprus	100
TUIFly Academy Brussels, Zaventem	Belgium	100
VPM Antilles S.R.L., Levallois-Perret	France	100
VPM SA, Levallois-Perret	France	100
All other segments		
Bergbau Goslar GmbH, Goslar	Germany	100
travel-Ba.Sys Beteiligungs GmbH, Mülheim an der Ruhr	Germany	83.5

Company	Country	Capital share in %
Joint ventures and associates		
Tourism		
Abou Soma for Hotels S.A.E., Giza	Egypt	16.7
Ahungalla Resorts Limited, Colombo	Sri Lanka	40
Aitken Spence Travels (Private) Limited, Colombo	Sri Lanka	50
ARP Africa Travel Limited, Harrow	United Kingdom	25
Atlantica Hellas A.E., Rhodes	Greece	50
Atlantica Hotels and Resorts Limited, Limassol	Cyprus	49.9
Bartu Turizm Yatirimlari Anonim Sirketi, Istanbul	Turkiye	50
Clubhotel Kleinarl GmbH & Co KG, Flachau	Austria	24
Daktari Travel & Tours Ltd., Limassol	Cyprus	33.3
DER Reisecenter TUI GmbH, Dresden	Germany	50
Diamondale Limited, Dublin	Ireland	27
ENC for touristic Projects Company S.A.E., Sharm el Sheikh	Egypt	50
Etapex, S.A., Agadir	Morocco	35
Fanara Residence for Hotels S.A.E., Sharm el Sheikh	Egypt	50
Gebeco Gesellschaft für internationale Begegnung und Cooperation mbH & Co. KG, Kiel	Germany	50
GRUPOTEL DOS S.A., Can Picafort	Spain	50
Ha Minh Ngan Company Limited, Hanoi	Vietnam	50
Holiday Travel (Israel) Limited, Airport City	Israel	50
Hydrant Refuelling System NV, Brussels	Belgium	25
InteRes Gesellschaft für Informationstechnologie mbH, Darmstadt	Germany	25.2
Interyachting Limited, Limassol	Cyprus	45
Jaz Hospitality Services DMCC, Dubai	United Arab Emirates	50
Jaz Hotel Group S.A.E., Cairo	Egypt	51
Kamarayat Nabq Company for Hotels S.A.E., Sharm el Sheikh	Egypt	50
Pollman's Tours and Safaris Limited, Mombasa	Kenya	25
Raiffeisen-Tours RT-Reisen GmbH, Burghausen	Germany	25.1
Ranger Safaris Ltd., Arusha	Tanzania	25
Sharm El Maya Touristic Hotels Co. S.A.E., Cairo	Egypt	50
Südwest Presse + Hapag-Lloyd Reisebüro GmbH & Co. KG, Ulm	Germany	50
Sun Oasis for Hotels Company S.A.E., Hurghada	Egypt	50
Sunwing Travel Group, Inc, Toronto	Canada	49
Teckcenter Reisebüro GmbH, Kirchheim unter Teck	Germany	50
Tikida Bay S.A., Agadir	Morocco	34
TIKIDA DUNES S.A., Agadir	Morocco	30
Tikida Palmeraie S.A., Marrakesh	Morocco	33.3
Travco Group Holding S.A.E., Cairo	Egypt	50
TRAVELStar GmbH, Hanover	Germany	50

Company	Country	Capital share in %
TRAVELStar Touristik GmbH & Co. OHG, Vienna	Austria	50
TUI Cruises GmbH, Hamburg	Germany	50
UK Hotel Holdings FZC L.L.C., Fujairah	United Arab Emirates	50
Vitya Holding Co. Ltd., Takua, Phang Nga Province	Thailand	47.5
WOT Hotels Adriatic Asset Company d.o.o., Tučepi	Croatia	50
All other segments		
.BOSYS SOFTWARE GMBH, Hamburg	Germany	25.2
MSN 1359 GmbH, Hanover	Germany	25

Responsibility Statement by Management

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the 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.

Hanover, 12 December 2022

The Executive Board

Sebastian Ebel	David Burling	Mathias Kiep
Peter Krueger	Sybille Reiss	

Independent Auditor's Report

The following independent auditor's report (*Bestätigungsvermerk*) has been issued in accordance with § 322 German Commercial Code (*Handelsgesetzbuch*) in the German language on the German version of the consolidated financial statements of TUI AG as of and for the financial year ended September 30, 2022 and the combined management report. The combined management report is not included in this prospectus.

To TUI AG, Berlin and Hanover / Germany

Report on the audit of the consolidated financial statements and of the combined management report

Audit Opinions

We have audited the consolidated financial statements of TUI AG, Berlin and Hanover / Germany, and its subsidiaries (the Group) which comprise the consolidated statement of financial position as at 30 September 2022, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 October 2021 to 30 September 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group of TUI AG, Berlin and Hanover / Germany, for the financial year from 1 October 2021 to 30 September 2022. In accordance with the German legal requirements, we have not audited those parts of the combined management report set out in the appendix to the auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 30 September 2022 and of its financial performance for the financial year from 1 October 2021 to 30 September 2022, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of those parts of the combined management report set out in the appendix to the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537 / 2014; referred to subsequently as 'EU Audit Regulation') and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISA). Our responsibilities under those requirements, principles and standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report' section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 October 2021 to 30 September 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

❶ Impact of the COVID-19 pandemic, the Ukraine war and the general price increases on the going concern assumption and presentation of related risks
❷ Recoverability of goodwill
❸ Recoverability of touristic payments on account for hotel services
❹ Recoverability of deferred tax assets
❺ Specific provisions

Our presentation of these key audit matters has been structured as follows:

Ⓐ description (including reference to corresponding information in the consolidated financial statements)
Ⓑ auditor's response

❶ Impact of the COVID-19 pandemic, the Ukraine war and the general price increases on the going concern assumption and presentation of related risks

Ⓐ The global travel restrictions to contain COVID-19 have had a negative impact on the Group's earnings and liquidity performance from the end of March 2020 and throughout the financial year 2021 / 2022. Further uncertainties arise from the changed booking behaviour as a result of the war in Ukraine and the general price increases. In the notes to the consolidated financial statements, the Executive Board explains that numerous financing measures were successfully implemented in the prior year and in the reporting year, including stabilisation measures by the Federal Republic of Germany in the form of a credit facility provided by KfW and silent participations by the Economic Stabilisation Fund (ESF) as well as capital increases. Based on the funds raised from the financing measures, a positive operating cash flow in the reporting year as well as expected operating cash flow, the Executive Board assumes that the preparation of the consolidated financial statements using the going concern assumption is appropriate and that there is no material uncertainty at the time of preparation of the consolidated financial statements that could cast significant doubt on the Group's ability to continue as a going concern. The Executive Board does not consider the remaining risk with regard to a change in booking behaviour as jeopardising the Group's ability to continue as a going concern. In its assessment, the Executive Board assumes that the booking behaviour in the financial year 2022 / 2023 will largely correspond to the pre-pandemic level. The Executive Board assumes that there will be no further long-term closures and lockdowns that could affect travel behaviour. Furthermore, the Executive Board does not expect the war in Ukraine to have any impact on travel behaviour. Nevertheless, the Executive Board says in the notes to the consolidated financial statements that the aggravated general price increase may lead to a clear reduction of the budget available for travel services and hence to a decline in customer demand. Another impairment to the development of TUI Group could result from a permanent rise of fuel costs and bought-in services. In addition, the Executive Board assumes that the financial covenants for credit facilities with banks and KfW, which have again been subject to monitoring since September 2022, will be adhered to in the future and, on top of that, it will be possible to refinance the credit facilities expiring in the summer of 2024. In our view, this is a key audit matter because it strongly depends on the Executive Board's judgements and estimates and is subject to uncertainties.

The disclosures on the risks stated above and their assessment are contained in the 'Going Concern Reporting under the UK Corporate Governance Code' section of the notes to the consolidated financial statements. Furthermore, we refer to the section 'Viability Statement' of the combined management report.

Ⓑ As part of our audit, we considered whether the preparation of the consolidated financial statements in accordance with the going concern assumption is appropriate and whether a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern should be disclosed in the notes to the consolidated financial statements. In addition, we have audited the notes to the consolidated financial statements for accuracy and completeness concerning this matter. A focus was on assessing the plausibility of the Executive Board's forecasts regarding the Group's liquidity development and compliance with covenants, especially against a backdrop of the developing COVID-19 pandemic and general price increases. First of all, we checked the plausibility of the Executive Board's planning, which was approved by the Supervisory Board, and the assumptions contained therein by comparing them with general and industry-specific market expectations as well as historical data. In addition, we sensitised the planning presented by the Executive Board to find out how much the actual development of revenue, earnings and liquidity can deviate from the Executive Board's expectations until a potential threat to TUI Group's continued existence as a going concern would arise.

In this process, we were supported by our internal valuation and restructuring specialists. During the entire audit process, we regularly discussed the specific financing measures and material plan assumptions with representatives of TUI Group. Regarding the financing measures carried out, we inspected the corresponding documents, contracts and agreements, reviewing them critically with regard to their impact on the consolidated financial statements. In particular, at the end of our audit, we critically reviewed the current short-term liquidity forecast prepared by the Company. In addition, we evaluated the up-to-date assumptions underlying the short-term liquidity forecast for plausibility by calling in our specialists.

❷ Recoverability of goodwill

Ⓐ In TUI AG's consolidated financial statements as at 30 September 2022, goodwill totalling mEUR 2,970.6 is reported under the item 'goodwill' in the statement of financial position. Goodwill is subject to an impairment test at least once a year. Valuation is made by means of a valuation model based on the discounted cash flow method. Since the outcome of this valuation strongly depends on the estimate of future cash inflows by the Executive Board and on the discount rate used, in the light of the uncertainty of further impacts of the COVID-19 pandemic, the Ukraine war and the general price development there is an increased degree of forecasting uncertainty. Thus, the valuation is subject to significant uncertainty. Against this background, we believe that this is a key audit matter.

The Company's disclosures on goodwill are provided in Note (12) of the notes to the consolidated financial statements.

Ⓑ We evaluated the process for performing the impairment test on goodwill, and carried out an assessment of the accounting-relevant controls contained therein. Specifically, we satisfied ourselves of the appropriateness of the future cash inflows used in the calculation. For this purpose, among other things, we compared these figures with the current budgets contained in the three-year plan adopted by the Executive Board and approved by the Supervisory Board, and reconciled it with general and industry-specific market expectations. Since even relatively small changes in the discount rate can have a material effect on the amount of the business value determined in this way, we also focused on examining the parameters used to determine the discount rate used, including the weighted average cost of capital, and analysed the calculation algorithm. Owing to the material significance of goodwill and the fact that the valuation also depends on macroeconomic conditions which are beyond the control of the Company, we also assessed the sensitivity analyses prepared by the Company for the cash-generating units with low excess cover (carrying amount compared to the realisable amount).

❸ Recoverability of touristic payments on account for hotel services

Ⓐ Payments on account for hotel services amounting to mEUR 156.1 are recognised under the item 'touristic payments on account' of the statement of financial position in TUI AG's consolidated financial statements as at 30 September 2022.

In our view, this is a key audit matter, as the valuation of this significant item is based to a large extent on estimates and assumptions made by the Executive Board.

The Company's disclosures on 'Touristic payments on account' are provided in Note (18) of the notes to the consolidated financial statements.

Ⓑ We evaluated the valuation process for touristic payments on account, and carried out an assessment of the accounting-relevant controls contained therein. Keeping in mind that there is an increased risk of misstatement in financial reporting when using estimated values, and that the valuation decisions of the Executive Board have a direct and significant effect on the group result, we have assessed the appropriateness of the values recognised by comparing them against historical values and by means of the contractual bases presented to us. We assessed the recoverability of touristic payments on account particularly in the light of persisting partial underutilisation of some hotel capacities despite a positive booking trend as well as potential effects of the general price increase on customer demand. We did so taking into account, among other things, the repayment schedules agreed with the hoteliers concerned, the options for offsetting against future overnight accommodation, framework agreements concluded, and potential risks of insolvency affecting individual hotels.

❹ Recoverability of deferred tax assets

Ⓐ TUI AG's consolidated financial statements as at 30 September 2022 report deferred tax assets totalling mEUR 222.0 under the statement of financial position item 'deferred income tax assets'. Recoverability of the capitalised deferred taxes is measured by means of forecasts about the future earnings situation.

In our view, this is a key audit matter because it strongly depends on estimates and assumptions made by the Executive Board and is subject to uncertainties.

The Company's disclosures on deferred tax assets are provided in the notes to the consolidated financial statements under Note (20) 'Accounting and measurement policies'.

Ⓑ We involved our own tax experts in our audit of tax matters. With their support, we assessed the internal processes and controls established for recognising tax issues. We assessed the recoverability of deferred tax assets on the basis of internal forecasts on the future taxable income situation of TUI AG and its major subsidiaries. In this context, we referred to the planning prepared by the Executive Board, and assessed the appropriateness of the planning basis used. Among other things, these were examined in the light of general and industry-specific market expectations.

❺ Specific provisions

Ⓐ TUI AG's consolidated financial statements as at 30 September 2022 report provisions for maintenances of mEUR 827.7 under the statement of financial position item 'other provisions'. Furthermore, provisions for pensions and similar obligations of mEUR 601.3 were recognised as of 30 September 2022. In our view, these facts are key audit matters, as the recognition and measurement of these significant items are based to a large extent on estimates and assumptions made by the Executive Board.

The Company's disclosures on provisions are provided under the Notes (30) and (31) as well as under the disclosures on accounting and measurement methods set out in the notes to the consolidated financial statements.

Ⓑ We evaluated the process of recognition and measurement applicable to specific provisions, and carried out an assessment of the accounting-relevant controls contained therein. In the knowledge that there is an increased risk of misstatements in financial reporting with estimated values, and that the valuation decisions of the Executive Board have a direct and significant effect on the consolidated profit, we assessed the appropriateness of the values recognised by comparing them against historical values and by means of the contractual bases presented to us.

Among other things, we

- assessed the computation of the expected maintenance costs for aircrafts. This was done on the basis of group-wide maintenance contracts, price increases expected on the basis of external market forecasts and the discount rates applied, supported by our own analyses;
- assessed the appropriateness of the valuation parameters used to calculate the pension provisions. Among other things, we did so by comparing them against market data and taking into account the expertise of our internal pension valuation experts.

Other Information

The Executive Board and / or the Supervisory Board are responsible for the other information. The other information comprises

- the report of the Supervisory Board,
- the report of the audit committee,
- the remuneration report,
- the unaudited content of the combined management report specified in the appendix to the auditor's report,
- the executive directors' confirmation regarding the consolidated financial statements and the combined management report pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB, and
- all other parts of the annual report,
- but not the consolidated financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The Supervisory Board is responsible for the report of the Supervisory Board and for the report of the audit committee. The Executive Board and the Supervisory Board are responsible for the statement pursuant to Section 161 German Stock Corporation Act (AktG) on the German Corporate Governance Code, which forms part of the corporate governance statement included in the section 'Corporate Governance Report' set out in the combined management report. Otherwise the Executive Board is responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The Executive Board is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the Executive Board is responsible for such internal control as it has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Executive Board is responsible for assessing the Group's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Executive Board is responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Executive Board is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the ISA will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the Executive Board and the reasonableness of estimates made by the Executive Board and related disclosures.
- conclude on the appropriateness of the Executive Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the Executive Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Executive Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

AUDIT OPINION

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as 'ESEF documents') prepared for publication, contained in the provided file, which has the SHA-256 value 48e4ce192578a229edb505d83cefc8441a214ad29f0ef4c51ddb41bdde3b87b4, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ('ESEF format'). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the provided file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 October 2021 to 30 September 2022 contained in the 'Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report' above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

BASIS FOR THE AUDIT OPINION

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the provided file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (10.2021)). Our responsibilities in this context are further described in the 'Group Auditor's Responsibilities for the Audit of the ESEF Documents' section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

RESPONSIBILITIES OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The Executive Board of the parent is responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the Executive Board of the parent is responsible for such internal controls that it has considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

GROUP AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the provided file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the reporting date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as Group auditor by the general meeting on 8 February 2022. We were engaged by the Supervisory Board on 28 March 2022. We have been the group auditor of TUI AG, Berlin and Hanover/Germany, without interruption since the financial year 2016/2017.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REVIEW OF THE EXECUTIVE BOARD'S DECLARATION OF COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

Pursuant to item 9.8.10 R (1 and 2) of the Listing Rules in the UK, we were engaged to review the Executive Board's statement pursuant to item 9.8.6 R (6) of the Listing Rules in the UK relating to compliance with provisions 6 and 24 to 29 of the UK Corporate Governance Code included in the report on the UK Corporate Governance Code, and the Executive Board's statement pursuant to item 9.8.6 R (3) of the Listing Rules in the UK included in the 'Viability statement' section of the combined management report and in chapter 'Going concern reporting according to the UK Corporate Governance Code' of the notes to the consolidated financial statements in the financial year 2021/2022. We have nothing to report in this regard.

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Annika Deutsch.

Hanover/Germany, 12 December 2022

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
Christoph B. Schenk	Annika Deutsch
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

APPENDIX TO THE INDEPENDENT AUDITOR'S REPORT: PARTS OF THE COMBINED MANAGEMENT REPORT WHOSE CONTENTS ARE UNAUDITED

We have not audited the content of the following parts of the combined management report:

- the non-financial statement pursuant to Sections 315b and 315c HGB included in the section 'Non-financial Declaration of TUI Group' of the combined management report
- the corporate governance report/the corporate governance statement including the corporate governance statement pursuant to Section 289f and Section 315d HGB and
- the other parts of the combined management report marked as unaudited.

Report of the Independent Auditor Regarding the consolidated non-financial statement

To TUI AG, Hannover

Our Engagement

We have performed a limited assurance engagement on the consolidated non-financial statement of TUI AG, Hannover, (hereinafter referred to as "the Company") included in the Group Management Report, which is combined with the Management Report, for the fiscal year from October 1, 2021 to September 30, 2022 (hereinafter referred to as "non-financial reporting"). Not in scope of this engagement were the TCFD-Statement and other websites that were in the group non-financial statement.

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the non-financial reporting in accordance with §§ 315c in conjunction with 289c to 289e German Commercial Code (HGB) and Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (hereafter referred to as "EU Taxonomy Regulation") and the delegated acts adopted thereon, as well as with their own interpretation of the wording and terminology contained in the EU Taxonomy Regulation and the delegated acts adopted thereon, as is presented in section "Disclosure according to line EU Taxonomy Regulation (EU) 2020/852" in the non-financial reporting.

