TUI GROUP

2022 ANNUAL REPORT

“We used the pandemic to set ourselves up as solidly as possible for the time to come. Today TUI is leaner and more efficient than ever. The aim now is to implement the measures we agreed on properly and very swiftly. The formula is: new products, additional customers, increasing market share. For customers that means more choice, more personalised options and greater flexibility. TUI will be their partner for holidays, leisure and experiences – not only when they are travelling, but in their home countries too.”

Sebastian Ebel, Chief Executive Officer of TUI AG

Contents

1 FINANCIAL YEAR 2022

2 COMBINED MANAGEMENT REPORT

3 CORPORATE GOVERNANCE

4 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

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This version does not comply with the statutory XHTML/iXBRL format, taking into account the requirements of the European Single Format (ESEF) Regulation.

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REPORT NAVIGATION

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The following symbols work in a similar way to a website:

SEARCH TABLE OF CONTENTS BACK

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Here you will find a page reference to further information within the annual report. This reference, as a cross-reference not provided for by law or by the German Accounting Standards (DRS) No. 20, is not subject of an auditor's review.

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Unless stated otherwise, all change figures refer to the corresponding period from the previous year.

1

FINANCIAL YEAR 2022

Financial Highlights

TUI Group – financial highlights

€ million		2022	2021	Var. %	Var. % at constant currency
Revenue		**16,544.9**	**4,731.6**	**+249.7**	**+247.4**
Underlying EBIT[1]					
Hotels & Resorts		480.6	–152.7	n.a.	n.a.
Cruises		0.8	–277.5	n.a.	n.a.
TUI Musement		23.2	–105.3	n.a.	n.a.
Holiday Experiences		504.6	–535.4	n.a.	n.a.
Northern Region		–101.6	–965.8	+89.5	+90.6
Central Region		87.8	–328.6	n.a.	n.a.
Western Region		–31.5	–176.6	+82.1	+79.8
Markets & Airlines		–45.3	–1,470.9	+96.9	+97.1
All other segments		–50.5	–69.1	+26.9	+28.2
TUI Group		**408.7**	**–2,075.5**	**n.a.**	**n.a.**
EBIT[1]		**320.0**	**–2,012.8**	**n.a.**	
Underlying EBITDA		**1,224.6**	**–1,145.2**	**n.a.**	
EBITDA[2]		**1,203.3**	**–1,000.4**	**n.a.**	
Group loss		–212.6	–2,480.9	+91.4	
Earnings per share	€	–0.17	–2.58	+93.4	
Net capex and investment		315.9	–699.1	n.a.	
Equity ratio (30 Sept)[3]	%	4.2	–3.0	+7.2	
Net financial position (30 Sept)		–3,436.2	–4,954.2	+30.6	
Employees (30 Sept)		61,091	50,584	+20.8	

Due to rounding, some of the figures may not add up precisely to the stated totals, and percentages may not precisely reflect the absolute figures. All change figures refer to the previous year, unless otherwise stated.

This Annual Report 2022 of the TUI Group was prepared for the reporting period from 1 October 2021 to 30 September 2022.

[1] We define the EBIT in underlying EBIT as earnings before interest, income taxes and result of the measurement of the Group's interest hedges. For further details please see page 62.
[2] EBITDA is defined as 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.
[3] Equity divided by balance sheet total in %, variance is given in percentage points.

CONTENTS

“We are entering a new phase for TUI.”

INTERVIEW WITH SEBASTIAN EBEL

In 2022 TUI put the Covid crisis of recent years behind it. Last year’s positive development brings momentum for the future – even in times of geopolitical and macroeconomic challenges. Today the Group is leaner and more efficient than ever. Sebastian Ebel, Chief Executive Officer since October 2022, tells us where the company is now placing the focus and what he expects for the future.

CONTENTS

In the completed financial year 2022, TUI put the Covid crisis of the last few years behind it. You were heavily involved in that crucial period as CFO and since the start of October you have been Group CEO. How should we rate this financial year for TUI?
Basically we didn't really kick off operationally until the summer began. The first six months were still very much under the influence of the Covid restrictions. There is also Russia's war of aggression against Ukraine. But in summer we got off to a great start. It was a strong Summer season for us, especially in the fourth quarter. In Q4 our adjusted earnings hit the billion euro mark. Taking the year as a whole, our figures are significantly in the black, with € 409 million in adjusted EBIT. We announced that we would do that and we delivered. Apart from that, our finances are solid and we had a strong cash flow, so in summer we didn't have to draw on the KfW credit facility either. That positive development gives us strong momentum for the future, even in times that are going to stay challenging for geopolitical and macroeconomic reasons. We are entering a new phase for TUI. The strategy is in place – and now we are going to implement it. We want to grow profitably again.

But the German government is still engaged with TUI via financial assistance in various forms, with a Silent Participation, a warrant bond and credit lines amounting to about two billion euros. How much crisis does TUI still need to work off?
We have surmounted the existential crisis, it's behind us. Of course, we still have homework to do as a consequence of the pandemic, further cutting our debt, refinancing, strengthening the balance sheet. But our operational focus is set clearly on returning to profitable growth. We are gradually pruning back the state engagement – the agreement with the ESF and the planned capital increase to follow the AGM are the next logical steps back to normality and complete financial independence. The pandemic confronted the whole sector with the crisis of a century and without those government bail-out packages TUI would hardly have survived. We are grateful for that support. However, if you look at how much we actually drew down from those packages, you can see that we have come through the crisis in robust shape. The credit lines are like a bank overdraft – you can make use of it but you don't have to. Whatever happens, it gives you extra security in a difficult situation. TUI didn't receive any gifts from the state. We pay interest on any drawdowns. In the end, the engagement paid off well for the public budget and the taxpayer. By the end of our financial year alone, the German government has received around € 300 million in interest from us.

Let's take another look back. Summer turned out much better than originally expected. But not every player in tourism was ready for that …
All of us – TUI, hotels, cruise lines, airlines and many other partners – have a fantastic mission: our customers trust us with the best time of their year. We get to design their holiday and to accompany them. I've been in tourism for many years now, and to me that still feels like a particular privilege. It motivates me afresh each day. But naturally it also brings responsibility. This summer, unfortunately, not all our partners were equally well prepared for the travel period. The overwhelming majority of TUI holidays ran smoothly for our guests but there were a few dissatisfied customers. In the UK, for example, at the start of the Summer season there was disruption to almost 4 % of our flight schedule. Bottlenecks were the ground handling services and security checks at airports. The latter task is run by the state, but it needs to invest in more people and new technology and put them to good use. Quite rightly, our customers have great expectations of their holiday experience with TUI. And our ambition is not just to meet those great expectations but to surpass them. I am sorry that this summer we didn't always manage to do that. Our teams made up for a lot. Our staff demonstrated the true TUI spirit so as to keep the impact to a minimum for customers. That's why I want to extend a warm thank you at this point to our colleagues who gave their all for our customers over the summer, often in adverse circumstances – whether in the travel agencies, in the call centres, at the airports, on board our planes and ships, locally in our hotels and destinations, or in other fields.

Let's talk about your new role. What were the first things you did as the new CEO of TUI? What will stay the same and what will be different under Sebastian Ebel?
TUI was a very successful company before Covid. We had built up a highly successful commercial hotel and cruise business and expanded hugely. The number of hotels we run under our own TUI hotel brands has risen in the last nine years from nearly 200 to about 400. TUI invested capital and paid handsome dividends. We were an attractive investment and we will be again. No company can make provision for its business being put completely on hold for two years. Really, we should have been able to see the success of our truly massive transformation reflected in our business data for 2019 and 2020. But then we had first of all the temporary suspension of the Boeing 737 Max in 2019 and then in 2020 the pandemic. We used the pandemic to set ourselves up as solidly as possible for the time to come. Today TUI is leaner and more efficient than ever. The aim now is to implement the measures we agreed on properly and very swiftly. That's where my focus lies, that's where our focus lies as a team.

“We are entering a new phase for TUI. The strategy is in place – and now we are going to implement it. We want to grow profitably again.”

Where is the growth to come from – existing business areas or new ones?
Both. In the Markets & Airline segment we plan to gain market share. Our product portfolio will expand significantly. The classic package tour is becoming more diverse and more flexible. We do “dynamic”

"TUI will be their partner for holidays, leisure and experiences – not only when they are travelling, but in their home countries too."

packaging by combining cheap flights with available hotels, even at short notice. That way we can create new products that people didn't tend to come to TUI for in the past, like city breaks. In addition, we will be offering certain travel products as stand-alones, such as hotel stays, flights, car hire, but also, of course, the activities and experiences provided by TUI Musement. That includes excursions in a holiday destination, but also, for example, tickets for a local museum. The formula is: new products, additional customers, increasing market share. For customers that means more choice, more personalised options and greater flexibility. TUI will be their partner for holidays, leisure and experiences – not only when they are travelling, but in their home countries too.

Reading the strategy section in this Annual Report, the concept "holiday experiences" crops up a lot. What does it mean and what are your plans for that segment?
I was personally in charge of those activities until I took over as TUI's CFO in 2020, so I was able to forge them into a growth segment for TUI together with the teams from Hotels, Cruises and Musement. What we do there is pool all the holiday experiences "made by TUI" – our Hotels & Resorts, our cruise liners and the tours, excursions and activities that we create and curate in the destinations. So this is where we design the unique TUI holiday experience for our guests. The aim is to expand this differentiated product portfolio with our strong brands. In the last ten years the segment has come on extremely well and now it is one of the growth drivers in the Group. We intend to build on that. Unique holiday products combined with the distribution power in our source markets – online and in the travel agencies: in future that will be the basis for our profitable growth.

How does that work with TUI hotels?
In the Hotels & Resorts segment we want to carry on growing – both with the successful hotel brands we already have and by launching new brands to broaden our portfolio further. We are looking at destinations where we already operate – but also of course at places where there are no TUI hotels yet. This growth is based on what we call our asset-right approach, which means that we don't have to actually own the real estate in order to manage a TUI hotel successfully. We are building on our portfolio by means of our joint ventures, the recently created TUI Global Hotel Fund and the expansion we are pursuing along with management and franchise partners. TUI should develop as other big hotel chains are doing. Hilton, Marriott and Hyatt, for example, don't usually own the hotel buildings. They design and manage hotel brands, hotel experiences. That is the skill that we and our partners bring.

And in cruises?
We are growing there too, especially with the new vessels that have been announced by our very successful joint venture TUI Cruises. Those investments, by the way, were agreed before the pandemic. At the same time we want to rejuvenate the British Marella fleet and to cap it all we will use a multi-channel distribution strategy to boost the earnings and occupancy rate of all our liners.

A portfolio of hotels and ships can be expanded by acquiring new assets, but what about TUI Musement? Where does the growth come from there?
Experiences are a global trend – people want to experience things rather than own things. We can offer our customers an infinite number of experiences and activities – while they are travelling of course, but at home too. From an evening at a musical or a visit to a museum to a family outing at a theme park or an e-bike tour in their own town. With its digital platform TUI Musement will be building hugely on its range of products so that it can cater for the growing customer demand for experiences. TUI Musement will be a partner at the holiday destination, just like at home. Take leisure activities: TUI Musement will have attractive products to offer on 365 days of the year, not just during the fortnight spent on holiday.

You also want to take more care of customers in future, to place them more centre stage?
They already are centre stage. After all, we sell them unique experiences, their "best time of the year". That is the core of our brand. But we can personalise things more and make them more user-friendly by simplifying the customer experience in the digital sphere – for example, by giving people a single customer account, harmonising the payment procedure and pitching all our TUI products together, including flights and hotels. The linchpin of all this is our TUI App. This one-stop customer management system enables us to link our strengths across all segments and generate additional growth. That enhances the customer experience – and with it the business. It is a win-win situation. That is a focus. In future our work will be app-centred: one app, one click, but with the full diversity of our product and brand universe.

TUI is a people business. You sell experiences, special moments. And there are always real people behind that to make it happen, TUI people. What role do they play in implementing the Group strategy?
The team makes the difference – our people are key to TUI's success. Customers don't deal with "TUI" or with management. Customers experience TUI through our employees in distribution, on the plane, on the ship, at the hotel or during the excursion, or through the local reps in our destinations. They are the hosts who define our customers' holidays. And they do that with passion and tremendous commitment. That's why it matters to me that we make it clear who we want to be as a company and what it means to work for TUI. It's about culture, diversity, opportunities, and even the way we work. That includes mobile and flexible working, the right technical equipment. But also "TUI Workwide": people in roles that allow for it can spend up to 30 days a year working from another country. It's been a success story for us: more than 1,000 TUI employees have already spent 14,500 days working from abroad. It creates better understanding for other cultures and countries and often makes it easier to reconcile family and career. The modern world of work relies more than anything on a culture of trust. That is also the basis for "TUI Workwide".

Another important aspect is diversity ...
... and that means a lot to me! Our employees can "come as they are" at TUI. They are confirming that to us in the surveys. Contributing different perspectives and accepting them might perhaps be harder work, but it broadens our horizons and results in novel solutions, often much better ones. We must make good use of that potential.

You yourself raise the issue of sustainability at almost every meeting. Do you think TUI is lagging behind?
For years now TUI has been a pioneer on sustainability. But it isn't enough to rest on your laurels because the challenges are getting bigger too. We have to break out of the vicious circle whereby growth means more emissions. We have set ourselves ambitious targets for every segment, we have committed to the Science-Based Target Initiative and we will provide regular, transparent progress reports. In some areas, such as our hotels and office buildings, we will achieve our goal of cutting carbon emissions quickly. Technology is advancing fast here. At our new TUI Campus in Hanover, for example, we will generate most of our power from photovoltaics. That investment will pay off within very few years. The sustainability goals that we have defined for ourselves will require effort, but we will achieve them. The important thing is to tackle the challenge with determination and take a holistic view of sustainability in all its dimensions – environmental, social and economic. For us sustainable transformation is not a threat but an opportunity.

How are you going about this sustainable change? Can you give us an example?
On Rhodes we are currently working on the blueprint for a sustainable destination together with the South Aegean administration and the TUI Care Foundation. We are already getting enquiries from other destinations. They often refer to the formal or legislative framework, Green Deal, Paris Agreement, rules, requirements. But is that the only reason we are doing it? No, it's a matter of conviction, attitude. We have to recognise that more sustainability and the path to climate neutrality present genuine opportunities. We are working on that in the company. That's also why I want us to fulfil our targets ahead of the required date. 2050 is definitively too late.

Every CEO fosters a personal style of leadership. How do you go about winning people for the journey? And what do you expect from your crew?
I think it's important to give people space and the right resources for their project. Naturally, that comes together with a duty to meet targets as effectively as possible or to speak up if something can't be achieved as planned. A red light on a project dashboard is only a problem if people don't talk about it and put their heads together to set it right. I value a culture of open exchange. But I believe it is equally important to also deliver. We must deliver on what we promise. Strategies are fine but implementation is the key to success.

How optimistic are you looking ahead?
Summer 2022 was very encouraging. Even though the restrictions were lifted late, our bookings were at a good 90 per cent of the 2019 level, so almost the volume we had before the pandemic, while our average earnings were significantly higher. We can see the same trend for Winter. Travelling means a lot to people. The figures show that our model is intact. We have defined the growth areas. We have a clear strategy and we are putting it into practice. For many years I held an office in professional football and in a recent interview with a daily newspaper I put it like this: It is far cooler to win than to draw or lose. Or to quote the claim coined by our HR Director: Let's TUI it!

"I value a culture of open exchange. But I believe it is equally important to also deliver. We must deliver on what we promise."

CONTENTS

Group Executive Committee as of 1 November 2022

PETER KRUEGER
Executive Board Member
Chief Strategy Officer & Chief Executive Officer Holiday Experiences

SYBILLE REISS
Executive Board Member
Chief People Officer / Labour Director

SEBASTIAN EBEL
Chief Executive Officer

MATHIAS KIEP
Executive Board Member
Chief Financial Officer

DAVID BURLING
Executive Board Member
Chief Executive Officer Markets & Airlines

ERIK FRIEMUTH
Chief Marketing Officer & Managing Director TUI Hotels & Resorts

ELIE BRUYNINCKX
Chief Executive Officer Western Region

THOMAS ELLERBECK
Group Director Corporate & External Affairs & Chief Sustainability Officer

DR NINA SCHERF
Group Director Legal, Compliance & Board Office

PETER ULWAHN
Chief Executive Officer TUI Musement

MARCO CIOMPERLIK
Chief Airline Officer

Please refer to our website for CVs www.tuigroup.com/en-en/about-us/about-tui-group/management

CONTENTS

FINANCIAL YEAR 2022

Report of the Supervisory Board

Dear Ladies and Gentlemen,
Dear Shareholders,

After two and a half very challenging years in the wake of the global COVID-19 pandemic, the past financial year was marked by a recovery of our business. As a result, we were finally able to report a positive operating result again.

Right at the beginning of the year, we completed another capital increase and thus took a step towards strengthening our balance sheet structure. Together with continued strict cost discipline and targeted working capital management, our liquidity profile improved significantly. This was also rewarded by the rating agencies with an upgrade in each case. However, this alone was not enough, and we were able to take another important step towards the refinancing of the Group with the placement of a second capital increase in May 2022. Overall, we have not only significantly reduced debt but also repaid part of the government stabilisation funding.

The pandemic repeatedly posed operational challenges for us with new virus variants and rising incidence rates. Although the general conditions for tourism have increasingly improved, positive booking developments were repeatedly affected by the pandemic at short notice. Vaccination campaigns in source markets and destinations continued to progress and customers showed a high interest in and a significant pent-up demand for travel. The booking momentum, in particular for the Summer 2022 programme, reflected the trust of our customers in the quality and reliability of our service and the TUI brand. We consistently aligned our products and services with the needs of our customers, who continued to book their holidays at shorter notice and wanted a high degree of flexibility. As a result, we were able to complete a Summer 2022 programme that almost matched the pre-pandemic level of 2019.

The clear pent-up demand for holidays was very pleasing. But the tight situation in the labour markets also repeatedly posed challenges for the tourism industry to cover these in the completed financial year. In spring and summer 2022, disruptions in flight operations dominated the headlines, especially at numerous airports in the source markets. Staff shortages in ground handling and security personnel or breakdowns at third-party providers were among the reasons why departures were delayed or had to be cancelled. TUI was affected, too, and took immediate action to minimise the impact on customers. In particular, the focus was on avoiding cancellations.

DR DIETER ZETSCHE
Chairman of the Supervisory Board

The booking development was largely unaffected by the war in Ukraine. Nevertheless, the situation had an impact on our Group: Our long-standing major shareholder Mr Alexey Mordashov was added to the list of natural and legal persons affected by the EU sanctions on 28 February 2022. As a consequence, Mr Alexey Mordashov resigned from the Supervisory Board of TUI AG on 2 March 2022. He had been elected to the Supervisory Board in 2016 and was also a member of the Presiding Committee, the Nomination Committee and the Strategy Committee. In addition, Mr Vladimir Lukin resigned from the Supervisory Board of TUI AG with immediate effect on 3 March 2022. Mr Vladimir Lukin had been a member of our Supervisory Board since 2019 and was a member of the Audit Committee and the Strategy Committee. The Supervisory Board immediately dealt with filling the vacancies that had arisen and was able to recruit excellent candidates for the Group in Ms Helena Murano and Mr Christian Baier, who have enriched the work of TUI's Supervisory Board with their expertise and experience since their appointment by court order on 31 May 2022. Both will be proposed for election to the Supervisory Board at the next Annual General Meeting. In addition, Ms Carola Schwirn had resigned from her mandate as ver.di trade union representative with effect from the end of 28 February 2022. Ms Sonja Austermühle was nominated as her successor and appointed by court order on 1 April 2022.

In June, our CEO Mr Friedrich Joussen decided to exercise his right of resignation. This had been granted to him in connection with the implementation of the conditions of the COVID-19 stabilisation measures in September 2020. The Presiding Committee and also the Supervisory Board had dealt with the succession in time, so that Mr Friedrich Joussen was able to hand over the chairmanship of the Executive Board to the current Chief Financial Officer Mr Sebastian Ebel as of 1 October 2022 after around ten years at the helm of the Group. We are extremely grateful to Mr Friedrich Joussen for his commitment and the trusting cooperation over the past years. The merger with TUI Travel, the transformation of the Company into an integrated tourism group and the very good crisis management in the pandemic years will be associated with the name of Mr Friedrich Joussen. We wish the new CEO Mr Sebastian Ebel all the very best for his task. We are convinced that his entrepreneurial and strategic approach makes him an excellent choice for the new start after the COVID-19 pandemic. The same applies to our new CFO Mr Mathias Kiep, who played a central role in the crisis team during the pandemic and made an important contribution to reducing debt and refinancing the Group.

Before I move on to the Report of the Supervisory Board, I would like to thank you, dear shareholders, most sincerely on behalf of the entire Supervisory Board. In the completed financial year, you again expressed your support and confidence in TUI. In particular, by approving the renewal of the capital resolutions at the Annual General Meeting in February 2022, you have provided management with the necessary flexibility to be able to act at any time in a challenging environment.

2022 was a very important financial year for overcoming the COVID-19 crisis and it was the first year since the outbreak of the pandemic with a clearly positive operating result. It is now important to consistently continue on the path we have chosen and to react flexibly to the challenges ahead as an integrated tourism group and digital platform company. We have made good use of the pandemic years and are well positioned to return to the growth path with a further strengthening of the balance sheet and clear ambitions in terms of product, service and profitable growth of the business segments.

Cooperation between the Supervisory Board and the Executive Board

The Executive Board and the Supervisory Board are closely guided by the principles of responsible and good corporate governance and work together in a spirit of trust in accordance with the principles set out in the Corporate Governance Report (page 107). In doing so, the Supervisory Board has primarily monitored the lawfulness, regularity, expediency and efficiency of the management and the Executive Board, with a significant focus on managing the impact of the COVID-19 pandemic. Further details can be found in the report below.

The Executive Board kept us regularly, promptly and comprehensively informed by means of written and oral reports at and between meetings. The reports included all relevant information on the development and implementation of strategic goals, liquidity development, planning, business development during the year and the situation of the Group, the risk situation and risk management, compliance, but also reports from the capital markets (e.g. from analysts) and the press. In financial year 2022, the focus was on the ongoing management of the challenges related to the COVID-19 pandemic and the associated structural and financial consequences. The impact of the sanctioning of a strategic investor and the implications of the significant increase in inflation in the source markets and destinations were also the subject of discussion. The Supervisory Board was involved in all decisions of fundamental importance to the Company in a timely manner. We passed the resolutions required by law, the Articles of Association or the Rules of Procedure after thorough consultation. For this purpose, we regularly prepared ourselves on the basis of documents that the Executive Board made available to the Supervisory Board and the committees in advance. The Executive Board also informed the Supervisory Board immediately about urgent issues in writing and at extraordinary meetings convened at short notice. As Chairman of the Supervisory Board, I was also regularly informed by the Executive Board about the current business situation and important business transactions in the company outside of the Supervisory Board meetings.

Deliberations in the Supervisory Board and its Committees

Prior to the Supervisory Board meetings, the shareholder and employee representatives met in separate preparatory meetings. Members of the Executive Board also regularly participated in these meetings. Discussions of Executive Board and Supervisory Board matters take place without the members of the Executive Board, unless otherwise requested by the members of the Supervisory Board. All members of the Supervisory Board may also submit to the Chairman of the Supervisory Board the need to discuss an item on the agenda without the presence of the Executive Board. In addition, the agenda of each meeting of the Supervisory Board provides for a separate agenda item, irrespective of the topic, for which the members of the Executive Board are not present. Members of the Supervisory Board may raise all topics to be discussed without the Executive Board within the scope of this agenda item.

CONTENTS

FINANCIAL YEAR 2022

In addition to the plenum, a total of four committees were in place in the past financial year: the Presiding Committee, the Audit Committee, the Strategy Committee and the Nomination Committee. At its meeting in September 2022, the Supervisory Board decided to deal with strategy issues only in the plenary in future and to dissolve the Strategy Committee at the end of financial year 2022 accordingly. The Mediation Committee to be formed in accordance with Section 27 (3) of the German Co-determination Act did not have to meet. The chairpersons of the committees report regularly and in detail on their work at the ordinary meetings of the Supervisory Board. A Transaction Committee set up by the Supervisory Board and consisting of Dr Zetsche, Mr Jakobi and Prof. Dr Ernst met in connection with the use of financing instruments. This made it possible to pass resolutions at very short notice within the framework granted by the Supervisory Board, insofar as this was necessary. All documents and the minutes of the Transaction Committee meetings were always accessible to all members of the Supervisory Board. In addition, the meetings were reported on at the respective subsequent Supervisory Board meetings. No additional remuneration or attendance fees were paid for the meetings of the Transaction Committee.

Despite the numerous meetings, we were able to record a consistently high attendance rate at our deliberations in financial year 2022, as in previous years. Attendance at the plenary meetings averaged 96.3 % (previous year 95.0 %) and at the committee meetings 98.7 % (previous year 98.6 %). The vast majority of the members of the Supervisory Board participated in all meetings of the Supervisory Board in financial year 2022 and in the committee meetings in accordance with their respective membership. Members who were unable to attend the meetings generally participated in the resolutions by sending proxy votes. The timely distribution of documents by the Executive Board in advance of the meetings and the almost universal avoidance of handouts made the preparation of the meetings much easier for the members of the Supervisory Board. Against the background of the COVID-19 pandemic, some Supervisory Board and committee meetings were also held as video conferences. The video format was also used to ensure the availability of Supervisory Board members for meetings scheduled at short notice. The exact distribution of in-person and video conference meetings can be seen in the table below.

In addition to the members of the Supervisory Board, the ESF also exercised its right to participate as a guest at the meetings of the Supervisory Board and its committees after the second framework agreement was concluded in January 2021, insofar as there was a relevant interest in accordance with the framework agreement. After the election of Dr Dönges as a member of the Supervisory Board, this guest right was exercised by individual representatives of the Finance Agency of the Federal Republic of Germany.

Attendance at meetings of Supervisory Board in financial year 2022

Attendance at meetings of Supervisory Board in financial year 2022

	Supervisory Board meetings	Transaction committees	Presiding committee	Audit committee	Nomination committee	Strategy committee
Meetings total	7	3	6	7	1	4
thereof virtual	5	3	4	4	0	3
Name						
Dr Dieter Zetsche (Chairman)	7 (7)	3 (3)	6 (6)[1]	7 (7)	1 (1)[1]	3 (4)[1]
Frank Jakobi (Deputy Chairman)	7 (7)	3 (3)	6 (6)	7 (7)		4 (4)
Ingrid-Helen Arnold	7 (7)					
Sonja Austermühle (since 1 April 2022)	2 (3)					
Christian Baier (since 31 May 2022)	2 (2)			3 (3)		
Andreas Barczewski	7 (7)					
Peter Bremme	7 (7)		6 (6)			
Dr Jutta Dönges[2]	7 (7)		2 (2)	7 (7)	0 (0)	4 (4)
Prof. Dr Edgar Ernst	6 (7)	3 (3)	6 (6)	7 (7)[1]	1 (1)	4 (4)
Wolfgang Flintermann	7 (7)					
Maria Garaña Corces	7 (7)					
Stefan Heinemann	7 (7)			7 (7)		
Janina Kugel	7 (7)					
Vladimir Lukin (until 3 March 2022)	3 (3)			3 (3)		3 (3)
Coline Lucille McConville	4 (7)					4 (4)
Alexey A. Mordashov (until 2 March 2022)	3 (3)		2 (3)		0 (0)	3 (3)
Helena Murano (since 31 May 2022)	2 (2)					
Mark Muratovic	7 (7)			7 (7)		
Carola Schwirn (until 28 February 2022)	3 (3)					
Anette Strempel	7 (7)		6 (6)			
Joan Trían Riu	7 (7)					
Tanja Viehl	7 (7)					
Stefan Weinhofer	7 (7)			7 (7)		
Attendance at meetings in %	**96.3**	**100.0**	**97.1**	**100.0**	**100.0**	**96.2**
Attendance at Committee meetings in %	**98.7**					

(In brackets: number of meetings held)
[1] Chairperson of Committee.
[2] Member of the Presiding and Nomination Committee since 10 May 2022.

CONTENTS

Main topics of the Supervisory Board's work

The Supervisory Board held seven meetings. Of these, two were held as in-person meetings, while five were held as video conferences. Furthermore, the respectively established Transaction Committees of the Supervisory Board met three times, and two additional resolutions were passed by circular resolution. The following main points were the subject of the individual meetings:

1. At its meeting on 6 October 2021, the Transaction Committee, established by the Supervisory Board, approved the implementation of a capital increase.

2. At its meeting on 6 October 2021, the Supervisory Board first reviewed the past financial year. In addition, the Supervisory Board was informed about the implementation of a capital increase with subscription rights and received a report from the Transaction Committee. Furthermore, the Supervisory Board received an update on the current situation in the Group-owned airlines. Against the background of the remuneration restrictions, the Supervisory Board also decided to waive the determination of the individual performance factor of the members of the Executive Board for the annual performance-related remuneration of financial year 2021. The Supervisory Board also received a report on the initiation of a Hotel Fund.

3. The meeting on 7 December 2021 initially included a discussion of the financial statements of the Group and TUI AG, each of which had obtained an unqualified audit certificate by the auditors, and the combined Management Report for the Group. The Executive Board and the auditors were also present. The Audit Committee had already dealt with these reports in detail on the previous day and also had the opportunity to consult with the auditor without the Executive Board. We then approved the financial statements prepared by the Executive Board and the combined Management Report for TUI AG and the Group. The annual financial statements for 2021 were thus adopted. The Supervisory Board also approved the Report of the Supervisory Board, the Corporate Governance Report and the Remuneration Report. In addition, the declarations of compliance with the German and UK Corporate Governance Codes and the proposal to the Annual General Meeting to engage Deloitte GmbH Wirtschaftsprüfungsgesellschaft for the 2022 half-year and annual financial statements were adopted. The Supervisory Board also approved the agenda for the Annual General Meeting on 8 February 2022 and, due to the pandemic, decided to hold it virtually. Furthermore, the Personnel and Social Report was the subject of this meeting and we received an update regarding the D&O insurance. In addition, the Supervisory Board again dealt with the Hotel Fund.

4. By circular resolution on 20 January 2022, the Supervisory Board approved the sale of a joint venture.

5. The meeting of 7 February 2022 included explanations on the quarterly report and quarterly financial report. In this context, the Executive Board gave an overview of the current accounting situation. Other topics included the liquidity development and various long-term financing options for the Group. In addition to preparing for the Annual General Meeting on 8 February 2022, the Supervisory Board was also informed about the progress made in connection with the internal efficiency and cost savings programme.

6. By circular resolution on 4 March 2022, the Supervisory Board approved an editorial amendment to the Articles of Association as a result of the implementation of the Annual General Meeting resolutions.

7. The extraordinary meeting on 8 March 2022 dealt with the direct impact of the Russia-Ukraine conflict on TUI AG. The changes in the Supervisory Board due to the resignations of Mr Mordashov and Mr Lukin were discussed. The meeting also dealt with the consequences for TUI under sanctions law resulting from the asset freeze and the prohibition to make funds or economic resources available. In addition, the Executive Board provided an overview of the current booking situation and an update on key earnings figures for the current financial year.

8. At the meeting on 10 May 2022, the Executive Board explained the report on the current financial year, on the quarterly financial statements and on the first half of 2022, which the Audit Committee had already dealt with on the previous day. In addition, the Executive Board gave an overview of the current liquidity development and financial recovery. Other key topics of the meeting were an update on the sustainability strategy and the HR strategy as well as the process, timetable and potential volume of a potential capital increase excluding subscription rights with the aim of repaying further state support. The Supervisory Board approved the latter in principle and set up a Transaction Committee. In addition, the Supervisory Board dealt with the specifications for determining the performance criteria of the individual performance factor of the annual performance remuneration for financial year 2023 subject to the application of the remuneration restrictions, after the Presiding Committee had already discussed the topic. In addition, the Supervisory Board dealt with succession planning in the context of Executive Board matters. In addition, two new members constituting shareholder representatives on the Supervisory Board, Mr Baier and Ms Murano, were proposed for election to the Supervisory Board as successors to Mr Mordashov and Mr Lukin, with the Executive Board being asked to submit the application for court appointment to the competent local court by the end of the 2023 Annual General Meeting. In addition, the vacancies on the Presiding, Nomination, Audit and Mediation Committees of the Supervisory Board as a result of the resignations of Mr Mordashov, Mr Lukin and Ms Schwirn were filled.

9. At its meetings on 16 and 17 May 2022, the Transaction Committee approved the measures required for the placement of the capital increase and the implementation within the scope of its authority assigned by the Supervisory Board.

10. At its meeting on 27 June 2022, the Supervisory Board, following the execution of Mr Joussen right to resign, decided on the appointment of Mr Ebel as Chief Executive Officer and Mr Kiep as Chief Financial Officer, both with effect from 1 October 2022. The Supervisory Board also approved the early extension of Mr Burling's contract as CEO Markets & Airlines. Furthermore, the Supervisory Board was informed about the operational challenges at British and European airports and the associated effects on the Group as well as possible mitigation measures.

11. At its strategy meeting on 14 September 2022, the Supervisory Board received an update on the strategic orientation and developments in the individual company segments. There was also a discussion on the People Strategy and an ESG update.

On the second day of its regular meeting on 15 September 2022, the Supervisory Board received an update on the liquidity and financial profile of the Group. In addition, the Board approved the budget for the coming financial year and the three-year plan and took note of the report on security, health and safety. In addition, the Supervisory Board discussed, among other things, the amended business allocation plan and resolved on the target values for the annual performance-related remuneration for the following financial year subject to the application of the remuneration restrictions. The Supervisory Board discussed the determination of the performance criteria for individual performance, the performance of the entire Executive Board and the achievement of stakeholder goals and their weighting in relation to each other for the following financial year. Other topics included the review of the appropriateness of Executive Board remuneration and pensions as well as Supervisory Board remuneration, an update on the new version of the German Corporate Governance Code, especially with regard to the competence profile and qualification matrix, and the dissolution of the Strategy Committee as per 30 September 2022.

Presiding Committee

The Presiding Committee is responsible for Executive Board matters (including succession planning, appointments, terms of employment contracts, remuneration, proposals on the remuneration system), which in this function corresponds to a remuneration committee. In addition, the Presiding Committee prepares the meetings of the Supervisory Board. In the reporting period, six meetings were held. Of these, two were held as in-person meetings, while four were held as video conferences.

The Presiding Committee, which has equal representation of shareholder and employee representatives, consists of:

- Dr Dieter Zetsche (Chairman)
- Peter Bremme
- Dr Jutta Dönges (from 10 May 2022)
- Prof. Dr Edgar Ernst
- Frank Jakobi
- Alexey Mordashov (until 2 March 2022)
- Anette Strempel

1. At the meeting on 6 October 2021, the Presiding Committee primarily dealt with Executive Board matters. The Presiding Committee recommended that the individual performance factors for the Executive Board be waived for financial year 2021 against the background of the remuneration restrictions.

2. On 7 December 2021, the preparation of the Annual General Meeting 2022 was the subject of the meeting. The Presiding Committee dealt in particular with the various capital reserve resolutions on the agenda. Furthermore, the review of the completed financial year was the subject of the discussions as well as an update on the negotiations regarding the D&O insurance.

3. The Annual General Meeting of TUI AG was again the subject of the meeting on 4 February 2022. In addition, the current consultation procedure of the Government Commission with regard to the revision of the German Corporate Governance Code was discussed.

4. On 10 May 2022, the Presiding Committee informed itself about the current developments regarding the HR strategy. In addition, the Presiding Committee discussed the specifications for determining the performance criteria of the individual performance factor of the annual performance-related remuneration for financial year 2023. Furthermore, the succession in the context of Executive Board matters was discussed. Furthermore, the Presiding Committee passed resolutions recommending to the Supervisory Board to fill the vacant seats on the Supervisory Board and its committees due to the resignations of Mr Mordashov and Mr Lukin.

5. At the meeting on the evening of 23 June 2022, recommendations were made for resolutions in the event of Mr Joussen's resignation in the context of the succession planning. Furthermore, a resolution recommendation was made for the possible early extension of Mr Burling's appointment in the event that he did not exercise his right to resign.

6. On 13 September 2022, the Presiding Committee discussed the determination of the target total remuneration of the members of the Executive Board as well as the target values of the annual performance-related remuneration for financial year 2023. The performance criteria for the individual performance of the Executive Board, which is always also based on ESG criteria, was also discussed in preparation for the Supervisory Board meeting. In addition, the appropriateness of both Executive Board remuneration and pensions as well as Supervisory Board remuneration was discussed and an update on the new version of the German Corporate Governance Code was discussed, especially with regard to the competence profile and qualification matrix and the dissolution of the Strategy Committee at the end of the financial year 2022.

AUDIT COMMITTEE

The Audit Committee met for seven ordinary meetings in financial year 2022. Of these, three were held as in-person meetings, while four were held as video conferences. Please refer to the detailed report of the Audit Committee on page 18 for information on the composition, tasks, deliberations and resolutions of the Audit Committee.

NOMINATION COMMITTEE

The Nomination Committee, composed exclusively of shareholder representatives, nominates suitable shareholder candidates to the Supervisory Board for its election proposals to the Annual General Meeting or for appointment by the district court.

The members of the Nomination Committee, which met once at an in-person meeting, were:

- Dr Dieter Zetsche (Chairman)
- Dr Jutta Dönges (from 10 May 2022)
- Prof. Dr Edgar Ernst
- Alexey Mordashov (until 2 March 2022)

At its meeting on 10 May 2022, the Nomination Committee dealt with the proposed resolution for the nomination of Mr Baier and Ms Murano (shareholder representatives) for court appointment to the Supervisory Board following the resignations of Mr Mordashov and Mr Lukin.