These responsibilities of the executive directors include the selection and application of appropriate methods regarding non-financial reporting and the use of assumptions and estimates for individual non-financial disclosures which are reasonable under the given circumstances. In addition, the executive directors are responsible for internal controls they have determined necessary to enable the preparation of the non-financial reporting that is free from – intentional or unintentional – material misstatement due to fraudulent behavior (accounting manipulation or misappropriation of assets) or error.

Some of the wording and terminology contained in the EU Taxonomy Regulation and the delegated acts adopted thereon are still subject to considerable interpretation uncertainty and have not yet been officially clarified. Therefore, the executive directors have laid down their own interpretation of the EU Taxonomy Regulation and of the delegated acts adopted thereon in section "Disclosure according to line EU Taxonomy Regulation (2020/852)" of the non-financial reporting. They are responsible for the selection and reasonableness of this interpretation. As there is the inherent risk that indefinite legal concepts may allow for various interpretations, evaluating the legal conformity is prone to uncertainty.

The accuracy and completeness of environmental data in the non-financial reporting is thus subject to inherent limitations resulting from the way how the data was collected and calculated and from assumptions made.

Independence and Quality Assurance of the Firm

We have complied with the German professional regulations on independence and other professional rules of conduct.

Our auditing firm applies the national statutory rules and professional announcements – particularly of the "Professional Charter for German Public Auditors and German Sworn Auditors" and of the IDW Quality Assurance Standard "Quality Assurance Requirements in Audit Practices" (IDW QS 1) promulgated by the Institut der Wirtschaftsprüfer (IDW) and does therefore maintain a comprehensive quality assurance system comprising documented regulations and measures in respect of compliance with professional rules of conduct, professional standards, as well as relevant statutory and other legal requirements.

Responsibilities of the Auditor

Our responsibility is to express a conclusion opinion on the non-financial reporting based on our work performed within our limited assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised)), adopted by the IAASB. This Standard requires that we plan and perform the assurance engagement so that we can conclude with limited assurance whether matters have come to our attention to cause us to believe that the non-financial reporting of the Company, except the included link to the TCFD-statement and Websites) has not been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the delegated acts adopted thereon, as well as with the interpretation by the executive directors presented in section "Disclosure according to line EU Taxonomy Regulation (EU) 2020/852" of the non-financial reporting.

The procedures performed in a limited assurance engagement are less in extent than in a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The choice of assurance work is subject to the auditor's professional judgment.

Within the scope of our limited assurance engagement, which we performed during the months from October to December 2022, we performed, among others, the following procedures and other work:

- Gaining an understanding of the structure of the sustainability organization, and of the involvement of stakeholders
- Inquiries of the executive directors and relevant personnel who have been involved in the preparation of the non-financial reporting, about the preparation process, about the internal control systems relating to this process, as well as about disclosures in the non-financial reporting
- Identification of probable risks of material misstatements in the non-financial reporting
- Analytical evaluation of selected disclosures in the non-financial reporting
- Cross validation of the selected disclosures and the corresponding data in the consolidated financial statements as well as in the group management report
- Assessment of the presentation of the disclosures
- Evaluation of the process to identify taxonomy-eligible economic activities and the corresponding disclosures in the non-financial reporting

As the EU Taxonomy Regulation and the delegated acts adopted thereon contain indefinite legal concepts, it is necessary that the executive directors make an interpretation. The executive directors' assessment of their interpretation's legal conformity is subject to uncertainties, which, in this respect, is also true for our assurance engagement.

Auditor's Conclusion

Based on the work performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial reporting of the company for the period from October 1, 2021 to September 30, 2022 has not been prepared, in material respects, in accordance with Secs. 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the delegated acts adopted thereon, as well as with the interpretation by the executive directors presented in section "Disclosure according to line EU Taxonomy Regulation (EU) 2020/852" of the non-financial reporting. Our conclusion does not encompass the TCFD-Statement and websites mentioned in the non-financial reporting.

Restriction of Use and Liability

We issue this report as stipulated in the engagement letter agreed with TUI AG (including the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" of January 1, 2017 of the Institut der Wirtschaftsprüfer in Deutschland e.V.). We draw attention to the fact that the assurance engagement was performed for the purposes of TUI AG and the report is only intended to inform TUI AG about the findings of the assurance engagement. Therefore, it may not be suitable for any purpose other than the above.

We are liable solely to the Company. However, we do not accept or assume liability to third parties. Our conclusion was not modified in this respect.

Hannover, December 12, 2022

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Sebastian Dingel	Signed: Daniel Oehlmann Wirtschaftsprüfer (German Public Auditor)

Audited financial statements of TUI AG
as of and for the fiscal year ended 30 September 2022

Annual Financial Statements

Balance sheet of the TUI AG as at 30 Sep 2022

€ '000	Notes	**30 Sep 2022**	30 Sep 2021
Assets			
Fixed assets	**(1)**		
Intangible assets		3,359	4,599
Property, plant and equipment		1,185	1,626
Investments			
Shares in Group companies		7,187,709	7,426,026
Other investments		565,899	596,746
		7,753,608	8,022,772
		7,758,152	**8,028,997**
Current assets			
Receivables and other assets	(2)	1,781,155	1,385,381
Cash in hand and bank balances	(3)	472,956	592,461
		2,254,111	**1,977,842**
Prepaid expenses	**(4)**	**9,852**	**29,138**
		10,022,115	**10,035,977**

Equity			
Shareholders' equity			
Subscribed capital	(5)	1,785,206	1,099,394
Conditional capital		832,000	679,900
Capital reserves	(6)	3,090,597	2,235,992
Accumulated loss		–831,529	–300,584
of which carried forward / retained earnings brought forward		–300,584	190,874
		4,044,274	**3,034,802**
Special non-taxed items	**(8)**	**38**	**67**
Provisions			
Provisions for pensions and similar obligations	(9)	164,012	153,672
Other provisions	(10)	159,323	173,803
		323,335	**327,475**
Liabilities	**(11)**		
Bonds		648,300	739,600
of which convertible		648,300	739,600
Liabilities to banks		995,568	2,282,921
Trade accounts payable		2,391	5,140
Other liabilities		4,008,209	3,645,972
		5,654,468	**6,673,633**
		10,022,115	**10,035,977**

Profit and Loss Statement of TUI AG for the period from 1 Oct 2021 to 30 Sep 2022 (previous year from 1 Oct 2020 to 30 Sep 2021)

€ '000	Notes		**2022**	2021
Revenue	(15)	89,839		33,851
Other operating income	(16)	491,712		1,750,290
			581,551	1,784,141
Cost of materials	(17)	16,428		11,298
Personnel costs	(18)	57,498		39,631
Depreciation/amortisation	(19)	1,579		4,527
Other operating expenses	(20)	332,635		471,731
			–408,140	–527,187
Net income from investments	(21)		–205,175	–381,055
Write-downs of investments	(22)		380,044	1,180,341
Interest result	(23)		–121,123	–191,139
Income taxes (income (–), expense (+))	(24)		–3,804	–2,840
Profit after taxes			**–529,127**	**–492,741**
Income/expense from other taxes	(24)		1,818	–1,283
Net profit of the year			**–530,945**	**–491,458**
Loss carried forward/retained earnings brought forward			–300,584	190,874
Accumulated loss	**(7)**		**–831,529**	**–300,584**

Notes

Notes of TUI AG for financial year 2022

As at 30 September 2022, TUI AG, Berlin and Hanover, is a large corporation as defined by Section 267 of the German Commercial Code (HGB). The Company is registered in the commercial registers of the district courts of Berlin-Charlottenburg (HRB 321) and Hanover (HRB 6580).

The annual financial statements are prepared in accordance with the accounting rules for large corporations set out in the German Commercial Code (HGB), taking account of the German Stock Corporation Act (AktG).

The income statement is itemised in line with the nature of expense method pursuant to Section 275 (2) of the German Commercial Code.

Individual items in the statement of financial position and income statement of TUI AG are grouped together in the interests of clear presentation. These items are reported separately in the Notes, together with the essential explanations.

The financial year of TUI AG comprises the period from 1 October of any one year until 30 September of the subsequent year.

The global travel restrictions to contain COVID-19 exerted a strong negative impact on the Group's earnings and liquidity from late March 2020 onwards. To cover the resulting liquidity requirements, the Group implemented various financing measures in financial years 2020 and 2021, including a capital increase, use of the banking and capital market, proceeds from the sale of assets and, in particular, financing measures from the Federal Republic of Germany in the form of a credit facility provided by KfW totalling € 2.85 bn, a warrant bond for the Economic Stabilisation Fund (ESF) worth € 150 m and two silent participations of the ESF totalling € 1.091 bn. Deviating from the HGB financial statements, in the IFRS consolidated financial statements for financial year 2021, the silent participations are carried as equity due to their nature – with the exception of € 11.6 m worth of accrued interest – and are therefore not included in the Group's net debt. The financing measures are described in detail in the Annual Reports for the past two financial years.

With the registration of the new shares in the commercial register on 28 October 2021 and the final settlement with the banks involved on 2 November 2021, TUI AG successfully completed a capital increase. The gross proceeds from the capital increase totalled around € 1.1 bn. The Group's capital stock rose by a nominal amount of € 523.5 m to € 1.623 bn.

On 17 May 2022, TUI AG placed around 162.3 m new shares in an accelerated bookbuilding process with institutional investors in the framework of a capital increase against cash contributions excluding shareholders' subscription rights, representing a stake of around 10 % in TUI AG's capital stock. The gross proceeds of around € 425.2 m from the capital increase and available cash were used for an early redemption in full of Silent Participation II held by the German government (Economic Stabilisation Fund, ESF) worth € 671.0 m on 30 June 2022. Including the coupons carried as dividends, TUI repaid € 725.4 m to the ESF. After full redemption and termination of the KfW credit facility, TUI will have to pay compensation to the German government in return for the coupons saved by the early redemption of Silent Participation II.

As at 30 September 2022, TUI AG's credit facilities consisted of

- € 1.64 bn credit line from 20 private banks (including a guarantee line of € 190 m)
- KfW credit line of € 2.1 bn

As at 30 September 2022, these revolving credit facilities of TUI AG totalled € 3.74 bn. They will expire in summer 2024.

Regarding the KfW credit facilities, it was agreed that TUI AG would use 50 % of individual cash inflows exceeding € 50 m, e.g. from capital measures or divestments of assets or companies, by 20 July 2022, up to a maximum of € 700 m, for the purpose of reducing the funds granted to TUI AG under financing schemes to bridge the effects of COVID-19. In line with that agreement, TUI AG repaid the undrawn credit facility of € 170 m on 1 April 2022. Moreover, the volume of credit commitments under the KfW credit facility unused as at 31 March 2022 was reduced by € 413.7 m. Finally, 913 of the 1,500 warrant bonds issued to the ESF were redeemed. The purchase price paid was € 91.3 m plus accrued interest and prepayment penalties of € 7.2 m. As at 30 June 2022, the existing and hitherto undrawn KfW credit lines were reduced by a further € 336 m to € 2.1 bn.

For regulatory reasons due to Brexit, the share of a British bank in the credit line (around € 80 m cash and € 25 m guarantee line) could not be extended beyond summer 2022. It was therefore repaid or terminated, as appropriate, as at 20 July 2022.

After 20 July 2022, as a matter of principle, 50 % of individual cash inflows exceeding € 50 m have to be used to reduce the financing granted to TUI AG to bridge the effects of COVID-19; there is no cap.

TUI AG's credit facility with the private banks worth € 1.64 bn and the KfW credit line are subject to compliance with certain financial target values (covenants) for debt coverage and interest coverage, the review of which is carried out, based on the last four reported quarters, at the end of the financial year or half-year. Given the ongoing pressures from the COVID-19 pandemic, the review was only resumed in September 2022. The target values were met. Higher limits will be applied at the first two cut-off dates before normalised limits must be met again from September 2023.

Currently, TUI Group is only affected to a smaller degree by the negative financial impact of the COVID-19 pandemic.

Despite persistently high numbers of COVID-19 infections, most countries have successively eased contact and travel restrictions since the beginning of the calendar year, and business was fully resumed in all segments. From April 2022, the entire fleet of the Cruises segment was in operation, from Summer 2022 the Hotels & Resorts segment offered its entire product portfolio. Demand recovered in a very robust manner, albeit later than originally assumed in the prior year's planning due to the travel restrictions in place at the beginning of the financial year under review. In the Cruises segment, the recovery of demand started later than in the other segments. Due to the pandemic, a later booking pattern continues to be observed. The unprecedented restart of business operations resulted in disruption in the airline sector, in particular in the UK and the Netherlands, but also in other source markets, impacting the Group's results. Price inflation in the course of the financial year under review, in particular price increases for fuels, and changes in exchange rates were not fully offset by higher travel prices, adding to the burden on results in the financial year under review.

The Executive Board believes that, despite the existing risks, TUI Group currently has and will continue to have sufficient funds from borrowing and from expected operating cash flows to meet its payment obligations for the foreseeable future and continue as a going concern. In this context, the Executive Board expects that the credit lines expiring in summer 2024 will be extended. The Executive Board therefore does not see any material uncertainty as at 30 September 2022 that might cast significant doubt on the Group's ability to continue as a going concern.

Accounting and measurement

The accounting and measurement methods and the classifications applied in the previous year were retained unchanged in the financial year under review.

Purchased intangible assets are measured at cost and amortised on a straight-line basis over the expected useful life of up to five years, for trademark rights up to fifteen years. Self-generated intangible assets are not capitalised.

Property, plant and equipment are measured at cost to purchase or cost to produce and depreciated over their expected useful life. Investment grants that are not repayable are deducted from the cost to purchase. For additions effected since financial year 2009/10, depreciation is calculated on a straight-line basis.

From financial year 2021/22, movable depreciable assets with costs to purchase of more than €250 and up to €1,000 have been grouped into collective annual items and depreciated over a period of five years in line with section 6 (2a) of the German Income Tax Act (EStG). Movable depreciable assets with costs to purchase of more than €250 and up to €800 purchased in previous years were fully depreciated in the year in which they were purchased.

The economic useful lives underlying scheduled depreciation are based on tax depreciation tables.

If the fair value of fixed assets is less than their carrying amount on the balance sheet date and the reduction in value is expected to be permanent, they are impaired accordingly.

Shares in Group companies and participating interests as well as other financial investments are carried at the lower of cost or market value. Unscheduled impairments are only recognised where losses are permanent.

The requirement to reinstate original values is met by means of write-ups.

Receivables and other assets are recognised at the lower of nominal or fair value as at the balance sheet date. Non-interest-bearing non-current receivables are carried at their present value. For these items, all identifiable individual risks are accounted for by means of appropriate value adjustments. Bad debt is written off.

Cash and bank balances are carried at nominal values.

Current unhedged currency items are recognised at the average spot exchange rate at the balance sheet date. Non-current unhedged currency receivables and liabilities are translated at the average spot exchange rate at the date of the transaction or the closing rate, if lower, in the case of receivables and the closing rate, if higher, in the case of liabilities.

Where liabilities from pension schemes or part-time working schemes for employees approaching retirement are covered by insolvency-protected reinsurance policies or fund investments so that they are not accessible to other creditors, the fair values of the cover assets are eliminated against the fair values of the related liabilities. If liabilities exceed assets, the difference is shown under Provisions. Investments in reinsurance policies are measured at fair value, which corresponds to amortised cost. Should no public listed market prices be available for the cover assets, the insurers determine and notify the fair values of the cover assets taking account of customary valuation methods and industry-specific measurement parameters. Fund assets are securities measured at the stock market price.

Subscribed capital is carried at nominal value.

The special non-taxed item carried is based on the option to transfer book profits, used in prior financial years before the conversion to the German Accounting Law Modernisation Act (BilMoG), and thus includes differences between tax-based and commercial-law depreciation in accordance with section 6b of the German Income Tax Act (EStG).

Provisions for pensions and similar obligations are measured on the basis of actuarial calculations in accordance with the projected unit credit method, taking account of Prof. Klaus Heubeck's 2018 G reference tables dated 20 July 2018, and discounted at an interest rate of 1.76 % (previous year 1.97 %). Discounting of the pension obligation is based on the discount interest rate for the past ten years stipulated in section 253 (2) of the German Commercial Code. In determining the provisions for pensions and similar obligations, annual salary increases of 2.0 % (previous year 2.0 %) and pension increases of 7.5 % every three years (previous year 5.25 %) were assumed; moreover, an age- and gender-specific fluctuation of 0.0 % to 8.0 % p.a. (previous year 0.0 % to 8.0 %) was applied. In calculating the interest rate, use was made of the option to assume a remaining term of 15 years.

Provisions for taxes and other provisions are calculated on the basis of prudent business judgement principles and reflect all identifiable risks arising from pending transactions and contingent liabilities. They are measured at the repayable amounts, taking account of expected cost and price increases. Provisions with a remaining term of more than one year are always discounted at the average market interest rate for the past seven financial years in accordance with their remaining term.

Provisions for anniversary bonuses are determined based on a discount rate of 1.38 % p.a. (previous year 1.38 %), an age- and gender-specific fluctuation rate of 0.0 % to 8.0 % p.a. (previous year 0.0 % to 8.0 %) and an annual salary increase of 2.0 % (previous year 2.0 %).

Provisions for liabilities from part-time working schemes for employees approaching retirement are formed in accordance with the block model. The provisions are measured based on a discount rate of 0.47 % p.a. (previous year 0.42 %) and in accordance with actuarial principles founded on Prof. Klaus Heubeck's 2018 G reference tables and an annual salary increase of 2.0 % (previous year 2.0 %). The provisions for liabilities from part-time working schemes for employees approaching retirement were formed for part-time working schemes for employees reaching retirement already concluded at the balance sheet date and potential future part-time early retirement schemes. They comprise top-up payments and settlement obligations accrued until the balance sheet date by the Company.

Liabilities are recognised at the repayable amounts. Warrant and convertible bonds are likewise carried as liabilities at the repayment amounts. Any open premiums for the right to convert are transferred to the capital reserve. An irrevocable benefit resulting from an underpayment of interest on the bonds issued is transferred to the capital reserve. The decision to exercise the option to capitalise a discount is taken separately for each financial instrument. If the option is exercised, a discount is applied as a prepaid expense. The discount is written down on a regular straight-line basis over the term of the bond. If the bond entails a conversion right, the discount is written down over the period until the first possible conversion. If the option is not exercised, the difference between the interest paid and the market rate is taken directly to profit and loss as an interest expense.

Deferred taxes at TUI AG include deferred taxes of Group subsidiaries with which it forms a fiscal unity for income tax determination. The corporate income tax rate applied in measuring deferred taxes is 31.5 % (previous year 31.5 %) and embraces corporation tax, trade tax and the solidarity surcharge. Deferred tax assets are netted against deferred tax liabilities. The Company does not make use of the capitalisation option pursuant to section 274 (1) sentence 2 of the German Commercial Code for the resulting net deferred tax asset.