STRATEGY COMMITTEE

The task of the Strategy Committee in the financial year was to advise the Executive Board on the development and implementation of the corporate strategy. The committee held a total of four meetings during the completed financial year. Of these, one was held as an in-person meeting, while three were held as video conferences. The Committee was dissolved at the end of the financial year under review.

The members of the Strategy Committee were:

- Dr Dieter Zetsche (Chairman)
- Dr Jutta Dönges
- Prof. Dr Edgar Ernst
- Frank Jakobi
- Vladimir Lukin (until 3 March 2022)
- Coline McConville
- Alexey Mordashov (until 2 March 2022)

1. At its meeting on 5 October 2021, the Strategy Committee discussed TUI's current market and competitive situation as well as strategic developments in the Hotels & Resorts, Cruises and TUI Musement Sectors. The Committee also addressed the progress of the internal efficiency and cost savings programme.

2. On 6 December 2021, the Strategy Committee again received an update on the internal efficiency and cost savings programme. Key performance indicators for hotels, tour operators and the Group's own airlines were also discussed. The Strategy Committee also received an update on current IT projects and specific marketing indicators.

3. On 21 February 2022, the Committee addressed the current status of ongoing IT projects and the digital transformation. In addition, the members of the Committee discussed in detail the strategy of the TUI Blue hotel brand.

4. At its meeting on 9 May 2022, the Strategy Committee dealt with the development of the liquidity situation and financial recovery. In this context, the Strategy Committee also informed itself about the process, timetable and potential volume of a possible capital increase with the exclusion of subscription rights with the aim of repaying further state support. Furthermore, the Strategy Committee discussed a possible dissolution of the Committee at the end of the financial year 2022.

CORPORATE GOVERNANCE

The TUI AG share has its primary listing on the London Stock Exchange in the United Kingdom. In this context, TUI AG's constitution as a stock corporation under German law naturally requires the Supervisory Board to deal regularly and in great detail with the recommendations of both German and British corporate governance. Apart from mandatory compliance with the provisions of the German Stock Corporation Act (AktG), the Co-Determination Act (MitbestG), the Listing Rules and the Disclosure and Transparency Rules, TUI AG had declared in the framework of the merger that it would comply with both the German Corporate Governance Code (GCGC) and – to the extent practicable – the UK Corporate Governance Code (UK CGC).

For the GCGC, which is based on the German Stock Corporation Act (AktG) in its basic conception, we were able to submit the Declaration of Conformity 2022 with the Executive Board in accordance with Section 161 AktG. The GCGC is complied with, with the exception of some recommendations in Section G.I.3. The deviations from the UK CGC are largely due to the conceptual difference between the monistic management system of a public listed company in the UK (so-called one-tier board) and the dualistic management system consisting of Executive Board and Supervisory Board in a public limited company (so-called two-tier board) under German law.

In conducting the audit of the financial statements, the auditor did not identify any facts that would indicate that the declaration on the GCGC issued by the Executive Board and the Supervisory Board was incorrect.

Further information on corporate governance, the Declaration of Conformity 2022 pursuant to Section 161 of the German Stock Corporation Act (AktG) and the declaration on the UK CGC can be found in the Corporate Governance Report jointly prepared by the Executive Board and the Supervisory Board in this Annual Report (page 107) and on TUI AG's website.

Conflicts of interest that have arisen

The Supervisory Board has continuously monitored the existence of conflicts of interest in the current financial year and determined that no conflict of interest arose in financial year 2022.

Audit of the annual financial statements and consolidated financial statements of TUI AG and TUI Group

The Supervisory Board examined whether the annual financial statements and the consolidated financial statements as well as the other financial reporting complied with the applicable requirements. The annual financial statements of TUI AG prepared by the Executive Board in accordance with the rules of the German Commercial Code (HGB), the combined Management Report of TUI AG and the TUI Group and the consolidated financial statements for financial year 2022 prepared on the basis of the International Financial Reporting Standards (IFRS) were audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hanover, and issued with an unqualified audit opinion in each case. The aforementioned documents, the Executive Board's proposal for the appropriation of the balance sheet profit and the auditor's reports were submitted to all members of the Supervisory Board in good time. We discussed them in detail at the Audit Committee meeting on 12 December 2022 and at our balance sheet meeting on 13 December 2022, at which the Executive Board explained the financial statements in detail. At these meetings, the Chairman of the Audit Committee and the auditor reported on the results of their audits, the focus of which had previously been determined with the Audit Committee for the reporting year. Neither the auditor nor the Audit Committee identified any weaknesses in the early risk detection and internal control system. Following our own review of the annual financial statements, the consolidated financial statements and the combined management report, we had no cause for objections and therefore concurred with the Executive Board's assessment of the situation of TUI AG and TUI Group.

On the recommendation of the Audit Committee, we approve the financial statements for financial year 2022; the annual financial statements of TUI AG are thus adopted.

Composition of the Executive Board and Supervisory Board

The composition of the Executive Board and the Supervisory Board as at 30 September 2022 is shown in the overviews on page 108 for the Supervisory Board and on page 110 for the Executive Board.

SUPERVISORY BOARD

In the following, I will give you an overview of the personnel changes on the Supervisory Board.

Ms Carola Schwirn left the Supervisory Board at the end of 28 February 2022. Ms Schwirn, departmental coordinator in the Berlin transport department of the ver.di trade union, had been a member of the Supervisory Board since 2014 and was also a member of the Mediation Committee. By court appointment on 1 April 2022, Ms Sonja Austermühle, trade union secretary and lawyer at ver.di Berlin, was appointed as a member of the Supervisory Board as an employee representative.

As a result of the Russia-Ukraine war, the European Union imposed sanctions against Mr Alexey Mordashov on 28 February 2022. Mr Mordashov informed us on 2 March 2022 that he resigned from his mandate as a member of the Supervisory Board of TUI AG with immediate effect. He had been elected to TUI's Supervisory Board in 2016 and was also a member of the Presiding Committee, the Nomination Committee and the Strategy Committee.

On 3 March 2022, Mr Vladimir Lukin also informed us that he was resigning from his mandate as shareholder representative on the Supervisory Board of TUI AG with immediate effect. Mr Lukin had been a member of our Board since 2019 and was also a member of the Audit Committee and the Strategy Committee. A court appointment was applied for in each case for the vacancies that arose. On 31 May 2022, Ms Helena Murano, Senior Advisor at Arcano Partners, and Mr Christian Baier, Member of the Executive Board (CFO) of METRO AG, were accordingly appointed as members of the Supervisory Board of TUI AG.

PRESIDING COMMITTEE

Following the resignation of his mandate as a member of the Supervisory Board of TUI AG on 2 March 2022, Mr Alexey Mordashov also resigned from the Presiding Committee. He was succeeded by Dr Jutta Dönges, elected by the shareholder representatives on 10 May 2022.

AUDIT COMMITTEE

Due to the resignation of his office as a member of the Supervisory Board, Mr Vladimir Lukin also resigned from the Audit Committee with effect from 3 March 2022. By court appointment, Mr Christian Baier became a member of the Supervisory Board with effect from 31 May 2022 and, with effect from the same date, also a member of the Audit Committee by resolution of the Supervisory Board.

NOMINATION COMMITTEE

Following the resignation of Mr Alexey Mordashov from the Supervisory Board with effect from 2 March 2022 and thus also from TUI AG's Nomination Committee, the vacancy was filled by Dr Jutta Dönges with effect from 10 May 2022.

STRATEGY COMMITTEE

Both Mr Alexey Mordashov and Mr Vladimir Lukin resigned from TUI AG's Supervisory Board and its Strategy Committee on 2 March 2022 and 3 March 2022 respectively. At its meeting on 15 September 2022, the Supervisory Board decided to discuss strategy issues in the plenary in future and dissolved the Strategy Committee at the end of the financial year 2022.

EXECUTIVE BOARD

On 24 June 2022, Mr Joussen exercised his right to resign from his office as member of the Executive Board of TUI AG ahead of schedule as per 30 September 2022. The Supervisory Board decided on 27 June 2022 to appoint the current Chief Financial Officer, Mr Ebel, as the new CEO of the Executive Board for a period of three years as of 1 October 2022. At the same time, the Supervisory Board decided on the same day that Mr Kiep, previously Group Director Controlling, Corporate Finance & Investor Relations, should succeed Mr Ebel as Chief Financial Officer as of 1 October 2022 and appointed him accordingly as a member of the Executive Board with effect from 1 October 2022 for a period of three years.

The Supervisory Board decided on 27 June 2022 to extend the appointment of Mr Burling, CEO Markets & Airlines, ahead of schedule for a further two years until 31 May 2026. Mr Burling will continue to be responsible for the Group's tour operators and airlines.

Thanks to

The Supervisory Board is aware of the enormous challenges TUI Group employees have faced since the beginning of the pandemic. We would like to express our gratitude to them for their tireless efforts, their great commitment and for representing TUI's values to our stakeholders.

Hanover, 13 December 2022

On behalf of the Supervisory Board

Dr Dieter Zetsche
Chairman of the Supervisory Board

CONTENTS

FINANCIAL YEAR 2022

Report of the Audit Committee

Dear Shareholders,

As the Audit Committee, we have the task of supporting the Supervisory Board in the performance of its supervisory function. In doing so, we deal with the audit of the accounting, the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system as well as the audit of the financial statements and compliance. The accounting process includes, in particular, the consolidated financial statements and the Group Management Report, including CSR reporting, financial information during the year and the individual financial statements according to the German Commercial Code (HGB). In the completed financial year, we dealt in particular with issues relating to TUI Group's accounting and financial reporting, as required by law, the German Corporate Governance Code (GCGC), the UK Corporate Governance Code (UK CGC) and the rules of procedure of the Supervisory Board.

In addition, the Audit Committee is responsible for the selection of the external auditor, including a review of the qualification as well as the independence of the auditor. The selected auditor is then proposed by the Supervisory Board to the Annual General Meeting for appointment. After the appointment by the Annual General Meeting, the Supervisory Board formally commissions the external auditor to audit the annual financial statements and the consolidated financial statements. The auditor is also commissioned to review the half-year financial report as well as any additional interim financial information that meets the requirements for the half-year financial report. The Audit Committee has agreed with the auditor that the auditor will inform the Committee without delay of all findings and events of significance for the Committee's tasks that come to the auditor's attention during the performance of the audit. Furthermore, the Audit Committee has agreed with the auditor that the auditor will inform the Committee and make a note in the audit report if, during the performance of the audit, the auditor discovers facts that show a misstatement in the declaration on the GCGC issued by the Executive Board and the Supervisory Board. In addition, the Audit Committee regularly assesses the quality of the audit.

The current Audit Committee was elected from the members of the Supervisory Board immediately after the Annual General Meeting in February 2022. The election of the Committee members is valid for the respective term of their Supervisory Board mandate. Due to the resignation of his office as a member of the Supervisory Board, Mr Vladimir Lukin also resigned from the Audit Committee with effect from 3 March 2022. By court appointment, Mr Christian Baier became a member of the Supervisory Board with effect from 31 May 2022 and, by corresponding resolution of the Supervisory Board, also a member of the Audit Committee with effect from the same date.

PROF. DR EDGAR ERNST
Chairman of the Audit Committee

The Audit Committee, which has equal representation, thus currently consists of the following eight members of the Supervisory Board:

- Prof. Dr Edgar Ernst (Chairman)
- Christian Baier
- Dr Jutta Dönges
- Stefan Heinemann
- Frank Jakobi
- Mark Muratovic
- Stefan Weinhofer
- Dr Dieter Zetsche

Through the appointment of financial experts, the Audit Committee has expertise in the areas of accounting and auditing. The expertise in the field of accounting consists of special knowledge and experience in the application of accounting principles and internal control and risk management systems. The expertise in the field of auditing consists of special knowledge and experience in the auditing of financial statements. Accounting and auditing also include sustainability reporting and the auditing of such reporting. The Chairman of the Audit Committee, Prof. Dr Edgar Ernst, is an expert in both areas. In addition, Christian Baier and Dr Jutta Dönges fulfil the requirements of a financial expert within the meaning of the GCGC. The relevant members of the Audit Committee are also named in the Corporate Governance Report starting on page 107, where more detailed information on their expertise in the aforementioned areas is also provided. In summary, it should be noted here that the members of the Audit Committee all have competences relevant to the sector in which the Company operates.

With regard to the Chairman of the Audit Committee, Prof. Dr Edgar Ernst, the Supervisory Board is of the opinion that he is independent of the Company and the Executive Board (for the independence of the other members of the Audit Committee, see page 114).

The Audit Committee regularly meets six times a year. The meeting dates and agendas are based in particular on the Group's reporting cycle and the Supervisory Board's agendas. Additional meetings may be held on specific topics. These topic-related meetings generally also include a meeting in which the Executive Board explains to the Audit Committee the main contents of the Pre-Close Trading Update, which is published shortly before the balance sheet date for the annual financial statements.

In addition to the members of the Audit Committee, the meetings were also attended by the Chairman of the Executive Board and the Chief Financial Officer, as well as the heads of Group Financial Accounting & Reporting, Group Audit, Group Legal, Compliance & Board Office, Group Treasury, Group Controlling, Corporate Finance & Investor Relations.

The auditors were invited to attend the meetings to discuss relevant issues. Other members of TUI Group's senior management as well as TUI Group executives with operational responsibility or external consultants were invited as required.

In addition to the meetings of the Audit Committee, the Chairman of the Audit Committee also held individual discussions with the Executive Board, division heads or the responsible partners of the auditor if this appeared necessary to go into more detail on individual topics and issues. The Chairman of the Audit Committee reported on the main results of these discussions at the following meeting of the Audit Committee.

The Chairman of the Audit Committee reports on the work and proposals of the Audit Committee as well as on the content of individual discussions in the respective subsequent Supervisory Board meeting.

The members attended the meetings of the Audit Committee as shown in the table on page 13.

Information value of financial reporting and monitoring of the accounting process

The preparation of the annual financial statements and annual report of a German stock corporation is the sole responsibility of the Executive Board. Pursuant to Section 243 (2) of the German Commercial Code (HGB), the annual financial statements must be clear and concise and provide a realistic overview of the company's economic situation. This is in line with the requirements of the UK CGC, according to which the annual financial statements and annual report must be accurate, balanced and understandable. Against this background, the Executive Board is satisfied – although the assessment was not delegated to the Audit Committee – that the submitted Annual Report meets the requirements of both legal systems.

In order to satisfy ourselves as well of the informative value of the annual financial statements and the interim reporting, we were informed in detail by the Executive Board about the business development and the financial situation of the Group at the four Audit Committee meetings held immediately before the publication of the respective financial statements. The corresponding reports were discussed. At these meetings, the auditors also reported in detail on important aspects of the financial statements and on the results of the audit or the auditor's review. In principle, discussions can always take place in the absence of the Executive Board. This applies in particular to the audit of the financial statements. In the completed financial year, the Audit Committee also discussed with the auditor the assessment of the audit risk, the audit strategy and audit planning as well as the audit results. In addition, the Chairman of the Audit Committee regularly discussed the progress of the audit with the auditor and each time reported back to the Audit Committee.

In order to monitor accounting, we intensively dealt with individual aspects. As in previous years, TUI's economic development due to the COVID-19 pandemic was a central topic at our meetings. In particular, we received detailed reports from TUI AG's Executive Board on the measures taken to safeguard liquidity, in particular with regard to state-backed financing, and planned capital measures.

In addition, we examined the accounting treatment of significant balance sheet items, in particular goodwill, property, plant and equipment, advance payments to hoteliers for tourism and other provisions. In consultation with the auditor, we satisfied ourselves that the assumptions and estimates underlying the accounting were appropriate. Furthermore, material aspects arising from the operational business, in particular the impairment testing of the Group's assets against the background of the COVID-19 pandemic, were assessed by the Audit Committee.

In the reporting period, we dealt in particular with the following individual aspects:

Even before the outbreak of the COVID-19 pandemic, TUI AG's Executive Board initiated optimisation processes with regard to the structure of working capital and the associated cash flows. These measures also included the further development of a central Finance structure. Structured working capital management was also extended to the subsidiaries. We were regularly informed about these projects at our meetings. Due to the outbreak of the COVID-19 pandemic, these processes were greatly expanded and accompanied by measures for strict cost control. As in previous years, we received detailed reports on the corresponding measures.

In addition, the consistency of the reconciliation to the key parameter "underlying EBIT" and the significant items (adjustments) eliminated here were discussed for each quarterly report and for the annual financial statements. In this context, the going concern report prepared by the Company was also discussed to verify the relevant going concern statements in the half-year report and the annual financial statements. The viability statement to be issued in the annual financial statements under the regulations of the UK CGC was also the subject of discussion.

The report of the Chairman of the Audit Committee on the monitoring of transactions with related parties within the financial year was also discussed. Since none of the transactions – neither on an individual basis nor in combination – exceeded the corresponding threshold value in the reporting year, the monitored individual matters were monitored on their own.

Since the introduction of mandatory reporting on Corporate Social Responsibility (CSR) in the management report, the Supervisory Board has been responsible for reviewing the content of these disclosures. The Supervisory Board has decided to seek the support of TUI's auditor, Deloitte, in reviewing the disclosures. Accordingly, we were informed of the results of the review by the auditor in the financial year under review and are of the opinion that the disclosures published in the CSR Report are appropriate and adequate.

Our assessment of all aspects of accounting and financial reporting discussed is consistent with that of the Executive Board and the auditor.

Effectiveness of the control and risk management system

The Audit Committee is guided in its statutory obligation to deal with the effectiveness of the internal control and risk management system by the conviction that a stable and effective internal control system is indispensable to ensure economic success in the long term. To fulfil its monitoring task, the Audit Committee regularly obtains information on the maturity of the implemented controls and also about the further development of the internal control system.

The Group has continuously developed its internal control system based on the COSO concept. The routine review of key financial controls is carried out by local management and monitored by the Executive Board. In the largest source markets, the UK and Germany, other internal controls are also reviewed.

The Compliance function in the Group is further divided into the areas of Finance, Legal and IT. This division plays an essential role in identifying further control needs and permanent improving existing controls. In addition, the auditor also reports on any weaknesses in the Group's accounting-related control system that it identifies, and management follows up on their prompt elimination.

The Audit Committee receives regular reports on the effectiveness of the risk management system, as shown in the Risk Report starting on page 34. The Risk Oversight Committee that has been set up is of crucial importance within the Group. We are convinced that an adequate risk management system is in place.

The Internal Audit department ensures the independent monitoring of the implemented processes and systems as well as the significant projects and reports directly to the Audit Committee at each regular meeting. During the reporting period, the Audit Committee was not informed of any audit findings that indicated material weaknesses in the internal control system or the risk management system. In addition, regular discussions take place between the Chairman of the Audit Committee and the Director of Internal Audit for closer coordination. The annual audit planning is carried out in an agile manner. The Audit Committee has received detailed reports on the methodology and has taken note of and approved it, together with the audits for the coming financial year that have already been defined in this context. The Audit Committee believes that regular coordination ensures the effectiveness of the internal audit.

At our meetings during the financial year under review, we were again informed about the implementation and guarantee of the regulations of the EU General Data Protection Regulation (EU GDPR) in the individual business units. Based on this report, we are convinced that the projects and measures initiated throughout the Group for this purpose are suitable for meeting the requirements of the EU GDPR.

CONTENTS

Whistleblowing systems for employees in the event of compliance violations

A standardised whistleblowing system has been set up within TUI Group, enabling employees to draw attention to potential breaches of compliance guidelines.

As part of the reporting on the legal compliance system, we were presented with the key findings from the whistleblower system in the completed financial year.

Review of the independence and objectivity of the auditor

For financial year 2022, the Audit Committee recommended to the Supervisory Board that Deloitte GmbH Wirtschaftsprüfungsgesellschaft (Deloitte) be proposed to the Annual General Meeting as auditors. Following the appointment of Deloitte as auditors by the Annual General Meeting in February 2022, the Supervisory Board commissioned Deloitte to audit the 2022 financial statements.

The Audit Committee had Deloitte explain to it in advance the audit plan for the annual financial statements as at 30 September 2022. This plan includes the key audit areas and the group of companies to be audited from the Group's perspective. The Audit Committee is convinced that this plan ensures that the audit adequately takes into account the identifiable risks. It also considers the independence and objectivity of the auditor to be given.

Based on regular reporting by the auditor, we have satisfied ourselves of the effectiveness of the external audit and have decided to recommend to the Supervisory Board that Deloitte be proposed to the Annual General Meeting as auditor again for financial year 2023. Deloitte was selected by us as auditor in a public tender process in financial year 2016 and has been appointed as auditor without interruption since it was first elected by the Annual General Meeting in 2017.

In order to ensure the independence of the auditor, all engagements for the provision of non-audit services by the auditor must be submitted to the Audit Committee for approval before the engagement is awarded. The Audit Committee makes use of the possibility to delegate the approval to the Company depending on the size of the engagement. The Chairperson of the Audit Committee is only involved in the decision if a specified cost limit is exceeded. If the auditor provided services to the Group outside of the audit, the nature and amount of these services were explained to the Audit Committee. This approach is in line with the Company's existing policy on the approval of non-audit services, which takes into account the requirements of the regulations of the Audit Reform Act (AReG) on prohibited non-audit services and on limitations on the amount of non-audit services. Worldwide, non-audit services amounted to € 2.3 m. The audit fee received by the auditor, excluding voluntary audits, amounted to € 8.2 m. The corresponding non-audit services accounted for approximately 28 % of Deloitte's audit fees.

I would like to thank the members of the Audit Committee, the auditors, the Executive Board and all employees involved for their trusting and committed cooperation in the past financial year.

Hanover, 12 December 2022

Prof. Dr Edgar Ernst
Chairman of the Audit Committee

2

COMBINED MANAGEMENT REPORT*

* The present combined Management Report has been drawn up for both the TUI Group and TUI AG. It was prepared in accordance with sections 289, 289 (a), 315, 315 (a), 315 (b), 315 (c) and 315 (d) of the German Commercial Code (HGB).

The combined Management Report also includes the Statement on Corporate Governance and the Financial Highlights.

CONTENTS

FINANCIAL YEAR 2022

COMBINED MANAGEMENT REPORT

TUI Group Strategy

Tourism remains a growing sector – fundamentals intact

The travel and tourism market is a significant contributor to the global economy[1], growing above global GDP levels pre-pandemic.[2] Demand for tourism is driven by strong fundamental trends – people living longer, healthier lives; the growth of middle classes across the globe, which increases disposable income; and the desire for experiences, of which travel plays a significant part. Therefore, we expect leisure tourism to continue to be an attractive growth market over the long-term.

In the shorter term, the industry has withstood unprecedented disruption as a result of COVID-19. Despite this, the underlying strong desire of people to travel is clear, as demonstrated the resurgence of bookings as restrictions were relaxed.[3] At TUI, we experienced a strong uplift in bookings for our destinations on the easing of government travel restrictions, and in Summer 2022, Markets & Airlines customer numbers rebounded to around 90 % of pre-pandemic levels, coupled with a strong 18 % increase in average selling price.

As the pandemic subsides, the global geopolitical and economic environment remains challenging for the industry, in particular the impact this has on cost inflation, foreign exchange rates and consumer sentiment. In this context customers value brands which they can depend on, and which deliver choice and flexibility in configuring the right product for them. Building on this development, TUI will focus on delivering quality services to our customers while increasing choice and flexibility, both in terms of our product offer, and in the right-sizing of the proportion of risk capacity for flights and hotels. This will be supported by our strategy of growing our dynamic packaging and components business, through increasingly flexible supply of flights and hotels.

TUI's business model – foundation for success

TUI is a global tourism group covering the entire holiday journey, serving millions of customers, operating 134 aircraft, 418 hotels and 16 cruise ships[4], as well as a digital platform for tours and activities with a strong portfolio. The group is structured into two divisions – Holiday Experiences and Markets & Airlines.

Holiday Experiences delivers differentiated content in hotels, cruises and tours and activities:

1. Our hotel portfolio consists of own and differentiated leisure brands such as Robinson, TUI Magic Life, TUI Blue and TUI Suneo, complemented by JV hotel brands such as Riu, Atlantica, Blue Diamond and Grupotel. The portfolio is well-diversified in terms of product offer, destination mix and ownership models, and benefits from multi-channel and multi-source market distribution via Markets & Airlines, direct to customer, and via third parties such as Online Travel Agents (OTAs) and tour operators.

2. Our three cruise brands (Mein Schiff, Hapag-Lloyd Cruises, Marella) cover the cruises sector from premium all-inclusive to luxury to expeditions, with leading positions in the German-speaking and UK markets, benefitting from multi-channel distribution via Markets & Airlines, direct to customer and via third parties.

3. TUI Musement is one of the largest digital providers in the online intermediary market for tours, activities and experiences[5], connecting our own and third party product portfolio in destinations with Markets & Airlines customers, open market (B2C) customers, and B2B partner customers (such as OTAs, meta-search sites and tour operators), as well as providing transfers and support to our customers at the destination.

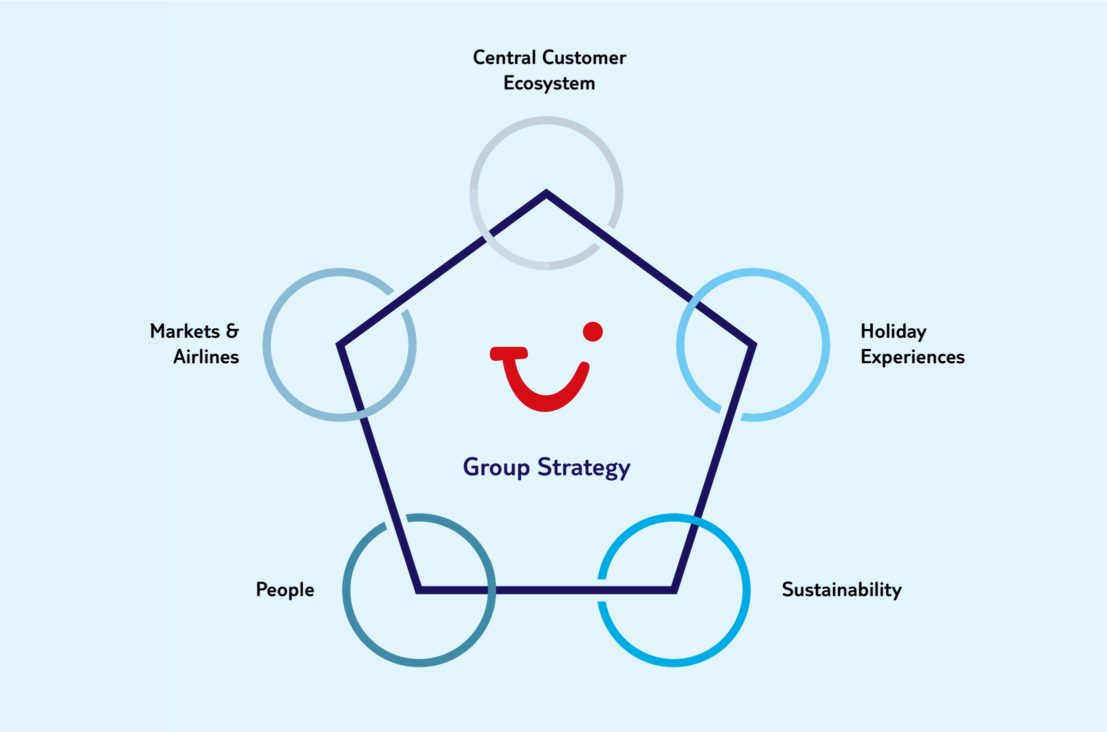
Markets & Airlines distributes and fulfills holidays to a large customer base in 13 source markets[6]. TUI is (according to consumer surveys for unaided brand awareness and consideration) a leading tourism brand.[7] We differentiate ourselves from the competition (such as tour operators, OTAs, hotels and airlines) based on exclusive and high-quality product, service and trust. By covering the whole customer journey, TUI holds multiple digital and physical touchpoints with its customers, and therefore delivers a strong blend of digital and human interaction. This enables TUI to follow a customer centric approach, aiming to create long-term relationships with its customers. Growth will be driven by a wider product range, reflecting consumer demand for more choice and flexibility, and increasing the appeal across different customer segments.

[1] Based on WTTC Economic Impact Research – Travel & Tourism sector contributed 10.3 % to global GDP in 2019; this decreased to 5.3 % in 2020 and 6.1 % in 2021, due to government restrictions on mobility.
[2] Based on UNWTO international travel arrivals CAGR versus global GDP CAGR for 2015 to 2019.
[3] E.g. UNWTO World Tourism Barometer July 2022 – nearly 250 milion international trips were recorded worldwide between January and May 2022, compared with 77 million in the comparative period in 2021.
[4] As at 30 September 2022, including concept hotels in third party properties.
[5] According to Bernstein analysis, TUI Musement ranked 2nd for market share in the tours, activities and experiences market.
[6] Germany, Austria, Switzerland, Poland, UK, Ireland, Sweden, Denmark, Norway, Finland, Belgium, Netherlands, France.
[7] As measured by brand consideration in TUI brand performance tracking, completed by Metrixlab.

TUI's strategy for growth

TUI's strategy focuses on delivering growth in both Holiday Experiences and Markets & Airlines, embedded onto one central customer ecosystem, underpinned by our Sustainability Agenda and by our people. The framework for implementation can be visualized with our "strategy diamond", based on five key elements – Holiday Experiences, Markets & Airlines, Central Customer Ecosystem, Sustainability and People.

Strategy Implementation – our strategy diamond



HOLIDAY EXPERIENCES: GROW DIFFERENTIATED CONTENT, GROW CUSTOMER BASE

Our Holiday Experiences business strategy focusses on asset-right growth in differentiated content and expanding the customer base with multi-channel distribution.

In Hotels & Resorts, content growth will be delivered both with our hotel brands in existing and new destinations, as well as introducing new brands to complement our portfolio. Growth in hotels will be based on an asset-right approach – through our joint ventures, the Global Hotel Fund, recently launched by TUI and partners, and expansion with management and franchise partners. Our hotel distribution strategy is focused on optimisation of rate and occupancy of hotels, based on sales via Markets & Airlines, as well as growing the volume and proportion of sales via direct and third-party channels.

Growth in Cruises will be driven by investment into new-build ships by our TUI Cruises JV, 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. Our distribution strategy for Cruises covers all channels, with sales via Markets & Airlines complemented by sales via direct and third-party channels, in order to drive yield and occupancy. We will focus on enhancing our digital cruise marketing and distribution, particularly for Marella.

TUI Musement's strategy is to focus on growing customer demand, product offer, and 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 (by digitalizing our partner product portfolio). Product growth will be delivered 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 is enabled by the continued digitalisation of the business, which is also transforming the way TUI Musement delivers service directly to its customers, as well as its interactions with B2B customers.

MARKETS & AIRLINES: GROW PRODUCT OFFERING, GROW CUSTOMER BASE

Having accelerated the strategic transformation of our Markets & Airlines during the pandemic and expecting the full realisation of our Global Realignment Programme goals in 2023, our business strategy is now focused on recovery and growth. Taking into account the current macro environment, we will drive the recovery by leveraging our core capabilities as well as increasing the flexibility of accommodation and flight supply, with a corresponding reduction in the proportion of risk capacity. In addition, TUI Airline will continue to build resilience and improve quality, following the above normal levels of disruption experienced by the industry this year, as well as further enhance our multi-layered approach to seat supply (in-house fleet plus third party carriers) by building a central Capacity Demand Management function.

We will invest into growth by offering more product choice, growing our 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 our component offer in accommodation only and flight only. In addition, we will grow our multi-day tours business, which operates in an attractive but fragmented market, with the launch of a new digital platform; and we will expand our car rental offer for both TUI and open-market customers. Finally, we will maximise the value of each customer by enhancing our ancillaries merchandising and offer across the entire TUI ecosystem. All of these initiatives aim to enlarge TUI's customer ecosystem and grow volumes, based on dynamic sourcing, which will balance our risk capacity exposure.

CENTRAL TUI CUSTOMER ECOSYSTEM: TAP GROUP SYNERGIES, MAXIMISE CUSTOMER VALUE

As well as growing customer volumes, our marketing and distribution strategy focuses on maximizing customer value, utilizing synergies between both of our business divisions. As the basis for this, we will continue to strengthen and leverage the TUI brand in existing and untapped customer segments. We are 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). 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. All of this will facilitate a full product suite offering and cross-selling, and increase the number of holiday and experience touchpoints we have with the customer.

Sustainability agenda 'people, planet and progress'

We want to set the standard for sustainability in the market and live up to our commitment. We believe that the sustainable transformation should not be viewed as a cost factor, but that sustainability pays off – for society, for the environment and for business. Our strategy is therefore underpinned by clear, evidence-based goals and targets on sustainability. Our new Sustainability Agenda consists of three building blocks – People, Planet and Progress.

Details see page 79.

PEOPLE

1. We will ensure that local people and communities benefit from tourism and the local supply chain.

2. We will empower a generation of sustainability changemakers. TUI Care Foundation will drive positive social and environmental impact in tourism communities around the world.

PLANET

1. In 2022, TUI joined the Science Based Targets initiative (SBTi), committing to implement emission reductions in line with the latest climate science.

2. We will achieve net-zero emissions across our operations and supply chain by 2050 at the latest. We will change the way we use natural resources and become a circular business.

PROGRESS

1. Together with our partners we will co-create the next generation sustainable business model for the tourism industry, through the Destination Co-Lab Rhodes.

2. We will enable our customers to make sustainable holiday 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, relative carbon emissions across our airlines decreased by 18.5 %. This improvement was largely a result of significantly improved load factors compared to 2021, as well as TUI's on-going re-fleeting with older aircraft being replaced by new, more carbon-efficient 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.

People strategy – digital, engaging, inclusive

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.

Against this overall backdrop, we have developed a new People Strategy with Sybille Reiss, Chief People Officer and Labour Director. The strategy adopts a holistic approach towards both our HR function as such and our employees. It puts people first. Our vision is to be *"**D**igital, **E**ngaging and **I**nclusive"*.

Our People 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
- Digital transformation
- Supporting growth
- Positive employee experience
- Diversity, equity and inclusion
- Facilitating top performance

We are thus seeking to create a framework that empowers our employees to deliver their best performance and succeed as a team.

Further information is provided on pages 87 to 95.

TUI is set for recovery and growth

TUI has emerged from the pandemic as a more digital, more lean and stronger company, which we believe positions us well to capture further market growth potential. TUI will continue to grow its differentiated Holiday Experience and Markets & Airlines product offerings, grow the volume and value of its customer ecosystem, increase flexibility for our customers and operations, and maximise synergies within the business.

Corporate Profile

Group Structure

TUI GROUP

HOLIDAY EXPERIENCES	MARKETS & AIRLINES	ALL OTHER SEGMENTS
Hotels & Resorts Cruises TUI Musement	Northern Region Central Region Western Region	

TUI AG parent company

TUI AG is TUI Group's parent company headquartered in Hanover and Berlin. It holds direct or, via its affiliates, indirect interests in the principal Group companies conducting the Group's operating business in individual countries. Overall, TUI AG's group of consolidated companies comprised 268 direct and indirect subsidiaries at the balance sheet date. A further 17 affiliated companies and 27 joint ventures were included in TUI AG's consolidated financial statements on the basis of at equity measurement.

For details on principles and methods underlying the consolidated financial statements and TUI Group shareholders, see pages 164 and 254.

ORGANISATION AND MANAGEMENT

TUI AG is a stock corporation under German law, whose basic principle is two-tiered management by two boards, the Executive Board and the Supervisory Board. The Executive and Supervisory Boards cooperate closely in governing and monitoring the Company. The Executive Board is responsible for the overall management of the Company.

The appointment and removal of Board members are based on Sections 84 et seq. of the German Stock Corporation Act in combination with Section 31 of the German Co-Determination Act. Amendments to the Articles of Association are effected on the basis of the provisions of Sections 179 et seq. of the German Stock Corporation Act in combination with Section 24 of TUI AG's Articles of Association if appplicable.

EXECUTIVE BOARD AND GROUP EXECUTIVE COMMITTEE

As at the balance sheet date, the Executive Board of TUI AG consisted of the CEO and five other Board members.

For details on Executive Board members, see page 110.

The Executive Board is the Company's central decision-making body. In addition, there is the Group Executive Committee (GEC), which as of 30 September 2022 consisted of eleven members, including six Executive Board members, and is chaired by the Chairman of the Executive Board. As a rule, the Group Executive Committee participates in all Board meetings, with the exception of items dealing with personnel matters relating to the composition of the Senior Leadership Team. The GEC was set up to enhance informed, effective decision-making and to create a flat hierarchy and strong execution environment. It reflects a culture of openness and information sharing.

For the changes implemented in the Executive Board and the GEC with the start of the new financial year 2023 and with effect from 1 October 2022 and 1 November 2022, see page 10 and from page 11.

For further details, also see: www.tuigroup.com/en-en/investors/corporate-governance

TUI Group reporting structure

TUI Group is a global integrated tourism group. Its core businesses, Holiday Experiences and Markets & Airlines, are clustered into the segments Hotels & Resorts, Cruises and TUI Musement as well as three regions: Northern, Central and Western Region. TUI Group also comprises All other segments. The Group's reporting structure thus remained unchanged year-on-year in the reporting period.