Provisions are formed for negative fair values of derivative financial instruments.

The determination of the fair values for optional derivative financial instruments is based on the Black & Scholes model. Measurement of fixed-price transactions is based on the discounted cash flow of the transactions. Measurement of derivatives takes account of yield curves, including credit default swap curves, price and volatility curves with matching maturities as at the balance sheet date.

Recognised IT systems are used to support measurement of the financial instruments. For quality assurance purposes, the amounts determined for externally concluded transactions are compared and reconciled with figures provided by external counterparties as at the balance sheet date.

All derivative financial instruments are fixed-price or optional over-the-counter (OTC) transactions for which a stock market price cannot be determined. The derivative fuel hedges are performed by means of cash compensation for the difference between the market value and the hedge price. The underlying items are not physically delivered.

Notes to the statement of financial position

(1) Fixed assets

Changes in the individual fixed asset items are shown in the statement of changes in assets, indicating depreciation and amortisation for the financial year under review. The statement of changes in assets in annexed to the Notes.

PROPERTY, PLANT AND EQUIPMENT

In the financial year under review, non-repayable grants from the landlord for improvements to the administrative building at Karl-Wiechert-Allee 23, Hanover, of € 7.6 m were deducted from acquisition costs.

INVESTMENTS

In the financial year under review, investments fell by a total of € 269.2 m.

The decline in shares in Group companies includes an amount of € 130.4 m resulting from sales of two subsidiaries to TUI Holding Spain S.L.

In addition, impairment charges on investments of € 380.0 m more than offset the write-ups of € 253.1 m, therefore contributing to a decline in financial assets.

Due to redemptions, loans to Group companies declined by € 13.0 m in the financial year under review.

Securities held as fixed assets include an amount of € 0.6 m (previous year € 0.5 m) for the statutory protection of obligations from part-time early retirement schemes of a subsidiary and a participation.

(2) Receivables and other assets

Receivables and other assets

€ '000	**30 Sep 2022**	30 Sep 2021
Trade accounts receivable	1,257	1,718
of which with a remaining term of more than 1 year	–	–
Receivables from Group companies	1,548,573	1,313,564
of which with a remaining term of more than 1 year	70,015	17,215
Receivables from companies in which shareholdings are held	22,233	22,777
of which with a remaining term of more than 1 year	2,039	7,799
Other assets	209,092	47,322
of which with a remaining term of more than 1 year	166,000	34,855
	1,781,155	**1,385,381**

Receivables from Group companies and companies in which shareholdings are held include trade receivables of € 52.8 m at the balance sheet date.

Receivables from Group companies increased in the financial year under review. This is mainly attributable to purchase price receivables for two Group companies sold to TUI Holding Spain S.L. and the short- and medium-term financing of subsidiaries.

Investments in reinsurance policies with the purpose of hedging pension obligations, pledged to the beneficiary without other creditors having right to access, are offset against the underlying obligations at an amount of € 49.0 m (previous year € 50.3 m).

The increase in Other assets mainly results from the cash deposit of € 166.0 m for the regulatory safeguarding of customer deposits for package tours.

(3) Bank balances

Bank balances, invested primarily in the form of time deposits and overnight money, declined by € 119.5 m year-on-year.

The capital increase in October 2021 and a further capital increase in May 2022 generated gross proceeds of € 1,115.2 m and € 425.2 m.

The inflows from financing measures are set against outflows from the early partial repayment of a bond liability of € 91.3 m and a silent participation from the ESF with a nominal amount of € 671.0 m. Liabilities to banks under the syndicated credit facility were also significantly reduced. The decline in liquid funds was additionally driven by the cash deposit to hedge costumer prepayments for package tours.

Bank balances include an amount of € 66.1 m pledged as security for pension plans in the UK.

(4) Prepaid expenses

The prepaid expenses totalling € 9,852 k (previous year € 29,138 k) essentially relate to a discount amounting to € 9.0 m at the balance sheet date in connection with the warrant bond issued in October 2020. The discount was activated when the bond was issued on 1 October 2020 and will be released over the term of the bond until September 2026. Due to the early partial repayment of the warrant bond of € 91.3 m in April 2022, a further discount amount of € 15.8 m was released. Prepaid expenses also include prepaid insurance premiums for the period from 2023 to 2031 and to a small degree prepaid services.

(5) Subscribed capital

TUI AG's subscribed capital consists of no-par value shares, each representing an identical share in the capital stock. The proportionate share in the capital stock attributable to each individual share is € 1.00. As the capital stock is divided into registered shares, the shareholder data is listed in a share register. The subscribed capital of TUI AG is registered in the commercial registers of the district courts of Berlin-Charlottenburg and Hanover.

In October of the financial year under review, the Company's capital stock amounting to € 1,099,393,634.00 divided into 1,099,393,634 registered no-par-value shares was increased through the issuance of 523,520,778 new registered no-par value shares with a pro-rata contribution to the capital stock of € 1.00 per no-par value share. This increase in the capital stock totalling € 523.5 m was effected in full from authorised capital by exercising the authorisations granted at the Annual General Meeting of 25 March 2021 for the issue of new registered shares against cash contribution of up to a maximum of € 109.9 m (Authorised Capital 2021 / I) and for the issuance of new shares against cash or non-cash contribution of € 413.6 m (Authorised Capital 2021 / II).

In May of the financial year under review, the Company's capital stock of € 1,622,914,412 divided into 1,622,914,412 registered no-par value shares was increased once again through the issuance of 162,291,441 new registered no-par value shares with a proportionate stake in the capital stock of € 1.00 per no-par value share. At the end of the financial year under review, subscribed capital comprised 1,785,205,853 shares, corresponding to € 1,785,205,853.00. This increase in the capital stock of € 162.3 m was effected in full from authorised capital by partially exercising the authorisation granted by the Annual General Meeting of 8 February 2022 to create authorised capital for the issuance of new shares against cash or non-cash contribution totalling € 671.0 m (Authorised Capital 2022 / III).

In accordance with section 71 (1) no. 2 of the German Stock Corporation Act, TUI AG acquired 398,901 own shares to be issued to employees under the employee share programme. These 398,901 shares were purchased in the market at € 1.4306 and transferred to the employees taking part in the programme for free on 30 September 2022. These shares account for € 398,901.00 or <0.025 % of the capital stock and a purchase volume of € 0.6 m. TUI AG held no own shares as at 30 September 2022.

CONDITIONAL CAPITAL

The Annual General Meeting on 9 February 2016 resolved to create conditional capital of € 150.0 m for the issue of bonds. The issue of bonds with conversion options or warrants, profit-sharing rights and income bonds (with or without fixed terms) is limited to a total nominal volume of € 2.0 bn under this authorisation, expiring on 8 February 2021. This authorisation was fully utilised with the issuance of a bond with warrants worth € 150 m to the Economic Stabilisation Fund in October 2020. As at the balance sheet date, the ESF had not yet used its warrant right.

The Extraordinary General Meeting on 5 January 2021 resolved to create conditional capital of € 420.0 m in order to grant the ESF the right to convert ESF's asset contribution in the form of a silent participation of € 420.0 m ('Silent Participation I') at any time (in a single or several tranches) in full or in part into up to 420 m new registered no-par value shares with a pro-rata share in the capital stock of € 1.00 per no-par value share. The new shares were issued at the lowest issuance amount of € 1.00. As at the balance sheet date, the ESF had not yet used its conversion right.

The Annual General Meeting on 25 March 2021 resolved to create conditional capital for the issuance of bonds totalling € 109.9 m. The authorisation to issue bonds with conversion or option rights and profit participation (with or without a fixed maturity) is limited to a nominal amount of € 2.0 bn and expires on 24 March 2026. This authorisation was fully used with the issuance of a convertible bond worth € 589.6 m in April and July 2021. As at the balance sheet date, no shares had yet been used to service the conversion bond.

The Annual General Meeting on 8 February 2022 resolved to create two additional amounts of conditional capital for the issuance of bonds totalling € 162.3 m and € 81.1 m. The authorisations to issue bonds with conversion options or warrants as well as profit-sharing rights and income bonds (with or without fixed terms) are limited to a nominal amount of € 2.0 bn and expire on 7 February 2027.

As at 30 September 2022, unused warrants and conversions rights of issued warrant bonds and convertible bonds result in conditional capital of € 588.6 m. In addition, TUI AG has unused conditional capital of € 243.4 m as at 30 September 2022, so that total unused conditional capital amounts to € 832.0 m.

AUTHORISED CAPITAL

The Annual General Meeting on 13 February 2018 resolved to create authorised capital of € 30.0 m for the issuance of employee shares. The Executive Board of TUI AG has been authorised to use this capital in one or several transactions to issue employee shares against cash contribution by 12 February 2023. No new employee shares were issued in the completed financial year so that authorised capital at the balance sheet date remains at around € 22.3 m.

The Annual General Meeting on 25 March 2021 resolved to authorise the Executive Board to issue new registered shares against cash contribution of up to € 109.9 m (Authorised Capital 2021 / I). This authorisation will expire on 24 March 2026.

The Annual General Meeting on 25 March 2021 also resolved to create authorised capital for the issuance of new shares against cash or non-cash contribution of € 417.0 m (Authorised Capital 2021 / II). The issuance of new shares against non-cash contribution is limited to € 109.9 m. This authorisation will expire on 24 March 2026.

In the completed financial year, the two last-mentioned authorisations were utilised to increase the capital stock by € 523.5 m. In addition, the authorisation for the remaining part of Authorised Capital 2021 / II of € 3.4 m was subsequently lifted.

The Annual General Meeting on 8 February 2022 resolved to authorise the issue of new registered shares against cash contributions for up to a maximum of € 162.3 m (Authorised Capital 2022 / I). This authorisation will expire on 7 February 2027.

The Annual General Meeting on 8 February 2022 also resolved to create authorised capital for the issuance of new shares against cash and non-cash contribution of € 626.9 m (Authorised Capital 2022 / II). The issuance of new shares against non-cash contributions is limited to € 162.3 m. The authorisation for this capital will expire on 7 February 2027.

The Annual General Meeting on 8 February 2022 furthermore resolved to create authorised capital for the issuance of new shares against cash or non-cash contribution of € 671.0 m. The net issuance proceeds are mainly to be used to repay the capital of € 671.0 m made available to TUI AG by the ESF in the framework of Silent Participation II (Authorised Capital 2022 / III). The authorisation for this authorised capital will expire on 7 February 2027. In May of the completed financial year, the Company's capital stock was increased by € 162.3 m, utilising a part of Authorised Capital III, and the proceeds were used to fully repay Silent Participation II.

At the balance sheet date, unused capital authorisations thus amounted to around € 1,320.2 m (previous year around € 549.2 m), including an amount of € 508.7 m which can no longer be used due to the repayment of Silent Participation II.

(6) Capital reserves

Capital reserves include transfers from share premiums. They also comprise amounts from conversion options and warrants for the purchase of shares in TUI AG generated by bond issues. In the financial year under review, capital reserves rose by € 854.6 m to € 3,090.6 m due to the premiums associated with the capital increases in October 2021 and May 2022.

(7) Balance sheet loss

The net loss for the year is € – 530.9 m. Including the loss carried forward of € – 300.6 m, the balance sheet loss amounts to € – 831.5 m.

(8) Special non-taxed item

The special non-taxed item of € 0.0 m (previous year € 0.1 m) is constituted by the tax-related depreciation of fixed assets effected in previous years in accordance with section 6b of the German Income Tax Act.

(9) Pension provisions

The fair value of the plan assets, corresponding to the cost to purchase, totals € 49.0 m (previous year € 50.2 m). Elimination of the assets from reinsurance policies against the gross value of the pension provisions of € 213.0 m (previous year € 203.9 m) results in a liability of € 164.0 m (previous year € 153.7 m) as at the balance sheet date.

(10) Other provisions

Other provisions

€ '000	**30 Sep 2022**	30 Sep 2021
Tax provisions	30,081	32,308
Other provisions	129,242	141,495
	159,323	**173,803**

Tax provisions have been formed for corporate income and sales taxes in Germany.

The decrease in Other provisions mainly results from the reversal totalling € 18.6 m of provisions for assumption of risk in connection with the sale of Group companies. Moreover, provisions of € 7.7 m for risks from mining activities were reversed due to a reduction in the scope of liability.

An opposite effect was carried for provisions for members of the boards, which rose by € 6.2 m to € 7.7 m. The increase primarily related to deferred compensation for retiring Executive Board members.

This item also includes provisions for staff costs, for operational risks and for hedges on behalf of tourism companies at the balance sheet date.

Insolvency-protected non-current investments with a fair value of € 0.5 m (previous year € 0.2 m) for securing part-time working scheme credits for employees approaching retirement were eliminated against corresponding provisions of € 2.0 m (previous year € 0.9 m).

An amount of € 58.4 m (previous year € 65.9 m) of Other provisions has a remaining term of up to one year, € 61.0 m (previous year € 54.0 m) a remaining term of one to five years and € 39.9 m (previous year € 53.9 m) a remaining term of more than five years.

(11) Liabilities

Liabilities

	30 Sep 2022		30 Sep 2021	
€ '000	Remaining items	Total	Remaining items	Total
Bonds		**648,300**		**739,600**
up to 1 year	–		–	
1 – 5 years	58,700		150,000	
more than 5 years	589,600		589,600	
of which convertible		648,300		739,600
up to 1 year	–		–	
1 – 5 years	58,700		150,000	
more than 5 years	589,600		589,600	
Liabilities to banks		**995,568**		**2,282,921**
up to 1 year	194,735		82,570	
1 – 5 years	768,333		2,167,851	
more than 5 years	32,500		32,500	
Trade accounts payable (exclusively up to 1 year)		**2,391**		**5,140**
Other liabilities		**4,008,209**		**3,645,972**
up to 1 year	3,576,748		2,554,972	
1 – 5 years	–		–	
more than 5 years	431,461		1,091,000	
of which liabilities to Group companies		3,521,379		2,481,486
up to 1 year	3,521,379		2,481,486	
1 – 5 years	–		–	
more than 5 years	–		–	
of which liabilities to companies in which shareholdings are held (exclusively up to 1 year)		3,812		624
of which Other liabilities		471,986		1,163,471
up to 1 year	40,525		72,471	
1 – 5 years	–		–	
more than 5 years	431,461		1,091,000	
of which from taxes		10,904		294
of which relating to social security		127		97
		5,654,468		**6,673,633**

In order to strengthen its balance sheet ratios and partially refinance the state aid received, TUI AG carried out two capital increases in financial year 2022.

On the basis of a contractual agreement and due to inflows from refinancing schemes and disposals, TUI AG's syndicated credit facilities originally amounting to around € 4.8 bn were reduced by a total of around € 920 m in April and May 2022.

First, the credit line originally amounting to € 200 m from KfW and a private banking consortium, which had already been reduced to € 170 m, was repaid in full. In addition, around € 750 m of the undrawn KfW tranche of € 2.85 bn was cancelled, reducing this to € 2.1 bn. Furthermore, for regulatory reasons due to Brexit, the partial amount provided by a British bank in the syndicated credit line (around € 80 m cash and € 25.0 m guarantee line) could not be extended beyond July 2022.

At the end of the financial year under review, the syndicated credit facility thus totalled around € 3.7 bn, including a cash tranche from KfW of around € 2.1 bn and a bank guarantee line of € 190.0 m. The term of the credit line will end in July 2024.

Cash drawdowns from this credit line totalled € 562.0 m as at 30 September 2022 and these are shown as a liability to banks. Another amount of € 143.8 m was drawn from this credit line through the use of bank guarantees.

In April 2022, TUI AG redeemed a partial nominal amount of € 91.3 m of the € 150 m in warrant bonds issued to the Economic Stabilisation Fund (ESF) in October 2020 ahead of the due date. The remaining amount thus totalled € 58.7 m. The ESF continues to hold 58.7 m warrants entitling it to purchase 58.7 m shares in TUI AG at a price of € 1.00 per share.

As part of the third financial package, the Economic Stabilisation Fund (ESF) and TUI AG agreed in 2020 / 21 on a contribution consisting of two silent participations amounting altogether to € 1.091 bn. The ESF measures comprise Silent Participation I convertible into shares in TUI at a price of € 1.00 per share and amounting to € 420 m, and Silent Participation II of € 671 m. In May of the financial year under review, the Company's capital was increased utilising a part of Authorised Capital III, and the proceeds were used to fully repay Silent Participation II early on 30 June 2022.

In the annual financial statements according to German Commercial Code (HGB), Silent Participation I is carried under Other liabilities with a term of more than 5 years.

As in the prior year, liabilities to banks include unsecured Schuldschein liabilities to banks of € 425.0 m issued in July 2018. The proceeds from this Schuldschein serve general corporate financing purposes. The Schuldschein partly carries floating interest rates (depending on EURIBOR) and partly fixed interest rates.

Liabilities to Group companies and to companies in which an interest is held include trade accounts payable of € 37.1 m as at the respective balance sheet date.

As in the previous year, the liabilities shown were not secured by rights of lien or similar rights as at the balance sheet date.

(12) Contingent liabilities

Contingent liabilities

€ '000	**30 Sep 2022**	30 Sep 2021
Liabilities under guarantees	5,923,060	5,868,755
Liabilities under warranties	23	24
	5,923,083	**5,868,779**
of which in favour of Group companies	5,919,355	5,829,958

TUI AG has assumed guarantees and warranties on behalf of subsidiaries and third parties, mainly serving the settlement of ongoing business transactions and the collateralisation of loans. The increase in in guarantee commitments by TUI AG to Group companies mainly results from higher guarantee commitments arising from aircraft contracts. An opposite effect was triggered by the reduction in the pension guarantee for Group companies in the UK.

Given the economic situation of the companies for which TUI AG has assumed guarantees and warranties, we expect them to be in a position to meet their payment obligations. Accordingly, it is currently unlikely that the guarantees and warranties assumed by TUI AG will be used.

(13) Other financial commitments

Other financial commitments

€ '000	**30 Sep 2022**	30 Sep 2021
Lease, rental and leasing	40,328	42,417
up to 1 year	5,856	6,168
1 – 5 years	11,297	10,381
more than 5 years	23,175	25,868

The commitments from lease, rental and leasing contracts mainly comprise rent payments for office buildings.

As of 30 September 2022, rental obligations for the building at Karl-Wiechert-Allee 4, Hanover, are only stated for ten months of the forthcoming financial year. A provision for onerous losses was created as at 30 September 2022 for the rental obligation from the planned date of relocation to the administrative building at Karl-Wiechert-Allee 23, Hanover. Rental obligations arising from the sale-and-leaseback agreement concluded in the previous year amount to €35.8 m until 2036.