CONTENTS

FINANCIAL YEAR 2022

COMBINED MANAGEMENT REPORT

HOLIDAY EXPERIENCES

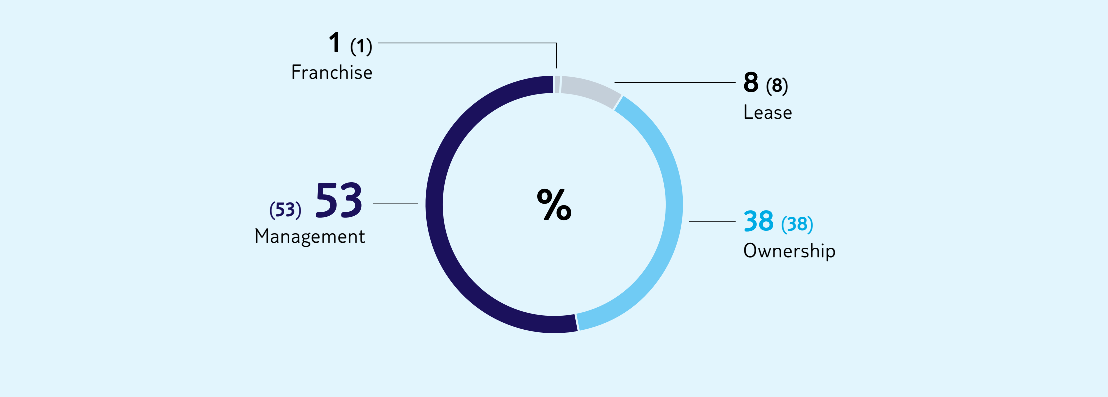
Holiday Experiences comprises our hotel, cruise and destination activities.

HOTELS & RESORTS

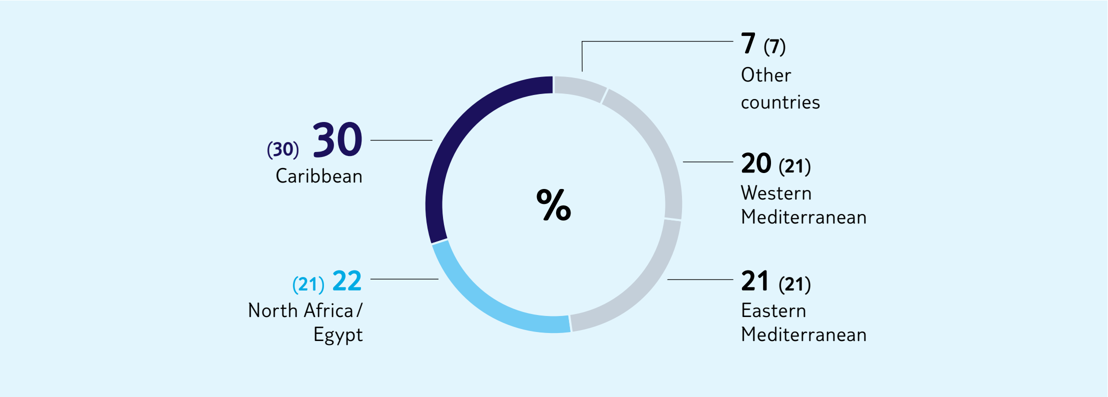
The Hotels & Resorts segment comprises TUI Group's diversified portfolio of Group hotel brands and hotel companies. The segment includes hotels majority-owned by TUI, joint ventures with local partners, stakes in companies giving TUI significant influence, and hotels operated under management contracts.

In financial year 2022, Hotels & Resorts comprised a total of 353 hotels with 275,144 beds. 322 hotels, i.e. the majority, are in the four- or five-star categories. 53 % were operated under management contracts, 38 % were owned by one of the hotel companies, 8 % were leased and 1 % of the hotels were managed under franchise agreements.

Hotels & Resorts financing structure in %



Hotels & Resorts beds per region in %



In brackets: previous year

Hotels & Resorts portfolio

Hotel brand	3 stars	4 stars	5 stars	Total hotels	Beds	Main sites
Riu	2	47	49	98	106,059	Spain, Mexico, Caribbean, Cape Verde, Portugal, Morocco
Robinson	1	17	8	26	16,016	Spain, Greece, Turkey, Austria, Maledives
Blue Diamond	3	12	19	34	32,270	Cuba, Dom. Rep., Jamaica, Mexico, Saint Lucia
Others	25	119	51	195	120,799	Spain, Greece, Turkey, Egypt
Total	**31**	**195**	**127**	**353**	**275,144**	

As at 30 September 2022

Riu is the largest hotel group in the portfolio of Hotels & Resorts in terms of the number of hotels. The Mallorca-based enterprise primarily operates four- and five-star hotels in Spain, Mexico and the Caribbean. Its three product lines Riu Classic Hotels, Riu Plaza Hotels (city hotels) and Riu Palace Hotels (premium segment) target different customer groups.

Robinson operates mainly four- and five-star club hotels and is a leading German provider of club holidays. Most of its clubs are located in Spain, Greece, Turkey, the Maldives and Austria.

Blue Diamond is a hotel chain in the Caribbean. The Hotels & Resorts segment comprises 34 resorts in the Caribbean and Mexico.

Other hotel brands include in particular the TUI signature hotels TUI Blue, TUI Magic Life and TUI Suneo. TUI Blue, present in about 20 countries, is TUI Group's youngest hotel brand and targeting an international audience. TUI Magic Life is an all-inclusive brand, targeting an international audience seeking club holidays with different profiles in beachfront locations. TUI Suneo offers value for money hotels.

Our hotels operated by third-party hoteliers include a total of 65 hotels belonging to our international concept brands. This brings the total number of TUI Group portfolio hotels to 418.

CRUISES

The Cruises segment comprises the joint venture TUI Cruises, which operates cruise ships under the brands Mein Schiff and Hapag-Lloyd Cruises, and Marella Cruises. With their combined fleet of 16 vessels as at the reporting date, the three cruise lines offer different service concepts to serve different target groups.

Cruise fleet by ownership structure

	Owned	Leases	Total
TUI Cruises (Joint Venture)	12	0	12
Mein Schiff	7	0	7
Hapag-Lloyd Cruises	5	0	5
Marella Cruises	3	1	4
Total	**15**	**1**	**16**

As at 30 September 2022

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 'Mein Schiff' vessels, TUI Cruises is top-ranked in the German-speaking market for cruises. The Berlitz Cruise Guide, an international reference guide for cruise ship ratings, repeatedly ranked the ships operated by TUI Cruises among the Top 5 liners in the 'Large ships' category. In Q3 2022, TUI Cruises started the construction of two of three newbuildings that will complement the Mein Schiff fleet until 2026 and bring it to nine ships. After two pandemic years, TUI Cruises is thus continuing its growth as planned. The Mein Schiff Herz is to be transferred to the Marella Cruises fleet from 2023.

The traditional Hapag-Lloyd Cruises brand, which is also part of TUI Cruises, is a leading provider of luxury and expedition cruises in German-speaking markets. At the reporting date, the fleet comprised two luxury liners and three expedition cruise ships. The flagships Europa and Europa 2 have repeatedly received the highest rating category of 5-star-plus in the Berlitz Cruise Guide and are the only ships worldwide with this ranking.

With a fleet of four ships, Marella Cruises offers voyages in different segments, including family and city cruises, in the British market. The Mein Schiff Herz is to join the fleet as Marella Voyager from June 2023.

TUI MUSEMENT

The TUI Musement segment delivers local services at our holiday destinations around the world. To do this TUI is present in numerous holiday destinations with its own staff. TUI Musement's business model for the distribution of experiences, activities, tours and tickets is based on an online platform open to customers and suppliers. In addition, transfers are provided in the destinations.

TUI Musement serves three customer groups:

- TUI customers: Providing services to our guests in the destination via tour guides as well as via the TUI Digital Assistant App and the TUI Experience Center.
- Strategic B2B customers: Digital and on-site services for partners from various sectors of the travel industry, such as airlines, cruise lines, ground transport, OTAs and tour operators.
- B2C open Market clients: Global tour and activity distribution for travellers.

MARKETS & AIRLINES

With our three regions – Northern, Central and Western – we have well-positioned sales and marketing structures offering our customers 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 flying capacity continues to play a key role in our business model. Thanks to a combination of Group-owned and third-party capacity, we offer tailored travel programmes for each individual source market region and can respond flexibly to changes in customer preferences. Balanced management of flight and hotel capacity enables us to develop destinations and optimise the margins of both service providers.

NORTHERN REGION

The Northern Region segment comprises tour operator activities and airlines in the UK, Ireland and the Nordics. This segment also includes the Canadian strategic venture Sunwing.

CENTRAL REGION

The Central Region segment comprises the tour operators and airlines in Germany and the tour operator activities in Austria, Poland, and Switzerland.

WESTERN REGION

The Western Region segment comprises the tour operators and airlines in Belgium and the Netherlands and the tour operator activities in France.

ALL OTHER SEGMENTS

'All other segments' includes our business activities for the new markets, the corporate centre functions of TUI AG and the interim holdings, the Group's real estate companies and the Group's key tourism functions.

Research and development

As a tourism service provider, the TUI Group does not engage in research and development activities comparable with manufacturing companies. This sub-report is therefore not prepared.

Value-oriented Group Management

Management system and key performance indicators

A standardised management system has been created to implement value-driven management across the Group as a whole and in its individual business segments. The value-oriented management system is an integral part of consistent Group-wide controlling and planning processes.

Our key financial performance indicators for tracking our earnings position are revenue and underlying EBIT. Accordingly, underlying EBIT represents the segment indicator as defined by IFRS 8.

We define the EBIT in underlying EBIT as earnings before interest, taxes and expenses for the measurement of the Group's interest hedges. EBIT by definition includes amortisation of goodwill.

Underlying EBIT has been adjusted for income and expense items which, due to their level and frequency, impact or distort the assessment of operating profitability in the segments and the Group. These one-off items include gains on disposal of investments, major gains and losses from the disposal of assets, and major restructuring and integration expenses. The indicator is additionally adjusted for all effects from purchase price allocations, ancillary acquisition costs and conditional purchase price payments. The reconciliation to underlying EBIT also adjusts for goodwill impairments.

To track the Group's financial position in financial year 2022, we identified net capital expenditure and financial investments as well as TUI Group's net financial position as key performance indicators. In addition, we monitor the Group's leverage ratio as a further indicator of financial stability.

Key management variables used for regular value analysis are Return On Invested Capital (ROIC) and Economic Value Added. ROIC is compared with the weighted average cost of capital (WACC).

We regard specific carbon emissions (in g CO_2 / rpk) from our aircraft fleet as a key non-financial performance indicator.

To track business performance in our segments in the course of the year, we also monitor other non-financial performance indicators, such as the customer numbers in tour operation, capacity or passenger days, occupancy and average prices in Hotels & Resorts and Cruises.

Information on operating performance indicators is provided in the sections on Segmental performance (page 64) and in the Report on Expected Developments (page 52).

Cost of capital

The cost of capital is calculated as the weighted average cost of equity and debt (WACC). While the cost of equity reflects the return expected by investors from TUI shares, the cost of debt is based on the average borrowing costs for TUI Group. The cost of capital always shows pre-tax costs, i.e. costs before corporate and investor taxes. The expected return determined in this way corresponds to the same tax level as the underlying EBIT included in ROIC. For financial year 2022, we apply a cost of capital of TUI Group of 12.63 %.

ROIC and Economic Value Added

ROIC is calculated as the ratio of underlying earnings before interest and taxes (underlying EBIT) to average invested interest-bearing capital (invested capital).

Given its definition, this performance indicator is not influenced by any tax or financial factors and has been adjusted for one-off effects. 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.

Apart from ROIC as a relative performance indicator, Economic Value Added is used as an absolute value-oriented performance indicator. Economic Value Added is calculated as the product of ROIC less associated pre-tax capital costs (WACC) multiplied by interest-bearing invested capital.

In the year under review, TUI Group's ROIC amounted to 7.49 % (previous year – 30.02 %). Taking into account the Group's weighted average cost of capital of 12.63 %, this resulted in a negative Economic Value Added of € 280.7 m (previous year negative Economic Value Added of € 2.8 bn).

Invested Capital

€ million	Notes	2022	2021
Equity		**645.7**	**–418.4**
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
Non-controlling interest	(29)	787.3	667.3
Silent Participations	(27)	420.0	1,091.0
plus interest bearing financial liability items		**5,921.0**	**7,509.0**
Pension provisions and similar obligations	(30)	601.4	935.1
Non-current financial liabilities	(32)	1,731.4	3,036.1
Current financial liabilities	(32)	319.9	284.6
Derivative financial instruments	(41)	60.7	23.7
Lease liabilities (IFRS 16)	(32)	3,207.5	3,229.4
less financial assets		**1,669.6**	**1,383.7**
Derivative financial instruments	(41)	259.1	62.3
Cash and cash equivalents	(22)	1,736.9	1,583.9
Other financial assets		173.5	237.6
Seasonal adjustment[1]		–500.0	–500.0
less overfunded pension plans		**163.4**	**137.1**
Invested Capital before addition of effects from purchase price allocation		**4,733.7**	**5,569.7**
Invested Capital excluding purchase price allocation prior year		5,569.7	7,699.9
Ø Invested Capital before addition of effects from purchase price allocation[2]		**5,151.7**	**6,634.8**
Invested Capital before addition of effects from purchase price allocation		**4,733.7**	**5,569.7**
plus effects from purchase price allocation		315.4	296.9
Invested Capital		**5,049.1**	**5,866.6**
Invested Capital prior year		5,866.6	7,959.7
Ø Invested Capital[2]		**5,457.8**	**6,913.1**

[1] Adjustment to net debt to reflect a seasonal average cash balance.
[2] Average value based at beginning and year-end.

ROIC

€ million		2022	2021
Underlying EBIT		**408.7**	**–2,075.5**
Ø Invested Capital*		**5,457.8**	**6,913.1**
ROIC	**%**	**7.49**	**–30.02**
Weighted average cost of capital (WACC)	%	12.63	10.27
Value added		**–280.7**	**–2,785.6**

* Average value based on balance at beginning and year-end.

Group performance indicators used in the Executive Board remuneration system

JEV-RELEVANT EBT AT CONSTANT CURRENCY

Group earnings before interest and taxes (EBIT) on a constant currency basis, weighted at 75 %, are used to determine annual variable remuneration (JEV) for the Executive Board. EBIT is quantified on a constant currency basis in order to avoid any distortion caused by currency-driven translation effects when measuring actual management performance.

Group earnings before interest and taxes on a constant currency basis developed as follows in the financial year under review:

Reconciliation EBIT

€ million	2022
EBIT	**320.0**
FX effects from translation to budget rates	–25.1
EBIT at budget rates	**294.9**

JEV-RELEVANT CASH FLOW BEFORE DIVIDEND

The second Group performance indicator reflected in JEV is the cash flow indicator cash flow before dividend, included in the calculation with a weighting of 25 %. For this purpose, cash flow before dividend is determined using a simplified approach, based on the management cash flow calculation. TUI Group EBIT, the indicator serving as the initial basis for calculations, is also shown on a constant currency basis for this purpose.

Cash flow before dividend for JEV purposes developed as follows in the financial year under review:

Cash Flow before dividend

€ million	2022
EBIT	**320.0**
FX effects from translation to budget rates	– 25.1
EBIT at budget rates	**294.9**
plus amortisation / minus write-backs of other intangible assets and plus depreciation / minus write-backs of property, plant and equipment	883.5
plus Delta Working Capital	1,073.4
minus other non-cash result items	201.6
minus share of result of joint ventures and associates	– 100.7
plus dividends received by TUI AG from joint ventures and associates	0.2
minus paid net interest	– 373.1
minus paid income taxes	– 131.4
minus pension contributions	– 181.1
minus net capex and investments	– 315.9
Cash Flow before dividend	**1,351.3**

Reconciliation cash flow before dividend to Cash Flow Statement

€ million	2022
Cash inflow from operating activities	2,077.8
plus cash inflow from investing activities	– 308.2
less interest paid	– 385.6
less payments made for the purchase of own shares	– 0.6
less payments received from the sale of money markets fund shares	–7.1
Cash Flow before dividend at actual rates	**1,376.3**
Effect from translation to budget rates	– 25.1
Cash Flow before dividend	**1,351.2**

PRO-FORMA UNDERLYING EARNINGS PER SHARE

The measurement of the long-term incentive plan (LTIP) for the Executive Board is exclusively based on the average development of pro forma underlying earnings per share from continuing operations (LTIP-relevant EPS).

The table below shows TUI Group's pro forma underlying earnings per share. The normalised Group tax rate for the year under review was reduced in the last two financial years to 0 % against the background of the considerable decline in earnings caused by COVID-19; this rate was also applied for the year under review. The calculation is based on the subscribed capital as at the balance sheet date.

Pro forma underlying earnings per share from continuing operations (LTIP-relevant EPS) developed as follows in the financial year under review:

Pro forma underlying earnings per shares TUI Group

€ million	2022	2021
Underlying EBIT	**408.7**	**– 2,075.5**
less net interest expense	– 465.9	– 448.9
Underlying profit before tax	**– 57.1**	**– 2,524.4**
Income taxes (0 % assumed tax rate)	0.0	0.0
Underlying Group profit	**– 57.1**	**– 2,524.4**
Minority interest	64.6	–13.8
Underlying Group profit attributable to TUI shareholders of TUI AG	**–121.7**	**– 2,510.6**
Numbers of shares at FY end (in million)	1,785.2	1,099.4
Underlying earnings per share (€)	**– 0.07**	**– 2.28**

Risk Report

Successful management of existing and emerging risks is critical to the long-term success of our business and to the achievement of our strategic objectives. In order to seize market opportunities and leverage the potential for success, risk must be accepted to a reasonable degree. Risk management is therefore an integral component of the Group's Corporate Governance.

Following the introduction of the FISG ("Finanzmarktintegritätsstärkungsgesetz"), we have taken the opportunity to review the Group's existing Risk Management System. At TUI, managing risk has always been a vital part of how we conduct our business. Our fully developed risk management system has not been limited to identifying only those developments that could jeopardise the companies continued existence, it has also included the active management of all other material risks. Management is limited to risks only, chances or opportunities are managed in the controlling process; legal chances are reported in a separate legal risk report.

The TUI Group Audit Committee has always been reviewing the adequacy and effectiveness of the risk management system and will continue to do so, but as the law now explicitly requires this, we have included the Committee in the risk governance overview below.

Risk Governance

TUI Group Risk Management Roles & Responsibilities

AUDIT COMMITTEE
(of the Supervisory Board)

- *Oversee adequacy and effectiveness of the risk management system*
- *Acknowledge the risk appetite*

EXECUTIVE BOARD
Direct & Assure

- *Overall responsibility for risk management*
- *Determine strategic approach to risk*
- *Approve risk policy including risk appetite and set tone at the top*
- *Agree how principal risks are managed, mitigated and monitored*
- *Review the effectiveness of the risk management system*

RISK OVERSIGHT COMMITTEE (ROC)
Review & Communicate

- *Formulate risk strategy and policy including risk appetite*
- *Summarise and assess principal risks*
- *Ensure effective monitoring*
- *Report back to Executive Board*

GROUP RISK TEAM
Support & Report

BUSINESS & FUNCTIONS
Identify & Assess

- *Support engagement and culture of risk awareness, control focus*
- *Agree risk response strategy and local risk appetite*
- *Report an risk status quarterly with local board discussion and approval of quarterly risk register submission to Group*
- *Identify key risks to business strategy and mitigation factors*
- *Manage and monitor risks, ongoing basis, communicate emerging risks*

RISK CHAMPION COMMUNITY

AUDIT COMMITTEE

The Audit Committee, as a subcommittee of the Supervisory Board, is overseeing the effectiveness of the risk management system. The Group Risk Department Head reports twice a year on the system itself, on topics which have been discussed in the Risk Oversight Committee, the principal risks and their changes. The Committee considers the adequacy and the effectiveness of the risk management system and reviews and acknowledges the risk appetite formulated by the Executive Board.

EXECUTIVE BOARD – DIRECT & ASSURE

With oversight by the Supervisory Board, the Executive Board determines the strategic direction of the Group and agrees the nature and extent of the risks it is willing to take to achieve its strategic objectives.

Ultimate accountability for the Group's risk management rests with the Executive Board and therefore it has established and maintains a risk management system to identify, assess, manage and monitor risks which could threaten the existence of the company or have a significant impact on the achievement of its strategic objectives: these are referred to as the principal risks of the Group. This risk management system includes an internally-published risk management policy which helps to reinforce the tone set from the top on risk, by instilling an appropriate risk culture in the organisation whereby employees are expected to be risk aware, control minded and to 'do the right thing'. The policy provides a formal structure for risk management to embed it in the fabric of the business. Each principal risk has assigned to it a member of the Executive Board as overall risk sponsor to ensure that there is clarity of responsibility and to ensure that each of the principal risks are understood fully and managed effectively.

The Executive Board reports to the Audit Committee of the Supervisory Board on the adherence to both the UK and German listing requirements, the overall risk position of the Group, on the individual principal risks and their management, and on the performance and effectiveness of the risk management system as a whole.

RISK OVERSIGHT COMMITTEE – REVIEW & COMMUNICATE

On behalf of the Executive Board, the Risk Oversight Committee (the ROC), ensures that business risks are identified, assessed, managed and monitored across the businesses and functions of the Group. Meeting on a quarterly basis, the ROC's responsibilities include considering the principal risks to the Group's strategy and the risk appetite for each of those risks, assessing the operational effectiveness of the mitigation in place to manage those risks and any action plans to further mitigate them, as well as reviewing the bottom-up risk reporting from the businesses themselves to assess whether there are any heightened areas of concern.

Chaired by the Chief Financial Officer, senior operational and finance management as well as those central functions which are fulfilling the role as a second line are represented on the committee.

Leaders of central functions as well as senior executives from the Group's major businesses are invited on a rotational basis to present on their risk and control framework. This allows members of the ROC to ask questions on the processes in place, the risks present in each business or function, as well as any new or evolving risks which may be on their horizon. It also provides opportunity to seek confirmation that an appropriate risk culture continues to be in place in each of the major businesses and that there are no gaps between risk management at business level and at function level.

The ROC reports bi-annually to the Executive Board to ensure that it is kept abreast of changes in the risk landscape and developments in the management of principal risks, and to facilitate regular quality discussions on risk management at the Executive Board meetings.

GROUP RISK TEAM – SUPPORT & REPORT

The Executive Board has also established a Group Risk team to ensure that an adequate risk management system is set up and functions effectively and that the risk management policy is implemented appropriately across the Group. The team supports the risk management process by providing guidance, support and challenge to management whilst acting as the central point for coordinating, monitoring and reporting on risk across the Group. It also supports the ROC in fulfilling it's duties and the reporting to both the Executive and Supervisory Boards. Additionally, Group Risk is responsible for the operation of the risk and control software that underpins the Group's risk reporting and risk management process.

BUSINESS & FUNCTIONS – IDENTIFY & ASSESS

Every business and function in the Group is required to adopt the Group Risk Management policy. In order to do this, each either has their own risk committee or includes risk as a regular agenda item at their Board meetings to ensure that it receives the appropriate senior management attention within their business. In addition, the businesses each appoint a Risk Champion, who promotes the risk management policy within their business and ensures its effective application. The Risk Champions are in close contact with Group Risk and are critical both in ensuring that the risk management system functions effectively, and in implementing a culture of continuous awareness and improvement in risk management and reporting.

Risk Appetite

The Executive Board and Audit Committee, in conjunction with the Risk Oversight Committee has reviewed the Group's risk appetite. The results of the review indicate the board's risk appetite across three risk types:

Operational risks – moderate risk tolerance with regard to all operational risks. With the market environment returning to normal and the Group's business volume rising substantially, capacity bottlenecks in parts of the infrastructure led to business interruptions in the completed financial year, which the TUI Group was only able to influence to a limited extent. These external events thus temporarily led to an overall increase in the operational risk portfolio. The Executive Board has taken measures to increase the operational resilience of the business and aims to manage operational risks appropriately in order to continue to offer our customers consistent unique holiday experiences.

Compliance risks – a lower risk tolerance with regard to compliance-related risks, including compliance with regulatory requirements, the security of information in any form and the prevention of harm to customers, employees and all other stakeholders.

Financial risks – a continued low, but temporarily slightly increased risk tolerance with regard to financial risks due to volatile prices of important tourism expenses. In the current financial year, the Group has taken various measures to reduce the debts incurred in the context of the COVID-19 pandemic. The Executive Board's goal is to further reduce the German government's exposure and improve balance sheet ratios. 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 again in the medium term.

Our principal risks are aligned to these risk types.

Risk Reporting

The Group Risk department applies a consistent risk reporting methodology across the Group. This is underpinned by risk and control software which reinforces clarity of language, visibility of risks, mitigation and actions and accountability of ownership. Although the process of risk identification, assessment and response is continuous and embedded within the day-to-day operations of the businesses and functions, it is consolidated, reported and reviewed at varying levels throughout the Group on at least a quarterly basis.

Risk Identification: Management closest to the risks identify those that are relevant to the pursuit of the strategy within their business area.

A risk owner is assigned to each risk, who has the accountability and authority for ensuring that the risk is appropriately managed.

Risk Assessment: The methodology used is to initially assess the gross (or inherent) risk. This is essentially the downside, being the product of the impact together with the likelihood of the risk materialising if there is no mitigation in place to manage or monitor the risk. The key benefit of assessing the gross risk is that it highlights the potential risk exposure if mitigation were to fail completely or not be in place at all. Both impact and likelihood are scored using the criteria shown below:

Impact Assessment

MINOR	MODERATE	SIGNIFICANT	MAJOR	SERIOUS
Impact on	Impact on	Impact on	Impact on	Impact on
Financials (Sales and / or Costs) Reputation Technology reliability Compliance Health & Safety standards Programme Delivery	Financials (Sales and / or Costs) Reputation Technology reliability Compliance Health & Safety standards Programme Delivery	Financials (Sales and / or Costs) Reputation Technology reliability Compliance Health & Safety standards Programme Delivery	Financials (Sales and / or Costs) Reputation Technology reliability Compliance Health & Safety standards Programme Delivery	Financials (Sales and / or Costs) Reputation Technology reliability Compliance Health & Safety standards Programme Delivery

Likelihood Assessment

RARE	UNLIKELY	POSSIBLE	LIKELY	ALMOST CERTAIN
< 10 %	10 – < 30 %	30 – < 60 %	60 – < 80 %	≥ 80 %

The next step in the risk reporting process is to assess and document the mitigation currently in place to reduce the likelihood of the risk materialising and / or its impact if it does. Consideration of these then enables the current (or residual) risk score to be assessed, which is essentially the reasonably foreseeable scenario. This measures the impact and likelihood of the risk with the mitigation in place and effective. The key benefit of assessing the current risk score is that it provides an understanding of the current level of risk faced today and the reliance on the mitigation in place.

Risk Response: If management are comfortable that the current risk position is within the Group's appetite, the risk is accepted and no further action is required to further reduce it. The mitigation continues to be operated and management monitor the risk, the mitigation and the risk landscape to ensure that it remains at an acceptable level. If management assesses that the current risk score is too high, an action plan will be drawn up with the objective of introducing new or stronger mitigation that will further reduce the impact and / or likelihood of the risk to an acceptable level. This is known as the target risk score and is the parameter by which management can ensure the risk is being managed in line with their overall risk appetite. The risk owner will normally be the individual tasked with ensuring that this action plan is implemented within an agreed timetable.

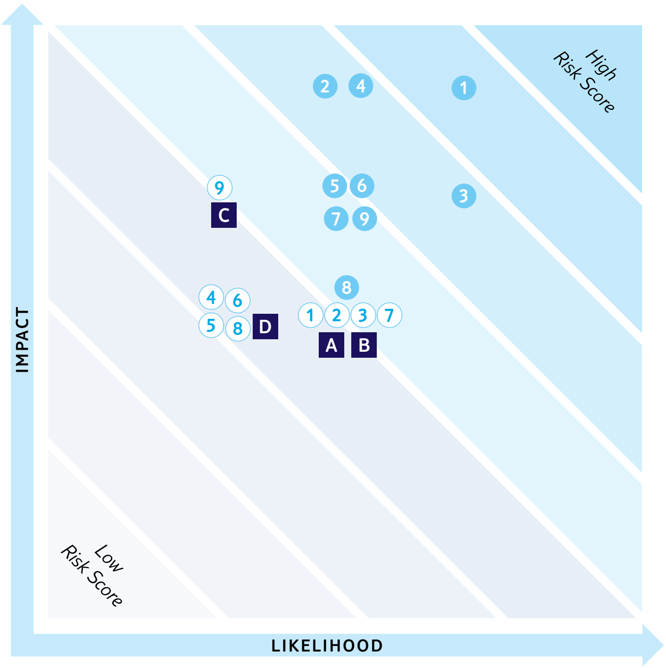
Each business and function will continue to review their risk register on an ongoing basis through the mechanism appropriate for their business e. g. local Risk Committee.

This bottom-up risk reporting is considered by the ROC alongside the Group's principal risks. New risks are added to the Group's principal risk register if deemed to be of a significant nature so that the ongoing status and the progression of key action plans can be managed in line with the Group's targets and expectations.

AD HOC RISK REPORTING

Whilst there is a formal process in place for reporting on risks on a quarterly basis, the process of risk identification, assessment and response is continuous and therefore if required, risks can be reported to the Executive Board outside of the quarterly process, should events dictate that this is necessary and appropriate. Ideally such ad hoc reporting is performed by the business or function which is closest to the risk, but it can be performed by the Group Risk department if necessary.

Principal Risk Heat Map



RISKS ABOVE APPETITE

CURRENT RISK POSITION — TARGET RISK POSITION

1 *Lack of integration & flexibility (IT & Ops)*
2 *Reduction in customer demand*
3 *Inability to attract & retain talent*
4 *Insufficient cash flow*
5 *Volatility of input costs*
6 *Access to EU airspace post-Brexit*
7 *Disruption to IT Systems (Cyber attack)*
8 *Lack of sustainability improvements*
9 *Reliance on key suppliers*

RISKS WITHIN APPETITE

CURRENT RISK POSITION

A *Disruption within our destinations*
B *Security Health & Safety breach*
C *Breach of regulatory requirements*
D *Management of joint venture partnerships*

CURRENT RISK POSITION

The level of risk faced today taking account of the mitigation already in place and operating effectively

TARGET RISK POSITION

The acceptable level of risk, in line with the overall risk appetite

EFFECTIVENESS OF THE RISK MANAGEMENT SYSTEM

The Executive Board regularly reports to the Audit Committee of the Supervisory Board on the performance, effectiveness and adherence to listing requirements of the risk management system, supported by the ROC and the Group Risk department. Additionally, the Audit Committee receives assurance from Group Audit through its audit plan over a selection of principal risks, processes and business transformation initiatives most critical to the Group's continued success.

During the pandemic, there was a significant reduction in the companies' operation which allowed for a lower level of operational risk management. Instead, financial risks in terms of liquidity management were the primary focus during that time and these were being closely monitored and managed by the Executive Board.

With the ramp up of the business towards the summer season, risk management activities throughout the operational businesses and central functions resumed and formal requirements for risk reporting were re-introduced taking into account changes to the business as a result of the ongoing transformation. This however came at the same time as the increased volumes began putting pressure on the external infrastructure when some operational risks increased over which we had only limited control.

The conclusion from all of the above assurance work is that despite the temporary operational weaknesses as businesss activity resumed, the risk management system has functioned effectively throughout the year and there have been no significant failings identified. Of course there is always room for improvement, especially considering the necessary adaptions to the changes in the Group during the pandemic and the Risk Champions and the Group Risk department continue to work together to enhance the risk management and reporting processes.

Finally, in accordance with Section 317 (4) HGB (German Commercial Code), the auditor of TUI AG has reviewed the early detection system for risks in place as required by Section 91 (2) AktG (German Stock Corporation Act) to conclude, if the system can fulfill its duties. Following the auditing standard, the auditor has focused on the determination of the risk bearing capacity of TUI and the comparison of this performance indicator with the aggregation of the Group's Risk portfolio. To determine the risk bearing capacity, we leveradge our considerations given and calculations made for the Viability Statement. This procedure has been approved by the Group Executive Committee.

Principal risks

The principal risks to the Group are either considered to be 'Above' or 'Within' risk appetite.

Risks above the appetite are those that either require further mitigation in order to reduce them to an acceptable position or are heightened by external events beyond our control. We have action plans in place to increase or strengthen mitigation around each of these risks and reduce the current risk score to the target level indicated in the heat map diagram.

Risks within the appetite are those that considered to be at an acceptable level. For these, we have controls, processes and procedures in place as a matter of course that serve to mitigate each risk to either minimize the likelihood of the event occurring and / or minimise the impact if it does occur. These risks remain on our risk radar where we regularly monitor the risk, the mitigation and the risk landscape to ensure that the risk score stays stable and within our risk appetite in each case.

In the heat map diagram, the assessment criteria used are shown on page 37.

Financial year 2022 principal risks

Similarly to other external factors that have previously impacted our Group (e. g. the volcanic ash-cloud or grounding of the B737 Max fleet), we do not consider the COVID-19 pandemic as a risk in its own right, but as an event that has led to far-reaching consequences for our offer in source markets as well as destinations. This has led to several of our principal risks to materialise simultaneously, including: customer demand, input cost volatility, cashflow, destination disruption and security, health & safety. All of these principal risks continue to remain heightened throughout the pandemic.

Measures taken in order to react to this crisis have also heightened the principal risk profile. Therefore the lack of integration risk has increased, due to the volume and speed of transformation required within the Group in order to react to the impact; and the ability to attract and retain talent, due to the cost saving measures related to our employees.

From the Executive Board's perspective, despite the existing risks, the 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 on 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 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. In view of the disruptions in our flight operations in H2 2022, we have initiated measures to increase the resilience of our flight operations, for example by deploying more stand-by aircraft. In the medium term, we expect the situation at international airports to ease.

For further information please refer to the Viability Statement on page 48.

See chapter Going Concern Reporting in accordance with UK Corporate Governance Code, page 162.

If the risk detail in the subsequent tables does not suggest otherwise, the risks shown below relate to all segments of the Group. The risks listed are the principal risks to which we are exposed but are not exhaustive and will evolve over time due to the dynamic nature of our business.

Principal risks above risk appetite

Nature of Risk	Mitigating Factors
1. LACK OF INTEGRATION AND FLEXIBILITY WITHIN OPERATIONS AND IT SYSTEMS	
The Group's strategy ensures that we are more vertically integrated, which reduces the impact of disruption by pure digital players. The overall strategy is to drive profitable topline growth whilst reducing our cost base. This involves the integration of our businesses and the development of core platform capabilities and technical infrastructure providing flexibility of IT services. Our focus is on enhancing our operations and customer experience by providing engaging, intuitive and seamless customer service through the delivery of these projects. The lack of integration and flexibility within our systems and operations, particularly in the Markets & Airline businesses can impact our competitiveness and our ability to provide a superior customer experience as well as to deliver on quality and operational efficiency.	• We develop our own software solutions and combine them in an ecosystem for use in all markets of our Markets & Airlines division. • Integration and development of Musement IT platform as technology driver for Customer Experience. • An established Global Transformation Office to monitor all initiatives to ensure they are on track as well as regularly provide status updates to the Group Executive Committee. • An established Asset Transformation Board, chaired by the Chief Strategy Officer that reviews the current asset portfolio within our airline, hotels and cruise businesses. • Strong project management structures exist for all of the major restructuring, acquisition and disposal programs, which are underway to ensure that they are managed effectively. • Project reporting tool ensures enhanced visibility of the progress of major projects as a matter of routine. • Centralised management structures to oversee the Markets and Airline businesses.

Nature of Risk	Mitigating Factors
2. REDUCTION IN CUSTOMER DEMAND	
Spending on travel and tourism is discretionary and price sensitive as well as competitive. The economic outlook remains uncertain. Furthermore, in recent years there has been an emergence of successful substitute business models such as web-based travel and hotel portals which allow end users to combine the individual elements of a holiday trip on their own and book them separately. There is the risk that these external factors within our industry will impact on the spending power as well as the desire to travel of our customers. This could impact our short-term growth rates and lead to margin erosion. Customer demand has returned after the significant impact of the COVID-19 pandemic. Nevertheless, the Russian war of aggression against Ukraine and energy prices are significantly worsening the economic outlook in our key markets. Adverse climate conditions (heat-waves, droughts, heavy rain) bear the risk that customer demand for popular holiday destinations, where TUI is active, decline. This could impact our mid-term growth and the valuation of our hotel assets in these countries.	• Our market position as a globally operating tourism group, our brand and our integrated business model enables us to respond robustly to competitive threats. • The Group is characterised by the continuous development of new holiday experiences, developing new concepts and services which match the needs and preferences of our customers. Our strong and lasting relationships with our key hotel partners further reinforces our ability to develop new concepts exclusive to the Group. • Experience shows that many consumers give high priority to their travel spending. • Leveraging our scale to keep costs down and prices competitive. • The multitude of source markets, which react to external shocks to varying degrees, can lead to a balancing effect. • Promoting the benefits of travelling with a globally operating tour operator to increase customer confidence and peace of mind. This became particularly prominent during the pandemic where customers are seeking a higher level of security from reputable companies. • With our asset right strategy in our hotels business, we aim a mix of owned, leased or other partnership arrangements to manage the investment into the holiday destinations. This secures capacity and thus limiting the financial investment.
3. INABILITY TO ATTRACT AND RETAIN TALENT	
Our success depends on the ability to attract, retain, and develop our talent to ensure that we equip our employees to deliver our strategy as well as to also become our future leaders. There is a risk that we are unable to attract and retain key talent, build future leadership capability and maintain the commitment and trust of our employees. Challenges in managing and maintaining our talent pipeline in order to deliver against our strategy, drive competitiveness and maximize on our operating performance, may impact on our ability to future proof the Group and the associated potential for negative impact on shareholder confidence. This risk continues to be high as a result of the cost saving measures related to our employees as well due to the tourism industry being a less attractive sector.	• Support retention by refreshing our Performance Management processes, aligning our development opportunities to the business needs and communicating all internal vacancies to our employees. • Promoting a working from anywhere culture, allows us to attract and retain a wider pool of talent that does not require to be located close to our base offices. • Build and develop internal talent pools of our high potential employees ensuring that they are diverse and inclusive. • A strategically aligned leadership programme for high performing management at all levels and the creation of strong management development programme for all people managers.