(14) Derivative financial instruments

Derivative financial instruments as at 30 Sep 2022

		Fair values	
€ '000	Nominal volume	positive	negative
Currency hedges	70,707	3,579	4,427
of which with Group companies	4,319	10	69
Commodity hedges	23,109	6,082	5,759
of which with Group companies	–	–	–
Interest rate hedges	199,500	4,101	–
of which with Group companies	46,000	2,100	–

The fuel price hedges included here relate to the bunker fuel requirements of cruise vessels.

Provisions for negative market values in other provisions

€ '000	**30 Sep 2022**	30 Sep 2021
Currency hedges	4,427	2,878
Commodity hedges	5,759	3,980
Interest rate hedges	–	3,714
	10,186	**10,572**

Notes to the income statement

(15) Revenue by geographical region

Revenue by geographical region

€ '000	**2022**	2021
Germany	61,510	16,302
of which with Group companies	58,971	14,854
EU (excl. Germany)	15,661	10,039
of which with Group companies	15,660	10,039
other countries	12,668	7,510
	89,839	**33,851**

The growth in revenue is primarily due to higher revenues from licence fees.

(16) Other operating income

Other operating income

€ '000	**2022**	2021
Reversal of special non-taxed item	29	1
Miscellaneous other operating income	491,683	1,750,289
	491,712	**1,750,290**

The decrease in Other operating income mainly results from the fact that income from the sale of TUI Cruises GmbH to Preussag Beteiligungsverwaltungs GmbH IX of € 1.5 bn was generated in the previous financial year.

In the completed financial year, Miscellaneous other operating income mainly includes income from write-ups on investments of € 253.1 m (previous year € 36.9 m) and income from gains on exchange of € 85.9 m (previous year € 136.9 m), set against losses on exchange of € 86.5 m (previous year € 153.2 m) carried under Other operating expenses.

This item also includes income from the intercompany rebilling of expenses of € 49.8 m (previous year € 63.3 m) and gains from the sale of two subsidiaries to TUI Holding Spain S.L. totalling € 23.0 m resulting from intra-Group restructuring.

Other operating income also includes income from derivative financial instruments of € 15.0 m.

Out-of-period income amounting to € 297.9 m (previous year € 46.8 m) in the reporting year refers in particular to income from write-ups on financial investments and income from the reversal of provisions not required. In the previous year, out-of-period income had primarily included income from settlements between Group companies relating to previous years and income from write-ups on financial investments.

(17) Cost of material

Cost of material

€ '000	**2022**	2021
Cost of purchased services	16,428	11,298

The cost of material includes, in particular, expenses for purchased services related to income from sub-letting the office buildings at Karl-Wiechert-Allee 4, Hanover, and at Karl-Wiechert-Allee 23, Hanover, carried under Revenue.

(18) Personnel costs

Personnel costs

€ '000	**2022**	2021
Wages and salaries	36,923	32,166
Social security contributions, pension costs and benefits	20,575	7,465
of which pension costs	16,087	3,657
	57,498	**39,631**

Pension costs increased significantly, above all due to year-on-year increases in pension provisions. The increase in wages and salaries resulted in particular from the formation of provisions for the remuneration of outgoing members of the Executive Board and the increase in the provision for part-time work for employees approaching retirement age.

(19) Depreciation / amortisation

Depreciation / amortisation

€ '000	**2022**	2021
Amortisation of intangible assets and depreciation of property, plant and equipment	1,579	4,527

Depreciation includes impairments amounting to € 0.2 m (previous year € 1.6 m) taken on leasehold improvements in the office building at Karl-Wiechert-Allee 4, Hanover, as this building will no longer be used from financial year 2023 once offices have been clustered on the TUI Campus at Karl-Wiechert-Allee 23, Hanover.

(20) Other operating expenses

Other operating expenses

€ '000	**2022**	2021
Other operating expenses	332,635	471,731

Other operating expenses comprise in particular expenses for exchange losses of € 86.5 m (previous year € 153.2 m), carried alongside exchange gains of € 85.9 m (previous year € 136.9 m) shown under Other operating income.

Moreover, the item includes expenses for the intercompany elimination of services of € 58.3 m (previous year € 55.0 m), set against income from the rebilling of expenses to other Group companies, carried under Other operating income.

Further expenses were above all incurred for value adjustments on receivables of € 84.1 m and for financial and monetary transactions, fees, charges, service fees and other administrative costs.

The decrease in Other operating expenses is due to lower exchange losses and the fact that capital procurement costs incurred in connection with the financing measures were € 11.8 m down year-on-year to € 15.1 m. Furthermore, lower subsequent charges for intra-Group services from previous years contributed to the reduction in Other operating expenses.

This item includes expenses of € 15.1 m (previous year € 46.2 m) that cannot be attributed to the financial year under review. These out-of-period expenses concern in particular subsequent charges for intra-Group elimination of services and taxes as well as impairments on receivables from prior years.

(21) Net income from investments

Net income from investments

€ '000	**2022**	2021
Income from participations	131	34,308
of which from Group companies	–	32,132
Income from profit transfer agreements	119,999	269,057
of which from Group companies	119,999	269,057
Expenses relating to losses taken over	– 325,305	– 684,420
of which from Group companies	– 325,305	– 684,420
	– 205,175	**– 381,055**

The principal reason for the year-on-year improvement in income from investments is the significant decrease in expenses for losses taken over.

The high income from investments carried in the previous year primarily results from the proceeds generated by the liquidation of a Group company in the Bahamas.

Income from profit and loss transfer agreements includes inflow from companies allocated to Central Operations and Hotels & Resorts. The profits generated in financial year 2022 result in particular from the proceeds in connection with an earn-out agreement from the sale of the stake in Riu Hotels S.A. by a subsidiary.

The expenses incurred by the transfer of losses primarily relate to Leibniz-Service GmbH as well as to hotel companies and companies allocated to Central Operations.

(22) Write-downs of investments

In the financial year under review, write-downs of investments worth € 380.0 m were effected (previous year € 1,180.3 m). They include write-downs of stakes in Group companies amounting to € 360.9 m (previous year € 1,170.5 m). These write-downs essentially relate to subsidiaries in tour operation.

(23) Interest result

Interest result

€ '000	**2022**	2021
Income from other securities and long-term loans	21,045	21,424
of which from Group companies	21,045	21,424
Other interest and similar income	130,366	130,342
of which from Group companies	129,371	129,545
Interest and similar expenses	–272,534	–342,905
of which to Group companies	–18,327	–17,521
	–121,123	**–191,139**

The decrease in interest and similar expenses mainly results from the changes in the financing measures, including the repayment of the bond in financial year 2020/21, the repayment of a part of the credit line provided by the Revolving Credit Facility (RCF) in the period under review, the redemption of a part of the warrant bond issued to the Economic Stabilisation Fund (ESF) and the early redemption of Silent Participation II in the completed financial year.

The sizeable losses incurred by some subsidiaries as a consequence of COVID-19 meant that offsets of their negative results undertaken by TUI AG under profit and loss transfer agreements resulted in higher liabilities to Group companies on the basis of these agreements, also reflected in higher interest expenses.

Interest and similar expenses are accounted for primarily by interest income from the short-term financing of Group companies.

Interest expenses include expenses for the compounding of provisions for pensions and other non-current provisions totalling € 9.2 m (previous year € 17.5 m) after elimination of interest income of € 0.7 m (previous year € 2.1 m) from the reinsurance policies serving as cover assets.

(24) Taxes

Taxes

€ '000	**2022**	2021
Taxes on income	–3,804	–2,840
Other taxes	1,818	–1,283
	–1,986	**–4,123**

The income from income tax and the other tax expenses (tax income in the previous year) primarily result from regular reassessments of provisions. Income includes an amount of € 3.8 m relating to other periods. Expenses for other taxes relate to the financial year under review except for an amount of € 0.1 m.

Taxes on income do not include any deferred taxes. Receivables and intangible assets initially result in a deferred tax liability, which, however, is fully netted against deferred taxes from other provisions and pension provisions. In accordance with the option offered by section 274 (1) sentence 2 of the German Commercial Code, deferred tax assets exceeding the netted tax assets and liabilities are not recognised.

Other notes

Sale and leaseback

With effect from 30 September 2021, TUI AG has divested the office building at Karl-Wiechert-Allee 23, Hanover, to a third-party contractual partner under a sale-and-leaseback agreement and leased it back under an operating lease for an initial period of 15 years.

This transaction serves our "asset-right" strategy by reducing our capital tie-up and improving current liquidity. At the end of the financial year under review, the administrative workplaces hitherto distributed across three office buildings in Hanover will be clustered on a TUI Campus at one building in Karl-Wiechert-Allee 23, Hanover, to save costs in the long term and to improve the basis for mobile working. To this end, the building is being converted to implement a new digital, flexible work culture that integrates desk sharing and remote work. In addition to paying the purchase price, the purchaser is assuming a major proportion of the conversion costs for this newbuild.

The sale has resulted in a cash inflow for TUI AG amounting to € 30.0 m, while the disposal resulted in a book loss of € 4.1 m. From the completed financial year, the sale and leaseback transaction will generate additional rental expenses of initially € 2.4 m per annum and from April 2024 € 2.6 m per annum. These will be carried alongside lower depreciation amounting to € 1.1 m.

Events after the balance sheet date

In October 2022, TUI AG contractually agreed to deposit a further € 102 m to provide regulatory cover for customer deposits for package tours.

Difference within the meaning of section 253 (6) of the German Commercial Code

In the financial year under review, the difference not available for distribution within the meaning of section 253 (6) of the German Commercial Code amounted to € 9.2 m (previous year 13.6 m).

Related parties

In the financial year under review, all material transactions with related parties were concluded on an arm's length basis.

Employees

The average headcount for the financial year under review is 254 (previous year 269), including 24 executives (previous year 26). Trainees are not included in this figure.

Remuneration for Executive Board and Supervisory Board members

Remuneration Executive Board

€ '000	**2022**	2021
Fixed remuneration	4,260	4,759
Fringe benefits	156	162
Total	**4,416**	**4,921**
Short-term variable remuneration (STI)	0	0
Long-term variable remuneration	1,979	0
Total remuneration	**6,395**	**4,921**

The long-term share-based payment corresponds to the fair value of 1,878,828 virtual shares (previous year 3,573,057) granted in the financial year.

Remuneration Supervisory Board

€ '000	**2022**	2021 adjusted
Fixed remuneration	1,981	1,896
Remuneration for committee	906	866
Attendance fee	245	372
Remuneration for Supervisory Board mandate in TUI AG	**3,132**	**3,134**
Remuneration for Supervisory Board mandates in the Group	51	26
Total remuneration	**3,183**	**3,160**

Remuneration for former Executive Board members and their surviving dependants totalled € 6.2 m (previous year € 6.1 m) in the financial year under review. Provisions for pension obligations for former Executive Board members and their surviving dependants amounted to € 73.6 m (previous year € 70.7 m).

Total auditors' fees

The annual financial statements of TUI AG are audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft. The expenses incurred for the services delivered by the auditors of the consolidated financial statements in financial year 2022 break down as follows:

Services of the auditors of the consolidated financial statements

€ million	**2022**	2021
Audit fees for TUI AG and subsidiaries in Germany	3.4	3.1
Audit fees	**3.4**	**3.1**
Review of interim financial statements	0.4	0.3
Other certification services (mainly in connection with comfort letters)	0.6	0.8
Other certification services	**1.0**	**1.1**
Total	**4.4**	**4.2**

Group affiliation

TUI AG, the parent company of the TUI AG Group, prepares the consolidated financial statements for the largest and smallest group of companies in accordance with Section 315e of the German Commercial Code and with the International Financial Accounting Standards (IFRS). TUI AG's consolidated financial statements and Group Management Report are electronically submitted to the operator of the Federal Gazette in line with Section 325 of German Commercial Code and released to the general public. They are available on the Internet at www.bundesanzeiger.de and at www.unternehmensregister.de under the keywords TUI AG / TUI Aktiengesellschaft. They are also published at www.tuigroup.com/en-en/investors/annual-reports.

Shareholder structure

In financial year 2022 and in prior years, TUI AG was notified of changes in shareholdings held by third parties pursuant to Section 33 ff. of the German Securities Trading Act (WpHG), published these notifications pursuant to Section 40 (1) sentence 1 of the German Securities Trading Act and communicated them to the business register. Notifications still applicable as at 30 September 2022 are listed below in short form.

More detailed information is available on the Company's website (www.tuigroup.com).

ONDERO LIMITED / SEVERGROUP LLC / UNIFIRM LIMITED

Kirill A. Mordashov and Nikita A. Mordashov notified us that on 28 December 2021 their share of voting rights in TUI AG fell below the 30 % threshold, accounting for 0.0 % on that date (0 voting rights). Kirill A. Mordashov and Nikita A. Mordashov sold their entire voting participation in KN-Holding LLC to Alexey A. Mordashov. At the date when the threshold was undercut, KN-Holding LLC held 65 % of the voting rights in Unifirm Limited, which, in turn, holds voting rights in TUI AG.

Alexey A. Mordashov notified us that his share of voting rights in TUI AG fell below the 30 % threshold on 28 February 2022, accounting for 4.13 % on that date (67,000,000 voting rights). All voting rights were attributable to him pursuant to Section 34 of the German Securities Trading Act (WpHG) via Severgroup LLC.

Marina Mordashova notified us that her share of the voting rights in TUI AG exceeded the 25 % threshold on 28 February 2022, accounting for 29.87 % on that date (484,791,672 voting rights). All voting rights were attributable to her pursuant to Section 34 of the German Securities Trading Act. According to the voting right notification, Marina Mordashova controls voting rights in Unifirm Limited via Ondero Limited and Ranel Assets Limited; Unifirm Limited, in turn, holds voting rights in TUI AG.

Despite voting right notifications to the contrary, the stake in TUI AG of 484,791,672 voting rights directly held by Unifirm Limited remains attributable by law to Alexey A. Mordashov as Alexey A. Mordashov's controlling majority in Unifirm Limited has so far not been transferred to Ondero Limited / Marina Mordashova with legal effect. Including the stake in TUI AG held by Severgroup LLC of 67,000,000 voting rights, which is likewise attributable to him, Alexey A. Mordashov indirectly holds a 30.91 % stake in TUI based on the information available to us and on the basis of the shares issued as at 30 September 2022.

The transfer transaction remained legally ineffective because in mid-March 2022 the German Ministry for Economic Affairs and Climate Protection (BMWK) initiated a review procedure under the Foreign Trade and Payments Act against Ondero Limited in relation to the transfer of the shares in Unifirm Limited to Ondero Limited ("the transaction"). Due to that review procedure, the legal effect of the transaction remains pending until the BMWK either approves the transaction or refrains from a decision within the statutory review period.

LUIS RIU AND CARMEN RIU

Luis Riu and Carmen Riu, both resident in Spain, notified us that on 28 October 2021 each of their shareholdings fell below the threshold of 3 % of voting rights and that each held 2.4 % (39,018,916 voting rights) on that date. In each case, the 2.4 % was attributable to them due to their joint exercise of control over Riu Hotels S.A. and Saranja S.L., both located at Playa de Palma, Mallorca, Spain, pursuant to Section 34 of the German Securities Trading Act (the voting rights attributed to them relate to the same shareholding).

GOLDMAN SACHS GROUP INC.

Goldman Sachs Group, Inc., Wilmington, Delaware, USA notified us that their share of the voting rights in TUI AG amounted to 0.43 % (7,709,784 voting rights) on 12 August 2022. All voting rights were attributable to the company pursuant to Section 34 of the German Securities Trading Act. Moreover, Goldman Sachs Group, Inc. notified us that on 12 August 2022 they held instruments (right of retransfer, right of use, call warrant, securities loans, call option) granting the company a stake of 1.91 % (34,027,940 voting rights) pursuant to Section 38 (1) no. 1 of the German Securities Trading Act and that they held instruments (put option, call warrant, swap) granting the company a stake of 2.43 % (43,295,002 voting rights) pursuant to Section 38 (1) no. 2 of the German Securities Trading Act. In total, they thus notified us of a share of the voting rights of 4.76 %.

JPMORGAN CHASE & CO.

JPMorgan Chase & Co., Wilmington, Delaware, USA notified us that on 23 May 2022 their share of the voting rights in TUI AG accounted for 1.14 % (20,385,907 voting rights). All voting rights were attributable to them pursuant to Section 34 of the German Securities Trading Act. JPMorgan Chase & Co. also notified us that on 23 May 2022 they held instruments (internal re-transfer claim for shares borrowed) granting them a stake of 0.58 % (10,399,251 voting rights) pursuant to Section 38 (1) no. 1 of the German Securities Trading Act and that they held instruments (third-party convertible bonds, convertible bonds, re-transfer claim for borrowed convertible bonds, equity swap) granting them a stake of 2.96 % (52,925,091 voting rights) pursuant to Section 38 (1) no. 2 of the German Securities Trading Act. In total, they thus notified us of a 4.68 % stake.