Nature of Risk	Mitigating Factors
4. INSUFFICIENT CASH FLOW	
Tourism is an inherently seasonal business with the majority of profits earned in the European summer months. Cash flows are similarly seasonal with the cash high occurring in the summer as advance payments and final balances are received from customers, with the cash low occurring in the winter as liabilities have to be settled with many suppliers after the end of the summer season. There is the risk that if we do not adequately manage cash balances through the winter low period this could impact on the Group's liquidity and ability to settle liabilities as they fall due whilst ensuring that financial covenants are maintained. As a result of the COVID-19 pandemic the Group has experienced increasing challenges to the cashflow profile. This is due to operational activity being significantly reduced during the summer months, which is the time when the majority of cash balances are received from customers. After two years heavily impacted by the COVID-19 pandemic, operational activity has recovered during H2 2022, leading to a more normalised cashflow profile again. Nevertheless, we are still experiencing a significantly shorter booking profile whereby customers are booking very close to departure and therefore cash deposits are received later than previous booking patterns and the cash balances are subject to higher short tem movements. The price increases observed in the year under review had no relevant impact on customer demand.	• The Executive Board has continued to place significant focus on the review of the Group's cash flow position during and after the COVID-19 crisis period. • The resumption of holidays, and ramp-up of operations during 2022 have contributed towards improving the cash positon. • With the customer deposits received for the coming seasons , the positive cash flow in 2022 and, the net funds from the financing measures implemented in the year under review (capital increases in October 2021 and May 2022 net of government hand-backs), the Executive Board believes that, despite the existing risks, the TUI Group currently has and will continue to have sufficient funds resulting both from the borrowing and from operating cash flows to meet its payment obligations and to continue as a going concern. The Executive Board no longer considers the remaining risk with regard to a further pandemic-related change in booking behaviour as a threat to the company as a going concern. For the 2023 financial year, it is expected that booking behaviour 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 on 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. In view of the disruptions in our flight operations in H2 2022, we have initiated measures to increase the resilience of our flight operations, for example by deploying more stand-by aircraft. In the medium term, we expect the situation at international airports to ease. • Our focus on holiday experiences is helping to reduce the seasonality risk, as hotels, cruises and destination experiences have a more evenly distributed profit and cash profile across the year. • As our business is spread across a number of markets, there are some counter-cyclical features e. g. winter is a more important season for the Nordic and Canadian markets. Some brands, such as the UK ski brand Crystal Ski, have a different seasonality profile which helps to counter-balance the overall profile. • The business regularly produces both short term and long term cash forecasts during the year – on a daily basis when needed – , which the Treasury department use to manage cash resources effectively. We continue to maintain high-quality relationships with the Group's key financiers. TUI AG's RCF 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 based on 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 impact from the COVID-19 pandemic, the review was suspended until March 2022 and resumed in September 2022. Higher limits will be applied at the first two cut-off dates before normalised limits have to be complied with from September 2023. As of September 2022, TUI successfully complied with the financial covenants.

Nature of Risk	Mitigating Factors
	• Regularly reviewing ways in which we can raise additional finance from the capital markets, should it be required, and how we can continue to improve our Free Cash Flow position. *Please refer to the Viability Statement on page 48 for further details on the measures taken this year.*

5. VOLATILITY OF INPUT COSTS

A significant proportion of operating expenses are in non-local currency and / or relate to aircraft and cruise fuel which therefore exposes the business to fluctuations in both exchange rates and fuel prices.

There is the risk that if we do not manage adequately the volatility of exchange rates, fuel prices and other input costs, then this could result in increased costs and lead to margin erosion, impacting on our ability to achieve profit targets. As a result of the pandemic there is also a risk that there will be only limited lines available to put in place hedges to manage the volatility of future seasons.

Furthermore, changes in macroeconomic conditions, such as those that were experienced as a result of the pandemic and other geo-political events, like the war on Ukraine, can have an impact on fuel rates and exchange rates which, particularly for the £ / € rate has a direct impact on the translation of non-euro market results into euros, the reporting currency of our Group. The recent increase in inflationary pressures has led to central banks increasing interest rates. The aggressive raising of US interest rates by the US Federal Reserve vs. a slower pace of monetary tightening by other central banks, most notably the ECB, has increased interest rate differentials and caused the US dollar to strengthen against other currencies such as the Euro and British Pound. Where the Group has unhedged exposures, this will have an adverse impact on input costs denominated in US dollars.

- An established Hedging Committee that monitors the Group's hedging position.
- Ensuring that the appropriate derivative financial instruments are used to provide hedging cover for the underlying transactions involving fuel and foreign currency.
- Maintaining an appropriate hedging policy to ensure that hedging cover is taken out ahead of the markets' customer booking profiles, where hedging lines allow. This provides a degree of certainty over input costs when planning pricing and capacity, whilst also allowing some flexibility in prices so as to be able to respond to competitive pressures if necessary.
- Tracking the foreign exchange and fuel markets to ensure the most up-to-date market intelligence and the ongoing appropriateness of our hedging policies.
- Expressing our key profit growth target in constant currency terms so that short term performance can be assessed without the distortion caused by exchange rate fluctuations.

We are currently unable to exercise all controls as our banking lines do not sufficiently cover all of the Group's hedging needs. We regard this as a temporary situation which has already significantly improved in the recent months.

Further information on currency and fuel hedges can be found in the Notes to the consolidated financial statements in the Financial instruments section.

6. ACCESS TO EU AIRSPACE POST-BREXIT

Our main concern is whether or not all of our airlines will continue to have access to EU airspace as now. If we were unable to continue to fly intra-EU routes, such as from Germany to Spain, this would have a significant operational and financial impact on the Group.

Other areas of uncertainty include the status of our UK employees working in the EU and vice versa and the potential for customer visa requirements for holidays from the UK to the EU.

- Dedicated workstreams to coordinate suitable mitigation strategies where the UK exit from the European Union has impacted on our operations, particularly the airlines.
- Regular engagement and lobbying towards relevant UK and EU decision makers to stress the continued importance of a liberalised and less regulated aviation market across Europe to allow access to investment capital and to protect consumer choice in both regions.

Nature of Risk	Mitigating Factors
7. DISRUPTION TO IT SYSTEMS (CYBER ATTACKS)	
Our responsibility is to protect the confidentiality, integrity and availability of the data we process for our customers, employees, and businesses. This is an evolving risk due to increasing digitalisation, embracing emerging technologies, growing global cyber-crime activity, Russia-Ukraine conflict and more regulation (e.g. EU GDPR). Our consolidation under the TUI brand and increasing dependence on online sales and customer care increases our exposure and the potential worst-case impact of a successful cyber-attack. If we do not ensure we have the appropriate level of security controls in place across the Group, this could have a significant negative impact on our key stakeholders, associated reputational damage and potential for financial implications.	• Continued commitment from the Executive Board in support of key initiatives to ensure existing and future IT systems are secure by design, that exposure to vulnerability is managed, user access is monitored, and colleagues are made aware of information security risks through appropriate training – Security first in everything we do. • Increasing the maturity and coverage of our Security Operations Centre and monitoring tools to anticipate, detect and respond to criminal attacks and resolve information security incidents. • Scaling out our Security Engineering capability to ensure controls are embedded in the application development pipeline as TUI's information technology is transformed. • Continuous improvement through lessons learned from real or simulated cyber incidents.
8. LACK OF SUSTAINABILITY IMPROVEMENTS	
For the Group, economic, environmental and social sustainability is a fundamental management principle and a cornerstone of our strategy for continually enhancing the value of our Company. This is the way we create the conditions for long-term economic success and assume responsibility for sustainable transformation in the tourism sector. Our focus is to reduce the environmental impact of our operations and promote responsible social policies and outcomes both directly through our own business and indirectly via our influence over our supply chain partners, thereby driving the sustainable transformation of the tourism industry. There is a risk that we are not successful in driving social and environmental improvements across our operations, that our suppliers do not uphold our corporate and social responsibility standards and we fail to influence destinations to manage tourism more sustainably. If we do not maximise our positive impact on destinations and minimise the negative impact to the extent that our stakeholders expect, this could result in a decline in stakeholder confidence, reputational damage and reduction in demand for our products and services.	• The TUI Sustainability Agenda purpose is to set and drive industry standards, ambitious goals and develop transformation roadmaps for all parts of the business. • This means to actively engage colleagues, partners and customers, bringing sustainability to life in a tangible and emotional way. • The Group Sustainability department sets clear goals, priorities, and the framework to deliver the Sustainability Agenda. • Operating one of the most carbon efficient airlines in Europe with continued investment in new, more efficient aircraft and cruise ships. • Our ambition is to achieve net-zero emissions across our operations and supply chain by 2050 at the latest. • Science-based targets have been set for our airline, hotel and cruise operations by 2030, validated by the Science Based Targets initiative (SBTi). • Development and implementation of emission reduction roadmaps for airlines, cruises and hotels to significantly reduce emissions. • Adhering to increasingly supply chain focused regulations (e.g. German Supply Chain Act, EU Supply chain due diligence regulation 2025) rolling out new processes and structure with a strong focus on procurement. • Implemented an environmental management system with all TUI airlines having achieved ISO 14001 certification. • Driving up social and environmental standards through accommodation suppliers achieving certifications recognised by the Global Sustainable Tourism Council (GSTC) and applying the GSTC Criteria to TUI experiences. • Enabling customers to make more sustainable holiday choices by launching our Green & Fair label.

Nature of Risk	Mitigating Factors
	• Working with partners in the Destination Co-Lab to develop Rhodes into a beacon for sustainable development of holiday destinations, with the ambition to share the learnings. • We are working on improving our alignment to climate-related financial disclosures in line with the TCFD, by publishing TUI Groups first TCFD statement in this Annual Report. See page 123.

9. RELIANCE ON KEY SUPPLIERS

Providers of holiday and travel services are exposed to the inherent risk of failure in their key suppliers, particularly for hotels, aircraft and cruise ships. This is heightened by the industry convention of paying hoteliers in advance ('prepayments') to secure a level of room allocation for the season as well as in areas where a single supplier is used to provide a product or service. There is the risk that we are unable to continue with our core operations in the event of a major service failure from our key suppliers. This risk has crystalised during the summer season when capacity bottlenecks in third party infrastructure caused some temporarily business interruption.	• Using reputable and financially stable suppliers, particularly in areas where a single supplier is used to provide a service. • Regular monitoring of supplier performance against agreed terms and conditions. • Strong working relationships with all key suppliers. • Owned and joint venture partner hotels form a substantial part of our program which reduces our inherent risk in this area. • A robust prepayment authorisation process is established and embedded to both limit the level of prepayments made and ensure that they are only paid to trusted, credit-worthy counterparties. • Prepayments are monitored on a timely and sufficiently granular basis to manage our financial exposure to justifiable levels. • Developing adequate controls around key suppliers operative ability. In service meetings, for example, we discuss current challenges with suppliers even more closely, so that we are also in a position to react operationally ourselves.

Nature of Risk | **Mitigating Factors**

Principal risks within appetite

A. DISRUPTION WITHIN OUR DESTINATIONS

Nature of Risk

Providers of holiday and travel services are exposed to the inherent risk of external events affecting destinations. This can include natural disasters such as hurricanes or tsunamis; outbreaks of disease such as the COVID-19 pandemic; political volatility as has been seen in Egypt, Turkey and Greece in recent years; the implications of war in countries close to our markets and destinations; and terrorist events such as the tragic incident in Tunisia in 2015.

There is the risk that if such an event occurs, impacting one or more of our destinations that we could potentially suffer operational disruption and costs. We may be required to repatriate our customers and / or the event could lead to a significant decline in demand for holidays to the affected destinations over an extended period of time.

Mitigating Factors

- Within our Group SHS centre of excellence we have a centralised Crisis Management Planning and Co-ordination function, providing centralised frameworks, personnel reporting structures, incident management systems and crisis communications plans for use in the local delivery of any response.
- Our well-established crisis management procedures and emergency response plans are activated when an event of this nature occurs and focus on the welfare of our customers.
- Due to our presence in key holiday destinations, in the event of a local event occurring, we can offer alternative options to our customers and remix our destination portfolio away from the affected area in future seasons if necessary.

B. SECURITY HEALTH & SAFETY FAILURE

Nature of Risk

The safety and security of customers and colleagues is of paramount importance to any holiday and travel service provider.

There is the risk of accidents, incidents or events occurring causing illness, injury or death to customers or colleagues whilst on a TUI holiday or provided activity or service.

In addition to the harm caused the affected individual(s), this could result in disruption to operational activities, reputational damage to the business and / or financial liabilities through loss of earnings, lack of demand and / or legal claims being brought by the affected parties.

Mitigating Factors

- The established Group Security, Health & Safety (Group SHS) centre of excellence oversees safety and security risk management activities are appropriately conducted across the organisation, delivering alignment and consistency across the TUI Group.
- Group SHS' operational responsibilities include TUI Tour Operations, TUI Hotels & Resorts and TUI Musement (including Intercruises). Operational safety and security risk management activities for Airline and Cruise operations are managed from within the respective business units.
- Data-led, risk-based Safety and Security Risk Management systems are in place.
- Safety and Security Risk Management clauses are included in supplier contracts.
- Appropriate insurance policies are in place to mitigate any financial losses.

Nature of Risk	Mitigating Factors
C. BREACH OF REGULATORY REQUIREMENTS	
Most providers of holiday and travel services operate across a number of economies and jurisdictions, which therefore exposes them to a range of regulatory laws which must be complied with. As we are operating from multiple source markets and providing holidays in more than many destinations, we are exposed to a range of laws and regulations with which we must comply or else risk incurring fines or other sanctions from regulatory bodies.	• Communication and strong tone from the top concerning compliance with laws and regulations. • Risk based compliance management systems managing the most relevant legal areas for the Group. • Regular reporting of Integrity and Compliance Director in different bodies (Group Executive Committee, Audit Committee, Group Works Council) in order to guarantee appropriate monitoring, supervision and implementation of action plans and to strengthen the Integrity & Compliance culture across the Group. • Embedded legal expertise in all major businesses responsible for maintaining high quality relationships with the relevant regulators and authorities. • Ongoing implementation and review of Compliance Management System conducted by the Group Integrity & Compliance department to monitor compliance with regulations and provide expert advice to local teams on specific compliance areas.
D. MANAGEMENT OF JOINT VENTURE PARTNERSHIPS	
It is common for tourism groups to use joint venture partnerships in some of their operations in order to reduce the risk of new ventures, to gain access to their expertise of the local market as well as to strengthen the balance sheet position in line with our less capital intensive "asset-right" strategy (e.g. the transaction completed with Riu). There are three significant joint ventures within the Group – Riu, TUI Cruises and Sunwing. *For details on our strategy refer to page 23.* There is the risk that if we do not maintain good relations with our key partners that the ventures' objectives may not remain consistent with that of the Group which could lead to operational difficulties and jeopardize the achievement of financial targets.	• Good working relationships exist with all of our main joint venture partners and they are fully aligned with and committed to the growth strategy of the Group.

Viability Statement

In accordance with Rule 31 of the UK Corporate Governance Code, the Executive Board assesses the Company's future prospects for a period exceeding the twelve months required by the going concern premise. The Executive Board reviews the business development annually and on a rolling basis based on a three-year strategic plan. The current three-year plan was adopted in October 2022 and covers the period until 30 September 2025. A three-year horizon is considered appropriate for a fast moving competitive environment such as tourism.

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 and 2021, which, in addition to a capital increase, 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. The financing measures are described in detail in the annual reports 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 around 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 around € 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. Following full repayment 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.

As at 30 September 2022, TUI Group's revolving credit facilities totalled € 3.74 bn, they have a term until summer 2024. The financing commitments available until 30 September 2021 were utilised in the amount of € 0.6 bn as at the balance sheet date.

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. On June 30, 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 July 20, 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.

The support and stabilisation package as well as the further financing measures are described in detail in the chapter 'Going concern reporting according to the UK Corporate Governance Code' in the notes.

→ *See chapter Going Concern Reporting in accordance with the UK Corporate Governance Code, page 162.*

Currently, TUI Group is only marginally affected by the negative financial impact of the COVID-19 pandemic.

Although the number of COVID-19 cases remained high, 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 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. As a result of the pandemic, 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, the 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 on 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.

Taking into account the current situation of the Group, the main risks and the above-mentioned sensitivity analysis, the Executive Board has a reasonable expectation that the Group will be able to continue operations and meet the obligations arising within the three-year period under review.

Key features of the internal control and risk management system in relation to the (Group) accounting process (sections 289 (4) and 315 (4) of the German Commercial Code)

1. CONCEPTUAL FRAMEWORK AND GOVERNANCE

The internationally recognised framework created by COSO (Committee of Sponsoring Organizations of the Treadway Commission) forms the conceptual basis for TUI Group's accounting-related internal control system.

On the basis of section 107 (3) of the German Stock Corporation Act, the Audit Committee of the Supervisory Board of TUI AG reviews the auditing of the annual financial statements, monitoring the accounting process and the effectiveness of the internal control and risk management systems. The reliability of financial reporting and the monitoring of the financial accounting process as well as the effectiveness of the internal control and risk management systems are described in the Audit Committee Report. This also takes account of the effectiveness of the accounting-related internal control and risk management system.

Report of the Audit Committee, see page 18.

The Group's auditors gain insight into TUI Group's established control environment and control measures. The accounting-related audits by the auditor are complemented by an assessment of selected control definitions and their implementation. The audit of the consolidated financial statements by the Group auditor and the audit of the individual financial statements of Group companies included in the consolidated financial statements, in particular, constitute a key non-process-related monitoring measure in relation to Group accounting.

In Group accounting, the risk management system, implemented as a component of the internal control system in the form of an Enterprise Risk Management (ERM) System, also addresses the risk of misstatements in Group bookkeeping and external reporting. A more detailed explanation of the risk management system is provided in the section on Risk Governance in the Risk Report.

2. USE OF IT SYSTEMS

Bookkeeping transactions are captured in the individual financial statements of TUI AG and of the subsidiaries of TUI AG through local accounting systems, above all supplied by SAP. When preparing TUI AG's consolidated financial statements, the subsidiaries complement their individual financial statements by setting up standardised reporting packages in the Oracle Hyperion Financial Management (HFM) reporting system. HFM is used as the uniform reporting and consolidation system throughout the Group and hence no additional interfaces are involved in preparing the consolidated financial statements.

All consolidation processes used to prepare the consolidated financial statements of TUI AG, e.g. capital consolidation, the consolidation of assets and liabilities and the elimination of expenses and income and at equity measurement, are generated and fully documented in HFM. Virtually all elements of TUI AG's consolidated financial statements, including the disclosures in the Notes, are developed from and validated by the HFM consolidation system. HFM also provides various modules for evaluation purposes in order to present complementary information to explain TUI AG's consolidated financial statements.

The HFM reporting and consolidation system has an in-built workflow process whereby, when the reporting companies capture their data packages within the system, they are then locked out from making any further changes to that data. This ensures data integrity within the system. This workflow process has been checked and validated by the TUI AG Group Audit department on several occasions since the system was introduced.

At their own discretion, TUI AG's Group auditors select certain individual financial statements from the financial statements entered in the HFM reporting and consolidation system by the Group companies, which are then reviewed for the purposes of auditing the consolidated financial statements.

3. SPECIFIC RISKS RELATED TO (GROUP) ACCOUNTING

Specific risks related to (Group) accounting may arise, for example, from unusual or complex business transactions, in particular at critical times towards the end of the financial year. Business transactions not routinely processed also entail special risks. The discretion necessarily granted to employees for the recognition and measurement of assets and liabilities may result in further (Group) accounting-related risks. The outsourcing and transfer of accounting-specific tasks to service companies may also give rise to specific risks.

4. KEY REGULATION AND CONTROL ACTIVITIES TO ENSURE PROPER AND RELIABLE (GROUP) ACCOUNTING

The internal control measures aimed at securing proper and reliable (Group) accounting ensure that business transactions are fully recorded in a timely manner in accordance with legal requirements and the Articles of Association. This also ensures that assets and liabilities are properly recognised, measured and presented in the financial statements and the consolidated financial statements. The control operations also ensure that bookkeeping records provide reliable and comprehensive information.

Controls implemented to secure proper and reliable accounting include, for instance, analysis of facts and developments on the basis of specific indicators. Separation of administrative, execution, settlement and authorisation functions and the implementation of these functions by different persons reduces the potential for fraudulent operations. Organisational measures also aim to capture any corporate or Groupwide restructuring or changes in sector business operations rapidly and appropriately in (Group) accounting. They also ensure, for instance, that bookkeeping transactions are correctly recognised in the period in which they occur in the event of changes in the IT systems used by the accounting departments of Group companies. The internal control system likewise ensures that changes in the TUI Group's economic or legal environment are mapped and that new or amended accounting standards are correctly applied.

To safeguard financial processes, there is a Group-wide framework under which all major companies included in the consolidated financial statements as fully consolidated companies are required to report the nature of their controls and their implementation for financial reporting, fraud prevention and detection and effectiveness of working capital management in relation to defined risks from financial processes to the Group Risk & Controls function with system support and to assess their effectiveness on a quarterly basis. The Group Risk & Controls function reviews these reports on a sample basis and provides advice on how to improve efficiency and effectiveness. Where financial processes are carried out in the Group's own Shared Service Center, this function provides support for the further development of the process and control framework. Based on the feedback received, Internal Audit selects companies for an in-depth review of the control measures in accordance with its own risk assessment.

The TUI Group's accounting policies together with the International Financial Reporting Standards (IFRS) in compliance with EU legislation, govern the uniform accounting and measurement principles for the German and foreign companies included in TUI's consolidated financial statements. They include general accounting principles and methods, policies concerning the statement of financial position, income statement, notes, management report and cash flow statement.

The TUI Group's accounting policies also govern specific formal requirements for the consolidated financial statements. Besides defining the group of consolidated companies, they include detailed guidance on the reporting of financial information by those companies via the group reporting system HFM on a monthly, quarterly and year end basis. TUI's accounting policies also include, for instance, specific instructions on the initiating, reconciling, accounting for and settlement of transactions between group companies or determination of the fair value of certain assets, especially goodwill. At Group level, specific controls to ensure proper and reliable (Group) accounting include the analysis and, where necessary, correction of the individual financial statements submitted by the Group companies, taking account of the reports prepared by the auditors and meetings to discuss the financial statements which involve both the auditors and local management. Any further content that requires adjusting can be isolated and processed downstream. The control mechanisms already established in the HFM consolidation system minimise the risk of processing erroneous financial statements. Certain parameters are determined at Group level and have to be applied by Group companies. This includes parameters applicable to the measurement of pension provisions or other provisions and the interest rates to be applied when cash flow models are used to calculate the fair value of certain assets. The central implementation of impairment tests for goodwill recognised in the financial statements secures the application of uniform and standardized evaluation criteria.

5. DISCLAIMER

With the organisational, control and monitoring structures established by the TUI Group, the internal control and risk management system enables company-specific facts to be captured, processed and recognised in full and properly presented in the Group's accounts.

However, it lies in the very nature of the matter that discretionary decision-making, faulty checks, criminal acts and other circumstances, in particular, cannot be ruled out and will restrict the efficiency and reliability of the internal control and risk management systems, so that even Group-wide application of the systems cannot guarantee with absolute certainty the accurate, complete and timely recording of facts in the Group's accounts.

Any statements made relate exclusively to TUI AG and to subsidiaries according to IFRS 10 included in TUI AG's consolidated financial statements.

Overall Assessment by the Executive Board and Report on expected Developments

Actual business performance 2022 compared with our guidance

Compared with our original expectations, the TUI Group's business performance was impacted by the travel restrictions caused by the spread of the Omicron variant in the course of the first half of the year and the associated booking restraint after the turn of the year. Following the successive lifting of the travel restrictions, 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 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.

Overall, the operating and financial indicators showed a positive year-on-year development, as expected in our forecast.

In the year under review, turnover by the TUI Group rose from € 4.7 bn to € 16.5 bn. The year-on-year growth of 247.4 % at constant exchange rates thus matched the significant increase assumed in our forecast.

Also in line with expectations, TUI Group's underlying EBIT recovered by € 2,484.2 m to an operating profit of € 408.7 m in financial year 2022. This means that the significant improvement in underlying EBIT that we had expected was achieved. In our Half-year Financial Report 2022, we had specified this expectation of a significantly positive underlying EBIT.

As expected, net charges of € 58.7 m were adjusted in the earnings statement in the reporting year.

As a result of the significant recovery in underlying EBIT, ROIC and value added also improved significantly in financial year 2022, as expected. In the year under review, TUI Group's ROIC amounted to 7.49 % (previous year – 30.02 %). Taking into account the Group's weighted average cost of capital of 12.63 %, this resulted in a negative Economic Value Added of € 280.7 m (previous year negative Economic Value Added of € 2.8 bn).

In accordance with our forecast, in which we had expected a significant increase in net tangible and financial investments, the Group had cash outflows from net tangible and financial investments of € 315.9 m in the reporting year (previous year cash inflows of € 699.1 m).

As expected, the net debt of € 3.4 bn reported at the end of the financial year 2022 was significantly below the previous year's figure of € 5.0 bn. The significant decrease was influenced in particular by the cash inflow from operating activities of € 2,077.8 m as well as the cash inflow from the capital increases carried out in the reporting year in the amount of € 1,522.7 m less the funds used for the repayment of Silent Participation II to the Economic Stabilisation Fund of € 671.0 m.

For financial year 2022, we had expected a significant reduction in specific CO_2 emissions compared to financial year 2021. In the year under review, the relative CO_2 emissions of our airlines reduced by 18.5 % from 78.0 g CO_2 / rpk to 63.6 g CO_2 / rpk. This improvement was somewhat weaker than expected, as business was slow to recover over the course of the year. It is mainly due to higher load factors compared to 2021 as well as our fleet renewal, which involves replacing older aircraft with new, more CO_2-efficient aircraft.

Projected development of global situation

Projected development of World Output

Var. %	2023	2022
World	**+2.7**	**+3.2**
Eurozone	+0.5	+3.1
Germany	–0.3	+1.5
France	+0.7	+2.5
UK	+0.3	+3.6
US	+1.0	+1.6
Russia	–2.3	–3.4
Japan	+1.6	+1.7
China	+4.4	+3.2
India	+6.1	+6.8

Source: Projections of International Monetary Fund (IMF), World Economic Outlook, October 2022

MACROECONOMIC SITUATION AND MARKET DEVELOPMENT IN TOURISM

Global economic growth is impacted by high inflation, the war in Ukraine with the associated tightening of gas supplies from Russia to Europe and the lingering effects of the COVID-19 pandemic. The International Monetary Fund (IMF) revised its global growth forecast for calendar year 2023 down to 2.7 % (IMF, World Economic Outlook, October 2022).

International tourism has so far shown signs of a strong and steady recovery from the effects of the pandemic, despite a substantial increase in economic and geopolitical challenges. The recovery of tourism has picked up steam in many parts of the world, with international tourist arrivals in some regions already having returned to or even exceeding pre-pandemic levels. The robust recovery of tourism is reflected not only in the tourism data for many destinations across the globe, but also in various industry indicators such as air passenger traffic and hotel metrics. In fact, the stronger-than-expected rise in demand has also created substantial operational and workforce challenges in tourism companies and infrastructure, in particular airports (UNWTO, World Tourism Barometer, September 2022).

The lifting of the remaining travel restrictions and growing consumer confidence will be key stimuli for the further recovery of the sector in an environment of increasing economic headwinds and geopolitical challenges. The combination of higher interest rates in all major economies, rising energy and food prices and the weak development of the global economy, with the growing prospect of recession in some regions, are of major relevance for the further recovery of international tourism in 2023. The potential slowdown can be seen in the latest UNWTO Confidence Index, which reflects a more cautious outlook, as well as in booking trends, which are showing signs of slower growth (UNWTO, World Tourism Barometer, September 2022).

EFFECTS ON TUI GROUP

As a global tourism provider, TUI Group depends on the political and legal framework and on consumer demand in the big source markets in which we operate with our hotel, cruise and tour operator brands. Our budget is based on the IMF's assumptions about the future development of the global economy and takes its cue from UNWTO's long-term forecast.

In view of the environment characterised by the pandemic, Russia's ongoing war of aggression on Ukraine and the intensified general price increase in recent months, the Executive Board believes it would not be appropriate to issue a specific quantitative forecast for revenue and underlying EBIT for the new financial year 2023 at this time.

Expected development of Group earnings

TUI GROUP

The translation of the income statements of foreign subsidiaries in our consolidated financial statements is based on average monthly exchange rates. TUI Group generates a considerable proportion of consolidated revenue and substantial earnings and cash flow contributions in non-euro currencies, in particular the pound sterling and US dollar. Taking account of the seasonality in tourism, the value of these currencies against the euro in the course of the year therefore exerts a major impact on the financial indicators displayed in TUI AG's consolidated financial statements.

Our key financial performance indicators for our earnings position in financial year 2023 are revenue and underlying EBIT.

Definition of underlying EBIT in Value-oriented Group management on page 30.

Key performance indicators used for regular value analysis are Return On Invested Capital (ROIC) and Economic Value Added. ROIC for a given segment is compared with the segment-specific cost of capital.

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 TUI Musement, will have a positive effect.

In the planning of the Hotels & Resorts segment, results are expected to improve compared to 2022, in particular as travel restrictions are no longer expected. This is supported by TUI's ability to steer customer volumes to its own hotels via its direct distribution.

CONTENTS

FINANCIAL YEAR 2022

COMBINED MANAGEMENT REPORT

In the Cruises segment, Marella and TUI Cruises are expected to operate the full fleet in financial year 2023, with load factors approaching those of financial year 2019. However, cost base inflation will impact earnings in the 2023 financial year.

The development of TUI Musement is, on the one hand, dependent on the development of customer numbers in the Markets & Airlines segment. On the other hand, TUI Musement will generate growth through the sale of tours, activities and tickets, which will be achieved by expanding own / direct sales via the internet and app.

In Markets & Airlines the cost-saving measures implemented are expected to cushion the impact of cost base inflation on earnings. It is expected that the disruptions to flight operations in the 2022 financial year will not recur in 2023, partly through the airports' own measures and partly because they are adjusting their capacities to a higher load factor.

Below, we present TUI Group's expected development in financial year 2023 based on the constant currency rates for financial year 2022.

REVENUE

TUI Group revenue totalled € 16.5 bn in the year under review. For financial year 2023, we expect a further strong increase in TUI Group's revenue year-on-year.

UNDERLYING EBIT

TUI Group's underlying EBIT in financial year 2022 amounted to € 408.7 m. For financial year 2023, we expect TUI Group's underlying EBIT to improve significantly year-on-year.

ADJUSTMENTS

For financial year 2023, we expect a net negative effect from adjustments in a range of € 60 m to € 80 m.

For details on objectives and strategies, see page 23 onwards; for details on risks, see Risk Report from page 34 onwards.

ROIC AND ECONOMIC VALUE ADDED

Due to the expected improvement in our operating result, ROIC and Economic Value Added are also expected to improve significantly year-on-year, depending on how capital costs for TUI Group develop.

Expected development of financial position

To forecast the Group's financial position in financial year 2023, we have defined the Group's net capital expenditure and investments and its net financial position as key performance indicators.

NET CAPEX AND INVESTMENTS

For financial year 2023, we expect net capex and investments in a range of € 450 m to € 500 m.

NET FINANCIAL POSITION

For financial year 2023, we expect the Group's net debt to be broadly stable.

Sustainable development

CLIMATE PROTECTION AND EMISSIONS

We have identified specific carbon emissions (in g CO_2 / rpk) from our aircraft fleet as the key non-financial performance indicator. For financial year 2023, we expect specific CO_2 emissions to slightly fall in comparison with financial year 2022.

Overall Executive Board assessment of TUI Group's current situation and expected development

At the date of preparation of the Management Report (12 December 2022), 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 on Ukraine. Nevertheless, 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 services, especially those we purchase in US dollars, could lead to an increase in our input costs. In view of the disruptions in our flight operations in H2 2022, we have initiated measures to increase the resilience of our flight operations, for example by deploying more stand-by aircraft. In the medium term, we expect the situation at international airports to ease.

For financial year 2023, we therefore expect TUI Group's underlying EBIT to improve significantly year-on-year on a constant currency basis.

Outlook for TUI AG

The future business performance of TUI AG is essentially subject to the same factors as those impacting TUI Group. Due to the business ties between TUI AG and its Group companies, the outlook, opportunities and risks presented for TUI Group are largely mirrored by expectations for TUI AG. The comments made for TUI Group therefore also apply to TUI AG.

Opportunity Report

TUI Group's opportunity management follows the Group strategy for Tourism as our core business. Responsibility for systematically identifying and taking up opportunities rests with the operational management of the Hotels & Resorts, Cruises and TUI Musement segments as well as our source markets. Market scenarios and critical success factors for the individual sectors are analysed and assessed in the framework of the Group-wide planning and control process. The core task of the Group's Executive Board is to secure profitable growth for TUI Group again by optimising the shareholding portfolio and developing the Group structure over the long term.

OPPORTUNITIES AND RISKS ARISING FROM MACRO TRENDS

In particular, a faster decline in fuel costs as well as a lower general price increase would have a positive impact on the TUI Group and its segments.

CORPORATE STRATEGY OPPORTUNITIES

Opportunities arise from accelerating the Group's transformation into a digital platform business. We will expand hotel-only and flight-only products and broaden our dynamic packaging opportunities. We will prioritise the planned transformation of our digital platform in the TUI Musement segment.

OPERATIONAL OPPORTUNITIES

We intend to operate as an asset-light organisation and see opportunities in the implementation of our asset-right strategy in our Hotels & Resorts and Cruises businesses. We are reviewing unprofitable activities and will divest them as appropriate.

Business Review

Macroeconomic, Industry and Market Framework

Macroeconomic development

Development of World Output

Var. %	2022*	2021
World	**+3.2**	**+6.0**
Eurozone	+3.1	+5.2
Germany	+1.5	+2.6
France	+2.5	+6.8
UK	+3.6	+7.4
US	+1.6	+5.7
Russia	–3.4	+4.7
Japan	+1.7	+1.7
China	+3.2	+8.1
India	+6.8	+8.7

* Projection.
Source: International Monetary Fund (IMF), World Economic Outlook, October 2022

In calendar year 2022, the economy in the Eurozone initially continued to recover from the adverse economic effects of the COVID-19 pandemic as the driving forces resulting from the easing of the pandemic-related restrictions remained strong until the middle of the year. As a result, GDP initially continued to grow despite the distortions caused by the war in Ukraine. In the second half of the year, however, global economic activity showed a marked slowdown due to the sustained energy price shock and high inflation so that growth rates in most economies are projected to decline overall versus the prior year (IMF, World Economic Outlook, October 2022).

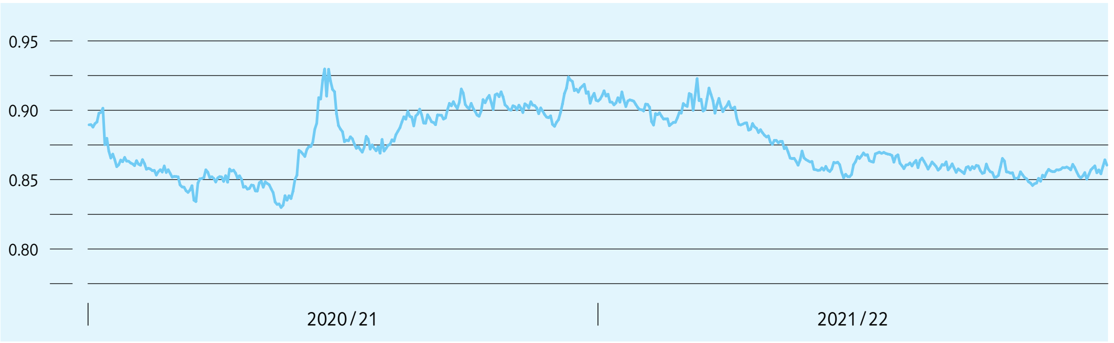
Key exchange rates and commodity prices

TUI Group companies operate on a worldwide scale. This presents financial risks for TUI Group arising from changes in exchange rates and commodity prices. The essential financial transaction risks from operations concern euros and US dollars. They mainly result from foreign exchange items in the individual Group companies, for instance jet fuel and bunker oil or ship handling, or from sourcing transactions by hotels. The parity of sterling against the euro affects the translation of results generated in the UK market in TUI's consolidated financial statements. Following the UK's exit from the European Union, the currency fluctuations continued, impacting the translation of results from our UK business. Changes in commodity prices above all affect TUI Group when procuring fuels such as aircraft fuel and bunker oil. In Tourism, risks relating to changes in exchange rates and price risks from fuel sourcing are partly hedged by derivatives.

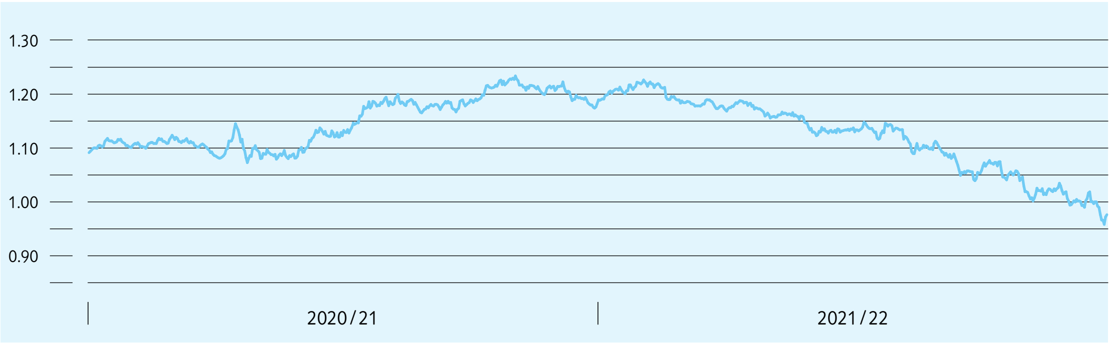
Information on hedging strategies and risk management as well as financial transactions and the scope of such transactions at the balance sheet date is provided in the sections Financial position and Risk report in the Management Report and the section Financial instruments in the Notes to the consolidated financial statements.

→ *Financial position from page 71, Risk report from page 34 and Financial instruments in the Notes from page 224.*

Exchange rate Sterling £ / €



Exchange rate US dollar $ / €



The exchange rate charts are presented on the basis of the indirect quotation format customary in the foreign exchange market. If the exchange rate falls, the foreign currency is appreciating against the euro. By contrast, if the exchange rate rises, the foreign currency is depreciating against the euro.

Oil price Brent ($ / Barrel)

Industry overview

TUI Group is a global tourism provider. The development of the international tourism market has an impact on all business areas of the Group.

The key indicators used to measure the size of the tourism sector include the number of international tourist arrivals. According to the United Nations World Tourism Organization (UNWTO), the number of international tourist arrivals grew by an average of 5 % year-on-year from 2009 to 2019 (UNWTO, World Tourism Barometer, January 2020). This growth was driven by a number of factors: the relatively stable global economy, a growing middle class in the emerging economies, technological progress, low travel costs, and an easing of visa requirements.

With the outbreak and the global spread of the COVID-19 pandemic in the first quarter of calendar year 2020, all activities in the sector came to a standstill. Versus the 2019 reference period, international tourist arrivals declined by 72.1 % in calendar year 2020 and by 69.6 % in calendar year 2021.

The lifting of restrictions on travel and the progress delivered in COVID-19 vaccinations contributed to boost consumer confidence and gradually restore safe mobility in Europe and other parts of the world. From January to July 2022, international tourism rebounded with international tourist arrivals down 42.9 % globally versus the 2019 reference period. In Europe, this indicator was 25.6 % below 2019 levels (UNWTO, World Tourism Barometer, September 2022).

Change of international tourist arrivals vs. prior years

Var. %	2022* vs. 2019	2021 vs. 2019
World	**–42.9**	**–69.6**
Europe	–25.6	–59.4
Asia and the Pacific	–86.1	–94.3
Americas	–35.3	–62.5
Africa	–40.4	–72.2
Middle East	–23.9	–70.7

Source: UNWTO World Tourism Barometer, September 2022
* Period January till July.

TRAVEL INTERMEDIARY MARKET

A travel intermediary operates between a provider of tourism services, such as an airline or a hotel, and final customers, typically delivering distribution or related services. Their advantage compared with direct suppliers is generally related to their distribution and (in the case of tour operators) fulfilment capabilities. Travel intermediaries include tour operators and online travel agencies (OTAs), whose business models vary substantially. Tour operators offer their customers a package product (comprising e.g. flight, hotel and transfers), usually through a combination of offline (i.e. travel agencies) and online channels. Booking preference has shifted to online over time, a trend which was further accelerated during the pandemic. In order to secure flight and hotel capacity in advance, a tour operator may enter into a wholesale contract with the supplier, often involving some form of commitment to a certain amount of capacity at a specified price. Where the tour operator commits to capacity, they take on the risk of filling it; in return, they can expect the supplier to offer them a favourable rate and the opportunity to secure accommodation on an exclusive basis, as well as the ability to yield the capacity. Alternatively, tour operators can dynamically access flight and hotel supply, either direct with the supplier, or via a bedbank, or via a global distribution system. This does not involve taking risk, and provides additional choice and flexibility for the customer (for example, relating to choice of departure airport, time of flights and duration of holiday). OTAs, by contrast, typically do not commit to taking capacity, nor are they involved in the fulfilment of the holiday. Their offering to suppliers is a digital distribution platform with broad customer reach, generally without any exclusivity of offer.

AIRLINE MARKET

The airline industry was hit particularly hard by the COVID-19 crisis, as airlines around the world had to ground their aircraft and cancel flights due to global travel bans.

With the lifting of government restrictions, air traffic increased significantly during the period under review. Based on past experience of downturn, leisure air travel is expected to recover significantly ahead of business travel (e.g. McKinsey, April 2021), and this has been evident in quarterly airline results communications over the past year.

The European industry faced significant disruption in 2022, in particular due to shortage of staff in critical areas of operations (e.g. ground handling and airports). This was due to delayed ramping up of staff after COVID-19 ramping down and due to shortages in the labour market.

The European airline market is characterised by fierce competition and overcapacity, resulting in pressure on yields. Despite a number of insolvencies, the market has not seen a significant reduction in flight capacity. Instead, capacity has typically been absorbed by existing players.

HOTEL MARKET

The COVID-19 pandemic had significant impacts on the hotel sector as travel and hotel restrictions imposed by governments in many countries resulted in the temporary closing of hotels and a significant decline in the number of bed nights. The recovery of the hotel market was initiated with the resumption of domestic travel. Following the lifting of governmental restrictions, international travel contributed to an increase in bed nights.

The hotel market comprises business and leisure hotels. Leisure hotels feature a number of characteristics distinguishing them from business hotels, including longer average lengths of stay and differences in location, room features and service offerings. From a demand perspective, the leisure hotel market in Europe comprises several smaller sub-markets catering to customers' individual needs and preferences. The sub-markets comprise premium, comfort and budget hotels as well as family/apartment hotels and club or resort hotels. Hotel companies may offer a variety of hotels for different market segments, often defined by price segment, star rating, exclusivity or available facilities.

In Europe, in particular, there are many small, often family-run hotels, which are less upscale and have fewer financial resources. Most family-owned hotels are not branded.

Given the large number of ownership and operating models for leisure hotels and the fragmented competitive landscape which, at least in Europe, is not dominated by large hotel chains, the competitive environment differs greatly between locations. Despite this strong fragmentation, a structural change can be observed in the European hotel industry, as in nearly all regions in the world. The share held by hotel chains is increasing, as well as the focus on direct distribution and customer loyalty.

CONTENTS

FINANCIAL YEAR 2022

COMBINED MANAGEMENT REPORT

CRUISE MARKET

From the end of July 2022, nearly the entire global ocean-going cruise fleet was back in operation after the pandemic-induced suspension of operation. Since the first cruise activities restarted from the end of July 2020, with the strictest health protection measures in place, more than 5 million passengers took to the seas globally within that period. Sector forecasts regarding the pandemic impact and recovery project passenger volume to recover to the levels recorded in baseline year 2019 by the end of 2023 and recover in excess of 12 % above 2019 levels by the end of 2026 (CLIA, State of the Cruise Industry 2022).

In calendar year 2021, the largest source markets were North America, Western Europe, Asia and South America. Based on passenger volume, the most popular destinations within that period were the Caribbean, Central and Western Mediterranean, Asia and China as well as Northern Europe (CLIA, Global Market Report 2021).

DESTINATION EXPERIENCES MARKET

The market for tours and activities is a rapidly growing tourism segment. The market is highly fragmented on the supplier side and is predominantly operated offline. However, due to growing consolidation and digitalisation, the market is undergoing change.

Pre-COVID-19, the forecast market growth on a five-year outlook varied between 3 % and 7 % (Company estimate based on Phocuswright & Euromonitor), depending how the market was defined.

Our brand

Our brand with the red 'smile' – the smiling logo formed by the three letters of our brand name TUI – stands for TUI's ambition to provide a consistent customer experience, digital presence and competitive strength above and beyond the actual holiday experience. In recent years, to further leverage the appeal and strength of our core brand and tap the associated growth potential, we have created global branding and a consistent brand experience.

TUI Group is an integrated tourism group operating on a global scale. TUI is one of the best-known travel brands in our core markets in Europe (TUI Consumer Survey 2022). Seeking to emerge stronger from the COVID-19 crisis, we launched a freshly designed marketing campaign at the beginning of the financial year in October 2021. Its goal is to underpin the existing brand essence with our values reliability, credibility and quality, while also strengthening the links between TUI's brand identity and the leisure experience following the expansion of TUI Group's portfolio over the past few years to include TUI Musement. Our new brand strategy 'TUI creates the moments that make life richer' will visualise our goal of offering our guests sustainable, personally significant holidays and experiences. This expansion of our brand core is designed to support our growth ambitions, not only to retain existing customer segments, but also to attract new ones. Market research shows that the campaigns not only have high awareness levels, but also provide above-average brand identification scores. TUI retains leadership positions in brand awareness whilst improving customer consideration amongst future segments.

Group Earnings

Comments on the consolidated income statement

In the course of financial year 2022, TUI's tour operator, aviation, hotel and cruises businesses expanded following the lifting of global travel restrictions. Following the successive lifting of the travel restrictions, 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. In the Cruises segment, the recovery in demand started later than in the other segments. The 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. TUI Group's underlying EBIT improved significantly by € 2,484.2 m to € 408.7 m year-on-year, an improvement of € 2,474.4 m on a constant currency basis.

Consolidated Income Statement of TUI AG for the period from 1 Oct 2021 to 30 Sep 2022

€ million	2022	2021	Var. %
Revenue	**16,544.9**	**4,731.6**	**+ 249.7**
Cost of sales	15,613.3	5,955.4	+ 162.2
Gross profit / loss	**931.7**	**– 1,223.8**	**n. a.**
Administrative expenses	746.3	840.5	– 11.2
Other income	52.2	250.6	– 79.2
Other expenses	1.7	11.5	– 85.2
Impairment (+) / Reversals of impairment (–) of financial assets	7.3	– 38.0	n. a.
Financial income	35.9	27.3	+ 31.5
Financial expenses	509.5	464.1	+ 9.8
Share of result of investments accounted for using the equity method	100.7	– 232.7	n. a.
Impairment (+) / Reversals of impairment (–) of net investments in joint ventures and associates	1.6	5.0	– 68.0
Earnings before income taxes	**– 145.9**	**– 2,461.7**	**+ 94.1**
Income taxes (expense [+], income [–])	66.7	19.2	+ 247.3
Group loss	**– 212.6**	**– 2,480.9**	**+ 91.4**
Group loss attributable to shareholders of TUI AG	– 277.3	– 2,467.2	+ 88.8
Group loss / profit attributable to non-controlling interest	64.6	– 13.8	n. a.

REVENUE AND COST OF SALES

Revenue

€ million	2022	2021	Var. %
Hotels & Resorts	806.2	440.5	+83.0
Cruises	331.5	27.0	n.a.
TUI Musement	517.2	116.7	+343.4
Holiday Experiences	1,654.9	584.1	+183.3
Northern Region	6,320.2	807.7	+682.5
Central Region	5,773.5	2,322.9	+148.5
Western Region	2,712.6	976.1	+177.9
Markets & Airlines	14,806.3	4,106.7	+260.5
All other segments	83.8	40.8	+105.5
TUI Group	**16,544.9**	**4,731.6**	**+249.7**
TUI Group (at constant currency)	**16,414.0**	**4,724.6**	**+247.4**

In financial year 2022, TUI Group's revenue increased by 249.7 % to € 16.5 bn. On a constant currency basis, revenue increased by 247.4 %. Customer numbers were 212.1 % up year-on- year. Revenue is presented alongside the cost of sales in the income statement, which increased by 162.2 % in the period under review.

GROSS PROFIT / LOSS

The difference between revenue and the cost of sales increased as a result of the normalisation of the business by € 2,155.5 m year-on-year to a gross profit of € 931.7 m.

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by € 94.3 m year-on-year to € 746.3 m (previous year € 840.5 m).

OTHER INCOME AND OTHER EXPENSES

In financial year 2022, other income mainly resulted from the sale of Nordotel S. A. in October 2022 and from subsequent income from the sale of Riu Hotels S. A. in financial year 2021. In the previous year, this mainly included the profit from the sale of our 49 per cent share in the Riu Hotels S. A. joint venture (real estate portfolio) to a Riu Group company.

Other expenses resulted in particular from the losses from the sale of aircraft assets. In the previous year, other expenses also included losses from the sale of aircraft assets and expenses incurred in connection with the disposal of TUI Group companies.

FINANCIAL RESULT

The financial result in the 2022 financial year amounted to € – 473.7 m after € – 436.8 m in the previous year. The increase in financial income mainly resulted from higher interest income of € 26.3 m, up 107.1 % (previous year € 12.7 m). The increase in financial expenses resulted from 6.6 % higher interest expenses of € 492.1 m (previous year € 461.7 m), 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.

SHARE OF RESULT OF JOINT VENTURES AND ASSOCIATES

The share of result from joint ventures and associates of € 100.7 m comprises the proportionate net profit for the year of these companies. The increase by € 333.5 m was driven by the normalization of the business following the containment of the COVID-19 pandemic.

EARNINGS BEFORE INCOME TAXES

In the period under review, earnings before income taxes totalled € –145.9 m. The loss therefore declined significantly by € 2,315.8 m year-on-year.

GROUP LOSS

The Group loss for financial year 2022 declined year-on-year by € 2,268.3 m to € – 212.6 m.

SHARE IN GROUP LOSS ATTRIBUTABLE TO TUI AG SHAREHOLDERS

The share in Group loss attributable to TUI AG shareholders amounted to € – 277.3 m in financial year 2022 (previous year € – 2,467.2 m).

NON-CONTROLLING INTERESTS

In the completed financial year, non-controlling interests in the Group result totalled € 64.6 m. They mainly related to RIUSA II Group.

EARNINGS PER SHARE

The interest in the Group result attributable to TUI AG shareholders resulted in basic earnings per share of € – 0.17 (previous year € – 2.58) in financial year 2022. The underlying average number of shares results from the number of shares at the beginning of the financial year and the prorated effect of the capital increases implemented in financial year 2022.

CONTENTS

FINANCIAL YEAR 2022

COMBINED MANAGEMENT REPORT

Alternative Performance indicators

The Group's main financial KPI is underlying EBIT. We define the EBIT in underlying EBIT as earnings before interest, income taxes and income and expenses for the measurement of the Group's interest hedges. EBIT by definition includes goodwill impairments.

Underlying EBIT is adjusted 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 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 include goodwill impairments.

Reconciliation to underlying EBIT of TUI Group

€ million	**2022**	2021	Var. %
Earnings before income taxes	**–145.9**	**–2,461.7**	**94.1**
plus: Net interest expense (excluding expense/income from measurement of interest hedges)	478.9	439.1	9.1
less/plus: Expense (income) from measurement of interest hedges	–13.0	9.8	n. a.
EBIT	**320.0**	**–2,012.8**	**n. a.**
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**	**n. a.**

TUI Group's EBIT increased by € 2,332.8 m to € 320.0 m in financial year 2022.

EBIT

€ million	**2022**	2021	Var. %
Hotels & Resorts	478.8	39.4	n. a.
Cruises	0.8	–277.5	n. a.
TUI Musement	5.9	–127.3	n. a.
Holiday Experiences	485.4	–365.4	n. a.
Northern Region	–137.6	–995.1	+86.2
Central Region	65.8	–297.3	n. a.
Western Region	–29.3	–236.6	+87.6
Markets & Airlines	–101.1	–1,528.9	+93.4
All other segments	–64.4	–118.5	+45.7
TUI Group	**320.0**	**–2,012.8**	**n. a.**

TUI Group's operating EBIT adjusted for one-off effects (underlying EBIT) improved by € 2,484.2 m to € 408.7 m in financial year 2022.

Underlying EBIT

€ million	**2022**	2021	Var. %
Hotels & Resorts	480.6	–152.7	n. a.
Cruises	0.8	–277.5	n. a.
TUI Musement	23.2	–105.3	n. a.
Holiday Experiences	504.6	–535.4	n. a.
Northern Region	–101.6	–965.8	+89.5
Central Region	87.8	–328.6	n. a.
Western Region	–31.5	–176.6	+82.1
Markets & Airlines	–45.3	–1,470.9	+96.9
All other segments	–50.5	–69.1	+26.9
TUI Group	**408.7**	**–2,075.5**	**n. a.**

In financial year 2022, net expenses were adjusted by € 58.7 m for one-off effects. For details, please refer to the Notes to the segment data.

For one-off effects, please see page 180.

Other segment indicators

Reconciliation to EBITDA

€ million	2022	2021	Var. %
EBIT	**320.0**	**–2,012.8**	**n. a.**
Amortisation (+) / write-backs (–) of other intangible assets and depreciation (+) / write-backs (–) of property, plant and equipment	883.4	1,012.4	–12.7
Impairment of goodwill	–	0.0	n. a.
EBITDA	**1,203.3**	**–1,000.4**	**n. a.**

EBITDA

€ million	2022	2021	Var. %
Hotels & Resorts	685.6	257.2	+166.6
Cruises	55.4	–214.1	n. a.
TUI Musement	38.4	–94.3	n. a.
Holiday Experiences	779.4	–51.2	n. a.
Northern Region	190.5	–631.5	n. a.
Central Region	170.7	–163.9	n. a.
Western Region	115.3	–77.7	n. a.
Markets & Airlines	476.5	–873.1	n. a.
All other segments	–52.6	–76.1	+30.9
TUI Group	**1,203.3**	**–1,000.4**	**n. a.**

Underlying EBITDA

€ million	2022	2021	Var. %
Hotels & Resorts	651.3	63.1	+932.2
Cruises	55.4	–214.1	n. a.
TUI Musement	48.6	–79.9	n. a.
Holiday Experiences	755.2	–230.9	n. a.
Northern Region	213.2	–618.1	n. a.
Central Region	192.0	–202.1	n. a.
Western Region	109.7	–38.1	n. a.
Markets & Airlines	515.0	–858.4	n. a.
All other segments	–45.6	–55.9	+18.4
TUI Group	**1,224.6**	**–1,145.2**	**n. a.**

Segmental Performance

Holiday Experiences

Holiday Experiences

€ million	**2022**	2021	Var. %
Revenue	1,654.9	584.1	+183.3
Underlying EBIT	504.6	–535.4	n.a.
Underlying EBIT (at constant currency)	491.0	–535.4	n.a.

Hotels & Resorts

€ million	**2022**	2021	Var. %
Total revenue[1]	1,499.6	666.7	+124.9
Revenue	806.2	440.5	+83.0
Underlying EBIT	480.6	–152.7	n.a.
Underlying EBIT (at constant currency)	464.4	–152.7	n.a.
Capacity hotels, total[2] (in '000)	**37,761**	**27,070**	**+39.5**
Riu	13,490	10,604	+27.2
Robinson	3,582	2,289	+56.5
Blue Diamond	5,432	4,671	+16.3
Occupancy rate hotels, total[3] (in %, variance in % points)	**76**	**53**	**+23**
Riu	82	55	+27
Robinson	66	58	+8
Blue Diamond	79	51	+28
Average revenue per bed – hotels, total[4] (in €)	**77**	**70**	**+10.7**
Riu	69	59	+16.8
Robinson	103	103	+0.2
Blue Diamond	137	104	+32.3

Turnover measures include fully consolidated companies, all other KPIs incl. companies measured at equity.

[1] Including intragroup revenue.
[2] Group owned or leased hotel beds multiplied by opening days.
[3] Occupied beds divided by capacity.
[4] Average revenue divided by occupied beds.

- Our Hotels & Resorts segment made an underlying EBIT of € 480.6 m, a € 633.3 m improvement on the prior year (previous year € –152.7 m loss) and above pre-pandemic levels. The segment has seen a strong operational recovery in particular in the second half of the financial year on easing of COVID-19 restrictions.
- Our multi-destination portfolio of hotels enabled us to reopen as soon as destination specific travel restrictions were progressively lifted around the world, whilst our high level of direct distribution allowed us to optimise customer volumes into our own assets, as well as flexing our distribution to third party channels.
- As at 30 September 2022, 344 hotels were in operation (97 % of 353 Group hotels) increasing from the 331 hotels at previous year end (previous year 92 % of 359 Group hotels), reflecting the more normalised post-pandemic travel environment across both markets and destinations and allowing us to offer our guests our entire portfolio in the Summer. Important destinations in Summer 2022 were Spain, Greece, and Turkey with strong demand also for our year-round destinations such as the Canaries and the Caribbean.
- Capacity increased by 39.5 % year-on-year reflecting the drivers above. The average occupancy rate (based on open hotels) was 76 % (previous year 53 %). Average rate per bed increased by 10.7 % to € 77 (previous year € 70) and thus above pre-pandemic levels.
- Riu occupancy increased by 27 % pts to 82 % versus prior year (previous year 55 %) and average rate improved 16.8 % to € 69 (previous year € 59), with the Group delivering a strong operational performance in their core Caribbean and Spanish markets.
- Robinson occupancy increased 8 % pts to 66 % versus prior year (previous year 58 %) with average rate in line with prior year at € 103.
- Blue Diamond occupancy increased by 28 % pts to 79 % versus prior year (previous year 51 %) and average rates were 32.3 % higher including foreign exchange effects to € 137 (previous year € 104), supported by stronger demand to our Dominican Republic and Mexican properties.
- Our Other hotel brands benefitted from a stronger performance across our Turkish and Spanish hotels as destinations reopened and demand returned following the pandemic.

Cruises

€ million	2022	2021	Var. %
Revenue[1]	331.5	27.0	n.a.
Underlying EBIT	0.8	– 277.5	n.a.
Underlying EBIT (at constant currency)	4.9	– 277.5	n.a.
Occupancy (in %, variance in % points)			
TUI Cruises	69	41	+ 28
Hapag-Lloyd Cruises	58	45	+ 13
Marella Cruises	70	39	+ 31
Passenger days (in '000)			
TUI Cruises	3,874	1,227	+ 215.7
Hapag-Lloyd Cruises	307	114	+ 170.4
Marella Cruises	1,452	153	+ 849.0
Average daily rates[2] (in €)			
TUI Cruises	178	132	+ 34.8
Hapag-Lloyd Cruises	653	231	+ 182.7
Marella Cruises[3] (in £)	164	124	+ 32.1

[1] No revenue is carried for TUI Cruises and Hapag-Lloyd Cruises as the joint venture is consolidated at equity.
[2] Per day and passenger.
[3] Inclusive of transfers, flights and hotels due to the integrated nature of Marella Cruises, in £.

- The Cruises segment returned to full operation at the beginning of April 2022, following the COVID-19 restrictions during the Winter months, with a total fleet of 16 ships across our three brands. Mein Schiff and Hapag-Lloyd Cruises, our two cruise brands in Germany which make up our joint venture TUI Cruises, offered itineraries in the Mediterranean, Northern Europe and around the world. Marella, with its fleet of four ships, operated itineraries across the Mediterranean.
- The segment continued to recover throughout the financial year as COVID-19 restrictions were lifted. Cruises reported a full year underlying EBIT of € 0.8 m (previous year € – 277.5 m loss) which incorporated a profitable second half of the financial year for the first time since the pandemic began. Occupancy rates were up against last year and ranged between 58 % and 70 % across our Cruises brands (previous year between 39 % and 45 %), with rates back to 2019 levels, reflecting the more normalised trading environment.
- Mein Schiff average daily rate of € 178 rose by 34.8 % versus prior year (previous year € 132). Occupancy rate was 69 %, 28 %pts higher versus prior year (previous year 41 %) reflecting the recovery of demand with a short-term booking trend very evident. The brand was able to operate its full fleet of seven ships from April 2022 following the lifting of the COVID-19 restrictions.
- Hapag-Lloyd Cruises, our luxury and expeditions brand, average daily rate of € 653 increased 27.0 % versus prior year (previous year € 514). Occupancy of 58 % rose by 13 % pts versus prior year (previous year 45 %) reflecting the same factors as Mein Schiff. Following a reduced Winter season itinerary due to the COVID-19-restrictions the full fleet of five ships were in operation from March.
- Marella Cruises, our UK cruise brand, was also only able to offer a reduced Winter programme with all four ships sailing again as from Q3 2022. The average daily rate was £164, up 32.1 % on prior year (previous year £ 124). Occupancy was 70 %, up 31 % pts versus prior year (previous year 39 %), with operations in the previous year fully suspended in the first nine months in line with UK government travel advice.

TUI Musement

€ million	2022	2021	Var. %
Total revenue*	805.7	178.3	+ 351.9
Revenue	517.2	116.7	+ 343.4
Underlying EBIT	23.2	–105.3	n.a.
Underlying EBIT (at constant currency)	21.7	–105.3	n.a.

* Including intragroup revenue.

- TUI Musement, our tours and activity business, made an underlying EBIT of € 23.2 m, a € 128.5 m improvement on prior year (previous year € –105.3 m loss), in line with the recovery to a more normalised pre-pandemic environment across our global destinations. The increase reflects the advantage of our integrated model and growth of third-party sales through the TUI Musement platform.
- With the lifting of COVID-19 restrictions, TUI Musement benefited from increased guest transfers due to the higher number of tour operator guests. In addition, 7.0 m experiences, activities and tickets were sold in the year, up 5.5 m against the previous year of 1.5 m, highlighting the significant expansion of our business in this segment to date.
- Our growth opportunities will be driven by the expansion of our TUI Musement segment, which will benefit from both our integration as well as growth through third party sales, accelerated digitalisation and execution of our Global Realignment Programme. The combination of these drivers will enable us to emerge stronger, leaner, more digitalised and more agile, and ready to exploit growth opportunities.

Markets & Airlines

Markets & Airlines

€ million	2022	2021	Var. %
Revenue	14,806.3	4,106.7	+ 260.5
Underlying EBIT	– 45.3	– 1,470.9	+ 96.9
Underlying EBIT (at constant currency)	– 42.5	– 1,470.9	+ 97.1
Direct distribution mix[1] (in %, variance in % points)	77	73	+ 4
Online mix[2] (in %, variance in % points)	54	50	+ 4
Customers (in '000)	16,730	5,361	+ 212.1

[1] Share of sales via own channels (retail and online).
[2] Share of online sales.

- Our Markets & Airlines business made an underlying EBIT loss of € – 45.3 m, a € 1,425.6 m improvement on prior year (previous year € – 1,470.9 m loss), reflecting the more normalised pre-pandemic travel environment, but also emphasizing the clear pent-up demand for holiday travel. Short-term bookings represented a large share of overall bookings. The result includes the impact of operational flight disruption encountered during the Summer season 2022 and savings delivered through our Global Realignment Programme across all markets.
- A total of 16,730 k customers departed for their holidays during the period under review, up 212.1 % year-on-year (previous year 5,361 k) reflecting the easing of COVID-19 restriction by governments in our key source markets especially during the second half of the year.
- As COVID-19 restrictions were lifted the segment experienced significant operational flight disruption most notably in the UK. The combination of unparalleled industry ramp-up after the COVID-19 pandemic compounded by a tight labour market, has seen the aviation industry confronted with significant operational issues and disruptions, resulting in the increase of delayed departures and flight cancellations. This has been mainly caused by third party suppliers and airports due to a shortage in ground handling and airports security staff, reliability issues with lease-in partners and supplier maintenance delays. As a result, incremental disruption costs totalled € 133 m in the financial year, primarily due to significantly increased FDC (flight disruption cost for delays > 3 hours) events in the UK, and costs introduced relating to mitigations. In response, we have swiftly introduced several mitigations to improve resilience and customer experience, including the doubling of our standby aircraft, active management of third parties and increased TUI staff at key customer touch points. Flight disruptions were at elevated levels during the Summer season but continued to normalise as the financial year came to a close. We remain committed to operate our programme with as minimum impact to customers as possible. Even at the height of the disruptions in May and June, TUI Airline carried 4.8 m passengers (outbound and return sector) with 96 % of customers arriving without any major impact (<3 hours delay from arrival), despite operational issues at airports.
- Short-haul destinations such as Greece, Turkey, the Balearics and the Canaries were popular Summer destinations for our customers, with regular long-haul destinations such as Mexico and Dominican Republic seeing higher demand compared to pre-pandemic levels.

Northern Region

€ million	2022	2021	Var. %
Revenue	6,320.2	807.7	+ 682.5
Underlying EBIT	– 101.6	– 965.8	+ 89.5
Underlying EBIT (at constant currency)	– 90.8	– 965.8	+ 90.6
Direct distribution mix[1] (in %, variance in % points)	94	94	–
Online mix[2] (in %, variance in % points)	71	74	– 3
Customers (in '000)	6,475	826	+ 683.5

[1] Share of sales via own channels (retail and online).
[2] Share of online sales.

Northern Region comprises UK, Nordics and joint ventures in Canada.

- Northern Region reported a significantly reduced underlying EBIT loss of € – 101.6 m (previous year € – 965.8 m loss) driven by the ability to operate a more normalised programme. The result was impacted by operational disruptions encountered at airports throughout the summer season. The resilience measures introduced as a consequence, included in particular the cancellation of flying from Manchester during June to help protect the programme and reduce the impact on our customers.
- Customer volume increased significantly by 683.5 % to 6,475 k versus prior year (previous year 826 k) supported by the easing of COVID-19 restrictions, with demand recovering in particular in the UK to near pre-pandemic levels. Online distribution for the Region continued to be strong at 71 %, down 3 %pts against previous year of 74 %, but up 4 %pts versus pre-pandemic levels (FY 2019 67 %), with direct distribution at 94 % in line with previous year and pre-pandemic levels.
- Our Global Realignment Programme delivered additional savings, mainly through cost efficiencies across the business including the reduction of our distribution cost base and airline rightsizing.

CONTENTS

Central Region

€ million	2022	2021	Var. %
Revenue	5,773.5	2,322.9	+148.5
Underlying EBIT	87.8	– 328.6	n. a.
Underlying EBIT (at constant currency)	84.0	– 328.6	n. a.
Direct distribution mix[1] (in %, variance in % points)	57	61	– 4
Online mix[2] (in %, variance in % points)	30	34	– 4
Customers (in '000)	5,873	2,673	+119.7

[1] Share of sales via own channels (retail and online).
[2] Share of online sales.

Central Region comprises Germany and Austria, Switzerland and Poland.

- Central Region underlying EBIT profit of € 87.8 m, is an improvement of € 416.4 m versus prior year (previous year € – 328.6 m loss) reflecting the more open travel environment permitted by the EU, enabled many of our customers from Germany in particular, to resume their international holidays this summer. Results were supported by the benefit of a ~€ 50 m state compensation for loss of business in the course of the pandemic, in addition to savings delivered by our Global Realignment Programme. The Central Region was also impacted by operational flight disruption but to a significantly lower extent than in the UK market.
- Customer volume increased by 119.7 % to 5,873 k versus prior year (previous year 2,673 k) in line with the easing of travel restrictions due to COVID-19. Online distribution for Central Region reached 30 %, down 4 %pts against prior year of 34 % but up 8 %pts versus pre-pandemic levels (FY 2019 22 %). Direct distribution was down 4 %pts to 57 % against previous year whereby the comparison is limited by lower volumes and longer retail shop closures due to the COVID-19 restrictions. Against pre-pandemic levels of 50 % direct distribution was up 7 %pts.
- The benefits delivered through our Global Realignment Programme, included the reduction of retail estate to 528 stores (previous year 560) along with airline rightsizing.

Western Region

€ million	2022	2021	Var. %
Revenue	2,712.6	976.1	+177.9
Underlying EBIT	– 31.5	–176.6	+ 82.1
Underlying EBIT (at constant currency)	– 35.7	–176.6	+79.8
Direct distribution mix[1] (in %, variance in % points)	80	81	–1
Online mix[2] (in %, variance in % points)	60	63	– 3
Customers (in '000)	4,383	1,861	+135.5

[1] Share of sales via own channels (retail and online).
[2] Share of online sales.

Western Region comprises Belgium, Netherlands and France.

- Western Region underlying EBIT loss of € – 31.5 m, was an improvement of € 145.0 m versus prior year (previous year € –176.6 m loss). Results were supported by a more normalised pre-pandemic travel environment in all businesses with the Netherlands benefiting from higher volumes and operations in France supported by restructuring. Results were however impacted by the costs for flight delays and cancellations due to operational disruptions in particular at Schipol Airport.
- Customer volume increased by 135.5 % to 4,383 k year-on-year (previous year 1,861 k) reflecting the reduction of COVID-19 related travel restrictions which enabled many of our customers from Belgium and the Netherlands in particular, to resume their international holidays this summer. Online distribution for the region stood at 60 %, down 3 %pts (previous year 63 %), but up 3 %pts versus pre-pandemic levels (FY 2019: 57 %). Direct distribution of 80 % was slightly down on previous year whereby the comparison is limited by lower volumes and longer retail shop closures due to the COVID-19 restrictions. Against pre-pandemic levels direct distribution was up 5 %pts (FY 2019 75 %).
- The result included savings delivered by our Global Realignment Programme, generated by cost efficiencies across the business.

All other segments

€ million	2022	2021	Var. %
Revenue	83.8	40.8	+105.5
Underlying EBIT	– 50.5	– 69.1	+ 26.9
Underlying EBIT (at constant currency)	– 49.6	– 69.1	+ 28.2

The underlying EBIT for All other segments improved by € 18.6 m versus prior year, (previous year € – 69.1 m loss), reflecting positive valuation effects relating in particular to the reversal of provisions in the financial year against prior year, strong cost discipline, as well as the benefit of our ongoing cost savings measures, as part of our Global Realignment Programme.

CONTENTS

FINANCIAL YEAR 2022

COMBINED MANAGEMENT REPORT

Net Assets

Development of the Group's asset structure

€ million	30 Sep 2022	30 Sep 2021	Var. %
Fixed assets	10,636.0	10,300.8	3.3
Non-current receivables	715.7	921.6	– 22.3
Non-current assets	11,351.7	11,222.3	1.2
Inventories	56.1	42.8	30.9
Current receivables	2,108.1	1,210.2	74.2
Cash and cash equivalents	1,736.9	1,583.9	9.7
Assets held for sale	2.7	96.5	– 97.2
Current assets	3,903.8	2,933.3	33.1
Assets	**15,255.5**	**14,155.7**	**7.8**
Equity	645.7	– 418.4	n. a.
Liabilities	14,609.7	14,574.1	0.2
Equity and liabilities	**15,255.5**	**14,155.7**	**7.8**

The Group's balance sheet total increased by 7.8 % year-on-year to € 15.3 bn.

Vertical structural indicators

Non-current financial assets accounted for 74.4 % of total assets, compared with 79.3 % in the previous year. The capitalisation ratio (ratio of fixed assets to total assets) decreased from 72.8 % to 69.7 %.

Current assets accounted for 25.6 % of total assets, compared with 20.7 % in the previous year. The Group's cash and cash equivalents increased by € 153.1 m to € 1,736.9 m. They thus accounted for 11.4 % of total assets, as against 11.2 % in the previous year.

Horizontal structural indicators

At the balance sheet date, the ratio of equity to non-current assets has been 5.7 %. Due to the suspension of our business operations driven by COVID-19 and the resulting losses, Group equity was negative in the prior year. The ratio of equity plus non-current financial liabilities to fixed assets was 22.3 %, compared with 25.4 % in the previous year.

Development of the Group's non-current assets

Structure of the Group's non-current assets

€ million	30 Sep 2022	30 Sep 2021	Var. %
Goodwill	2,970.6	2,993.1	– 0.8
Other intangible assets	507.6	498.6	+ 1.8
Property, plant and equipment	3,400.9	3,159.3	+ 7.6
Right-of-use assets	2,971.5	3,009.2	– 1.3
Investments in joint ventures and associates	785.4	640.5	+ 22.6
Fixed assets	10,636.0	10,300.8	+ 3.3
Receivables and assets	493.7	630.5	– 21.7
Deferred tax claims	222.0	291.1	– 23.7
Non-current receivables	715.7	921.6	– 22.3
Non-current assets	**11,351.7**	**11,222.3**	**1.2**

GOODWILL

Goodwill broadly remained at previous year's level of € 2,970.6 m.

For details, please refer to the section Goodwill in the Notes from page 190.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment totalled € 3,400.9 m at the balance sheet date, up by € 241.6 m year-on-year. Major additions to property, plant and equipment related to acquisitions in the Hotels & Resorts segment and the purchase of new aircraft. The majority of the disposals related to the disposal of advance payments for the delivery of aircraft. In addition, tests of the carrying amounts led to impairments primarily on hotels including real estate.

Development of property, plant and equipment

€ million	30 Sep 2022	30 Sep 2021	Var. %
Real estate with hotels	1,800.9	1,675.8	+7.5
Other land	186.1	165.5	+12.4
Aircraft	342.3	127.1	+169.3
Ships	428.4	446.3	– 4.0
Machinery and fixtures	360.8	351.7	+ 2.6
Assets under construction	170.7	134.6	+ 26.8
Payments on accounts	111.7	258.3	– 56.8
Total	**3,400.9**	**3,159.3**	**+7.6**

RIGHT-OF-USE ASSETS

As a lessee, TUI recognises right-of-use assets and lease liabilities in the statement of financial position in accord-ance with IFRS 16. The right-of-use assets relate to moveable assets such as aircraft, vehicles and cruise ships, as well as property such as hotel buildings and land, office buildings and travel agencies.

COMPANIES MEASURED AT EQUITY

Seventeen associated companies and 27 joint ventures were measured at equity. At € 785.4 m, their value decreased by 22.6 % year-on-year as at the balance sheet date.