→ *More details can be found on TUI AG's website (www.tuigroup.com).*

List of shareholdings of TUI AG pursuant to section 285 (11), (11a) and (11b) of the German Commercial Code

Company	Country	Capital Share in %	Equity in '000	Result for the year currency in '000
Related companies consolidated in the consolidated financial statements				
Tourism				
Absolut Holding Limited, Qormi	Malta	99.9	10,022.2	6,801 EUR
Advent Insurance PCC Limited (Absolut Cell), Qormi	Malta	100	18,892.4	6,311.5 EUR
Africa Focus Tours Namibia (Proprietary) Limited, Windhoek	Namibia	100	2,509.7	–6,212.7 NAD
Antwun S.A., Clémency	Luxembourg	100	3,378.6	–59.3 EUR
ATC African Travel Concept Proprietary Limited, Cape Town	South Africa	50.1	31,207.7	–8,005.3 ZAR
ATC-Meetings and Conferences Proprietary Limited, Cape Town	South Africa	100	13.2	–13.7 ZAR
B.D.S Destination Services Tours, Cairo	Egypt	100	–116.4	0 EGP
BU RIUSA II EOOD, Sofia	Bulgaria	100	80	–17.2 BGN
Cabotel-Hoteleria e Turismo Lda., Santiago	Cape Verde	100	26,918,091	–1,511,191 CVE
Cel Obert SL, Sant Joan de Caselles	Andorra	100	2,617.1	0.4 EUR
Chaves Hotel & Investimentos S.A., Sal-Rei, Boa Vista Island	Cape Verde	100	1,310,082.4	–10,012.4 CVE
Citirama Ltd., Quatre Bornes	Mauritius	100	25,227.4	–2,783.7 MUR
Club Hotel CV SA, Santa Maria	Cape Verde	100	–369,830	–270,812.5 CVE
Club Hôtel Management Tunisia SARL, Djerba	Tunisia	100	–25,587.1	–8,128.5 TND
Clubhotel Cala Serena S.A., Madrid	Spain	100	60	0 EUR
Clubhotel IP S.A., Athens	Greece	100	25	0 EUR
Clubhotel JD, S.A., Las Palmas[4]	Spain	100	190.7	175.7 EUR
Cruisetour AG, Zurich	Switzerland	100	–463.7	–771.4 CHF
Daidalos Hotel- und Touristikunternehmen A.E., Athens	Greece	89.8	7,995.3	3,673 EUR
Darecko S.A., Luxembourg	Luxembourg	100	5,820.9	–88.4 EUR
Destination Services Singapore Pte Limited, Singapore	Singapore	100	2,924	–653.8 SGD
Egyptian Germany Co. for Hotels Limited, Cairo	Egypt	66.6	513.8	–18.4 EGP
Elena SL, Palma de Mallorca	Spain	100	5,096.4	0 EUR
ETA Turizm Yatirim ve Isletmeleri A.S., Ankara	Turkiye	100	334,730	49,314.3 TRY
Evre Grup Turizm Yatirim A.Ş., Ankara	Turkiye	100	16,969.2	–292.1 TRY
Explorers Travel Club Limited, Luton	United Kingdom	100	1,884.3	18.2 GBP
Faberest S.r.l., Verona	Italy	100	84.1	25 EUR
First Choice (Turkey) Limited, Luton	United Kingdom	100	4,374.5	–128.9 EUR
First Choice Holiday Hypermarkets Limited, Luton	United Kingdom	100	0	0 GBP
First Choice Holidays & Flights Limited, Luton	United Kingdom	100	478	–22 GBP
First Choice Land (Ireland) Limited, Dublin	Ireland	100	0	0 EUR
First Choice Travel Shops Limited, Luton	United Kingdom	100	0	0 GBP
FIRST Reisebüro Güttler GmbH & Co. KG, Dormagen	Germany	75.1	51.1	[2] EUR
FIRST Travel GmbH, Hanover[1]	Germany	100	25.6	0 EUR
flyloco GmbH, Rastatt[1]	Germany	100	102.3	0 EUR
Follow Coordinate Hotels Portugal Unipessoal Lda, Albufeira	Portugal	100	–515.3	1,600.8 EUR
Fritidsresor Tours & Travels India Pvt Ltd, Bardez, Goa	India	100	–252.8	–6.4 INR
GBH Turizm Sanayi Isletmecilik ve Ticaret A.Ş., Istanbul	Turkiye	100	–44,823.7	–25,140 TRY
GEAFOND Número dos Fuerteventura S.A., Las Palmas, Gran Canaria	Spain	100	1,405.3	–0.9 EUR
GEAFOND Número uno Lanzarote S.A., Las Palmas, Gran Canaria	Spain	100	370	–665 EUR
Gemma Limited, Unguja	Tanzania	100	34,699,797	–1,349,290 TZS
German Tur Turizm Ticaret A.Ş., Izmir	Turkiye	100	1,995.2	4,665.3 EUR
Groupement Touristique International SAS, Lille	France	100	1,107.2	–23.1 EUR
Gulliver Travel d.o.o., Dubrovnik	Croatia	100	16,994	–6,219 HRK

Company	Country	Capital Share in %	Equity in '000	Result for the year currency in '000
Hannibal Tourisme et Culture SA, Tunis	Tunisia	100	– 101.9	35.2 TND
Hapag-Lloyd Reisebüro Hagen GmbH & Co. KG, Hanover	Germany	70	100	[2] EUR
Hellenic EFS Hotel Management E.P.E., Athens	Greece	100	7,813.2	2,550.2 EUR
Holiday Center S.A., Cala Serena / Cala d'Or	Spain	100	21,009.8	1,251.9 EUR
Holidays Services S.A., Agadir	Morocco	100	12,788.8	– 16,804.3 MAD
Hoteli Koločep d.d., Koločep	Croatia	100	21,424.3	– 17,475 HRK
Hoteli Živogošće d.d., Živogošće	Croatia	100	101,371.8	30,618 HRK
Iberotel International A.S., Antalya	Turkiye	100	23,803.7	– 1,328.8 TRY
Iberotel Otelcilik A.Ş., Istanbul	Turkiye	100	2,162.1	– 8,168.3 TRY
Inter Hotel SARL, Tunis	Tunisia	100	– 8,139.2	0 TND
Intercruises Port Operations USA Inc, Wilmington DE[7]	United States	100		
Intercruises Shoreside & Port Services Canada, Inc., Quebec	Canada	100	4,078	– 663 CAD
Intercruises Shoreside & Port Services Pty Limited, Sydney	Australia	100	6,007.4	– 1,058.7 AUD
Intercruises Shoreside & Port Services Sam, Monaco	Monaco	100	– 636.7	– 210 EUR
Intercruises Shoreside & Port Services SARL, Paris	France	100	– 823	– 914.5 EUR
Intercruises Shoreside & Port Services, Inc., State of Delaware	United States	100	– 17,705.8	– 5,494.7 USD
Itaria Limited, Nicosia	Cyprus	100	– 479.4	– 48.2 EUR
Jandia Playa S.A., Morro Jable / Fuerteventura	Spain	100	138,396.4	1,593.4 EUR
Kurt Safari Proprietary Limited, White River – Mpumalanga	South Africa	51	4,768.8	– 2,018.6 ZAR
Kybele Turizm Yatırım San. Ve Tic. A.Ş., Istanbul	Turkiye	100	– 289,355.3	– 7,542.9 TRY
Label Tour EURL, Levallois-Perret	France	100	1,289.6	23.9 EUR
Last-Minute-Restplatzreisen GmbH, Rastatt[1]	Germany	100	27.4	0 EUR
Le Passage to India Tours and Travels Pvt Ltd, New Delhi	India	99.6	37,888.3	– 66,021.7 INR
Lima Tours S.A.C., Lima	Peru	100	62,937	– 8,248 PEN
Lodges & Mountain Hotels SARL, Courchevel	France	100	– 639.4	– 974.3 EUR
l'tur GmbH, Rastatt[1]	Germany	100	758.5	0 EUR
L'TUR Suisse AG, Basel	Switzerland	99.5	342.8	74.8 CHF
Lunn Poly Limited, Luton	United Kingdom	100	0	0 GBP
Magic Hotels SA, Tunis	Tunisia	100	23,454.2	– 2,201.1 TND
MAGIC LIFE Assets GmbH, Vienna	Austria	100	8,566	– 1,257.5 EUR
Magic Life Egypt for Hotels LLC, Sharm el Sheikh	Egypt	100	– 294,261.4	16,619.8 EGP
Magic Tourism International S.A., Tunis	Tunisia	100	40.1	– 3.4 TND
Manahe Ltd., Quatre Bornes	Mauritius	51	– 48,571.5	– 80,299.8 MUR
Marella Cruises Limited, Luton	United Kingdom	100	241,867	– 118,129 GBP
Medico Flugreisen GmbH, Rastatt[1]	Germany	100	127.8	0 EUR
Meetings & Events International Limited, Luton	United Kingdom	100	– 3,314.4	– 2,384.6 GBP
Meetings & Events Spain S.L.U., Palma de Mallorca	Spain	100	– 766	– 268 EUR
Meetings & Events UK Limited, Luton	United Kingdom	100	– 3,707.5	204.2 GBP
Musement S.p.A., Milan	Italy	100	– 14,029	– 22,402.1 EUR
MX RIUSA II S.A. de C.V., Cabo San Lucas	Mexico	100	8,094,974.5	561,890.4 MXN
Nazar Nordic AB, Malmö	Sweden	100	2,321.4	– 36,145.9 SEK
Nouvelles Frontières Senegal S.R.L., Dakar	Senegal	100	514,117.2	– 165,536.4 XOF
Nungwi Limited, Zanzibar	Tanzania	100	67,098,446.7	13,735,436.1 TZS
Ocean College LLC, Sharm el Sheikh	Egypt	100	– 12,798.5	– 5,111.4 EGP
Ocean Ventures for Hotels and Tourism Services SAE, Sharm el Sheikh	Egypt	98	– 6,045.4	0 EGP
Pacific World (Beijing) Travel Agency Co., Ltd., Beijing	China	100	– 4,081.3	– 298.3 CNY

Company	Country	Capital Share in %	Equity in '000	Result for the year currency in '000
Pacific World (Shanghai) Travel Agency Co. Limited, Shanghai	China	100	−5,482	−5,812.6 CNY
Pacific World Destination East Sdn. Bhd., Penang	Malaysia	65	41,552.1	208.2 MYR
Pacific World Meetings & Events Hong Kong, Limited, Hong Kong	Hong Kong SAR	100	1,796.4	−2,920.7 HKD
Pacific World Meetings & Events SAM, Monaco	Monaco	100	−723	−200.5 EUR
Pacific World Meetings & Events Singapore Pte. Ltd, Singapore	Singapore	100	923.1	−411.6 SGD
Pacific World Meetings and Events France SARL, Nice	France	100	190.3	−109 EUR
Pacific World Travel Services Company Limited, Ho Chi Minh City	Vietnam	90	8,633,042.3	−5,257,919.9 VND
Papirüs Otelcilik Yatırım Turizm Seyahat İnşaat Ticaret A.Ş., Antalya	Turkiye	100	105,716.1	12,792 EUR
Paradise Hotel Management Company LLC, Cairo[5]	Egypt	100	969	−210.7 EGP
PATS N.V., Ostend	Belgium	100	843	10.8 EUR
Promociones y Edificaciones Chiclana S.A., Palma de Mallorca	Spain	100	2,951	113.1 EUR
PT Pacific World Nusantara, Bali	Indonesia	100	−37,899,109.8	2,014,579.9 IDR
RCHM S.A.S., Agadir	Morocco	100	−44,726.1	−39,902.9 MAD
Rideway Investments Limited, London	United Kingdom	100	−6.3	0 GBP
Riu Jamaicotel Ltd., Negril	Jamaica	100	21,226,320.7	−884,979.6 JMD
Riu Le Morne Ltd, Port Louis	Mauritius	100	1,796,046.6	−138,729.5 JMD
RIUSA II S.A., Palma de Mallorca[6]	Spain	50	871,554	81,890 EUR
Riusa Lanka (PVT) Ltd., Ahungalla	Sri Lanka	100	−12,470.2	−12,872.4 LKR
RIUSA NED B.V., Amsterdam	Netherlands	100	120,380.3	−415.1 USD
Robinson Austria Clubhotel GmbH, Villach-Landskron	Austria	100	14,188	1,058 EUR
Robinson Club GmbH, Hanover[1]	Germany	100	30,658.5	0 EUR
Robinson Club Italia S.p.A., Marina di Ugento	Italy	100	18,797	42.5 EUR
Robinson Club Maldives Private Limited, Malé	Maldives	100	−11,241.5	−11,183.8 USD
Robinson Clubhotel Turizm Ltd. Sti., Istanbul	Turkiye	100	74,799.7	−18,331.7 TRY
Robinson Hoteles España S.A., Cala d'Or	Spain	100	1,999.9	−365.5 EUR
Robinson Hotels Portugal S.A., Vila Nova de Cacela	Portugal	67	10,074.8	−2,218.7 EUR
Robinson Otelcilik A.Ş., Istanbul	Turkiye	100	63,301.5	12,196.3 TRY
Santa Maria Hotels SA, Santa Maria	Cape Verde	100	145,536.1	3,878 CVE
SERAC Travel GmbH, Zermatt	Switzerland	100	221.3	6.7 CHF
Skymead Leasing Limited, Luton	United Kingdom	100	0	0 GBP
Société d'Exploitation du Paladien Marrakech SA, Marrakesh	Morocco	100	−111.8	0 EUR
Société d'Investissement Aérien S.A., Casablanca	Morocco	100	−88,510.7	29,021.9 MAD
Société d'Investissement et d'Exploration du Paladien de Calcatoggio (SIEPAC), Calcatoggio	France	100	−2,883	−1,421.1 EUR
Société d'investissement hotelier Almoravides S.A., Marrakesh	Morocco	100	−10,025	6,493.1 MAD
Société Marocaine pour le Developpement des Transports Touristiques S.A., Agadir	Morocco	100	4,652.2	−10,796.7 MAD
Sons of South Sinai for Tourism Services and Supplies SAE, Sharm el Sheikh	Egypt	84.1	−1,684.6	0 EGP
Stella Polaris Creta A.E., Heraklion	Greece	100	578.1	−8,339.6 EUR
STIVA RII Ltd., Dublin	Ireland	100	21,097	11,063.9 USD
Summer Times Ltd., Quatre Bornes	Mauritius	100	5,247.6	−1,402.2 MUR
Summertime International Ltd., Quatre Bornes	Mauritius	100	−194.2	−8.8 MUR
Sunshine Cruises Limited, Luton	United Kingdom	100	3,976	−60 GBP
Tantur Turizm Seyahat A.Ş., Istanbul	Turkiye	100	26,138.2	−920.5 EUR
Tec4Jets NV, Zaventem	Belgium	100	2,533	−2,472.8 EUR
Thomson Reisen GmbH, St. Johann	Austria	100	−1,160.5	−1,236.7 EUR

Company	Country	Capital Share in %	Equity in '000	Result for the year currency in '000
Thomson Travel Group (Holdings) Limited, Luton	United Kingdom	100	10,854	47 GBP
TICS GmbH Touristische Internet und Call Center Services, Rastatt[1]	Germany	100	25	0 EUR
TLT Reisebüro GmbH, Hanover	Germany	100	10,503.7	–4.3 EUR
TLT Urlaubsreisen GmbH, Hanover[1]	Germany	100	27.1	0 EUR
Travel Choice Limited, Luton	United Kingdom	100	33,538.7	0 GBP
Travel Guide With Offline Maps B.V., Amsterdam	Netherlands	100	1,177.9	–19.6 EUR
TT Hotels Croatia d.o.o., Zagreb	Croatia	100	28,714	–60,142 HRK
TT Hotels Italia S.R.L., Rome	Italy	100	–16,220.1	–869.7 EUR
TT Hotels Turkey Otel Hizmetleri Turizm ve ticaret A.Ş., Antalya	Turkiye	100	–71,729.6	–213,035.3 TRY
TUI (Suisse) AG, Zurich	Switzerland	100	8,345.8	–5,575.1 CHF
TUI 4 U GmbH, Bremen[1]	Germany	100	153.4	0 EUR
TUI Airlines Belgium N.V., Ostend	Belgium	100	–240,576.4	–151,882.3 EUR
TUI Airlines Nederland B.V., Rijswijk	Netherlands	100	24,264	13,865 EUR
TUI Airways Limited, Luton	United Kingdom	100	–305,000	–401,000 GBP
TUI Asset Management and Advisory GmbH, Hanover[1]	Germany	100		
TUI Austria Holding GmbH, Vienna	Austria	100	35,600.6	1,674.7 EUR
TUI Belgium NV, Ostend	Belgium	100	184,696.3	–19,375 EUR
TUI Belgium Real Estate N.V., Brussels	Belgium	100	9,878.1	552.4 EUR
TUI Belgium Retail N.V., Zaventem	Belgium	100	19,305.9	–1,715.8 EUR
TUI BLUE AT GmbH, Schladming	Austria	100	6,461.2	–1,714.9 EUR
TUI BLUE DE GmbH, Hanover	Germany	100	–791.7	533 EUR
TUI Blue Hotels L.L.C., Dubai[7]	United Arab Emirates	100		
TUI Bulgaria EOOD, Varna	Bulgaria	100	4,455	–2,729 BGN
TUI Curaçao N.V., Curaçao	Country of Curaçao	100	1,588.1	205.3 ANG
TUI Customer Operations GmbH, Hanover[1]	Germany	100	85.2	0 EUR
TUI Cyprus Limited, Nicosia	Cyprus	100	1,769.9	–5,302.4 EUR
TUI Danmark A/S, Copenhagen	Denmark	100	47,842	–46,192 DKK
TUI Destination Experiences (Thailand) Limited, Bangkok[6]	Thailand	49	–272,926.5	–137,847 THB
TUI Destination Experiences Costa Rica SA, San José	Costa Rica	100	1,163,005.2	–587,533.7 CRC
TUI Destination Services Cyprus, Nicosia	Cyprus	100	1,188.8	[2] EUR
TUI Deutschland GmbH, Hanover[1]	Germany	100	66,643.3	0 EUR
TUI Dominicana SAS, Higuey	Dominican Republic	100	–92,705.6	110,473.5 DOP
TUI España Turismo SL, Palma de Mallorca	Spain	100	42,969	–22,588 EUR
TUI Finland OY AB, Helsinki	Finland	100	1,664.1	–6,818.8 EUR
TUI France SA, Nanterre	France	100	–290,201.3	–73,858.6 EUR
TUI Hellas Travel Tourism and Airlines A.E., Athens	Greece	100	–11,913.7	–8,625.2 EUR
TUI Holding Spain S.L., Palma de Mallorca	Spain	100	63,914	–3,451 EUR
TUI Holidays Ireland Limited, Dublin	Ireland	100	6,384	–8,006 EUR
TUI Hotel Betriebsgesellschaft mbH, Hanover[1]	Germany	100	525	0 EUR
TUI Ireland Limited, Luton	United Kingdom	100	6,327	–527 GBP
TUI Italia S.r.l., Sorrent	Italy	100	–544.4	–893.1 EUR
TUI Italia S.r.l. "in liquidazione", Fidenza	Italy	100	397.5	–596.5 EUR
TUI Jamaica Limited, Montego Bay	Jamaica	100	3,043	1,719.9 USD
TUI Malta Limited, Pieta	Malta	100	193.2	–109.3 EUR
TUI Mexicana SA de CV, Mexico	Mexico	100	–174,265	–38,535.9 MXN
TUI Nederland Holding N.V., Rijswijk	Netherlands	100	46,353	–9,018 EUR
TUI Nederland N.V., Rijswijk	Netherlands	100	–95,725	–90,255 EUR