Development of the Group's current assets

Structure of the Group's current assets

€ million	30 Sep 2022	30 Sep 2021	Var. %
Inventories	56.1	42.8	+ 30.9
Trade accounts receivable and other financial assets[1]	1,330.1	537.1	+147.6
Other non-financial assets[2]	755.0	615.3	+ 22.7
Current tax assets	23.1	57.7	– 60.1
Cash and cash equivalents	1,736.9	1,583.9	+ 9.7
Assets held for sale	2.7	96.5	– 97.2
Current assets	**3,903.8**	**2,933.3**	**33.1**

[1] Incl. receivables from derivative financial instruments.
[2] Incl. touristic prepayments.

CONTENTS

FINANCIAL YEAR 2022

COMBINED MANAGEMENT REPORT

CORPORATE GOVERNANCE

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

Financial Position of the Group

Principles and goals of financial management

PRINCIPLES

TUI Group's financial management is centrally operated by TUI AG, which acts as the Group's internal bank. Financial management covers all Group companies in which TUI AG directly or indirectly holds an interest of more than 50 %. It is based on policies covering all cash flow-oriented aspects of the Group's business activities. In implementing a cross-border organisation approach, TUI AG has outsourced some of its treasury activities to First Choice Holidays Finance Ltd, a British Group company. However, the treasury activities are carried out on a coordinated and centralised basis.

GOALS

TUI's financial management goals include ensuring sufficient liquidity for TUI AG and its subsidiaries and limiting financial risks from fluctuations in foreign exchange rates, commodity prices and interest rates as well as default risks associated with treasury activities.

LIQUIDITY SAFEGUARDS

The Group's liquidity safeguards consist of two components:

- In the course of the annual Group planning process, TUI Group draws up a multi-annual financial budget, from which long-term financing and refinancing requirements are derived. This information and financial market observation to identify refinancing opportunities create a basis for decision-making, enabling appropriate financing instruments for long-term corporate funding to be adopted at an early stage.
- TUI uses syndicated credit facilities and bilateral bank lines as well as its liquid funds to secure sufficient short-term cash reserves. Through intra-Group cash pooling, excess cash of individual Group companies is used to finance the cash requirements of other Group companies. A weekly rolling liquidity planning system is the basis for arrangements with banks.

LIMITING FINANCIAL RISKS

The Group companies operate on a worldwide scale. TUI Group is therefore exposed to financial risks from changes in exchange rates, commodity prices and interest rates.

The key operating financial transaction risks relate to the euro, US dollar, pound sterling and Swedish krona and to changing fuel prices. They mainly result from cost items in foreign currencies held by individual Group companies, e. g. hotel procurement, aircraft fuel and bunker oil invoices or ship handling costs.

The Group has entered into derivative hedges in various foreign currencies in order to limit its exposure to risks from changes in exchange rates. Changes in commodity prices affect TUI Group, in particular, in procuring fuels such as aircraft fuel and bunker oil. Some of these price risks related to fuel procurement are hedged by derivative instruments. Where price increases can be passed on to customers due to contractual agreements, this is also reflected in our hedging behaviour.

In the wake of the COVID-19 pandemic, currency and fuel hedging activities were heavily restricted. With the market environment returning to normal and the Group's business volume rising substantially, hedging restrictions in many areas have largely been eased, although some restrictions remain, particularly in relation to fuel hedging. Hedging cover is taken out ahead of the markets' customer booking profiles, where hedging lines allow. This provides a degree of certainty over input costs when planning pricing and capacity.

In order to control risks related to changes in interest rates arising on funding in international money and capital markets and investments of liquid funds, derivative interest hedges are used on a case-by-case basis as part of the Group's interest management system.

In order to limit default risks from settlement payments for derivatives as well as money market investments with banks, TUI AG and First Choice Holidays Finance Ltd. have defined credit rating criteria for the selection of their counterparties. Trading and transaction limits are allocated to these counterparties on the basis of the credit ratings issued by the major rating agencies. The credit ratings and the corresponding limits are regularly reviewed. In the event of changes in the fair value of derivatives or rating changes, new business with these counterparties may temporarily be suspended until the limits can be applied appropriately again.

The use of derivative hedges is based on underlying transactions; the derivatives are not used for speculation purposes.

More detailed information on hedging strategies and risk management as well as financial transactions and the scope of such transactions at the balance sheet date is provided in the Risk Report and the section Financial instruments in the Notes to the consolidated financial statements.

See from page 34 ff. and 224 ff.

Capital structure

Capital structure of the Group

€ million	30 Sep 2022	30 Sep 2021	Var. %
Non-current assets	11,351.7	11,222.3	+1.2
Current assets	3,903.8	2,933.3	+33.1
Assets	**15,255.5**	**14,155.7**	**+7.8**
Subscribed capital	1,785.2	1,099.4	+62.4
Capital reserves	6,085.9	5,249.6	+15.9
Revenue reserves	–8,432.7	–8,525.7	+1.1
Silent participation	420.0	1,091.0	–61.5
Non-controlling interest	787.3	667.3	+18.0
Equity	645.7	–418.4	n.a.
Non-current provisions	1,323.2	1,665.5	–20.5
Current provisions	574.2	572.7	+0.3
Provisions	1,897.4	2,238.2	–15.2
Non-current financial liabilities	1,731.4	3,036.1	–43.0
Current financial liabilities	319.9	284.6	+12.4
Financial liabilities	2,051.3	3,320.8	–38.2
Non-current lease liabilities	2,508.7	2,606.1	–3.7
Current lease liabilities	698.8	623.3	+12.1
Lease liabilities (IFRS 16)	3,207.5	3,229.4	–0.7
Other non-current liabilities	303.6	402.8	–24.6
Other current liabilities	7,149.8	5,332.3	+34.1
Other liabilities	7,453.4	5,735.1	+30.0
Debt related to assets held for sale	–	50.6	n.a.
Liabilities	**15,255.5**	**14,155.7**	**+7.8**

Capital ratios

€ million		30 Sep 2022	30 Sep 2021	Var. %
Non-current capital		6,512.8	7,292.1	–10.7
Non-current capital in relation to balance sheet total	%	42.7	51.5	–8.8*
Equity ratio	%	4.2	–3.0	n.a.*
Equity and non-current financial liabilities		2,377.2	2,617.7	–9.2
Equity and non-current financial liabilities in relation to balance sheet total	%	15.6	18.5	–2.9*

* Percentage points.

Overall, non-current capital decreased by 10.7 % to € 6,512.8 m. It accounted for 42.7 % (previous year 51.5 %) of the balance sheet total.

The equity ratio was 4.2 % (previous year –3.0 %). Equity and non-current financial liabilities accounted for 15.6 % (previous year 18.5 %) of the balance sheet total.

EQUITY

Subscribed capital was initially increased by € 523,520,778.00 in October 2021 in the framework of a fully subscribed capital increase with subscription rights by issuing 523,520,778 new no-par value shares against cash contribution. At a subscription price of € 2.15 per share, the gross proceeds totalled around € 1.1 bn. In May 2022, subscribed capital was increased by a further € 162,291,441.00 in the framework of another cash capital increase excluding shareholders' subscription rights. By way of an accelerated bookbuilding, 162,291,441 new shares were sold to institutional investors. At an issue price of € 2.62 per share, gross proceeds totalled around € 425 m. At the end of the financial year under review, subscribed capital therefore consisted of 1,785,205,853 shares with a proportionate share in the capital stock of € 1.00 per no-par value share. Revenue reserves rose by € 0.1 bn to € –8.4 bn in the completed financial year. Non-controlling interests accounted for € 787.3 m of equity.

SILENT ESF PARTICIPATIONS

In financial year 2021, TUI obtained two silent participations from the ESF. Both participations are carried in equity in accordance with IAS 32. Silent Participation I of € 420.0 m was fully paid. It can be converted into shares in TUI AG at any time in full or in part at a conversion price of € 1.00 per share, as long as the ESF does not obtain a participation in TUI of more than 25 % plus one share by converting the Silent Participation.

In June 2022, TUI AG carried out a capital increase and fully repaid Silent Participation II at € 671.0 m.

PROVISIONS

Provisions mainly comprise provisions for pension obligations, tax provisions and provisions for typical operating risks classified as current or non-current, depending on expected occurrence. At the balance sheet date, they accounted for a total of € 1,897.4 m, down by € 340.8 m year-on-year.

FINANCIAL AND LEASE LIABILITIES

Composition of financial liabilities and lease liabilities

€ million	30 Sep 2022	30 Sep 2021	Var. %
Bonds	580.5	641.5	– 9.5
Liabilites to banks	1,382.6	2,612.6	– 47.1
Other financial liabilities	88.2	66.6	+ 32.4
Financial liabilities	**2,051.3**	**3,320.7**	**– 38.2**
Lease liabilities	**3,207.5**	**3,229.4**	**– 0.7**

Our non-current financial liabilities declined by € 1,304.7 m to € 1,731.4 m versus 30 September 2021. The decrease was primarily attributable to a reduction in liabilities to banks of € 1,262.4 m and the contractually agreed early repurchase of 913 partial option bonds on 1 April 2022.

For more detailed information, please refer to the Notes to the consolidated financial statements.

See chapter Financial and lease liabilities, page 217.

OVERVIEW OF TUI'S LISTED BOND

The table below lists the maturities, nominal volumes and annual interest coupon of the listed convertible bond issued in 2021 with a nominal value of € 589.6 m and a seven-year term.

Listed bond

Capital measures	Issuance	Maturity	Amount initial € million	Amount outstanding € million	Interest rate % p.a.
Convertible Bond 2021	April / July 2021	April 2028	589.6	589.6	5.000

CONVERTIBLE BONDS 2021

In April 2021, TUI AG issued senior unsecured convertible bonds maturing in 2028 with a total nominal amount of € 400.0 m. In July 2021, the convertible bond was upsized through a further issue with a nominal amount of € 189.6 m at a price of 104.75 %. The convertible bonds totalling € 589.6 m constitute a single series. In October 2021, the conversion price was reduced to € 4.5827 per share in the wake of the capital increase with subscription rights.

See Other information from page 248.

ESF WARRANT BOND

On 1 October 2020, an unlisted bond with warrants totalling € 150.0 m was issued to the Economic Stabilisation Fund (ESF). The bond has a term of six years and carries an interest coupon of 9.5 % p. a. The attached warrants have a term of ten years and authorise the holders to subscribe to around 58.7 m shares in TUI AG at an initial price of € 2.56 per share. Due to the capital reduction in January 2021, the subscription price for the same number of shares was reduced to € 1.00 per share.

In April 2022, TUI AG effected an early redemption of bonds with a nominal value of € 91.3 m so that the residual nominal amount totals € 58.7 m.

SYNDICATED CREDIT FACILITIES OF TUI AG

In April and May 2022, TUI AG's syndicated credit facilities were reduced by around € 920 m from an original amount of around € 4.8 bn on the basis of a contractual agreement and due to proceeds from refinancing and divestment transactions. First, the reduced credit line of € 170 m from KfW and a private banking consortium, which had originally amounted to € 200 m, was repaid in full. Moreover, around € 750 m of the undrawn KfW tranche of € 2.85 bn was cancelled, reducing this amount to € 2.1 bn. In addition, for regulatory reasons due to Brexit, the credit line of a British bank forming part of the syndicated credit facility (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 therefore totalled around € 3.7 bn, including a KfW cash tranche of around € 2.1 bn and a bank guarantee line of € 190.0 m.

The interest rate for cash drawdowns is variable and depends on the short-term interest rate level (EURIBOR or SONIA) and TUI's credit rating plus a margin.

At the balance sheet date, cash drawdowns from the syndicated credit facility amounted to € 562.0 m.

BANK CREDITS AND LEASE LIABILITIES

Liabilities to banks largely relate to the drawdowns from TUI AG's syndicated credit facilities and TUI AG's Schuldschein worth € 425.0 m.

Lease liabilities essentially relate to aircraft funding and hotel leases. For more detailed information, in particular on the remaining terms, please refer to the section Financial and lease liabilities in the Notes to the consolidated financial statements.

See section Financial and lease liabilities, page 217.

OTHER LIABILITIES

The combined figure for other liabilities mainly includes trade payables and customer deposits. At € 7,453.4 m, it was € 1,718.3 m up year-on-year.

Key credit facilities

SYNDICATED CREDIT FACILITIES OF TUI AG

TUI AG's syndicated credit facility of around € 3.7 bn includes a tranche of € 190.0 m for bank guarantees. At the balance sheet date, cash drawdowns from this credit facility amounted to around € 562.0 m. In addition, an amount of € 143.8 m was drawn from this credit facility through the use of bank guarantees.

BILATERAL GUARANTEE FACILITIES OF TUI AG WITH BANKS

In October 2021, TUI AG concluded a multi-year guarantee facility of € 152.0 m with a bank in order to meet a regulatory obligation. At the balance sheet date, this guarantee facility was fully used. In October 2022, this guarantee facility was replaced by a new guarantee line of € 345.6 m. The issued guarantee was replaced by a new guarantee of € 268.8 m.

In addition, TUI AG concluded further bilateral guarantee facilities with banks with a total volume of € 19.1 m for the provision of bank guarantees in the framework of ordinary business activities. Some of the guarantees have a term of several years. The guarantees granted give rise to a commission in the form of a fixed percentage of the maxi-mum guaranteed amount. At the balance sheet date, an amount of € 8.1 m from these facilities had been used.

Obligations from financing agreements

TUI AG's Schuldschein worth € 425.0 m issued in 2018, the bond with warrants worth € 58.7 m issued in October 2020, the convertible bond worth € 589.6 m issued in 2021 and the credit and guarantee facilities for TUI AG contain a number of obligations.

Under its syndicated credit facility worth € 3.7 bn, TUI AG has a duty to comply with certain financial covenants (as defined in the contract). These require (a) compliance with an EBITDAR-to-net interest expense ratio measuring TUI Group's relative charge from the interest result and its lease and rental expenses; and (b) compliance with a net debt-to-EBITDA ratio, calculating TUI Group's relative charge from financial liabilities. The EBITDAR-to-net interest expense ratio must have a coverage multiple of at least 1.5; net debt must not exceed 3.0 times EBITDA. The financial covenants are determined every six months, but the banks initially agreed to a waiver for this financial covenant obligation up until and including 31 March 2022, and then set higher ratio limits for testing during the period up until and including 31 March 2023. In addition, TUI's scope for pledging or selling assets, acquiring other companies or shareholdings, or effecting mergers has been restricted.

TUI AG's Schuldschein worth € 425.0 m, the bond with warrants worth € 58.7 m, the convertible bond worth € 589.6 m and the credit and guarantee facilities for TUI AG also contain additional clauses typical of financing instruments of this type. Non-compliance with these obligations awards the lenders the right to call in the facilities or terminate the financing schemes for immediate repayment.

Ratings by Standard & Poor's and Moody's

TUI AG ratings

	2018	2019	2020	2021	**2022**	Outlook
Standard & Poor's	BB	BB	CCC+	CCC+	B–	stable
Moody's	Ba2	Ba2	Caa1	Caa1	B3	stable

In the wake of the COVID-19 pandemic, both Standard & Poor's and Moody's successively lowered TUI's rating to CCC+ and Caa1, respectively, in 2020.

Due to a significant improvement in the business environment and the stronger balance sheet structure, both rating agencies upgraded their ratings to "B– (stable outlook)" (Standard & Poor's) and "B3 (stable outlook)" (Moody's) in October 2021.

Standard & Poor's also upgraded the rating for amounts totalling around € 1.5 bn granted by private banks within TUI AG's syndicated credit facility from CCC+ to B- in October 2021.

CONTENTS

FINANCIAL YEAR 2022

COMBINED MANAGEMENT REPORT

CORPORATE GOVERNANCE

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

Financial stability targets

TUI considers a constant credit rating to be a prerequisite for the future development of the business. In response to the structural improvements resulting from the merger between TUI AG and TUI Travel, the operating performance observed over the past few years, and the strengthening of the business model despite a challenging environment, both Standard & Poor's and Moody's upgraded their ratings for TUI to the BB or Ba ranges. In particular due to effects of the COVID-19 pandemic, these ratings were then lowered to CCC+ and Caa1, respectively, in 2020. In the completed financial year, both rating agencies upgraded TUI's rating to the B range again. This is essential, in our view, not only to secure favourable financing terms, but also to retain access to the debt capital markets even in difficult macroeconomic situations. We aim to achieve a further improvement in our current ratings (B– and B3, respectively). As an indicator of financial stability, we have defined a leverage ratio along the following basic lines:

Leverage ratio = (gross financial liabilities + lease liabilities + net obligations from defined-benefit pension plans) / reported EBITDA. This basic definition is subject to specific amendments in order to reflect current circumstances. Due to the lower gross financial liabilities and the return to positive EBITDA, the leverage ratio improved to a value of 4.7x in the 2022 financial year. We are aiming for a leverage ratio of below 3.0x again as a medium-term target.

See section Capital management, page 246.

Interest and financing environment

In the period under review, short-term interest rates remained at a low level compared with historical rates. In some currency areas, the interest rate initially remained negative but rose again in the low positive range in all key currencies from mid-2022 onwards. Due to high inflation, interest rates are expected to continue rising in the next few months. The interest rise cycle is currently expected to culminate in the medium single-digit percentage range. Corresponding impacts were recorded on yields from money market investments but also on reference interest rates for floating-rate debt.

In the financial year under review, quoted credit margins (based on CDS levels) for corporates on sub-investment grades rose to a level well above the long-standing average. Credit margins for TUI AG were elevated in H1 2022 and climbed appreciably thereafter. Due to the difficult market environment in 2022, refinancing was not possible at acceptable terms and conditions.

Liquidity analysis

At the balance sheet date, TUI AG, the parent company of TUI Group, held cash and cash equivalents worth € 473.0 bn.

RESTRICTIONS ON THE TRANSFER OF LIQUID FUNDS

At the balance sheet date, there were restrictions worth around € 0.5 bn (previous year € 0.5 bn) on the transfer of liquid funds within the Group that might significantly impact the Group's liquidity, such as restrictions on capital movements and restrictions due to credit agreements concluded.

Change of control

Significant agreements taking effect in the event of a change of control due to a takeover bid are outlined in the chapter on Information required under takeover law.

See chapter Information required under takeover law, page 100.

Cash flow statement

Summary cash flow statement

€ million	2022	2021
Net cash in- / outflow from operating activities	+2,077.8	–151.3
Net cash out- / inflow from investing activities	–308.2	+704.7
Net cash outflow from financing activities	–1,630.9	–233.5
Change in cash and cash equivalents with cash effects	**+138.6**	**+319.8**

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 previous year, the cash flow statement included the disposal group Nordotel S. A.

In the period under review, cash and cash equivalents increased by € 150.8 m to € 1,736.9 m.

CASH INFLOW / OUTFLOW FROM OPERATING ACTIVITIES

In the period under review, the cash inflow from operating activities totalled € 2,077.8 m (previous year outflow of € 151.3 m), including interest payments received of € 12.4 m (previous year € 6.4 m) and dividends of € 0.5 m (previous year € 14.2 m). The significant improvement compared to the previous year is due to the normalisation of business operations. Income tax payments resulted in a cash outflow of € 131.4 m (previous year € 9.0 m).

CASH INFLOW / OUTFLOW FROM INVESTING ACTIVITIES

In financial year 2022, the total cash outflow from investing activities amounted to € 308.2 m (previous year inflow of € 704.7 m). This includes a cash outflow for capital expenditure on property, plant and equipment and intangibles of € 515.7 m (previous year € 299.7 m). The Group recorded a cash inflow of € 180.7 m from the divestment of property, plant and equipment and intangible assets (previous year € 357.9 m). A cash outflow of € 8.9 m was recorded from purchase price payments for the sale of the stakes in Riu Hotels S. A., effected in the prior year. The divestment of a stake in Karisma Hotels Caribbean S. A. resulted in a cash inflow of € 3.5 m for TUI Group. The Group recorded an inflow of € 25.7 m net of cash disposed for the sale of Nordotel S. A. A part of the purchase price had already been paid in the prior year.

CASH INFLOW / OUTFLOW FROM FINANCING ACTIVITIES

The cash outflow from financing activities amounted to € 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.

Change in cash and cash equivalents

€ million	**2022**	2021
Cash and cash equivalents at the beginning of period	**+1,586.1**	**+1,233.1**
Changes due to changes in exchange rates	+12.2	+33.2
Cash changes	+138.6	+319.8
Cash and cash equivalents at the end of period	**+1,736.9**	**+1,586.1**

Cash and cash equivalents comprise all liquid assets, i. e. cash in hand, bank balances and cheques.

The detailed cash flow statement and additional explanations are provided in the consolidated financial statements and in the section Notes to the cash flow statement in the Notes to the consolidated financial statements.

See pages 160 and 247.

Analysis of investments

The development of fixed assets, including property, plant and equipment, intangible assets, shareholdings and other financial investments, is presented in the section on Net assets in the Management Report. Additional explanatory information is provided in the Notes to the consolidated financial statements.

Net capex and investments

€ million	**2022**	2021	Var. %
Cash gross capex			
Hotels & Resorts	197.2	113.9	+73.1
Cruises	45.5	22.5	+102.2
TUI Musement	18.8	13.8	+36.2
Holiday Experiences	261.5	150.2	+74.1
Northern Region	26.2	10.2	+156.9
Central Region	9.3	5.1	+82.4
Western Region	7.5	8.2	–8.5
Markets & Airlines*	111.2	52.4	+112.2
All other segments	113.3	82.1	+38.0
TUI Group	**486.0**	**284.8**	**+70.6**
Net pre delivery payments on aircraft	–126.5	–86.0	–47.0
Financial investments	0.9	28.0	–96.9
Divestments	–44.4	–925.9	+95.2
Net capex and investments	**315.9**	**–699.1**	**n. a.**

* Including gross capex of € 68.2 m for financial year 2022 (previous year € 28.9 m) for the aircraft leasing companies which – unlike income statement items – are allocated to Markets & Airlines as a whole, but not to the individual segments Northern Region, Central Region and Western Region.

In the financial year under review, TUI Group's gross capex totalled € 486.0 m. The increase of 70.6 % reflects the expansion of our business activities as the pandemic subsided.

The year-on-year increase was mainly attributable to higher investments in aviation, increased investments in hotels as well as time in dock at Marella Cruises. Net capital expenditure and investments of € 315.9 m rose by € 1,015.0 m year-on-year in the period under review. Divestments related in particular to the sale of the stake in Nordotel S. A., fully consolidated in the Hotels & Resorts segment, to Grupotel S. A., a joint venture of TUI Group. They also comprised a subsequent reduction in the selling price for the divestment of Riu Hotels S. A. In the prior year, divestments had included the sale of our 49 % stake in the Riu Hotels S. A. joint venture to a Riu Group company, the sale-and-leaseback of aircraft and a part of the total proceeds from the divestment of Hapag-Lloyd Kreuzfahrten to our joint venture TUI Cruises.

The table below shows a reconciliation of capital expenditure to additions to TUI Group's other intangible assets and property, plant and equipment.

Reconciliation of capital expenditure

€ million	2022	2021
Cash gross capex	**486.0**	**284.8**
Additions right-of-use assets	12.3	27.4
Advance payments	29.7	15.0
Other non-cash changes	66.9	15.2
Additions to other intangible assets and property, plant and equipment	**594.9**	**342.3**

Investment obligations

ORDER COMMITMENTS

Due to agreements concluded in financial year 2022 or in prior years, order commitments for investments totalled € 2,291.4 m as at the balance sheet date, this total included an amount of € 400.7 m for scheduled investments in financial year 2023.

→ *More detailed information is provided in the section Other financial commitments in the Notes to the consolidated financial statements.*

Net debt

The net debt as of 30 September 2022 declined by € 1,518.0 m year-on-year to € 3,436.2 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**

Non-financial Declaration of TUI Group*

* Unaudited.

About this non-financial declaration of TUI Group

For TUI Group, sustainability covering all three areas of economic, environmental and social sustainability is a fundamental management principle and a cornerstone of our strategy for continually enhancing the value of our company. We firmly believe that sustainable development is critical to long-term economic success. Together with our many partners around the world, we are actively committed to promoting sustainable development in the tourism industry.

In the following section, in line with CSR reporting legislation, we report on sustainability issues that promote a better understanding of our business operations, context and future development. TUI AG publishes a non-financial TUI Group declaration. It combines aspects and reporting on the following key issues: environmental matters, employee matters, social matters, respecting human rights and information on anti-corruption and anti-bribery integration & compliance. In compliance with section 315b, paragraph 1, sentence 3 of the German Commercial Code (HGB) we also refer, in a number of respects, to non-financial disclosures found in other parts of the Group Management Report.

Our materiality assessment generated insights into the risks and opportunities relating to sustainability. We describe our risk management system and principal risks associated with our business activities, business relations and services in our Risk Report from page 34 onwards, where the principal risks relating to sustainability are listed and explained.

APPLIED STANDARDS AND SUSTAINABILITY INDICES

Our reporting covers the United Nations Global Compact principles, which TUI signed up to in 2014, as a framework. Furthermore, we reviewed our sustainability activities against the United Nations Sustainable Development Goals (SDGs).

TUI AG is represented on the sustainability index FTSE4Good. In 2022, TUI participated in the CDP Climate Change programme and in the S&P Dow Jones Sustainability Index Assessment and engaged in dialogue with other researchers.

SPECIFIC CO_2 EMISSIONS FROM OUR AIRLINES AS A KEY NON-FINANCIAL PERFORMANCE INDICATOR

We regard specific carbon emissions (in g CO_2 / rpk) from our aircraft fleet as a key non-financial performance indicator.

Please see page 31.

DISCLOSURES PURSUANT TO EU TAXONOMY REGULATION (2020/852)

For the first time, this statement additionally contains disclosures on whether and to what extent the activities of TUI Group are aligned with the objectives of the EU Taxonomy Regulation.

LIMITED ASSURANCE ENGAGEMENT ATTESTATION

The present non-financial statement was not part of the audit, but was subject to a limited assurance engagement in accordance with ISAE 3000 (revised).

Please see page 267.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

As a company listed in the Premium Segment of the Main Market of the London Stock Exchange, we are required pursuant to Listing Rule LR 9.8.6 to make disclosures in relation to the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The section from page 123 summarises the disclosures relating to TUI Group's compliance with the TCFD recommendations and is not part of this non-financial declaration. These disclosures were therefore also not subject to the limited assurance engagement in accordance with ISAE 3000 (revised).

Sustainability governance

For TUI Group, sustainability covering all three areas of economic, environmental and social sustainability is a fundamental management principle and a cornerstone of our strategy for continually enhancing the value of our company. We firmly believe that sustainable development is critical to long-term economic success. Together with our many partners around the world, we are actively committed to promoting sustainable development in the tourism industry.

Disclosures on the TUI Group's business model

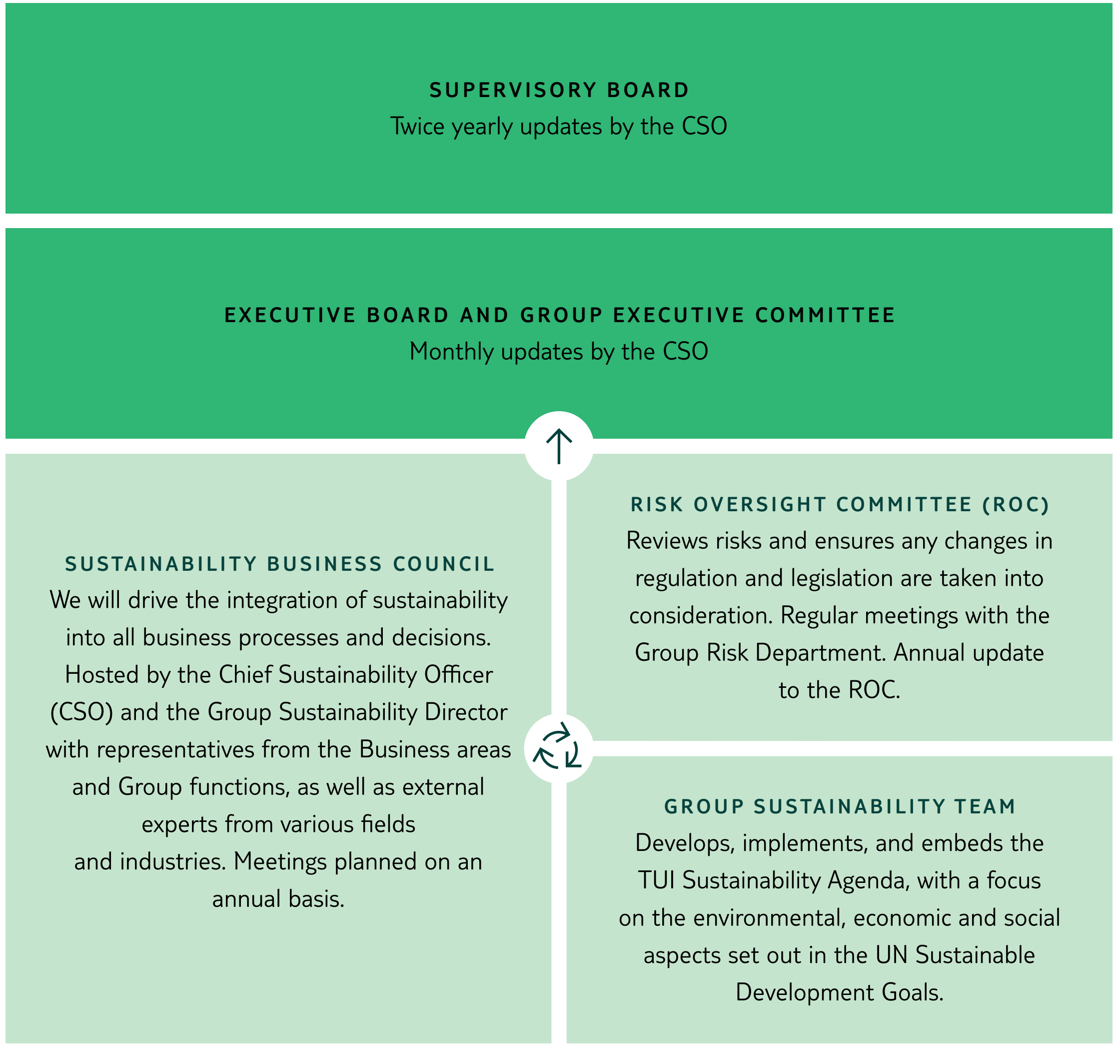
TUI Group is a global integrated tourism group. TUI Group's business model is outlined in detailed on pages 23 ff. and 27 ff. in accordance with section 315c paragraph 1 in conjunction with section 289c, paragraph 1 HGB.

TUI Group has a governance structure in place that ensures that sustainability issues, along with risks and opportunities resulting from climate change, are assessed and actioned at all levels. The Executive Board manages TUI's business strategically, it sets the Group's strategic direction and long-term objectives for sustainable development and signed off the Group's Sustainability Agenda. The Sustainability Business Council, which will convene from financial year 2023 onwards, will drive the integration of sustainability into all business processes and decisions.

A team of experienced sustainability professionals are working in close collaboration with senior management to ensure that TUI's business and sustainability focus areas are well aligned. The Group Sustainability Director heads up the Group Sustainability team, and reports to the Chief Sustainability Officer (CSO) who sits on the Group Executive Committee.

The role of our sustainability team is to drive implementation of the Sustainability Agenda across TUI Group and along its supply chain. The Group Executive Committee is regularly updated on our performance in delivering the Sustainability Agenda and tackling other key sustainability issues. Regular meetings are also held with the Risk Oversight Committee (ROC) to review sustainability risks.

Sustainability Governance



TUI Sustainability Agenda

Over the past two years, TUI Group's international sustainability team has focussed on developing TUI's Sustainability Agenda. New priorities and strategic directions for TUI's future sustainability activities were drawn up in consultation with internal and external stakeholders, taking account of current challenges, global scenarios and mechanisms such as the EU Green Deal. Thanks to direct exchange with our stakeholders and sector industry, we were able to gather expectations and challenges related to sustainability issues, which

CONTENTS

FINANCIAL YEAR 2022

COMBINED MANAGEMENT REPORT

have been reflected into our sustainability activities. The Supervisory Board, Executive Board, Group Executive Board and employee representatives were regularly involved in the process of developing the agenda in the form of individual and group presentations. We also discussed specific topics with organisations and interested stakeholders. We will continue to encourage this two-way dialog to ensure we maintain our focus on the most important and relevant topics at hand.

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.

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".

TUI's Sustainability Agenda is the next chapter in TUI's sustainability journey in the right direction. 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 will use our scale and influence for the sustainable transformation of the tourism industry.

Our 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. Please see the table for 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.

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

	PEOPLE	PLANET	PROGRESS
Building blocks	**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 change-makers by helping them acquire the new skills and knowledge they need to transform the tourism industry.	**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 natural resources and become a circular business.	**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 in 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* • *Circularity: reduce, reuse, recycle* • *Water management* • *Biodiversity*	• *Destination Co-Lab Rhodes* • *Empowering consumers* • *Driving certification* • *Green Tech & Data-driven* • *Net-zero travel accelerator*
UN SDGs	4, 5, 8, 10	6, 7, 12, 13, 14, 15	9, 11, 17

People – Empower to drive development

Tourism is the main force for development and prosperity in many parts of the world. It creates employment, provides education and drives up social and environmental standards. 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.

CONTRIBUTION TO THE SDGS

TUI SUSTAINABILITY ACADEMY

We want to give our colleagues the knowledge and skills to become sustainability changemakers. One way we are doing this is through the digital 'TUI Sustainability Academy' learning platform. The first phase was developed in financial year 2022, which offers knowledge into a wide range of sustainability topics, from energy and fuels to social impacts and the circular economy. In the future the platform will also be made available to our partners so that we can support upskilling to drive the sustainable transformation of the industry. Through the TUI Sustainability Academy and other tools, we aim to deliver to colleagues 25 k training hours on sustainability annually by 2025.

SUSTAINABILITY HACKATHON

Our first Sustainability Hackathon took place in March 2022, twelve teams of colleagues from across the Group worked together to solve a common challenge: How can we change our products to reduce waste and emissions, to help TUI move towards a circular business model? Over two days, several hundred ideas came together – both in the virtual hacking teams and from colleagues who posted their ideas on a collaboration platform. A panel of judges evaluated the ideas presented by the twelve teams and selected the winners. The winning ideas are now being worked on for further development and implementation.

GERMAN SUPPLY CHAIN ACT

Protecting human rights and environmental standards across supply chains is the premise of the new German Supply Chain Act (GSCA) coming into force on the 1 January 2023. For TUI, it applies to our own business, TUI suppliers and the wider supply chain, both in Germany as well as across the globe. An internal GSCA Steering Group has been established to prepare the business to comply with the law. The focus is on the development and implementation of risk analysis, training, preventative and corrective measures and policies. This builds on the work TUI already does to protect human rights and the environment and helps prepare for the upcoming EU Due Diligence Directive.

RESPECTING HUMAN RIGHTS

TUI Group is committed to all internationally proclaimed human rights as specified in the International Bill of Human Rights and expects the same of our suppliers and business partners, in accordance with applicable laws, conventions and regulations.

We have a number of policies and initiatives in place to monitor, identify, mitigate and prevent human rights impacts in line with the UN Guiding Principles on Business and Human Rights, and we will take remedial action where necessary.

- TUI is a signatory to the UN Global Compact, covering human rights, labour, environment and anticorruption.
- TUI is a signatory to the UN World Tourism Organisation's (UNWTO) Global Code of Ethics.
- Our Global Employment Statement focusses on fair and respectful treatment of employees at all levels and compliance with applicable law and industry standards.
- Our Employee Code of Conduct, the 'Integrity Passport', commits us to respect and observe human rights. Colleagues are encouraged to report any wrongdoing to the 'Speak Up' Line.
- Our Supplier Code of Conduct sets out the minimum standards we expect from suppliers, covering human rights and labour laws, bribery and corruption, environmental impacts and support for local communities.
- We have incorporated environmental and social requirements into contracts for our accommodation suppliers as well as other areas of procurement.
- We require our hotel suppliers to implement credible sustainability certifications recognised by the Global Sustainable Tourism Council (GSTC) which include standards on human rights, child protection and social welfare in the tourism industry. We are now also applying the GSTC Criteria to our TUI Collection experiences.
- Our internal Child Protection Guidelines includes information for our colleagues on issues surrounding 'voluntourism'.
- TUI Group publishes an annual Modern Slavery Statement outlining the steps taken to prevent modern slavery and human trafficking from occurring in its business and supply chain.
- Our Human rights and child protection e-learning modules continue to be rolled out across the different businesses. Airline crews in the UK, Nordics and Germany receive Vulnerable Children & Trafficking Training during their inductions, where they learn about how to spot trafficking and what to do. The Human Rights and Child Protection modules are mandatory to be completed bi-annually by all colleagues in TUI Musement. We are working on rolling these out also across the remaining business areas.

CONTENTS

FINANCIAL YEAR 2022

COMBINED MANAGEMENT REPORT

CHARITY AND GOOD CAUSES

Investments into projects and good causes

€ million	2022	2021	Var. %
Amount raised for charities/good causes	6.8	2.3	+195.7

Our business, colleagues and customers raised € 6.8 m in financial year 2022, an increase of 196 % due to the recovery of the business from the impact of the COVID-19 pandemic.

SUPPORTING THE TUI CARE FOUNDATION

One of the ways we make a positive difference in destinations is through our corporate foundation, the TUI Care Foundation, which uses the positive power of tourism to improve the lives of young people, care for the natural world and help local communities thrive. Founded in 2016 as an independent foundation, the TUI Care Foundation builds projects like education and training that use tourism as a force for good and open up new perspectives in particular for young people in the holiday destinations.

With over 30 projects in 25 countries, the TUI Care Foundation focuses on the unique needs of a destination. Examples of projects include marine conservation in Bali and Mallorca, vocational training for disadvantaged young people at the TUI Academies in the Dominican Republic and Sri Lanka, and tackling plastic waste in Cyprus and Zanzibar.