Company	Country	Capital Share in %	Equity in '000	Result for the year currency in '000
TUI Nordic Holding AB, Stockholm	Sweden	100	2,151,804	–6,969 SEK
TUI Norge AS, Stabekk	Norway	100	37,757.1	–85,993.3 NOK
TUI Northern Europe Limited, Luton	United Kingdom	100	25,181	480 GBP
TUI Norway Holding AS, Stabekk	Norway	100	711,949.7	–104,367.9 NOK
TUI Österreich GmbH, Vienna	Austria	100	11,252.9	169.4 EUR
TUI Pension Scheme (UK) Limited, Luton	United Kingdom	100	0	0 GBP
TUI Poland Dystrybucja Sp. z o.o., Warsaw	Poland	100	117,249.7	49,713.5 PLN
TUI Poland Sp. z o.o., Warsaw	Poland	100	–8,347.7	–39,608.6 PLN
TUI PORTUGAL – Agencia de Viagens e Turismo S.A., Faro	Portugal	100	35,252	–3,942.2 EUR
TUI Reisecenter Austria Business Travel GmbH, Vienna	Austria	74.9	1,283.3	–2,135.3 EUR
TUI Service AG, Altendorf	Switzerland	100	–3,967.8	–3,460.5 CHF
TUI Suisse Retail AG, Zurich	Switzerland	100	–6,495	–4,095.8 CHF
TUI Sverige AB, Stockholm	Sweden	100	484,331	–930,556 SEK
TUI Technology NV, Zaventem	Belgium	100	20,897.6	1,461.2 EUR
TUI Travel Distribution N.V., Ostend	Belgium	100	922.1	52.4 EUR
TUI UK Italia Srl, Turin	Italy	100	1,767.9	–251.3 EUR
TUI UK Limited, Luton	United Kingdom	100	–228,000	–517,000 GBP
TUI UK Retail Limited, Luton	United Kingdom	100	–40,000	–91,000 GBP
TUI UK Transport Limited, Luton	United Kingdom	100	22,174	–3,723 GBP
TUIfly GmbH, Langenhagen[1]	Germany	100	89,144.1	0 EUR
TUIfly Nordic AB, Stockholm	Sweden	100	200,160	–62,664 SEK
TUIfly Vermarktungs GmbH, Hanover[1]	Germany	100	40.9	0 EUR
Tunisie Investment Services Holding S.A., Tunis	Tunisia	100	–4,014.6	–48.9 TND
Tunisie Voyages S.A., Tunis	Tunisia	100	–11,838.8	–3,350.9 TND
Tunisotel S.A.R.L., Tunis	Tunisia	100	54.8	–0.2 TND
Turcotel Turizm A.Ş., Istanbul	Turkiye	100	–10,946.6	–41,092.8 TRY
Turkuaz Insaat Turizm A.Ş., Ankara	Turkiye	100	141,236.6	–23,703.2 TRY
Ultramar Express Transport S.A., Palma de Mallorca	Spain	100	14,516	–6,120 EUR
Umbhaba Eco Lodge Proprietary Limited, Cape Town	South Africa	85	–6,217.5	–1,448.7 ZAR
WOT Hotels Adriatic Management d.o.o., Zagreb	Croatia	51	464.6	1,606.4 HRK
Zanzibar Beach Village Limited, Zanzibar	Tanzania	100	76,543,575.3	–4,658,554.2 TZS
All other segments				
Absolut Insurance Limited, St. Peter Port	Guernsey	100	8,302.1	–2,324.1 GBP
Canadian Pacific (UK) Limited, Luton	United Kingdom	100	–410	0 GBP
Cast Agencies Europe Limited, Luton	United Kingdom	100	–20,310	0 USD
CP Ships (Bermuda) Ltd., Hamilton	Bermuda	100	10,394.7	–202.2 USD
CP Ships (UK) Limited, Luton	United Kingdom	100	11,273	–2,164 USD
DEFAG Beteiligungsverwaltungs GmbH I, Hanover[1]	Germany	100	525,025	0 EUR
DEFAG Beteiligungsverwaltungs GmbH III, Hanover[1]	Germany	100	10,000	0 EUR
Europa 2 Ltd, Valletta	Malta	100	–34.6	–22.3 EUR
First Choice Holidays Finance Limited, Luton	United Kingdom	100	227,752	153,491 GBP
First Choice Holidays Limited, Luton	United Kingdom	100	199,120	110,680 GBP
First Choice Olympic Limited, Luton	United Kingdom	100	–451	0 GBP
Jetset Group Holding (Brazil) Limited, Luton	United Kingdom	100	0	0 GBP
Jetset Group Holding Limited, Luton	United Kingdom	100	0	0 GBP
Leibniz-Service GmbH, Hanover[1]	Germany	100	10,027.0	0 EUR

Company	Country	Capital Share in %	Equity in '000	Result for the year currency in '000
Mala Pronta Viagens e Turismo Ltda., Curitiba	Brazil	100	–1,222.2	–527.9 BRL
Manufacturer's Serial Number 852 Limited, Dublin	Ireland	100	628.4	–12.1 USD
PM Peiner Maschinen GmbH, Hanover	Germany	100	6,066.9	–235.4 EUR
Preussag Beteiligungsverwaltungs GmbH IX, Hanover[1]	Germany	100	1,800,025	0 EUR
Sovereign Tour Operations Limited, Luton	United Kingdom	100	0	0 GBP
Thomson Airways Trustee Limited, Luton	United Kingdom	100	0	0 GBP
travel-Ba.Sys GmbH & Co KG, Mülheim an der Ruhr	Germany	83.5	1,048.8	[2] EUR
TUI Airline Service GmbH, Hanover[1]	Germany	100	25	0 EUR
TUI Ambassador Tours Unipessoal Lda, Lisbon	Portugal	100	2,088.8	336.5 EUR
TUI Aviation Asset Company Limited, Luton	United Kingdom	100	–5,894.4	–5,894.4 EUR
TUI Aviation GmbH, Hanover[1]	Germany	100	2,025	0 EUR
TUI Aviation Holding GmbH, Hanover[1]	Germany	100	203,050	0 EUR
TUI Aviation Services Limited, Luton	United Kingdom	100	0	0 GBP
TUI Beteiligungs GmbH, Hanover[1]	Germany	100	57,617.2	0 EUR
TUI Brasil Operadora e Agencia de Viagens LTDA, Curitiba	Brazil	100	–2,934.7	–6,974.9 BRL
TUI Business Services GmbH, Hanover[1]	Germany	100	25	0 EUR
TUI Canada Holdings, Inc, Toronto	Canada	100	401,524.7	106.8 CAD
TUI Chile Operador y Agencia de Viajes SpA, Santiago	Chile	100	5,251.4	–55 CLP
TUI China Travel CO. Ltd., Beijing	China	75	–6,698.1	–876.2 CNY
TUI Group Fleet Finance Limited, Luton	United Kingdom	100	223,937	91,236 EUR
TUI Group Services GmbH, Hanover[1]	Germany	100	18,146.3	0 EUR
TUI Group UK Healthcare Limited, Luton	United Kingdom	100	0	0 GBP
TUI Group UK Trustee Limited, Luton	United Kingdom	100	0	0 GBP
TUI Immobilien Services GmbH, Hanover[1]	Germany	100	73,958.2	0 EUR
TUI India Private Limited, New Delhi	India	100	108,930	–92,815 INR
TUI InfoTec GmbH, Hanover[1]	Germany	100	19,363.3	0 EUR
TUI Insurance & Financial GmbH, Hanover[1]	Germany	100	30.9	0 EUR
TUI International Holiday (Malaysia) Sdn. Bhd., Kuala Lumpur	Malaysia	100	1,152.8	–7,440.5 MYR
TUI Leisure Travel Service GmbH, Neuss[1]	Germany	100	103	0 EUR
TUI LTE Viajes S.A de C.V, Mexico City	Mexico	100	2,052.6	–211.7 MXN
TUI Spain, SLU, Madrid	Spain	100	13,343.5	–26,701.7 EUR
TUI Travel Amber E&W LLP, Luton	United Kingdom	100	0	0 GBP
TUI Travel Aviation Finance Limited, Luton	United Kingdom	100	470,437	139,914 USD
TUI Travel Common Investment Fund Trustee Limited, Luton	United Kingdom	100	0	0 GBP
TUI Travel Group Management Services Limited, Luton	United Kingdom	100	0	0 GBP
TUI Travel Group Solutions Limited, Luton	United Kingdom	100	85,966.7	1,165.5 GBP
TUI Travel Holdings Limited, Luton	United Kingdom	100	1,504,227	115,465 GBP
TUI Travel Limited, Luton	United Kingdom	100	1,418,978	–72,434 GBP
TUI Travel Overseas Holdings Limited, Luton	United Kingdom	100	108,441	–71,049 GBP

Company	Country	Capital Share in %	Equity in '000	Result for the year currency in '000
Non-consolidated Group companies				
Tourism				
"Schwerin Plus" Touristik-Service GmbH, Schwerin[1]	Germany	80	33.4	0 EUR
Ambassador Tours S.A., Barcelona	Spain	100	–1,025	5 EUR
FIRST Reisebüro Güttler Verwaltungs GmbH, Hanover	Germany	75	26.2	–1.3 EUR
Hapag-Lloyd Reisebüro Hagen Verwaltungs GmbH, Hanover	Germany	70	15.2	–1.5 EUR
HV Finance SAS, Levallois-Perret	France	100	–203.9	–8.7 EUR
L'TUR SARL, Schiltigheim	France	100	109.2	62.5 EUR
New Eden S.A., Marrakesh	Morocco	100	–7.6	–8 MAD
Société de Gestion du resort Al Baraka, Marrakesh	Morocco	100	–26,611.7	–10,187.2 MAD
T-Développement SAS, Levallois-Perret	France	100	–8.5	–7.7 EUR
Triposo GmbH i.L., Berlin	Germany	100	190	0 EUR
TUI 4 U Poland sp.zo.o., Warsaw	Poland	100	1,547.6	–89.8 PLN
TUI d.o.o., Maribor	Slovenia	100	15.2	–0.3 EUR
TUI Magyarország Utazasi Iroda Kft., Budapest	Hungary	100	74,139	44,747 HUF
TUI Reisecenter GmbH, Salzburg	Austria	100	18.3	–3.7 EUR
TUI ReiseCenter Slovensko s.r.o., Bratislava	Slovakia (Slovak Republic)	100	123.2	2.9 EUR
TUI Travel Cyprus Limited, Nicosia	Cyprus	100	0	0 EUR
TUIFly Academy Brussels, Zaventem	Belgium	100	356.4	196.5 EUR
VPM Antilles S.R.L., Levallois-Perret	France	100	–9,051.1	–8 EUR
VPM SA, Levallois-Perret	France	100	–12,807	–15 EUR
All other segments				
Bergbau Goslar GmbH, Goslar	Germany	100	2,512.5	–336 EUR
travel-Ba.Sys Beteiligungs GmbH, Mülheim an der Ruhr	Germany	83.5	43.6	0.2 EUR

Company	Country	Capital Share in %	Equity in '000	Result for the year currency in '000
Companies measured at equity in the consolidated financial statements				
Tourism				
Abou Soma for Hotels S.A.E., Giza	Egypt	16.7	191,957	−22,627.4 EGP
Ahungalla Resorts Limited, Colombo	Sri Lanka	40	−2,241,281.8	−1,016,215.7 LKR
Aitken Spence Travels (Private) Limited, Colombo	Sri Lanka	50	1,881,689.4	310,914.1 LKR
ARP Africa Travel Limited, Harrow	United Kingdom	25	2,032.7	221.2 GBP
Atlantica Hellas A.E., Rhodes	Greece	50	113,931.9	22,249 EUR
Atlantica Hotels and Resorts Limited, Limassol	Cyprus	49.9	24,229.9	12,428 EUR
Bartu Turizm Yatirimlari Anonim Sirketi, Istanbul	Turkiye	50	144,134.9	−2,796.1 EUR
Clubhotel Kleinarl GmbH & Co KG, Flachau	Austria	24	9,327.3	[2] EUR
Daktari Travel & Tours Ltd., Limassol	Cyprus	33.3	749.7	−101.8 EUR
DER Reisecenter TUI GmbH, Dresden	Germany	50	2,130.6	210.3 EUR
Diamondale Limited, Dublin	Ireland	27	0	0 EUR
ENC for touristic Projects Company S.A.E., Sharm el Sheikh	Egypt	50	89,746.4	15,400.2 EGP
Etapex, S.A., Agadir	Morocco	35	230,938.5	−110.4 MAD
Fanara Residence for Hotels S.A.E., Sharm el Sheikh	Egypt	50	−1,595.3	1,865.3 EGP
Gebeco Gesellschaft für internationale Begegnung und Cooperation mbH & Co. KG, Kiel	Germany	50	4,166.8	[2] EUR
Grupotel dos S.A., Can Picafort	Spain	50	86,263.1	4,093 EUR
Ha Minh Ngan Company Limited, Hanoi	Vietnam	50	471,020,348.3	−424,605,634.6 VND
Holiday Travel (Israel) Limited, Airport City	Israel	50	13,183	−1,042 ILS
Hydrant Refuelling System NV, Brussels	Belgium	25	2,089.9	−719.7 EUR
InteRes Gesellschaft für Informationstechnologie mbH, Darmstadt	Germany	25.2	467.8	97.8 EUR
Interyachting Limited, Limassol	Cyprus	45	−470	47.2 EUR
Jaz Hospitality Services DMCC, Dubai	United Arab Emirates	50	1,548.9	257.7 EUR
Jaz Hotel Group S.A.E., Cairo	Egypt	51	74,300.7	20,495.6 EGP
Kamarayat Nabq Company for Hotels S.A.E., Sharm el Sheikh	Egypt	50	40,159.5	−25,922 EGP
Pollman's Tours and Safaris Limited, Mombasa	Kenya	25	451,232.5	−62,205.8 KES
Raiffeisen-Tours RT-Reisen GmbH, Burghausen	Germany	25.1	9,002.5	3,059.5 EUR
Ranger Safaris Ltd., Arusha	Tanzania	25	4,425.6	−1,373.8 TZS
Sharm El Maya Touristic Hotels Co. S.A.E., Cairo	Egypt	50	92,430.7	9,029.4 EGP
Südwest Presse + Hapag-Lloyd Reisebüro GmbH & Co. KG, Ulm	Germany	50	100	[2] EUR
Sun Oasis for Hotels Company S.A.E., Hurghada	Egypt	50	591,195.8	39,554.2 AED
Sunwing Travel Group, Inc, Toronto	Canada	49	211,114.1	−147,867.1 CAD
Teckcenter Reisebüro GmbH, Kirchheim unter Teck	Germany	50	772.1	237.2 EUR
Tikida Bay S.A., Agadir	Morocco	34	176,376.3	10,159.2 MAD
TIKIDA DUNES S.A., Agadir	Morocco	30	336,306.5	−20,468.5 MAD
Tikida Palmeraie S.A., Marrakesh	Morocco	33.3	139,630.6	−441.9 MAD
Travco Group Holding S.A.E., Cairo	Egypt	50	162,924.4	−7,606.8 EGP
TRAVELStar GmbH, Hanover	Germany	50	2,021.3	351.2 EUR
TRAVELStar Touristik GmbH & Co. OHG, Vienna	Austria	50	17.5	[2] EUR
TUI Cruises GmbH, Hamburg	Germany	50	5,606.6	−203,794.1 EUR
UK Hotel Holdings FZC L.L.C., Fujairah	United Arab Emirates	50	119,348	1,345.9 AED
Vitya Holding Co. Ltd., Takua, Phang Nga Province	Thailand	47.5	−749,641.1	−237,255.8 THB
WOT Hotels Adriatic Asset Company d.o.o., Tučepi	Croatia	50	166,857.5	2,584.7 HRK

Company	Country	Capital Share in %	Equity in '000	Result for the year currency in '000
All other segments				
.BOSYS SOFTWARE GMBH, Hamburg	Germany	25.2	981.8	637.6 EUR
MSN 1359 GmbH, Hanover[1]	Germany	25	28,278.3	–715.3 EUR
Other companies				
Tourism				
Belgian Travel Network cvba, Sint-Martens-Latem	Belgium	50	405.3	133.9 EUR
Bonitos Verwaltungs GmbH, Frankfurt am Main	Germany	50	32	–3 EUR
Clubhotel Kleinarl GmbH, Flachau	Austria	24	63.5	1.9 EUR
Gebeco Verwaltungsgesellschaft mbH, Kiel	Germany	50	43.5	1.3 EUR
Südwest Presse + Hapag-Lloyd Reisebüro Verwaltungs GmbH, Ulm	Germany	50	21	–0.1 EUR
All other segments				
Elevator-Gesellschaft mit beschränkter Haftung, Hanover	Germany	50	62.4	–21.3 EUR

1 Profit and loss transfer agreement with parent company.
2 Result for the year is attributable to the shareholder accounts.
3 Short financial year 30 December 2020 – 30 September 2021.
4 Short financial year 25 June 2021 – 30 September 2021.
5 Short financial year 1 October 2019 – 23 June 2020 (Liquidation balance sheet).
6 Entrepreneurial management.
7 New foundation – Data not available.

20 companies are not included in the list of shareholdings according to section 286 (3) sentence 1 of the German Commercial Code.

Exchange rates

Exchange rates

Currency	ISO Code	Euro average exchange rate 1 Euro =
United Arab Emirates Dirham	AED	3.61
Afghanistan Afghani	AFN	86.61
Albanian Lek	ALL	116.57
Armenian Dram	AMD	398.46
Netherlands Antillean Guilder	ANG	1.77
Angolan Kwanza	AOA	420.12
Argentine Peso	ARS	144.35
Australian Dollar	AUD	1.51
Aruba Guilder	AWG	1.78
Azerbaijani New Manat	AZN	1.67
Barbadian Dollar	BBD	1.98
Bangladesh Taka	BDT	99.44
Bulgarian Lev	BGN	1.96
Bahraini Dinar	BHD	0.37
Burundi Franc	BIF	2,027.49
Bermudian Dollar	BMD	0.98
Brunei Dollar	BND	1.41
Bolivian Boliviano	BOB	6.81
Brazilian Real	BRL	5.30
Bahamas Dollar	BSD	0.98
Botswanan Pula	BWP	13.15
Belizean Dollar	BZD	1.98
Canadian Dollar	CAD	1.34
Congolese Franc	CDF	2,016.69
Swiss Franc	CHF	0.96
Chilean Peso	CLP	943.85
Chinese Yuan Renminbi	CNY	6.99
Colombian Peso	COP	4,445.65
Costa Rican Colon	CRC	617.36
Cuban Peso	CUP	23.56
Cape Verde Escudo	CVE	110.27
Czech Crown	CZK	24.54
Djiboutian Franc	DJF	174.75
Danish Krone	DKK	7.44
Dominican Republic Peso	DOP	52.41
Algerian Dinar	DZD	137.87
Egyptian Pound	EGP	19.18
Ethiopian Birr	ETB	51.87
Euro	EUR	1.00
Fijian Dollar	FJD	2.25
British Pound Sterling	GBP	0.88
Georgian Lari	GEL	2.77
Ghana Cedi	GHC	10.16
Gibraltar Pound	GIP	0.89
Gambian Dalasi	GMD	56.49
Guinean Franc	GNF	8,485.40
Guatemalan Quetzal	GTQ	7.73
Guyanese Dollar	GYD	205.36

Exchange rates

Currency	ISO Code	Euro average exchange rate 1 Euro =
Hong Kong Dollar	HKD	7.71
Honduras Lempira	HNL	24.24
Croatian Kuna	HRK	7.53
Haitian Gourde	HTG	118.77
Hungarian Forint	HUF	421.29
Indonesian Rupiah	IDR	14,981.67
Israel Shekel	ILS	3.50
Indian Rupee	INR	79.99
Iraqi Dinar	IQD	1,432.66
Iranian Rial	IRR	41,226.99
Iceland Krona	ISK	140.23
Jamaican Dollar	JMD	148.73
Jordanian Dinar	JOD	0.70
Japanese Yen	JPY	141.85
Kenyan Shilling	KES	118.41
Kyrgyzstan Som	KGS	78.73
South Korean Won	KRW	1,404.10
Kuwaiti Dinar	KWD	0.30
Kazakhstan Tenge	KZT	468.43
Laotian Kip	LAK	16,220.86
Lebanese Pound	LBP	1,484.17
Sri Lanka Rupee	LKR	356.95
Liberian Dollar	LRD	150.68
Libyan Dinar	LYD	4.96
Moroccan Dirham	MAD	10.79
Moldovan Leu	MDL	19.11
Madagascar Ariary	MGA	4,148.71
Macedonian Denar	MKD	62.09
Myanmar Kyat	MMK	2,061.35
Mongolian Tugrik	MNT	3,263.80
Macau Pataca	MOP	7.94
Mauritanian Ouguiya	MRO	350.92
Mauritius Rupee	MUR	44.32
Maldives Rufiyaa	MVR	15.17
Malawian Kwacha	MWK	1,005.62
Mexican Peso	MXN	19.80
Malaysian Ringgit	MYR	4.55
Mozambique New Metical	MZM	62.94
Namibia Dollar	NAD	17.64
Nigerian Naira	NGN	424.09
Nicaraguan Cordoba	NIO	35.31
Norwegian Kroner	NOK	10.50
Nepalese Rupee	NPR	128.65
New Zealand Dollar	NZD	1.72
Omani Rial	OMR	0.38
Panamian Balboa	PAB	0.98
Peruvian New Sol	PEN	3.90

Exchange rates

Currency	ISO Code	Euro average exchange rate 1 Euro =
Papua New Guinea Kina	PGK	3.46
Philippines Peso	PHP	57.47
Pakistani Rupee	PKR	225.28
Polish Zloty	PLN	4.86
Paraguay Guarani	PYG	6,939.39
Qatari Rial	QAR	3.60
Romania New Leu	RON	4.95
Serbian Dinar	RSD	117.35
Russian Rouble	RUB	56.41
Rwandan Franc	RWF	1,039.13
Saudi Riyal	SAR	3.69
Seychelles Rupee	SCR	13.47
New Sudanese Pound	SDG	556.49
Swedish Krona	SEK	10.95
Singapore Dollar	SGD	1.41
Sierra Leone Leone	SLL	15,246.63
Somali Shilling	SOS	558.04
Sao Tome & Principe Dobra	STD	206.14
El Salvador Colon	SVC	8.59
Soloman Island Dollars	SBD	8.06
Syrian Pound	SYP	2,466.26
Thai Baht	THB	37.18
Turkmenistan Manat	TMT	3.43
Tunisian Dinnar	TND	3.18
Tonga Pa'anga	TOP	2.39
Turkish New Lira	TRY	18.14
Trinidad & Tobago Dollar	TTD	6.67
Taiwan Dollar	TWD	31.11
Tanzanian Shilling	TZS	2,289.09
Ukrainian Hryvnia	UAH	36.25
Ugandan Shilling	UGX	3,784.05
United States Dollar	USD	0.98
Uruguayan Peso	UYU	40.87
Uzbekistani Soum	UZS	10,811.30
Venezuelan Bolivar Fuerte	VEF	8.02
Vietnamese Dong	VND	23,396.44
Vanuatu Vatu	VUV	114.94
Samoa Tala	WST	2.76
CFA Franc BEAC	XAF	673.25
East Caribbean Dollar	XCD	2.66
IMF Special Drawing Rights	XDR	0.75
CFA Franc BCEAO	XOF	655.96
French Pacific Franc	XPF	119.34
Yemeni Rial	YER	245.63
South African Rand	ZAR	17.67
Zambian Kwacha	ZMK	15.54
Zimbabwean Dollar	ZWD	372.52

Supervisory Board and Executive Board

TUI AG Supervisory Board

Name	Function / Occupation	Location
Dr Dieter Zetsche	Chairman of the Supervisory Board of TUI AG	Stuttgart
Frank Jakobi[1]	Deputy Chairman of the Supervisory Board of TUI AG Chairman of Group Works Council of TUI AG	Hamburg
Ingrid-Helen Arnold	Member of the Executive Board, Südzucker AG	Dreieich
Sonja Austermühle[1]	Trade union secretary and lawyer of ver.di – Vereinte Dienstleistungsgewerkschaft	Berlin
Christian Baier	Member of the Management Board (CFO) METRO AG	Dusseldorf
Andreas Barczewski[1]	Aircraft Captain, TUIfly GmbH	Grethem (OT Buechten)
Peter Bremme[1]	Regional Head of the Special Service Division of ver.di – Vereinte Dienstleistungsgewerkschaft	Hamburg
Dr Jutta A. Dönges	Member of the Executive Board, Bundesrepublik Deutschland – Finanzagentur GmbH (until October 2022)	Frankfurt am Main
Prof. Dr Edgar Ernst	Member of supervisory bodies in different companies	Bonn
Wolfgang Flintermann[1]	Group Director Financial Accounting & Reporting, TUI AG	Großburgwedel
María Garaña Corces	Vice President Professional Services, Europe, Middle East and Africa, Adobe Inc.	Madrid
Stefan Heinemann[1]	Technology Team Lead Airline Platform Services, Airline IT, TUI InfoTec GmbH	Nordstemmen
Janina Kugel	Supervisory Board Member & Senior Advisor	Munich
Vladimir Lukin	Lawyer	San Giljan, Republic of Malta

Initial Appointments	Appointed until AGM	Other Board Memberships[2]		Number of TUI AG shares (direct and indirect)[2]
13.2.2018	2023		b) Veta Health LLC Kensington Capital Acquisition Corp. IV	288,600
15.8.2007	2026			3,544
11.2.2020	2024		b) Heineken N.V.	0
1.4.2022	2026	a) TUI Deutschland GmbH		0
31.5.2022	2023	a) METRO Re AG	b) METRO Cash & Carry International Holding GmbH, Austria METRO Holding France S.A.	0
10.5.2006	2026	a) TUIfly GmbH[4]		0
2.7.2014	2026	a) TÜV Nord AG		0
25.3.2021	2025	a) Commerzbank AG	b) FMS Wertmanagement AöR Rock Tech Lithium Inc.	0
9.2.2011	2025	a) Metro AG Vonovia SE[4]		0
13.6.2016	2026	a) Deutscher Reisepreis-Sicherungsverein VVaG		8,702
11.2.2020	2024		b) Alantra Partners S.A. Unicaja S.A.	0
21.7.2020	2026			15,929
25.3.2021	2025	a) Pensions-Sicherungs-Verein Versicherungsverein auf Gegenseitigkeit	b) Konecranes Plc. Kyndryl Inc. thinkproject Deutschland GmbH	0
12.2.2014 5.6.2019[5]	3.3.2022			0

TUI AG Supervisory Board

Name	Function / Occupation	Location
Coline McConville	Member of supervisory bodies in different companies	London
Alexey Mordashov[6]	Chairman Board of Directors of PAO Severstal[6]	Moscow[6]
Helena Murano	Senior Advisor, Arcano Partners	Palma de Mallorca
Mark Muratovic[1]	Chairman of Works Council Tour Operator, TUI Deutschland GmbH	Langenhagen
Carola Schwirn[1]	Former Department Coordinator in the Transportation Division of ver.di – Vereinte Dienstleistungsgewerkschaft	Berlin
Anette Strempel[1]	Chairman of Works Council, TUI Customer Operations GmbH	Hemmingen
Joan Trían Riu	Executive Board Member of Riu Hotels & Resorts	Palma de Mallorca
Tanja Viehl[1]	Lawyer (in-house lawyer), Vereinigung Cockpit e. V.	Wölfersheim
Stefan Weinhofer[1]	International Employee Relations Coordinator at TUI AG	Vienna

1 Representative of the employees.
2 Information refers to 30 September 2022 or date of resignation from the Supervisory Board of TUI AG in financial year 2022.
3 Chairman.
4 Deputy Chairman.
5 New Appointment.
6 Due to sanctioning, all information on Mr Mordashov has been taken from the October 2021 questionnaire.
7 Information on shareholdings can be found in the chapter on the TUI share of the Annual Report, page 105.

a) Membership in supervisory boards within the meaning of section 125 of the German Stock Corporation Act (AktG).
b) Membership in comparable German and non-German bodies of companies within the meaning of section 125 of the German Stock Corporation Act (AktG).

Initial Appointments	Appointed until AGM	Other Board Memberships[2]		Number of TUI AG shares (direct and indirect)[2]
11.12.2014	2024		b) 3i Group PLC Fevertree Drinks PLC Travis Perkins PLC	0
9.2.2016	2.3.2022		b) JSC 'Severstal Management'[3,6] JSC 'Power Machines'[3] Nord Gold PLC Lenta IPJSC[3]	[7]
31.5.2022	2023			0
25.3.2021	2026	a) TUI Deutschland GmbH MER – Pensionskasse V.V.a.G.		7,524
1.8.2014	28.2.2022	a) Eurogate Geschäftsführungs-GmbH & Co. KGaA		0
2.1.2009	2026			12,918
12.2.2019	2024		b) Ahungalla Resorts Ltd. RIUSA II S.A. Riu Hotels S.A.	0
25.3.2021	2026			0
9.2.2016	2026		b) TUI Austria Holding GmbH	0

TUI AG Executive Board

Name	Department	Other Board Memberships		Number of TUI AG shares (direct and indirect)[1]
Friedrich Joussen (Age: 59) Member of the Executive Board since October 2012 CEO since February 2013 Joint-CEO since December 2014 CEO from February 2016 until September 2022 Appointment until September 2022	Chairman until September 2022	a)	b) RIUSA II S.A.[2]	1,263,306
Sebastian Ebel (Age: 59) Member of the Executive Board since December 2014 CEO since October 2022 Current appointment until September 2025	CFO until September 2022 CEO since October 2022	a) BRW Beteiligungs AG Compass Group Deutschland GmbH Eves Information Technology AG[2]	b) RIUSA II S.A. Sunwing Travel Group Inc. TUI China	55,255
David Burling (Age: 54) Member of the Executive Board since June 2015 Current appointment until May 2026	CEO Markets & Airlines	a) TUI Deutschland GmbH TUIfly GmbH	b) First Choice Holidays Ltd. First Choice Holidays & Flights Ltd. First Choice Olympic Ltd. Sunwing Travel Group Inc. TUI Canada Holdings Inc. TUI Northern Europe Ltd. TUI Nordic Holdings Sweden AB TUI Travel Group Management Services Ltd. TUI Travel Holdings Ltd. TUI Travel Ltd. TUI Travel Overseas Holdings Ltd.	44,803

TUI AG Executive Board

Name	Department	Other Board Memberships		Number of TUI AG shares (direct and indirect)[1]
Peter Krueger (Age: 46) Member of the Executive Board since January 2021 Current appointment until December 2023	CSO		b) Old Court Management Limited RIUSA II S.A. Sunwing Travel Group Inc.	120,167
Sybille Reiss (Age: 46) Member of the Executive Board since July 2021 Current appointment until June 2024	CPO / Labour Director	a) TUI Deutschland GmbH TUIfly GmbH		8,647
Frank Rosenberger (Age: 54) Member of the Executive Board since January 2017 Appointment October 2022	CIO	a) Peakwork AG		13,743

Mathias Kiep – Member of the Executive Board from October 2022, CFO.
[1] Information refers to 30 Sep 2022 or date of resignation from the Excecutive Board in financial year 2022.
[2] Chairman.

a) Membership in Supervisory Boards required by law within the meaning of section 125 of the German Stock Corporation Act (AktG).
b) Membership in comparable Boards of domestic and foreign companies within the meaning of section 125 of the German Stock Corporation Act (AktG).

Development of fixed assets

Development of fixed assets of TUI AG for the period from 1 Oct 2021 to 30 Sep 2022

	Historical cost				
€ '000	Balance at 1 Oct 2021	Additions	Disposals	Reclassification	**Balance at 30 Sep 2022**
Intangible assets					
Concessions, industrial property rights and similar rights and values	9,400	–	30	–	9,370
	9,400	**–**	**30**	**–**	**9,370**
Property, plant and equipment					
Real estate, land rights and buildings including buildings on third-party properties	6,013	–	708	–	5,305
Machinery and fixtures	58	–	53	–	5
Other plants, operating and office equipment	4,310	39	652	–	3,697
Payments on account and assets under construction	234	–	–	–	234
	10,615	**39**	**1,413**	**–**	**9,241**
Investments					
Shares in Group companies	12,273,297	3,700	130,368	–	12,146,629
Loans to Group companies	464,348	52,000	69,667	3,979	450,660
Investments	177,112	–	–	–	177,112
Loans to affiliates	4,131	–	–	749	4,880
Securities held as fixed assets	4,845	–	2,672	–	2,173
	12,923,733	**55,700**	**202,707**	**4,728**	**12,781,454**
Fixed assets	**12,943,748**	**55,739**	**204,150**	**4,728**	**12,800,065**

	Value adjustments					Carrying amounts	
	Balance at 1 Oct 2021	Depreciation / Amortisation	Additions	Disposals	**Balance at 30 Sep 2022**	**Balance at 30 Sep 2022**	Balance at 30 Sep 2021
	4,801	1,210	–	–	6,011	3,359	4,599
	4,801	**1,210**	**–**	**–**	**6,011**	**3,359**	**4,599**
	5,731	26	–	643	5,114	191	282
	31	4	–	30	5	–	27
	3,227	341	17	614	2,937	760	1,083
	–	–	–	–	–	234	234
	8,989	**371**	**17**	**1,287**	**8,056**	**1,185**	**1,626**
	4,847,271	360,945	249,296	–	4,958,920	7,187,709	7,426,026
	–	–	–	–	–	450,660	464,348
	49,316	18,300	3,750	–	63,866	113,246	127,796
	4,131	749	–	–	4,880	–	–
	243	50	–	113	180	1,993	4,602
	4,900,961	**380,044**	**253,046**	**113**	**5,027,846**	**7,753,608**	**8,022,772**
	4,914,751	**381,625**	**253,063**	**1,400**	**5,041,913**	**7,758,152**	**8,028,997**

Corporate Governance Report

For our Corporate Governance Report we refer to our website at:

www.tuigroup.com/en-en/investors/corporate-governance

As part of the combined Management Report of TUI AG and the TUI Group, the Corporate Governance Report is included in our Annual Report 2022 for the TUI Group and is available online on our website:

www.tuigroup.com/en-en/investors

Responsibility statement by management

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Company, and the Management Report, combined with TUI AG's Group Management Report, gives a true and fair view of the development including the business performance and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hanover, 12 December 2022

The Executive Board

Sebastian Ebel
David Burling
Mathias Kiep
Peter Krueger
Sybille Reiss

The following independent auditor's report (*Bestätigungsvermerk*) has been issued in accordance with § 322 German Commercial Code (*Handelsgesetzbuch*) in the German language on the German version of the annual financial statements of TUI AG as of and for the financial year ended September 30, 2022 and the combined management report. The combined management report is not included in this prospectus.

Independent auditor's report

To TUI AG, Berlin and Hanover / Germany

Report on the audit of the Annual Financial Statements and of the Combined Management Report

Audit Opinions

We have audited the annual financial statements of TUI AG, Berlin and Hanover / Germany, which comprise the balance sheet as at 30 September 2022, and the statement of profit and loss for the financial year from 1 October 2021 to 30 September 2022, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the combined management report on the parent company and the group of TUI AG, Berlin and Hanover / Germany, for the financial year from 1 October 2021 to 30 September 2022. In accordance with the German legal requirements, we have not audited those parts of the combined management report set out in the appendix to the auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 30 September 2022 and of its financial performance for the financial year from 1 October 2021 to 30 September 2022 in compliance with German Legally Required Accounting Principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover those parts of the combined management report set out in the appendix to the auditor's report.

Pursuant to Section 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). We performed the audit of the annual financial statements in supplementary compliance with the International Standards on Auditing (ISA). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the combined management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 October 2021 to 30 September 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

1. Impact of the COVID-19 pandemic, the Ukraine war and the general price increases on the going concern assumption and presentation of related risks
2. Recoverability of the long-term financial assets

Our presentation of these key audit matters has been structured as follows:

a) Description (including reference to corresponding information in the annual financial statements)
b) Auditor's response

1. Impact of the COVID-19 pandemic, the Ukraine war and the general price increases on the going concern assumption and presentation of related risks

a) The global travel restrictions to contain COVID-19 have had a negative impact on the Company's earnings and liquidity performance from the end of March 2020 and throughout the financial year 2021 / 2022. Further uncertainties arise from the changed booking behaviour as a result of the war in Ukraine and the general price increases. In the notes to the financial statements, the Executive Board explains that numerous financing measures were successfully implemented in the prior year and in the reporting year, including stabilisation measures by the Federal Republic of Germany in the form of a credit facility provided by KfW and silent participations by the Economic Stabilisation Fund (ESF) as well as capital increases. Based on the funds raised from the financing measures as well as expected operating cash flow, the Executive Board assumes that the preparation of the financial statements using the going concern assumption is appropriate and that there is no material uncertainty at the time of preparation of the financial statements that could cast significant doubt on the Company's ability to continue as a going concern. The Executive Board does not consider the remaining risk with regard to a change in booking behaviour as jeopardising the Group's ability to continue as a going concern. In its assessment, the Executive Board assumes that the booking behaviour in the financial year 2022 / 2023 will largely correspond to the pre-pandemic level. The Executive Board assumes that there will be no further long-term closures and lockdowns that could affect travel behaviour. Furthermore, the Executive Board does not expect the war in Ukraine to have any impact on travel behaviour. Nevertheless, the Executive Board says in the notes to the financial statements that the aggravated general price increase may lead to a clear reduction of the budget available for travel services and hence to a decline in customer demand. Another impairment to the development of TUI Group could result from a permanent rise of fuel costs and bought-in services. In addition, the Executive Board assumes that the financial covenants for credit facilities with banks and KfW, which have again been subject to monitoring since September 2022, will be adhered to in the future and, on top of that, it will be possible to refinance the credit facilities expiring in the summer of 2024. In our view, this is a key audit matter because it strongly depends on the Executive Board's judgements and estimates and is subject to uncertainties.