During 2022, the TUI Care Foundation won six global awards for its work around the world:

- The TUI Care Foundation's COVID-19 Relief Initiatives were awarded:
  - Gold Award by WTM Africa, in the category 'Destinations Building Back Better Post-COVID'
  - Gold Award by WTM Latin America in the category 'Increased local economic benefit'
  - Silver by WTM Africa, in the category 'Virtual Volunteering'
- Global Responsible Tourism Silver Award by WTM London in the category of 'Sustaining Employees and Communities through the Pandemic'
- The TUI Junior Academy in Curaçao was awarded a National Energy Globe Award for sustainable teaching practices
- A Barcelona Sustainable Tourism Award was presented by the consortium Turisme de Barcelona recognising the TUI Care Foundation's best sustainability practices

More on TUI Care Foundation: www.tuicarefoundation.com

Planet – Reduce our footprint

CONTRIBUTION TO THE SDGS

We are working to reduce the environmental footprint of holidays and drive-up environmental standards in our industry. We will achieve net-zero emissions across our operations and supply chain by 2050 at the latest and significantly reduce our environmental footprint in the areas of water, energy and waste. To protect our planet, we will change the way we use natural resources and become a circular business.

CLIMATE COMMITMENTS

Climate change is a pressing global challenge. There is an urgency to act and for everyone to play a role in the transition to a low carbon economy. We have been working for 30 years to reduce our environmental impacts. In this next phase of our sustainability journey, we wanted to be led by science.

In 2022, TUI joined the Science Based Targets initiative (SBTi), committing to implement emission reductions in line with the latest climate science. Emissions from TUI's airline, cruises and hotel segments represent 99 % of the Group's own emissions. Detailed emission reduction roadmaps have been developed for each of these three segments to realise significant reductions in emissions.

Our 2030 emission reduction targets for airlines, cruises and hotels are with SBTi for final approval.

SBTi is a global body enabling businesses to set ambitious emissions reductions targets in line with the Paris Agreement goals in order to limit the worst effects of climate change. The initiative is a collaboration between the Carbon Disclosure Project (CDP), the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

OUR FOOTPRINT TODAY

In financial year 2022, TUI Group's total emissions increased by 168.6 % year-on-year in absolute terms as a result of the recovery of the business from the impact of the COVID-19 pandemic, in particular the increase from aviation operations.

CONTENTS

FINANCIAL YEAR 2022

COMBINED MANAGEMENT REPORT

Carbon dioxide emissions (CO_2)

tons	2022	2021	Var. %
Airlines & Aviation[1]	4,331,628	1,317,865	+228.7
Cruises	762,942	391,475	+94.9
Hotels	542,994	362,474	+49.8
Major premises/shops	14,251	15,949	–10.6
Ground transport	13,144	5,440	+141.6
Scope 3 (indirect emissions from TUI's value chain)[2]	33,199	27,911	+18.9
Total	**5,698,158**	**2,121,114**	**+168.6**

[1] Emissions from airlines and aviation include those from TUI airlines as well as other airlines that TUI Group currently holds a share in.
[2] With reference to the Greenhouse Gas Protocol, TUI Group currently includes Scope 3 emissions occurring from the production of office paper and printed brochures, the supply and treatment of fresh water used in our hotels, employee business travel by air on 3rd party airlines, and the transmission and distribution of electricity across our hotels, offices and retail estate. TUI Group acknowledges this is not a full and complete Scope 3 assessment and will work in future to expand Scope 3 data collection and reporting.

Energy usage by business area

MWh	2022	2021	Var. %
Airlines & Aviation*	17,655,179	5,371,454	+228.7
Cruises	2,962,423	1,518,886	+95.0
Hotels	1,599,057	1,021,997	+56.5
Major premises/shops	60,036	60,766	–1.2
Ground transport	55,311	23,314	+137.2
Total	**22,332,006**	**7,996,417**	**+179.3**

* Emissions from airlines and aviation include those from TUI airlines as well as other airlines that TUI Group currently holds a share in.

MORE EFFICIENT FLYING

We already operate one of Europe's most carbon-efficient airlines and we aim to continuously improve our environmental performance. Our 2030 airline emission reduction targets have been submitted to SBTi for validation. 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.

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 TUI fly Belgium fleet. The aircraft will operate on short and medium haul routes and is 50 % quieter and emits up to a third less carbon dioxide.

Environmental management systems and operational measures are key to implementing sustainability and further enhancing carbon efficiency. All TUI airlines held the internationally recognised ISO 14001:2015 standard in financial year 2022. Here are some examples of operational measures we implement to improve efficiency:

- 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

Sustainable aviation fuels (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 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 fuels 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.

In 2022, relative carbon emissions across our airlines decreased by 18.5 %. This improvement was largely a result of significantly improved load factors compared to 2021, as well as TUI's on-going re-fleeting with older aircraft being replaced by new, more carbon-efficient aircraft.

TUI Airlines – Fuel consumption and CO_2 emissions

		2022	2021	Var. %
Specific fuel consumption	l/100 rpk*	2.52	3.10	–18.7
Carbon dioxide (CO_2) – total	t	4,053,745	1,300,942	+211.6
Carbon dioxide (CO_2) – specific	kg/100 rpk*	6.36	7.80	–18.5

* rpk = revenue passenger kilometer.

The emissions in the following table are also shown in the form of CO_2 equivalents (CO_2e). Apart from carbon dioxide (COS_2), they include the other five greenhouse gases impacting 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).

TUI Airlines – Carbon intensity

g CO_2/rpk*	2022	2021	Var. %	g CO_2e/rpk*
TUI Airline fleet	**63.6**	**78.0**	**–18.5**	**64.3**
TUI Airways	62.2	83.3	–25.2	62.9
TUI fly Belgium	70.7	82.8	–14.5	71.5
TUI fly Germany	64.4	75.8	–15.0	65.0
TUI fly Netherlands	59.8	70.3	–15.0	60.4
TUI fly Nordic	66.4	69.7	–4.8	67.1

* rpk = revenue passenger kilometer.
We commissioned Verifavia to provide assurance on the carbon intensity metrics for 2022 as displayed in the table 'TUI Airlines – Carbon Intensity' above. To read our airline carbon data methodology document and the assurance report in full, please visit www.tuigroup.com/en-en/responsibility/sustainability/reporting-downloads

MORE SUSTAINABLE CRUISING

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. Comprehensive emission reduction roadmaps have been developed along with our 2030 targets submitted to SBTi for validation, covering TUI Cruises, Hapag-Lloyd Cruises and Marella Cruises. Key levers include continued investment in fleet modernisation and efficiency measures, with a focus on shore power, route optimisation, energy efficiency boost and propulsion/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. The whole fleet will be shore power ready within the next few years.

On the newbuild Mein Schiff vessels, sulphur emissions and nitrogen emissions are reduced significantly thanks to comprehensive exhaust gas treatment systems installed on all new ships. These advanced emission purification systems are operated beyond regulatory requirements – for example 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 Mein Schiff travels to, such as the Mediterranean, Orient, 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 by up to 80 % and reduces particulates by up to 30 %. All Hapag-Lloyd Cruises ships have the TBT-free underwater coatings, seawater desalination systems for freshwater production as well as a biological sewage treatment system for wastewater. Waste is separated on board in an environmental manner prior to disposal on land by specialised companies in accordance with international regulations (MARPOL).

Hapag-Lloyd Cruises' Hanseatic Nature, Hanseatic Inspiration and Hanseatic Spirit are also equipped with modern environmental technologies. The optimisation of the hull and the use of a rudder with special propeller contribute to a reduction in fuel consumption.

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.

In financial year 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.

Cruises – carbon intensity, fresh water and waste

	2022	2021	Var. %
Carbon dioxide (CO_2) – relative, kg/Cruise passenger night	132	240	–44.9
Fresh water – relative, l/Cruise passenger night	37	89	–58.7
Total water – l/Cruise passenger night	321	673	–52.4
Waste – relative, l/Cruise passenger night	10.6	23.7	–55.3

ENVIRONMENTAL EFFICIENCY ACROSS 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. 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 currently with SBTi for validation.

Our hotel portfolio continues to grow and many of our hotels are using the latest green technology to improve their sustainability performance. The production of renewable energy from solar and wind is a key lever in our emission reduction roadmaps for hotels, 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 Global Sustainable Tourism Council. TUI supports its hotel partners by providing guidance and tips on preparing for certification. A community platform has also been set up to inform and share about relevant sustainability topics and developments. See the Progress section 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. This is a result of continued efforts to improve environmental performance, along with higher customer numbers and occupancy levels returning since the pandemic.

Hotels – carbon intensity, water* and waste

	2022	2021	Var. %
Carbon dioxide (CO_2) – relative, kg CO_2/guest night	10.1	13.4	–24.6
Fresh water – l/guest night	494	644	–23.2
Total water – relative, l/guest night	652	854	–23.7
Waste – relative, kg/guest night	1.9	2.2	–16.8

* Includes water for domestic, pool and irrigation purposes.

CIRCULARITY: REDUCE, REUSE AND RECYCLE

One of our core ‘Planet’ goals is to work towards a circular business model. The Circular Economy is a way to think about how we reduce, reuse, recycle and redesign products and services. The aim is to keep resources and materials in the life cycle for as long as possible and stop waste from being produced in the first place.

TUI has a set of Circular Economy Commitments focussed on changing the way we operate and use resources. This will involve all areas of our business model, but we are initially focussing on food waste, plastic waste and our procurement processes. TUI will work with suppliers to have all relevant information about their sustainability performance so we can track and measure progress. To support our circular business work, we are members of the Sustainable Transformation Group on Circular Economy, coordinated by the Antwerp Management School and part of the Ellen MacArthur Foundation community.

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.

PROTECTION OF BIODIVERSITY

We support the WTTC’s ‘Nature positive vision for travel and tourism’ and we will take a nature positive approach to halt and reverse biodiversity loss by 2030. We will invest in the protection and restoration of nature in destinations. In addition to our existing focus on animal welfare in our supply chain, we also want to place further emphasis on biodiversity in the future.

We have improved, updated and resumed TUI's animal welfare audit process, having adapted them to the latest version of the ABTA guidelines (Global Animal Welfare Guidance for Animals in Tourism) and to the digital transformation of the company. Since 2016 more than 237 independent audits of animal attractions featured by TUI were conducted, as well as 140 online self-assessments. Wherever possible we prefer to work with suppliers to deliver improvement plans, however a number of venues were taken out of the programme for not meeting the required standards.

TUI has partnered with SPANA, a leading global charity in animal welfare for working animals and community development. The charity improves the welfare of working animals in three ways: free veterinary treatment, education and training, and emergency and outreach projects. The focus of the partnership is working animals (horses, camels, donkeys) in Morocco.

Progress – Accelerate the transformation

CONTRIBUTION TO THE SDGS

We aim to use our scale to increase the positive social and environmental impact of every holiday experience we offer. We strive to become sustainability leaders in all that we do. 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 in every stage of the customer journey. By 2030 we will significantly increase more sustainable holiday choices through "Green & Fair" products and services with the aim of havingto have 20 million customers per year choosing a "Green & Fair" hotel or excursion, which meet the strict criteria of the Global Sustainable Tourism Council.

DESTINATION CO-LAB

In early 2022, TUI Group, TUI Care Foundation and the government of the Region of the Southern Aegean launched a five-year project called 'Destination Co-Lab Rhodes'. Together with our partners we aim to co-create the next generation sustainable business model for the tourism industry on Rhodes.

The three strategic pillars are 'Regenerate the natural environment', 'Strengthen social development and cultural heritage', and 'Foster inclusive economic development in the tourism business model'. As part of the Co-Lab, the local tourism industry and international partners want to work together to find and develop concrete solutions and implement them on Rhodes.

DRIVING CERTIFICATION

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 Global Sustainable Tourism Council (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 financial year 2022 we had 7.9 m customers staying in a hotel[1] certified to a GSTC-recognised labelstandard, compared to 2.8 m in 2021. The number of contracted certified hotels[2] 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. In financial year 2022 we applied the GSTC Criteria of the Global Sustainable Tourism Council to individual tours and activities in order to assess their sustainability performance, the first tourism company in the world to do so. 180 TUI Collection experiences have gone through this comprehensive process to meet global sustainability standards in destinations such as mainland Spain, Mallorca, the Canaries, Turkey and the Dominican Republic. By 2023, TUI aims for all TUI Collection experiences to meet global sustainability standards. TUI Collection is our own-branded portfolio of experiences available in over 100 destinations.

[1] These hotels include both TUI Hotels & Resorts (in FY 2022, there were 353 TUI Hotels & Resorts) and hotels TUI Group has a contract with that are certified to a Global Sustainable Tourism Council (GSTC) recognised standard.
[2] These hotels include hotels TUI Group has a contract with, that are certified to a GSTC-recognized standard and had a minimum of 100 TUI customers in FY 2022. TUI Hotels & Resorts that do not have a contract with TUI Group are excluded from this figure.

Progress performance

	2022	2021	Var. %
Number of customers (millions) staying at hotels with certifications[1]	7.9	2.8	+180.2
Number of contracted hotels with certifications[2]	1,126	630	+78.7
% of TUI hotels with certifications (variance in % points)	61	51[3]	+10
Number of certified TUI Collection excursions[4]	180	–	n.a.

[1] These hotels include both TUI Hotels & Resorts (in FY 2022, there were 353 TUI Hotels & Resorts) and hotels TUI Group has a contract with that are certified to a Global Sustainable Tourism Council (GSTC) recognised standard.
[2] These hotels include hotels TUI Group has a contract with, that are certified to a GSTC-recognized standard and had a minimum of 100 TUI customers in FY 2022. TUI Hotels & Resorts that do not have a contract with TUI Group are excluded from this figure.
[3] Previous year's number adjusted due to different calculation method.
[4] Certified to a GSTC-recognised standard, certification process only began in January 2022.

CO-CREATING WITH PARTNERS

TUIPartners.com has been developed to provide one easily accessible place for our numerous partners (accommodation, tours, activities and transport providers) to find the latest news, information and guidance on sustainability, health & safety, security and more. We use the Sustainability section as a platform for sharing knowledge, experiences and upskilling on different sustainability topics such as how to achieve sustainability certifications.

EMPOWERING CONSUMERS

We want to enable consumers to make more sustainable holiday choices. As well as embedding sustainability into our brand and creating a sustainability marketing toolkit for our businesses, we have developed a label to make it easier for customers to find and book more sustainable products and services. The 'Green & Fair' label has been launched in financial year 2022 on our experiences selling website, to help consumers identify those tours and activities that meet the GSTC Criteria. In financial year 2023 this label will be rolled out to hotels.

Our people

CONTRIBUTION TO THE SDGS

5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

PEOPLE STRATEGY

With their competence and commitment, our employees made a key contribution to TUI's successful restart. 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. The world of work is undergoing structural change and is characterised by digitalisation and an ever-faster pace. The introduction of new models of work are facilitating hybrid work in regards to working place and time with the help of digital solutions and policies. This changes the way we work together and leads to new requirements in the communication between managers and their teams. In the wake of our transformation the required skill-set and know-how of our employees is shifted towards the digital field. At the same time, the expectations of our employees and future talents are continually changing. 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. TUI has to respond to these expectations in order to secure talent acquisition in a challenging environment, especially in the IT sector. Against the backdrop of this overall framework, we have developed a new People Strategy with Sybille Reiss, Chief People Officer and Labour Director. The strategy adopts a holistic approach aimed at both our people function, which includes our HR teams, as well as our employees. It puts people first.

The goal of our People Strategy is reflected in our vision to be ***D**igital, **E**ngaging and **I**nclusive*.

- ***Digital:*** We use digital tools in order to enable our people to work smarter, unlock innovation and drive efficiency. Access to data helps our People Teams to better understand our customers – our employees – and to enable productive changes.
- ***Engaging:*** We invest in developing teams and confident leaders. By empowering performance, we enrich the lives of our team and succeed as a business. We recognise achievements and encourage continuous learning, allowing people to shine, individually and together. We are proud to be TUI.
- ***Inclusive:*** Every voice matters at TUI. That is why we aim to break down barriers, listen to each individual, and care for their wellbeing. This means we personalise our approach to be all-inclusive, embracing diversity and bringing global and local teams together.

Our People Strategy focuses on strengthening our business and the experience of existing and future employees. In order to implement our strategy, we have adopted a mission defining our relevant areas of action. With this approach we want to create a framework to empower our employees to deliver their best performance and be successful as one team.

People Strategy: areas of action

SIMPLIFICATION, HARMONISATION, FOCUS

A crucial factor in implementing our global People Strategy is that it centres on our core topics and processes. All the activities we deliver must be aligned to the principles of simplification, harmonisation and focus. Processes are being harmonised and standardised globally to create synergies and avoid duplication. Local adjustments are only effected if and as required or where this creates additional value. Examples effective from financial year 2022 include the far-reaching harmonisation of our recruitment processes across markets and platforms, reducing them to two master processes. These were ultimately be transferred to our HR system, enabling us to enhance our recruitment efficiency.

We have also realigned our HR structure to match that principle. An organisation with Group-related and local Centres of Expertise (CoE) is being transformed into a global CoE structure with local representatives. In addition to the existing global HR Business Partner and HR Services structures, global CoEs are now being established in the fields of Reward, HR Systems & People Analytics, Talent Acquisition and Talent Management & Development. Implementation was launched in financial year 2022 and the project is scheduled for completion in the first half of financial year 2023.

Progressive simplification, harmonisation and focus are supported by the ongoing development of our HR systems landscape in the wake of our digital transformation.

DIGITAL TRANSFORMATION

Our goal is to increase the efficiency of our work and to promote the acceptance of digital systems. The priorities here are a data-centric alignment and the incorporation of high-quality data into our decision-making processes.

A key project was the further implementation of our single HR Core System in TUI People. The functions of the system include HR master data administration and the mapping of HR processes. Following the COVID-19 pandemic, the roll-out of the system continued in the TUI Musement segment in financial year 2022. Germany saw the launch in financial year 2022.

Another key area was the use of existing and the introduction of new functions in our HR IT platform TUI People. This is demonstrated, inter alia, by the launch of the processes for TUI WORKWIDE and the continued roll-out of a compensation module within our HR IT platform in the UK, the Nordics, Belgium and the Netherlands.

Within TUI People, our desktop assistant offers our employees real-time step-by-step instructions for handling system functions. This helps to speed up the implementation of new processes, as our employees can set them up directly with the support of the assistant. The application also provides 1st level support in the event of any questions. The desktop assistant was further expanded in financial year 2022 and supports a large number of digital processes. The expansion included content in the fields of recruiting, learning as well as our HR Core System.

Developments in financial year 2022 also featured the launch of TUI eSafe in several companies in Germany. This is an electronic safe for employees to which we digitally send documents such as their payroll slip. The eSafe will be a sustainable, time-saving application offering employees safe and permanent access to their documents. In future, employees will receive all documents in their TUI eSafe, where legally permitted. Roll-out of the application will continue in Germany next year. It will subsequently be rolled out on a global level.

Our priorities for the new financial year are the continued implementation of our single HR Core System and the expansion of our reporting, analytics and dashboard functionalities, based on the introduction of a central HR Business Warehouse. The project was designed in financial year 2022 and its implementation has now been initiated.

ENABLE GROWTH

In order to retain our employees and recruit new people in a challenging labour market, we are pursuing a multi-layered recruitment approach including internal training programmes as well as external recruiting. Talent acquisition is implemented by a global team positioning TUI as an employer of choice in the relevant markets and among key target groups. Our career sites achieved almost 1.5 million visits in the period under review, and we received more than 295,000 applications.

In financial year 2023, we will roll out a new employer branding strategy for TUI. In the period under review the foundation was created with the identification of TUI's core strengths and USPs as an employer thanks to in-house and external surveys as well as labour market analyses. The new employer branding strategy is designed to have a positive impact on perceptions of TUI in the labour market, on the experiences of our talents in the application process and on employee satisfaction. The core of the strategy is our Employer Value Proposition. It describes the unique benefits of TUI as an employer. The communication campaign launched in support of the strategy aims to generate positive general interest in working at TUI. In addition, it targets specific groups relevant to the success of our company in order to recruit and retain them. The campaign, scheduled to be rolled out from January 2023, is founded on authentic insights into working at TUI from our employees' perspective.

A new platform has been incorporated into our career website in order to enhance job applicants' perception of the company. It creates touchpoints between external talents and TUI employees. It offers applicants the opportunity to address questions directly to selected employees so as to liaise with the company. In a pilot project launched in March 2022 in IT and parts of TUI Musement, 97 % of the talents assessed the new platform as useful. It is scheduled for further roll-out from November 2022.

Moreover, a special pre-boarding platform was developed and made available from the end of financial year 2022 as part of TUI People. It enables new employees to obtain insights into TUI and its ways of working before they officially start their job. The platform offers a welter of useful information about working at TUI and also serves as a central touchpoint for new employees. It helps helps us to create an open, welcoming culture and a sense of belonging to TUI right from the start.

POSITIVE EMPLOYEE EXPERIENCE

We want to create an environment in which people like to work. With the launch of the TUI Way of Working in the prior financial year, we created the key conditions to achieve that goal. The TUI Way of Working is our joint vision for the future of work at TUI and how to organise it globally and adjust it to local needs. We are seeking to create a culture of trust that inspires a sense of belonging in employees regardless of where they work, offering flexibility and promoting efficient work. The core statement of that vision is: work is what we do, not where we go.

TUI WORKWIDE was created in that spirit in August 2021. It is an innovative programme enabling people to work from virtually anywhere in the world for up to 30 days per year. Flexibility in terms of place and time is important for TUI as we firmly believe it promotes productivity and innovation. Since the launch of TUI WORKWIDE, our employees have applied for more than 10,000 days working from a different country. Of this total, almost 9,000 days had been taken up by the end of the financial year. In total, 847 employees had requested an average of 8.5 days within the framework of TUI WORKWIDE by the end of financial year 2022.

In order to further identify and understand the needs of our employees, we carried out the TUIgether light survey in summer 2022 after the survey had been suspended for three years. The goal of the survey was to capture sentiment across the entire organisation. It achieved a return rate of 48 % (15,820 out of 32,720 potential respondents). The result reports were prepared at the level of businesses and functions. The statement "I would recommend TUI as a great place to work" received a positive rating from 54 % of participants and will be a key element in the future measurement of people's engagement. The other questions related to Strategy & Vision, Personal Development and TUI as an Employer. Unlike in past surveys, a first step was taken towards measuring diversity, equity and inclusion. The statement "I feel comfortable being myself at work" had one of the most positive scores in all TUI Group businesses, with a total of 76 % agreement from participants. The follow-up process, once the survey has been implemented and the results evaluated, has added two new actions since 2019. Firstly, a new level of transparency was achieved by publishing multiple survey result reports from different levels of the business on the Smile intranet. Secondly, a hackathon on "TUI as a great place to work – Improving the Employee Experience" was planned for the end of October 2022. Voluntary participants from the entire group were invited to register for the two-day virtual event and work together in small groups to develop ideas for improvements based on the results of the survey and their employee experience.

In parallel, we continued updating the new Employee Listening strategy in financial year 2022. Our goal is to listen to our employees more regularly, measuring their engagement and growing it in a sustained manner. The new TUIgether+ survey approach launched in cooperation with a new service provider will facilitate a holistic approach to measuring and enhancing the employee experience. We will focus on three different survey types, each tailored to the specific needs of different groups of participants. Apart from global surveys relating to engagement and other strategic topics, we will also measure key moments in each employee's life cycle and use business insight surveys to obtain their feedback on certain topics such as transformation. Executives receive feedback on a regular basis to help them plan measures at all levels. Real-time surveys and more regular feedback will enable us to respond swiftly to emerging trends. In the next few years, the new survey landscape will be developed and defined further, resulting in a structured routine with regular findings.

DIVERSITY, EQUITY & INCLUSION

Our goal is to be "all-inclusive" in terms of our employees and our culture at work. We aim to support and promote the wellbeing and resilience of our employees. We want them to feel accepted and appreciated to be healthy and motivated in delivering their best performance. This includes accepting and leveraging diversity.

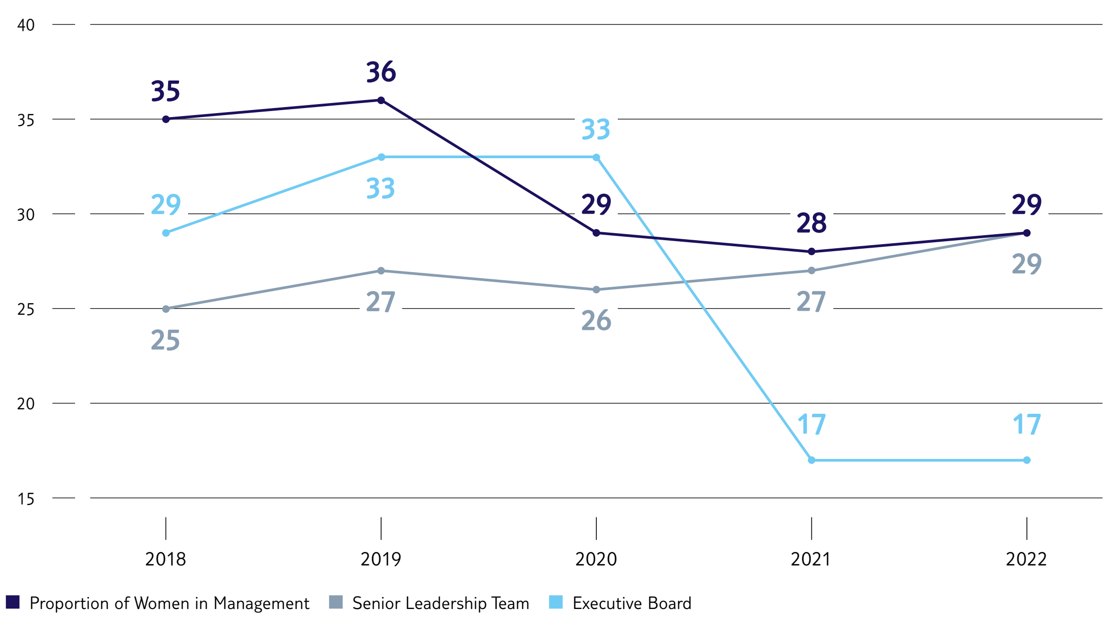
A number of measures were carried out again in the period under review. We implemented several training programmes on "Unconscious bias" and other diversity-related topics. Diversity-related content was shared on the intranet, in the TUI Learning Lounge and in the leadership programmes. TUI took part in in-house and external events on diversity, e. g. as a sponsor at the Maspalomas Pride event in Gran Canaria. We once again organised Wellbeing Days, where our employees were able to obtain a range of information on the theme with, for example, talks on healthy eating and tips for working from home. Throughout the year, we also took part in various key events and special dates, e. g. International Women's Day and Pride Month.

We have also entered into external partnerships, e. g. with Women in Data (WID), in order to increase the attractiveness of Data Science for women and diverse professionals. TUI is also part of the Black Representation in Marketing (BRiM) initiative with several other companies. In addition, we support the diversity of internal employee networks with different interests, e. g. LGBTQI+, Religion or Diversity, Equity & Inclusion. Our internal and external partnerships help us set the right priorities in this area.

With TUI's Global Employment Statement and as a signatory to the UN Global Compact, we have made a clear commitment: We do not accept any discrimination based on nationality or ethnicity, sex, gender identity, sexual orientation, marital status, religion, world view, disability, age or social origin. Decisions about hiring, salary, benefits, training opportunities, work assignments, advancement, discipline and termination must be based solely on objective grounds.

In financial year 2022, various diversity-related indicators were monitored. The proportion of women in the overall headcount rose year-on-year to 55.7 %. The share of women in leadership positions was increased compared to prior years. Especially the female proportion in senior leadership teams was raised by two percentage points.

TUI Group Proportion of Women in Leadership 2018 – 2022 in %



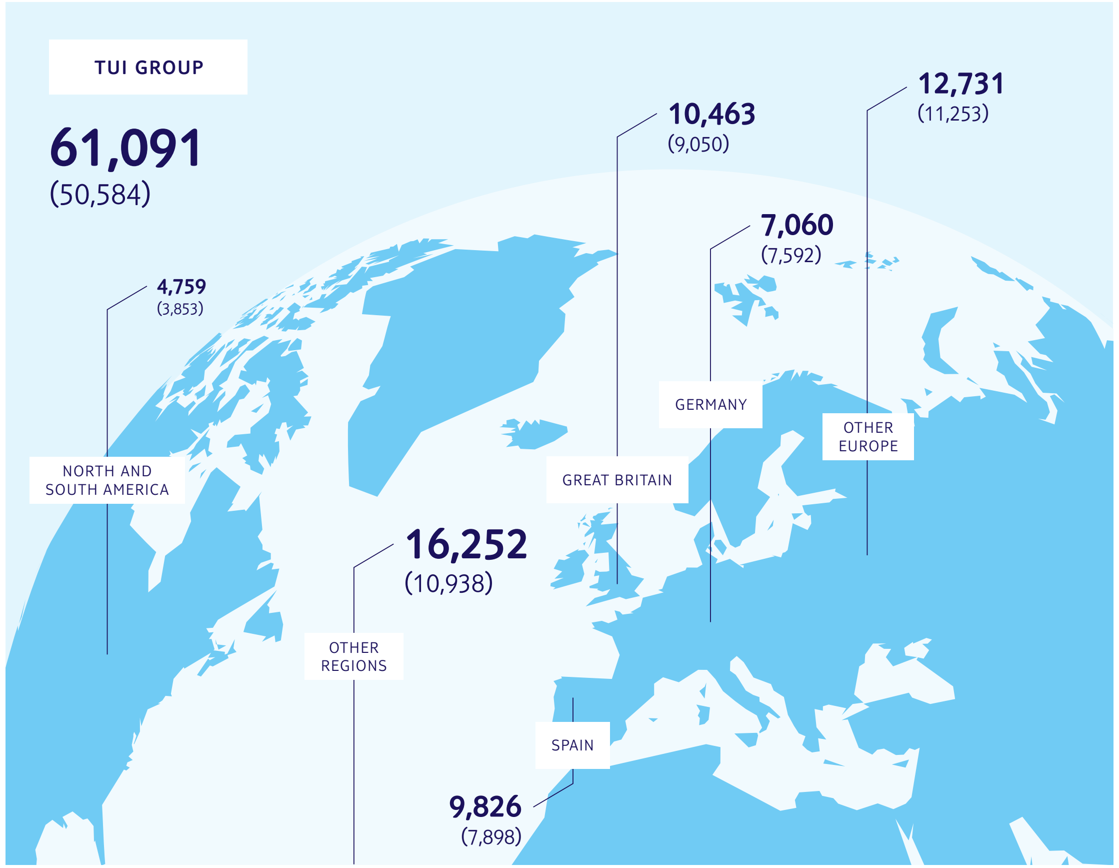
Proportion of women in managerial positions

in %	30 Sep 2022	30 Sep 2021	Target 2023
TUI AG			
Supervisory Board	45	40	30
Executive Board	1 woman	1 woman	at least 1 woman
First management level below Executive Board	21	24	25
Second management level below Executive Board	24	24	30
TUI Deutschland			
Supervisory Board	33	33	30
Executive Board	33	25	25
First management level below Executive Board	35	22	30
Second management level below Executive Board	43	44	40
TUI fly			
Supervisory Board	25	25	30
Executive Board	0	0	20
First management level below Executive Board	0	20	30
Second management level below Executive Board	41	47	40

For Germany (TUI AG, TUI Deutschland, TUI fly), voluntary targets were defined in 2020 for the period until 2023, in accordance with the statutory requirements of the German Stock Corporation Act and the Act on Limited Liability Companies. In the period under review, the first of these targets for 2023 were already achieved.

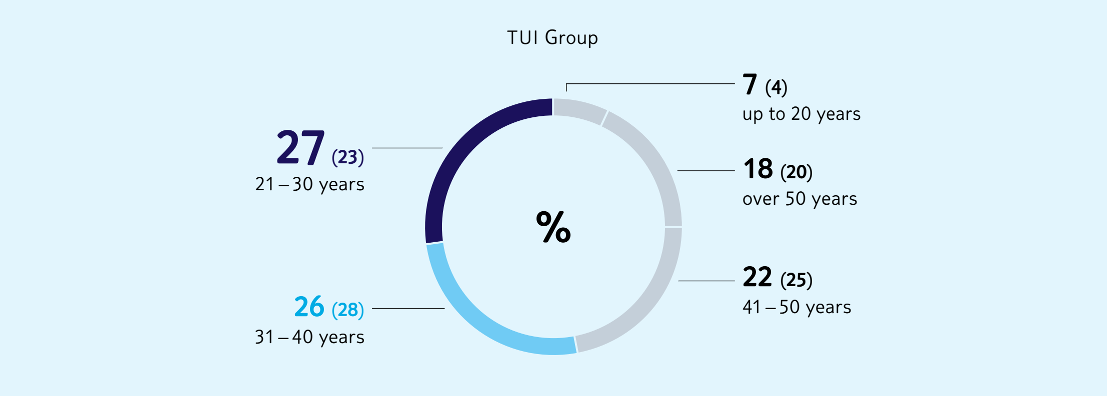
See declaration in the Corporate Governance Report on page 121.

Personnel by region* (30 SEPTEMBER 2022)



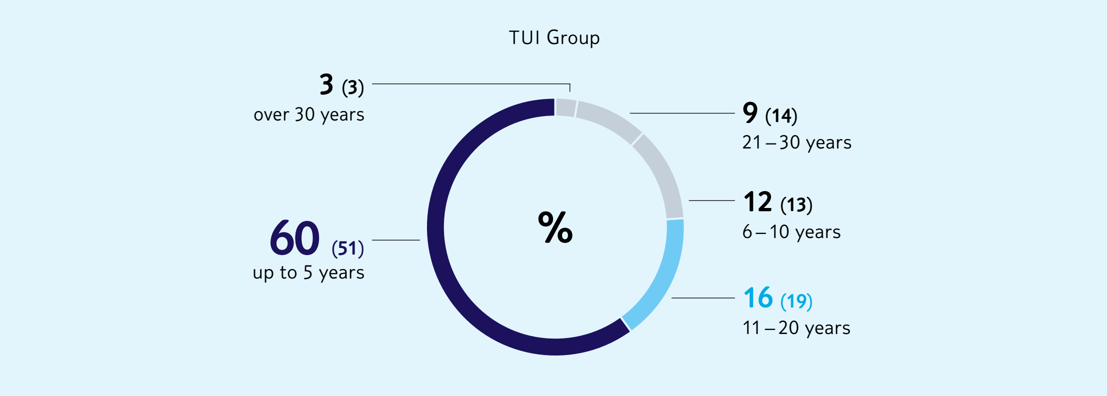
* By domicile of company.
In brackets: previous year

Age Structure (30 SEPTEMBER 2022) in %



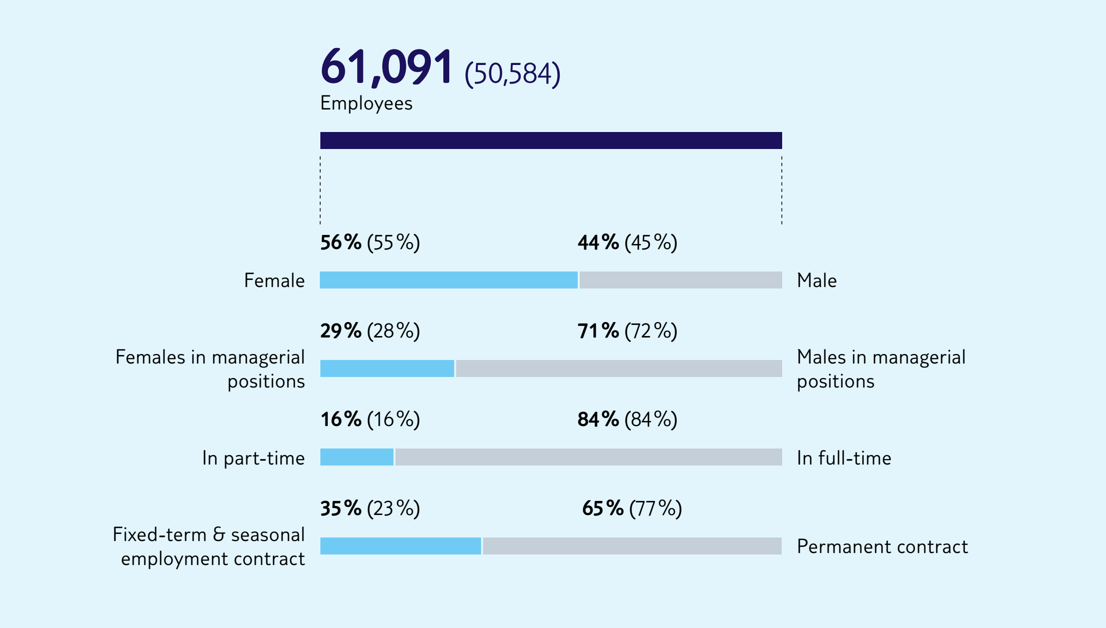
In brackets: previous year

Seniority (30 SEPTEMBER 2022) in %



In brackets: previous year

Employment structure (30 SEPTEMBER 2022)



In brackets: previous year

In future, the focus of our activities in Diversity, Equity & Inclusion will be on the development of a holistic, global strategy covering all dimensions of diversity. It will comprise, for example, the publication of a binding global Diversity, Equity & Inclusion (DEI) Statement, the establishment of a global DEI Committee and the launch of further global DEI activities aimed at supporting our employees' wellbeing. We are planning to introduce a diversity index to measure diversity.