   The disclosures on the risks stated above and their assessment is contained in the financial statements. Furthermore, we refer to the section "Viability Statement" of the combined management report.

b) As part of our audit, we considered whether the preparation of the annual financial statements in accordance with the going-concern assumption is appropriate and whether a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern should be disclosed in the notes to the financial statements.

In addition, we have audited the notes to the financial statements for accuracy and completeness concerning this matter. A focus was on assessing the plausibility of the Executive Board's forecasts regarding the liquidity development and compliance with covenants, especially against the backdrop of the developing COVID-19 pandemic and general price increases. First of all, we checked the plausibility of the Executive Board's planning, which was approved by the Supervisory Board, and the assumptions contained therein by comparing them with general and industry-specific market expectations as well as historical data. In addition, we sensitised the planning presented by the Executive Board to find out how much the actual development of revenue, earnings and liquidity can deviate from the Executive Board's expectations until a potential threat to TUI AG's continued existence as a going concern would arise.

In this process, we were supported by our internal valuation and restructuring specialists. During the entire audit process, we regularly discussed the specific financing measures and material plan assumptions with representatives of TUI AG. Regarding the financing measures carried out, we inspected the corresponding documents, contracts and agreements, reviewing them critically with regard to their impact on the annual financial statements. In particular, at the end of our audit, we critically reviewed the current short-term liquidity forecast prepared by the Company. In addition, we evaluated the up-to-date assumptions underlying the short-term liquidity forecast for plausibility by calling in our specialists.

2. Recoverability of the long-term financial assets

a) In its annual financial statements under commercial law, TUI AG discloses long-term financial assets of mEUR 7,753.6 as of 30 September 2022. Thereof, mEUR 7,187.7 relate to shares in affiliated companies and mEUR 113.3 to long-term equity investments.

The long-term financial assets are tested for impairment by the Company at least once a year. Valuation is made by means of a valuation model based on the discounted cash flow method.

Since the outcome of this valuation strongly depends on the estimate of future cash inflows by the Executive Board and on the discount rate used, in the light of the uncertainty of further impacts of the COVID-19 pandemic as well as the general price development, there is an increased degree of forecasting uncertainty regarding the future development.

Thus, the valuation is subject to significant uncertainty. Against this background, we believe that this is a key audit matter.

The Company's disclosures on long-term financial assets are contained in the chapters "Accounting and valuation" and "(1) Fixed assets" of the notes to the financial statements.

b) We investigated the process of verifying the recoverability of the long-term financial assets and conducted a compliance testing of the design and implementation of the accounting-relevant controls contained therein.

Specifically, we satisfied ourselves of the appropriateness of the future cash inflows used in the calculation. For this purpose, among other things, we compared these disclosures with the current budgets contained in the three-year plan adopted by the Executive Board and approved by the Supervisory Board, and reconciled it with general and industry-specific market expectations.

Since even relatively small changes in the discount rate can have a material effect on the amount of the business value determined in this way, we also focused on examining the parameters used to determine the discount rate used, including the weighted average cost of capital, and analysed the calculation algorithm.

OTHER INFORMATION

The Executive Board and / or the Supervisory Board are responsible for the other information. The other information comprises

- the unaudited content of the combined management report specified in the appendix to the auditor's report, and
- the Executive Board's confirmation regarding the annual financial statements and the combined management report pursuant to Section 264 (2) sentence 3 and Section 289 (1) sentence 5 HGB.

The Executive Board and the Supervisory Board are responsible for the statement pursuant to Section 161 German Stock Corporation Act (AktG) on the German Corporate Governance Code, which forms part of the corporate governance statement included in the section "Corporate Governance Report" set out in the combined management report. Otherwise, the Executive Board is responsible for the other information.

Our audit opinions on the annual financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the annual financial statements, the audited content in the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The Executive Board is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the Executive Board is responsible for such internal control as it, in accordance with German Legally Required Accounting Principles, has determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the Executive Board is responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Executive Board is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the ISA will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this combined management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by the Executive Board and the reasonableness of estimates made by the Executive Board and related disclosures.
- conclude on the appropriateness of the Executive Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on of the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the combined management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the Executive Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Executive Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements for the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Audit of the Electronic Reproductions of the Annual Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

AUDIT OPINION

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the annual financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the provided file, which has the SHA-256 value 9997b1ae8201b7c42fc693cc24473af8aac2d8321055b1eab75aaedf2449ee6a, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the annual financial statements and of the combined management report prepared for publication contained in the provided file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying annual financial statements and on the accompanying combined management report for the financial year from 1 October 2021 to 30 September 2022 contained in the "Report on the Audit of the Annual Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

BASIS FOR THE AUDIT OPINION

We conducted our audit of the electronic reproductions of the annual financial statements and of the combined management report contained in the provided file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410) (10.2021). Our responsibilities in this context are further described in the "Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

RESPONSIBILITIES OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The Executive Board of the Company is responsible for the preparation of the ESEF documents based on the electronic files of the annual financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB.

In addition, the Executive Board of the Company is responsible for such internal controls that it has considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the provided file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited management report.

Further Information Pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the general meeting on 8 February 2022. We were engaged by the Supervisory Board on 28 March 2022. We have been the auditor of TUI AG, Berlin and Hanover / Germany, without interruption since the financial year 2016/2017.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited annual financial statements and the audited combined management report as well as with the audited ESEF documents. The annual financial statements and the combined management report converted into the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited annual financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Annika Deutsch.

Hanover / Germany, 12 December 2022

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed: Christoph B. Schenk	Signed: Annika Deutsch
Wirtschaftsprüfer [German Public Auditor]	Wirtschaftsprüferin [German Public Auditor]

Appendix to the Independent Auditor's Report: Unaudited Content of the Combined Management Report

We have not audited the content of the following parts of the combined management report:

- the non-financial statement pursuant to Sections 315b and 315c HGB included in the section "Non-financial Declaration of TUI Group" of the combined management report,
- the statement on corporate governance pursuant to Section 289f and 315d German Commercial Code (HGB) included in the section "Corporate Governance Report / Statement on Corporate Governance" of the combined management report and
- the other unaudited content of the combined management report marked as "unaudited".

26. Recent Developments and Trend Information

26.1 Recent Developments

On 13 December 2022, the Company announced the conclusion of the Repayment Agreement (for more information, please see Section "*15.5. Repayment Agreement (Rückführungsvereinbarung) with the WSF*") entered into with the WSF on the same day, and its intention to conduct the Capital Increases following the implementation of the Capital Decreases. On 14 February 2023, the Company's shareholder's meeting resolved upon the Capital Decreases. The Capital Decreases were entered into the Commercial Registers on 17 February 2023.

As of 10 March 2023, the Government of Canada has approved the acquisition of the Sunwing Strategic Review Perimeter by WestJet Airlines Ltd. However, closing of the transaction, which will possibly occur within the next weeks, is still subject to the satisfaction of certain contractual terms and conditions precedent.

As of 23 March 2023 (being the latest practicable date prior to publication of this prospectus), the amounts drawn under the facilities of the Syndicated Facilities Agreement were around €440.0 million under the KfW Facility and around €1,437.8 million under the Cash Facility. As of 23 March 2023, the Company had utilised €121.9 million of the Bonding Facility. Except as described above, there has been no significant change in the financial performance of the Group since 31 December 2022 being the date to which the interim financial information in Section "*25. Financial Information*" was published.

26.2 Trend Information

The most significant recent trends affecting us since the end of Fiscal 2022 through the date of this prospectus are, primarily, continuations of trends that had begun during Fiscal 2022.

In particular, in the first three months of Fiscal 2023, TUI Group's business volume was significantly higher than in Q1 2022, which was still impacted by measures to contain the spread of COVID-19. The strong industry recovery immediately after the COVID-19 pandemic, compounded by a tight labour market, had led to significant operational issues particularly in the European airline operations in Fiscal 2022. In Q1 2023, despite improving volumes in the region year-on-year, results in the Netherlands were impacted by a softer trading environment post summer flight disruptions in Schiphol. We therefore believe that flight disruptions will not occur again similar to Fiscal 2022.

Although the impact of the COVID-19 pandemic on economic activity has diminished, the global geopolitical and economic environment is expected to remain challenging, and is expected to continue to impact the travel market in Fiscal 2023. In Q1 2023, the overall market continued to be influenced by uncertainties resulting in inflationary pressures especially on energy prices as well as exchange rate volatility. As a consequence, short-term bookings continued to make up a higher proportion of overall bookings.

In addition, the Russia-Ukraine Conflict is affecting our input cost volatility risk, in particular with respect to fuel costs. With a fundamentally unchanged hedging policy, the hedging ratios for all input costs in foreign currency and fuel risks are currently still below the target values. We assume that the hedging ratios will approach the historical ratios only in the medium term notwithstanding that we were able to increase the hedging ratios in the course of Fiscal 2023 to date. Overall a higher risk as usual from currency exchange and fuel prices are expected to remain during Fiscal 2023. However, the development in Q1 2023 and the trend shows that inflation and exchange rate fluctuations continue to affect costs, but that booking numbers and prices show that we are able to soften the effects of these costs.

We believe that customers will spend more on their holiday than last year. As of 5 February 2023, 8.7 million bookings have been taken across Winter 2022/23 and Summer 2023 with an encouraging development across both seasons. The start into Fiscal 2023 has seen significant booking momentum with record booking days online in both the UK and Germany. On 30 January 2023, the daily booking rate was up 160% compared to 30 January 2019. In January 2023, the websites of TUI UK and TUI Germany were the most visited of beach package holiday websites with an increase of 46% and 28% in unique visits compared to competitor's websites in this segment on a year-over-year basis.

Volumes overall in the last four weeks are now above pre-pandemic at higher prices, underlining the popularity of our product offering and a testament to the importance of travel for our customers. Based on the current trend, capacity is expected to be close to pre-pandemic levels in Winter 2022/23 and Summer 2023.

As of 5 February 2023, 4.0 million bookings have been taken for the Winter season with 85% of the programme sold which is broadly in line with Winter 2018/19 levels. Winter 2022/23 bookings stand at 87% of Winter 2018/19 levels up against the 84% we published as part of our Fiscal 2022 announcement on 14 December 2022, highlighting the positive booking development in recent weeks and the trend towards a higher share of short-term bookings with volumes 5% ahead of Winter 2018/19 in the last four weeks. Against Winter 2021/22, bookings are up strongly at 44%, supported by an improved trading environment compared to last year. As of 5 February 2023, the Winter ASP was up 29% compared to Winter 2018/19 and slightly ahead of the increase of 28% reported at the end of Fiscal 2022. Compared to the prior year, ASP is up 8% which is expected to help to soften the impact from currency exchange volatility and the current higher inflationary environment. In the UK bookings are trading in line with capacity assumptions with ASP up 25% versus Winter 2018/19. The Canaries, Egypt, Mainland Spain, Cape Verde and Mexico form a key part of our offering for the Winter season.

According to a Recent Customer Survey, despite the current macroeconomic situation the minority of customers take their holiday in the off-season (23%) or choose a cheaper holiday destination (17%) to save money. Even fewer think about shortening their stay (11%) or choosing a lower hotel category (8%). This is reflected in TUI Group's current booking numbers.

As of the date of this prospectus, indications for the Summer season are also positive. As of 5 February 2023, Summer 2023 bookings of 4.7 million are at an early stage at 30% of the overall programme sold with the shorter-term booking trend continuing into Summer. Bookings are up 20% year-on-year and at 89% of pre-pandemic levels as of 5 February 2023. Against Summer 2022, the ASP for the Summer season is up 2% and excluding Summer 2022 re-bookings rolled-forward from previous seasons which included booking incentives, up 6% highlighting customers continued willingness to prioritise spend on travel and experiences. Against pre-pandemic levels ASP is up 24%. In addition, momentum has continued to build in January 2023 with volumes up 50% versus Summer 2022 and above pre-pandemic levels up 10%, supported by stronger prices up 12% year-on-year and up 27% versus Summer 2019. Spain, Greece and Türkiye are expected to continue to be popular Summer destinations for our customers.

Price-sensitive quality vacationers tend to choose the young hotel brand TUI Suneo. For the summer, TUI Suneo is expanding its offering with seven additional hotels on Crete, Kos, on the Turkish Aegean, in Tunisia, northern Italy and Austria as well as on Usedom.

Hotels & Resorts – As of 5 February 2023, number of available bed nights is slightly ahead of prior year up 1% with the second half of 2023 up 4% versus 2022. Booked occupancy is to be up year-on-year at 15 percentage points for the first half of 2023 and 7 percentage points for the second half of 2023 driven by RIU and Robinson hotels. Average daily rates are well ahead year-on-year for the first half of 2023 and encouraging for the second half of 2023, with RIU driving the strong performance. Based on bookings, key destinations in the first half of 2023 are the Caribbean, the Canaries & Cape Verde and in the second half of 2023 the Canaries, the Balearics, Greece & Türkiye.

Cruises – As of 5 February 2023, our three brands are operating a full fleet of in total sixteen ships. As a result, available passenger cruise days are to be significantly up 37% year-on-year for the first half of 2023 supported by the return to a restriction free travel environment, while available passenger cruise days in the second half of 2023 are to be slightly behind down 1% due to the delivery of Mein Schiff Herz from TUI Cruises to Marella and subsequent refurbishment. Occupancy rates are to be up 40 percentage points for the first half of 2023 and up 14 percentage points for the second half of 2023, developing, for many Cruises, close to the peaks last seen in 2019. 2023 booked ticket rates for many cruises are above pre-pandemic levels.

TUI Musement – Our tours and activity business continues its expansion benefitting from our integrated model with a global product offering in cities as well as sun and beach locations, and growth of third-party sales through the TUI Musement platform. The transfer business, providing support to our guests in their destination, is expected to develop in line with our Markets & Airlines volumes in 2023. As of 5 February 2023, sales for our Experiences business, providing excursions, activities and tickets, are up 70% year-on-year for the first half of 2023 and up by a mid-double digit percentage for the second half of 2023. The growth in Experiences is driven by the restriction free travel environment, enlarged product offering and our diversified distribution via TUI, B2C and B2B.

Based on the encouraging booking momentum across both seasons with summer at an early stage, the Company forecasts a strong increase in revenue in Fiscal 2023 compared to the past Fiscal 2022 (revenue of €16.5 billion) and that Underlying EBIT for Fiscal 2023 will significantly increase compared to Fiscal 2022 (Underlying EBIT of €408.7 million), in both cases on a constant currency basis (for more information, please see Section "*10. Profit Forecast*"). We have a clear strategy to accelerate profitable market growth. Our mid-term ambitions are for Underlying EBIT to significantly build on our Underlying EBIT for Fiscal 2019 of around €1.2 billion (€893 million reported plus €293 million Boeing MAX cost impact) and to return to a gross leverage ratio of well below 3.0x. In Fiscal 2023, net investments are expected to range from €450 million to €500 million. Financial net interest for Fiscal 2023 are assumed to range from €410 million to €430 million.

Long-distance travel has recorded a strong increase in bookings compared to the previous year, such as USA and Canada, the Maldives, Thailand, the Dominican Republic and Mexico. We are thus continuing to expand the global hotel brand TUI Blue, especially on long-haul routes. Thirteen new openings on four continents, some in new destinations, are planned for the next two years. In the summer of 2023, five hotels are expected to initially open in popular destinations on the Balearic Islands and Cyprus as well as in Thailand and Egypt. Hotels are also planned in Cambodia, on the Chinese holiday island of Hainan and in central China. A hotel in West African Senegal and a new building on the Caribbean island of Curaçao will add new accents to the portfolio.

Furthermore, round trips are in demand again. We have thus expanded our offers to more than 300 round trips worldwide, most of them on long-distance routes from Costa Rica via Jamaica, Thailand, Indonesia and Vietnam to Jordan, Dubai and Oman. The increasing demand is particularly noticeable on long-distance routes. Top round trip destinations are the USA, Kenya and Indonesia.

Based on the minor COVID-19 impacts as of the date of this prospectus, measures to restrict the COVID-19 pandemic or the COVID-19 pandemic itself will no longer play a role. We believe that we exit the COVID-19 pandemic well positioned in an expected multi-year growth tourism industry, which according to management estimates is expected to grow above GDP.

TUI Group's strategy will be continued in the current financial year. TUI's strategy aims to deliver growth in both Holiday Experiences and Markets & Airlines, embedded in one central customer ecosystem, underpinned by our sustainability agenda and our people. TUI's Holiday Experiences business strategy focuses on asset-right growth in differentiated content and expanding the customer base with multi-channel distribution. Having accelerated the strategic transformation of Markets & Airlines during the pandemic, and fully implemented the Global Realignment Programme, TUI's business strategy is now focused on profitable growth. This will be achieved by offering more product choice, growing TUI's customer ecosystem into untapped segments, and increasing customer value. This includes increasing the volume and proportion of dynamically sourced packages, as well as significantly increasing TUI's component offer in accommodation only and flight only.

We also aim to further improve our cash position focusing on optimising working capital and cash from operations and maintaining disciplined capital expenditure supported by asset right growth. Besides this, we will continue reducing our debt and German government exposure with the aim to return to a solid and healthy balance sheet and improve our credit rating.

As a result of the use of the net proceeds of the Offering, in addition to having repaid the Convertible Silent Participation, the Group's net debt of €3.4 billion as of 30 September 2022 would have been reduced by around €1.0 billion following completion of the Offering. This would have the effect of reducing net interest payments over a 12 month period, including the Convertible Silent Participation dividend, by approximately €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 Fiscal 2023 would fall to around 3.0x. We believe that this accelerates the path to improve our credit rating, with the aim to return to a credit rating in line with our pre-pandemic rating of BB / Ba2.TUI is a leader in the sustainability certification of hotels and has been showing sustainably certified hotels with a label for a year. TUI was the first company in the industry to start applying global sustainability standards to its excursion portfolio.

Our commitment is to be industry-leading in achieving net-zero emissions and we aim to achieve this target across our operations and supply chain by 2050 at the latest.

We have committed to the Science Based Targets initiative (SBTi) to reduce emissions in line with the latest climate science by 2030 for airlines, cruises and hotels. The independent organisation has now checked and validated our reduction targets. It confirmed that those targets are in line with the latest climate science. Our targets are:

- Reduction of airline CO_2e per revenue passenger kilometre by 24% by 2030 compared to 2019;
- Reduction of absolute CO_2e from our own cruise operations by 27.5% by 2030 compared to 2019; and
- Reduction of absolute CO_2e from TUI Hotels & Resorts own operations by 46.2% by 2030 compared to 2019.