ENABLE BEST PERFORMANCE

In order to be successful together at TUI, we are seeking to empower our employees to deliver their top performance. We are supporting our executives and promoting dialogue between managers and employees.

As in previous years, we continued the feedback and target agreement process Great Place to Grow in the period under review. It offers our executives a clear framework for supporting the development of our employees and providing them with feedback through dialogue. We are also aiming to ensure that our employees have clear goals and know their contribution to the growth of our Company.

We are supporting our employees in preparing for tomorrow's challenges with new learning content. We foster our talents in various areas including digitalisation in order to take TUI a step further as a digital platform company. Depending on their growth and career targets, our employees have a broad range of development formats available to choose from. Overall, the active users of our HR IT platform TUI People completed an average of more than two hours of training per month in financial year 2022. We also offered a wide range of programmes such as the TUI Learning Lounge and the Sustainability Academy and continued the Language Mentoring project.

In IT, the for:ward programme was successfully continued in financial year 2022. It focuses in particular on changing IT roles and the skills required. for:ward offers our employees two options: As part of the first option, participants can undergo a role transition with the support of an external partner. To that end, learning paths have been established, either guiding employees into a new role or deepening their expertise in their current role. In the period under review, the second cohort started role transition with 21 participants. Sixteen participants completed the training programme, while five participants extended. This programme will be continued in financial year 2023 with a third cohort of around 30 participants.

The second option offered by for:ward enables employees to apply for an on-demand learning licence that includes access to the highest-ranking business and technology programmes of our partners. This option was opened up to all TUI employees in the period under review, and they completed nearly 10,600 hours of training.

Our executives had the opportunity to take part in the development programmes How2 and Global VIBE. How2 aims to convey key leadership fundamentals to new executives to ensure that they can fully live up to their role. The programme comprises six modules with a wide range of online learning content, eLearning modules, teamcasts and Share the VIBE sessions. In financial year 2022, 194 executives successfully completed the programme.

Global VIBE expands the approach underlying How2, building leadership skills in our executives, including the ability to lead a global team. This programme, too, benefits from a virtual learning environment with a broad range of additional digital resources. In addition, we offer formats enabling our executives to network so that they can exchange views and information and learn from one another. Examples include twelve master classes held with a total of 829 participants. The advanced leadership programmes Perspectives, Digital STEP and Horizons were suspended during the COVID-19 pandemic. Perspectives and Horizons will be resumed in March 2023.

OUTLOOK

Our People Strategy defines our priorities for the upcoming financial years. In a continually changing business environment, we are investing in the continuous development of our executives and employees. New Employer Branding and Employee Listening strategies will support us on the path to being an employer of choice and in developing an industry-leading employee experience. In our pursuit of talent management we focus on the retention and acquisition of talents with relevant skills in key positions. We aim to promote the engagement of our employees and support their wellbeing and resilience. Overall, our goal is to simplify and standardise our processes and our global way of working. This brings us closer to our vision of being ***D**igital, **E**ngaging and **I**nclusive.*

EMPLOYEE REPRESENTATIVES

TUI Group historically features a strong co-determination landscape. It embraces the Supervisory Board at corporate level, the Group Works Council at Group level and many works councils at company level. Cooperation with these committees was very constructive. In the financial year under review, negotiations about an agreement on safeguarding the future continued and were brought to a successful conclusion. This job security agreement creates confidence and provides assurance for our employees in Germany. Other topics discussed with the Group Works Council included the further development of the HR IT platform TUI People and various reorganisation issues in the framework of the ongoing transformation.

At the international level, the TUI Europe Forum as an information and consultation body represents the interests of employees working in companies outside Germany and thus plays an important role as a facilitator and integrator in the European framework. This enables discussions about relevant themes, such as transformation, to be held both inside and outside Germany on a local and regional level and in the international platform organisations.

OCCUPATIONAL HEALTH

TUI Group promotes the physical and mental health of all its employees. In order to ensure that employee health is given appropriate attention, a Group-wide body of health officers has been set up to regularly consider best practices, ongoing projects and plans for activities conducive to good health. Against the backdrop of global challenges in connection with mental disorders, in particular, an even stronger focus will be placed on aligning activities to shared goals and establishing stringent processes.

In the course of the year, health-promoting activities and presentations were offered across the Group. Some of the offerings of the "TUI fit" programme had to be paused or replaced by digital alternatives due to the COVID-19 pandemic. The offerings have been resumed in line with statutory requirements.

EMPLOYEE INDICATORS

As at the balance sheet date 30.09.2022, staff numbers rose by 20.8 % to 61,091. The ramp-up of business operations and the reopening of hotels and destinations following the COVID-19 pandemic resulted in a significant increase in overall staff numbers in Hotels & Resorts and TUI Musement.

Personnel by segment

	30 Sep 2022	30 Sep 2021	Var. %
Hotels & Resorts	27,234	21,508	+26.6
Cruises*	72	57	+26.3
TUI Musement	8,768	5,381	+62.9
Holiday Experiences	36,074	26,946	+33.9
Northern Region	10,423	9,011	+15.7
Central Region	7,039	7,492	–6.0
Western Region	5,141	4,833	+6.4
Markets & Airlines	22,603	21,336	+5.9
All other segments	2,414	2,302	+4.9
TUI Group	**61,091**	**50,584**	**+20.8**

* Excludes TUI Cruises (JV) employees. Cruises employees are primarily hired by external crew management agencies.

HOTELS & RESORTS

In Hotels & Resorts, the headcount increased by a total of 26.6 % to 27,234. Staff numbers of Robinson grew from 4,763 to 5,141. TUI Blue reported an increase in its headcount, primarily resulting from the reopening of hotels in Zanzibar. Riu recorded growth in staff numbers of 52.0 % to 12,691, driven by the restart of business operations, in particular hotels in Cape Verde, Zanzibar and Spain. Northern Hotels also saw a slight increase in the headcount.

CRUISES

The headcount in the Cruises segment increased by 26.3 % year-on-year to 72.

TUI MUSEMENT

In financial year 2022, the headcount in TUI Musement rose by 62.9 % to 8,768. The increase was driven by the reopening of destinations, in particular in Spain.

NORTHERN REGION

Northern Region recorded a year-on-year headcount increase of 15.7 % to 10,423. In the UK, staff numbers rose by 15.7 % in the Retail, Tour Operator and Airline sectors from 8,353 in the prior year to 9,666. This is primarily attributable to the filling of vacancies and a stronger Summer business. In the Nordics, staff numbers in Tour Operator and Airline grew by a total of 15.0 % to 757.

CENTRAL REGION

In Central Region, the headcount declined by 6.0 % year-on-year to 7,039. In Germany, staff numbers fell by 9.4 % from 6,061 to 5,489, in particular due to restructuring measures in the Airline, Tour Operator and Retail sectors. In Austria, staff numbers rose slightly by 7.7 % from 431 to 464, as vacancies open after the pandemic were filled again. In Switzerland, the headcount increased slightly by 2.5 % from 357 to 366. In Poland, the headcount grew by 12.0 % from 643 to 720.

WESTERN REGION

The headcount in Western Region increased by 6.4 % year-on-year to 5,141. This was driven by higher staff numbers in the Retail and Tour Operator businesses in Belgium and the Netherlands. The number of employees in the Airline business in Morocco and the Netherlands also rose year-on-year. In France, staff numbers grew by 18.9 % to 636.

ALL OTHER SEGMENTS

Staff numbers rose by 4.9 % overall to 2,414 year-on-year. The number of employees working for Head Office functions in Germany decreased by 2.9 % to 639, including 269 employees working for TUI AG. The number of employees working for Head Office functions in the UK grew by 7.8 % to 440. The headcount in IT rose by 9.3 % year-on-year to 961. The Future Markets segment recorded an increase in its headcount of 4.8 % to 374.

Personnel costs

€ million	2022	2021	Var. %
Wages and salaries	1,732.3	1,393.1	+24.3
Social security contributions	300.4	193.7	+55.1
Pension costs	109.2	119.3	–8.5
Total	**2,141.9**	**1,706.1**	**+25.5**

In the period under review, TUI Group's personnel costs increased 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 mainly results from an annual average increase in staff numbers of 24.0 %. In addition, the use of short-time work benefit schemes and other government-sponsored programmes to save jobs was significantly lower than in 2021.

For more details please refer to page 185.

The pay package offered by TUI Group consists of various components, reflecting the framework conditions in different countries and companies and the appropriateness of compensation and customary market rates. Depending on the function concerned, a fixed salary may go hand in hand with variable components, honouring individual performance and promoting the sustained participation of employees in the Company's long-term targets. In addition, the Senior Leadership Team can participate in a long-term share-based compensation programme based on the allocation of virtual shares.

Many TUI Group companies offer their employees pension schemes in the form of direct benefits or through an occupational providence fund, or else by paying in additional employer contributions to pension insurance, in some cases beyond the statutory minimum required. In Germany, collective contracts have been concluded with an insurance undertaking in order to meet the legal entitlement to deferred compensation.

Customer experience, Security, Health & Safety and crisis management*

We place our guests and their individual wishes and needs at the centre of our organisation in order to offer them differentiated and consistent experiences. In this way, we aim to increase customer loyalty and tap into new customer segments, as satisfied guests are a decisive factor for the TUI Group's long-term growth. Our goal is to continuously adapt the customer experience to individual needs and to further personalise it. The more flexible and personalised design of our products and services is supported by the expansion of our product portfolio and our digital platform.

Our integrated business model allows us to accompany our guests through the entire travel experience from booking, arrival, hotel stay and cruise to local activities and excursions – digitally and personally. The digital travel experience is complemented by the personal appreciation of our employees, which our guests experience in our travel agencies, aircraft and hotels, on our ships and in the destination.

The travel experience is about relaxing and winding down, or discovering and exploring something new. However, the travel experience can also entail a wide range of risks. As far as possible, our activities aim to minimise these risks for customers and employees. The business takes a risk based approach to prevent intentional risks to the well-being of our customers, such as crime or terror (Security) and offer all customers a travel experience within the most security and safety, even in relation to unintentional risks (Health & Safety), for all services booked in the framework of their trips (e.g. flight, transfer to the hotel, hotel stay and excursions). TUI continually monitors and analyses safety-critical developments in destinations and discusses response measures with the markets and other involved business areas.

SAFETY

Throughout the 2022 financial year, we have further embedded and established the Safety & Risk team within the Group. With the busiest operational summer since 2019, our revised processes have successfully supported the management of safety risk within our operation as the industry continued to open up again following the pro-longed shut down.

The Safety & Risk team's remit continues to focus on the principal safety risks associated with accommodation, transfers, excursions, activities, tours and all other in-destination activities supporting our Tour Operators in the Source Markets and TUI Musement. The function's remit expanded in 2022 to include TUI Hotels & Resorts and TUI branded units including TUI Blue – further strengthening their role in this area as a Centre of excellence within the Group and driving group wide consistency and visibility.

In financial year 2022 and in line with local requirements, the measures for managing the spread of COVID-19 and the associated reporting processes have been amended and integrated into our normal operating procedures for reducing the spread of all infectious diseases. The situation continues to be monitored and measures can be flexed locally as circumstances require.

In addition to the continuous monitoring approach of key risk areas taken in TUI Hotels & Resorts, TUI have conducted 4,155 safety assessments across our third party hotel portfolio using a multi-layered assessment approach. A brand standard has also been developed for TUI Blue and other concept branded franchised units.

Building on the data sharing portal established for our Riu hotels in 2021, significant progress has been made to further expand our data-led, risk-based approach to Safety Management with third party hoteliers. The expansion of the data sharing portals, in partnership with several technical specialist providers who conduct safety monitoring / management programs with hoteliers globally, will increase our operational efficiency and enable an improved approach to safety risk management.

Group S&R, as a Centre of excellence, continues to support the strategic direction of the business and ensuring that TUI remains a brand that can be trusted.

SECURITY

Following a review of Group security activities the two functions of Corporate and Destination security were merged in early 2022 under one new Head of Security and Intelligence lead. The department now works collaboratively to manage the security environment across the business.

This review followed the finalization of the Tunisia inquest and also the responsibility for Hotels and Resorts properties security moving to the Group team, as such, two new roles have been added to the Group Security team to drive the TUI standard for Security to the next level supporting intelligence management and our important own branded hotels. This will ensure we move to an industry leading position with ensures the very highest level of security risk management across the Group.

* Part of social matters.

CRISIS MANAGEMENT AND BUSINESS CONTINUITY

TUI operates Group wide crisis and business continuity protocols and governance modules. Regular update calls between Group function and business areas are established to share strategic and operational topics incl. best practice. Data is aggregated and analyzed, the frame works ascertain when guests and / or employees are affected and what support / actions at what moment is need.

Reporting lines and operational work flows had been adjusted to ensure operational Group wide efficiency. Experienced crisis managers work within a team to cover areas such as customer, commercial, communications and insurance management. These experts across the Group facilitate a fast, flexible response to levels of crisis. Appropriate reporting and coordination within TUI ensures that management is updated on all key incidents and developments and can immediately take decisions if necessary.

The Group wide crisis management system software for monitoring, escalation and managing of day-to-day incidents gives the ability to work individually within each business or together as a group when needed. In addition there is, for the first time ever, a business continuity system to be implemented in all markets, at the airlines, the cruise division, Hotels & Resorts, and TUI Musement to provide a Group overview on business continuity management and activities. The project includes representation from all business areas but also with an enhanced governance process supported by Group SHS.

Anti-corruption and anti-bribery

Details of TUI Group's anti-corruption and anti-bribery measures are presented in the Corporate Governance section on Integrity & Compliance from page 129 in this Report.

Disclosure pursuant to EU Taxonomy Regulation (EU) 2020/852

Pursuant to Article 8 of the Regulation (EU) 2020/852 of 18 June 2020 on the Establishment of a Framework to Facilitate Sustainable Investment, TUI AG is publishing its first report in accordance with the Taxonomy Regulation. A simplified reporting obligation applies for financial year 2022. Undertakings have to disclose information on the extent to which turnover, capital expenditure and operating expenses as defined in the Regulation are aligned to the economic activities described in EU Regulations and Delegated Acts and hence eligible for the taxonomy. This does not in itself indicate whether they qualify as environmentally sustainable under Articles 3 and 9 of the Taxonomy Regulation.

As a first step, TUI has analysed its economic activities, taking into account both activities generating external turn-over and activities serving the Company's own needs. TUI's main activities, flight operation and the delivery of accommodation services in hotels, are not currently listed in the EU regulations. Therefore, only a small portion of the indicators mentioned above currently relate to taxonomy-eligible activities. The EU has announced that it will expand its list of taxonomy-eligible activities, so that the taxonomy-eligible portion of the key figures is likely to change substantially in the future. Currently taxonomy-eligible activities include transporting passengers in vessels and buses where this is associated with external turnover and the corresponding capital expenditure and operating expenses. Activities associated with our buildings, in particular hotels and administrative buildings are also to be classified as taxonomy-eligible.

The second step was to determine the indicators relating to these activities. The total turnover means the turnover determined under international accounting standards and shown in the Notes. Of this total the portion relating to taxonomy-eligible activities is determined. Turnover from package tours is related to different activities, as they typically include a flight, transport in the destination and an accommodation service on a ship or in a hotel. For the purposes of the EU Taxonomy, this turnover is broken down according to the required costs incurred and attributed attributed to passenger transport by ship or bus.

Capital expenditure summarises the additions to the relevant assets mentioned in the Notes to the consolidated financial statements in the sections "Good-will", "Other intangible assets", "Property, plant and equipment" and "Rights of use Assets". The proportions of capital expenditure allocable to taxonomy-eligible activities were identified with the support of our internal project controlling.

Operating expenses at TUI include in particular non-capitalised renovation and maintenance expenses and expenses from short-term leases determined on the basis of our internal reporting. Capital expenditure and operating expenses related in particular to TUI's buildings and to the cruise ships.

Taxonomy-eligible share of economic activities, 2022

	Total (€ million)	Share (%)
Taxonomy-eligible revenue	352.6	2
Taxonomy non-eligible revenue	16,192.3	98
Revenue	**16,544.9**	
Taxonomy-eligible operating expenditure (OpEx)	114.4	25
Taxonomy non-eligible operating expenditure	341.2	75
Operating expenditure according to EU Taxonomy Regulation	**455.6**	
Taxonomy-eligible capital expenditure (CapEx)	229.2	31
Taxonomy non-eligible capital expenditure	521.9	69
Capital expenditure according to EU Taxonomy Regulation	**751.1**	

Annual financial Statements of TUI AG

The annual financial statements of TUI AG were prepared in accordance with the provisions of the German Commercial Code (HGB), taking account of the complementary provisions of the German Stock Corporation Act (AktG), and audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hanover. They are published in the Federal Gazette. The annual financial statements have been made permanently available on the Internet at https://www.tuigroup.com/en-en

In the present Annual Report, the Management Report of TUI AG has been combined with the Management Report of TUI Group.

Earnings position of TUI AG

Income statement of TUI AG

€ million	2022	2021	Var. %
Revenue	89.8	33.9	+164.9
Other operating income	491.7	1,750.3	–71.9
Cost of materials	16.4	11.3	+45.1
Personnel costs	57.5	39.6	+45.2
Depreciation	1.6	4.5	–64.4
Other operating expenses	332.6	471.8	–29.5
Net income from investments	–205.2	–381.1	+46.2
Write-downs of investments	380.0	1,180.3	–67.8
Net interest	–121.1	–191.1	+36.6
Income taxes (income (–), expense (+))	–3.8	–2.8	–35.7
Profit after taxes	**–529.1**	**–492.7**	**–7.4**
Expense/income from other taxes	1.8	–1.3	n.a.
Net profit for the year	**–530.9**	**–491.5**	**–8.0**

The earnings position of TUI AG, the Group's parent company, is primarily determined by the appropriation of profits by its Group companies, either directly associated with TUI AG via profit and loss transfer agreements or distributing their profits to TUI AG based on relevant resolutions, and the measurement of financial investments.

REVENUE AND OTHER OPERATING INCOME

The increase in revenue in financial year 2022 mainly resulted from higher income from licence fees with subsidiaries. Other operating income in the previous year was characterised in particular by the gain on disposal of € 1.5 bn from the sale of the stake in TUI Cruises to Preussag Beteiligungsverwaltungs GmbH IX.

In the completed financial year, gains on disposal from the sale of two subsidiaries to TUI Holding Spain S. L. were significantly lower at € 23.0 m. The decline in Other operating income was also driven by lower income from exchange gains. This income was offset by expenses from exchange losses, carried in Other operating expenses. Other operating income also included, in particular, income from intercompany charging of service costs, carried alongside expenses passed on to TUI AG from other Group companies, carried in Other operating expenses. The year-on-year decline in Other operating income was partly offset by a significant increase in reversals of write-downs of investments and income from the reversal of provisions no longer required.

EXPENSES

The year-on-year increase in personnel costs resulted from a considerable increase in pension expenses due to higher transfers to pension provisions and from the formation of personnel provisions for former Executive Board members.

Other operating expenses comprised in particular expenses for exchange losses, the cost of financial and monetary transactions, fees, charges, services, transfers to impairments, other administrative costs as well as expenses for the intercompany elimination of services. While there was a fall in expenses for exchange losses, capital procurement costs in connection with financing schemes and impairments of receivables as well as in charges for intercompany services from prior years, expenses for the elimination of intercompany services rose only slightly. Overall, this resulted in a decline in Other operating expenses.

NET INCOME FROM INVESTMENTS

The year-on-year increase in net income from investments is mainly driven by the significant decline in expenses for loss transfers, relating predominantly to Leibniz-Service GmbH and other companies allocated to Central Operations. The income from profit transfers generated in financial year 2022 resulted from an earn-out agreement in connection with the sale of the stake in Riu Hotels S. A. by a subsidiary and profit transfers from a company in Hotels & Resorts.

WRITE-DOWNS OF INVESTMENTS

In the period under review, write-downs of investments mainly related to Tour Operator subsidiaries. Due to the recovery of the market environment, write-downs were significantly lower than in 2021.

INTEREST RESULT

The development of the interest result mainly resulted from changes in financing schemes such as the redemption of the bonds in financial year 2021, the redemption of a part of the credit line from the Revolving Credit Facility (RCF) in the completed financial year, the repayment of a part of the warrant bond issued to the Economic Stabilisation Fund (ESF) and the early redemption of Silent Participation II in the period under review.

TAXES

Income taxes and expenses for other taxes mainly resulted from the regular reassessment of tax provisions. They did not include any deferred taxes.

NET RESULT FOR THE YEAR

For financial year 2022, TUI AG posted a net loss of € 530.9 m.

Net assets and financial position of TUI AG

TUI AG's net assets and financial position as well as its balance sheet structure reflect its function as TUI Group's parent company. In financial year 2021, the balance sheet total decreased slightly year-on-year to € 10,022.1 m.

Abbreviated balance sheet of TUI AG (financial statement according to German Commercial Code)

€ million	**30 Sep 2022**	30 Sep 2021	Var. %
Intangible assets/property, plant and equipment	4.6	6.2	– 25.8
Investments	7,753.6	8,022.8	– 3.4
Fixed assets	7,758.2	8,029.0	– 3.4
Receivables	1,781.1	1,385.4	+ 28.6
Cash and cash equivalents	473.0	592.5	– 20.2
Current assets	2,254.1	1,977.8	+ 14.0
Prepaid expenses	9.8	29.1	– 66.3
Assets	**10,022.1**	**10,036.0**	**– 0.1**
Equity	4,044.3	3,034.8	+ 33.3
Special non-taxed items	–	0.1	n. a.
Provisions	323.3	327.5	– 1.3
Bonds	648.3	739.6	– 12.3
Other liabilities	5,006.2	5,934.0	– 15.6
Liabilities	5,654.5	6,673.6	– 15.3
Liabilities	**10,022.1**	**10,036.0**	**– 0.1**

FIXED ASSETS

At the balance sheet date, fixed assets almost exclusively consisted of investments. The development of investments was affected by the intra-Group sale of two subsidiaries to TUI Holding Spain S. L. and in particular by write-downs of investments. The write-downs mainly related to shares in Group companies allocated to tour operation. The decline was partly offset by write-backs of shares in Group companies, both in tour operation and Hotels & Resorts and central segments. Due to redemptions in particular, loans to Group companies declined slightly in the financial year under review.

CURRENT ASSETS

The increase in current assets by 14.0 % to € 2,254.1 m resulted from a considerable build-up of receivables, which more than offset the decline in cash and cash equivalents. The increase in receivables was primarily attributable to the development of rights and obligations from profit and loss transfer agreements and a receivable from the sale of stakes in subsidiaries to TUI Holding Spain S. L. as well as the short- and medium-term financing of Group companies. Current assets also rose due to the cash deposit for the regulatory safeguarding of customer advance payments received on package holidays, carried in Other assets.

TUI AG's capital structure

EQUITY

TUI AG's equity increased by 33.3 % to € 4,044.3 m. This increase was primarily driven by the capital increases in October and May during the completed financial year.

The loss for the year totalled € – 530.9 m. When adding a loss carried forward of € – 300.6 m, net loss totalled € – 831.5 m. The equity ratio rose to 40.4 % (previous year 30.2 %) in financial year 2022.

PROVISIONS

Provisions decreased by € 4.2 m to € 323.3 m. They consisted of pension provisions worth € 164.0 m (previous year € 153.7 m), tax provisions worth € 30.1 m (previous year € 32.3 m) and other provisions worth € 129.2 m (previous year € 141.5 m).

The increase in pension provisions in the completed financial year was primarily attributable to changes in parameters. The decline in Other provisions mainly resulted from the reversal of provisions for assumption of risks in connection with the sale of Group companies. In addition, provisions for risks from mining were reversed in the completed financial year due to the reduced scope of liability. An opposite effect was caused by a slight increase in personnel provisions.

LIABILITIES

TUI AG's liabilities totalled € 5,654.5 m as at 30 September 2022, down by € 1,019.1 or 15.3 %.

On the basis of a contractual agreement and due to proceeds from the capital increases, TUI AG's syndicated credit facilities originally amounting to approximately € 4.8 bn were reduced by approximately € 920 m in total in April and May 2022. First, the credit facility originally amounting to € 200 m from KfW and a private banking consortium, already reduced to € 170 m, was repaid in full. Moreover, around € 750 m of the undrawn KfW tranche of € 2.85 bn was cancelled, reducing it to € 2.1 bn. In addition, for regulatory reasons due to Brexit, the credit line of a British bank (around € 80 m cash and € 25 m guarantee line) could not be extended beyond July 2022.

At the end of the financial year, the syndicated credit facility therefore amounted to 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.

As at 30 September 2022, the amount of cash drawn from the credit line totalled € 562.0 m, carried as a liability to banks. A further amount of € 143.8 m from this credit facility was drawn through the use of guarantee lines.

Due to TUI AG's early redemption, in April 2022, of a partial nominal amount of € 91.3 m of the warrant bond issued to the Economic Stabilisation Fund (ESF) in October 2022, the remaining nominal amount totalled € 58.7 m. The ESF continues to hold 58.7 m warrants, entitling the Fund to purchase 58.7 m shares in TUI AG at a price of € 1.00 per share.

In the framework of the third financing package, the Economic Stabilisation Fund (ESF) and TUI AG agreed on two silent participations totalling € 1,091 bn in 2020 / 21. The ESF measures comprise Silent Participation I of € 420.0 m, convertible into TUI shares at a price of € 1.00 per share, and Silent Participation II totalling € 671.0 m. In May 2022, the Company's capital was increased, utilising a part of Authorised Capital III, and the proceeds were used for the early redemption of Silent Participation II on 30 June 2022. In the financial statements in accordance with the German Commercial Code, Silent Participation I is carried under Other liabilities with a term of five years.

The considerable decrease in liabilities to banks and other liabilities was partly offset by the increase in liabilities to Group companies. Due to an increase in operating activities, Tour Operator companies, in particular, transferred monies to TUI AG.

The net financial position (cash and cash equivalents less liabilities to banks, bonds and Schuldschein) totalled € – 1,170.9 m (previous year € – 2,430.1 m) in the completed financial year.

CAPITAL AUTHORISATION RESOLUTIONS

Information on new and existing resolutions concerning capital authorisation, adopted by Annual General Meetings, is provided in the next chapter on Information required under takeover law.

Information required under Takeover Law

Pursuant to sections 289a and 315a of the German Commercial Code (HGB) and explanatory report

Subscribed capital

The subscribed capital of TUI AG consists of no-par value shares, each representing an equal share of the capital stock. As a proportion of the capital stock, the value of each share is around € 1.00.

The subscribed capital of TUI AG, registered in the commercial registers of the district courts of Berlin-Charlottenburg and Hanover, consisted of 1,785,205,853 shares at the end of financial year 2022 (previous year 1,099,393,634 shares) and correspondingly totalled € 1,785,205,853.00. Each share confers one vote at the Annual General Meeting.

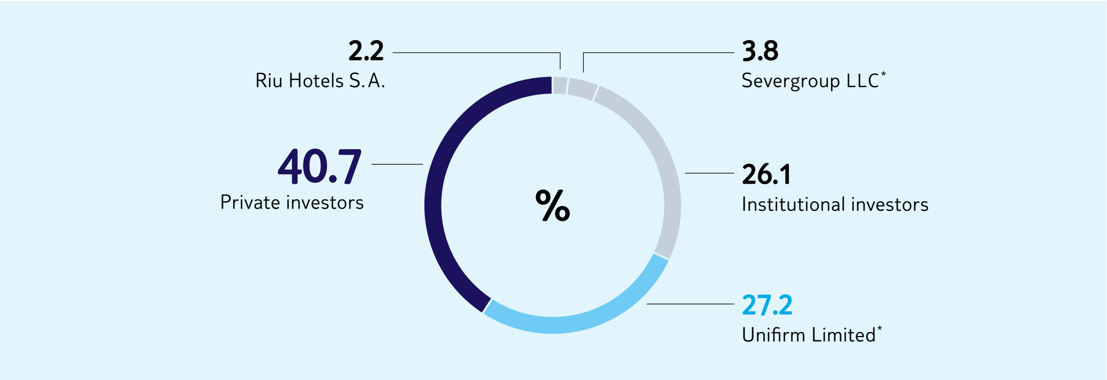
RESTRICTIONS ON VOTING RIGHTS OR SHARE TRANSFERS

The Executive Board assumes that it is currently impossible to transfer the shares it considers attributable to Alexey Mordashov or to exercise the voting rights from these shares.

EQUITY INTERESTS EXCEEDING 10 % OF THE VOTING SHARES

The Executive Board of TUI AG has been notified of the following direct or indirect equity interests amounting to 10 % or more of the voting rights:

Shareholder structure (30 SEPTEMBER 2022) in %



* Despite voting right notifications to the contrary, the 27.16 % stake in TUI AG directly held by Unifirm Limited, Limassol, Cyprus, remained attributable by law to Alexey Mordashov, Moscow, Russian Federation, as Alexey Mordashov's controlling majority in Unifirm Limited has so far not been transferred to Ondero Limited / Marina Mordashova, British Virgin Isles, with legal effect. Based on the information available to us, Alexey Mordashov indirectly holds a 30.91 % stake in TUI, including the 3.75 % stake in TUI AG held by Severgroup LLC, Moscow, Russian Federation, which is likewise attributable to him.
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. This period commences when Ondero Limited / Marina Mordashova submit the information still required by the BMWK in order to undertake its review.

At the end of financial year 2022, around 73 % of TUI shares were in free float. Around 41 % of all TUI shares were held by private shareholders, around 26 % by institutional investors and financial institutes, and around 33 % by strategic investors.

The current shareholder structure and voting rights notifications according to section 33 of the Securities Trading Act (WpHG) are available online at: www.tuigroup.com/en-en/investors/share/shareholder-structure and www.tuigroup.com/en-en/investors/news

Shares with special rights conferring powers of control

No shares with special rights conferring powers of control have been issued.

System of voting right control of any employee share scheme where control rights are not exercised directly by the employees

Where TUI AG grants shares to employees under its employee share programme, the shares are directly transferred to the employees (sometimes with a lock-up period). Beneficiaries are free to exercise the control rights to which employee shares entitle them directly, in just the same way as other shareholders, in line with statutory requirements and the Articles of Association.

Appointment and removal of Executive Board members and amendments to the Articles of Association

The appointment and removal of Executive Board members is based on Sections 84 et seq. of the German Stock Corporation Act in combination with Section 31 of the German Co-Determination Act. Amendments to the Articles of Association are based on the provisions of Sections 179 et seq. of the German Stock Corporation Act in combination with Section 24 of the Articles of Association of TUI AG.

Powers of the Executive Board to issue shares

The Annual General Meeting on 9 February 2016 adopted a resolution to create conditional capital of € 150.0 m for the issue of bonds. The authorisation to issue bonds with conversion options or warrants as well as profit-sharing rights and income bonds (with or without fixed terms) of up to a nominal amount of € 2.0 bn expired on 8 February 2021. With the issuance of a bond with warrants worth € 150 m to the German Economic Stabilisation Fund (ESF) in October 2020, this authorisation was fully used. As at the reporting date, the ESF had not used its warrant rights.

The Annual General Meeting on 13 February 2018 adopted a resolution to create authorised capital for the issue of employee shares worth € 30.0 m. The Executive Board of TUI AG is empowered to use this authorised capital by 12 February 2023 in one or several transactions by issuing employee shares against cash contributions. In the completed financial year, no new employee shares were issued, so that the authorised capital still totalled around € 22.3 m at the balance sheet date.

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 registered no-par value shares, each representing a proportionate share in the capital stock of € 1.00 per no-par value share. The new shares will be issued at the minimum issue price of € 1.00. As at the balance sheet date, the ESF had not yet used its conversion rights.

The ordinary Annual General Meeting on 25 March 2021 resolved to create an authorisation to issue new registered shares against cash contribution for up to a maximum of € 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 latter two authorisations were used to increase the capital stock by € 523.5 m.

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 options or warrants as well as profit-sharing rights and income bonds (with or without fixed terms) is limited to a nominal amount of € 2.0 bn and expires on 24 March 2026. This authorisation was nearly 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 issued to service the convertible bond.

The Annual General Meeting on 8 February 2022 resolved to create an authorisation to use new registered shares against cash contribution 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 or non-cash contribution of € 626.9 m (Authorised Capital 2022/II). The issuance of new shares against non-cash contribution is limited to € 162.3 m. This authorisation 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 proceeds must primarily be used to redeem the capital of € 671 m provided to TUI AG by the ESF in the framework of Silent Participation II (Authorised Capital 2022/III). This authorisation will expire on 7 February 2027. In May of the financial year under review, the Company's capital stock was increased by € 162.3 m, drawing in part on Authorised Capital III, and the proceeds were used to fully repay Silent Participation II.

The Annual General Meeting on 8 February 2022 resolved to create two additional amounts of capital for the issue of bonds worth € 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 will expire on 7 February 2027.

See the section on Subscribed capital in the Notes to the consolidated financial statements on page 209 and the section on Subscribed capital in the annual financial statements of TUI AG (disclosure pursuant to Section 160 (1) no. 2 of the German Stock Corporation Act).

Significant agreements taking effect in the event of a change of control of the Company following a takeover bid, and the resulting effects

Some of TUI AG's outstanding financing instruments contain change of control clauses. A change of control occurs in particular if a third partly 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, the holders of the Schuldschein worth € 425.0 m, the warrant bond worth € 150 m and the convertible bond worth € 589.6 m must be offered a buyback. For the syndicated credit facilities worth € 3.7 bn (including bank guarantees), of which € 562.0 m (via cash) and € 143.8 m (via bank guarantees) had been used as at the balance sheet date, a right of termination by the lenders has been agreed in the event of a change of control.

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 the Riu family and TUI AG includes a change of control clause. A change of control occurs if a shareholder group represents a predefined majority of AGM attendees or if one third of the shareholder representatives on the Supervisory Board are attributable to a group of shareholders. In the event of a change of control, the Riu family is entitled to acquire at least 20 % and at most all shares held by TUI in RIUSA II S. A. at the share value determined by an internationally recognised auditing company. Since TUI AG's Annual General Meeting of 25 March 2021, the conditions have been met for Unifirm to represent a majority of AGM attendees, so that the entitlement has arisen for the Riu family to acquire shares within certain time windows in 2021, 2022 and 2023. In 2022, the Riu family dispensed with exercising its acquisition right.

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 AGM 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 at a share value determined by an internationally recognised auditing company. As the stake in TUI AG held by Unifirm increased following the capital increase of 2 November 2021, here, too, a change of control was triggered due to a majority of AGM attendees.

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.

Compensation agreements have not been concluded between the Company and Executive Board members or employees in the event of a takeover bid.

TUI Share[1]

Impact of COVID-19, war in Ukraine and resulting energy crisis, as well as growing inflation affect TUI share price performance significantly

During financial year 2022, the TUI share price was, at times, highly volatile Apart from the development of the COVID-19 pandemic, the war in the Ukraine resulted in major uncertainty in the capital markets. The share price fell, in particular, in response to the resulting energy crisis, rising inflation and its potential economic impact, including on the tourism sector. The share began the financial year at a price of € 3.19[2,3], and declined by around 61 % in the course of the year to close at € 1.24[2,3] on 30 September 2022.

In October 2021, TUI's financial year started with a successful capital increase with subscription rights with an issue of around 1.1 bn new shares to further strengthen the balance sheet. The net proceeds were used to repay state aid and, hence, to reduce net debt and interest expenses.

The winter months were again characterised by rising COVID-19 infection rates as well as measures to control the spread of the virus. Especially the new, even more contagious Omicron variant caused an increase in infection numbers in Q1 in TUI's source markets and destinations. With the start of the booster vaccination campaign in Germany from mid-December and the assessment that the new variant is contagious for a shorter period and is associated with weaker symptoms, TUI's share price recovered substantially towards the end of December 2021. Despite a partial lockdown in the winter months, the TUI share recorded an annual high of € 3.51[2,3] on 16 February 2022.

The more optimistic sentiment in the capital markets ended with the Russian attack on Ukraine on 24 February 2022, resulting in broad economic sanctions against Russia in Europe. As both, Russia and Ukraine are leading global suppliers of numerous commodities, global supply shortages arose for key commodities. The war in Ukraine also temporarily affected customers' booking behaviour as well as the share price. However, the strong pent-up demand for travel following two years dictated by the pandemic led to a considerable recovery in bookings for the Summer season shortly thereafter. This positive development was also reflected by the share price: after declining substantially until mid-March, it recovered significantly by mid-May.

In May, TUI delivered further progress in returning to a solid and healthy financing structure. Within the context of a cash capital increase excluding shareholders' subscription rights, 162,291,441 new shares were exclusively issued to institutional investors. The proceeds from the capital increase and available cash were used among other things to fully repay the Silent Participation II of € 671 m of the German government (Economic Stabilisation Fund, ESF) plus interest. With this transaction, TUI took a further step towards its goal of swiftly reducing the company's debt, further reducing interest expenses, and repaying state aid from the COVID-19 programmes.

In light of the increased resumption of business operations following the COVID-19 pandemic as well as a tight labour market, the aviation sector, in particular in the UK, faced major operational disruption in the summer months. This disruption was primarily caused by third-party suppliers and airports due to a shortage of ground handling and security staff. As a result, airlines saw an increase in the number of delays and flight cancellations. For TUI, this resulted in quite substantial compensation payments for delays to customers.

Greater media coverage of flight disruptions, the uncertainty regarding potential energy supply shortages, the increase in inflation rates and its potential impact on booking behaviour resulted in additional uncertainty in the capital markets. These factors particularly affected shares of companies operating in the tourism sector. On 30 September, the TUI share closed at € 1.24[2,3], its lowest share price in the financial year.

[1] The contents presented in this chapter are unaudited and voluntary.
[2] Historical prices adjusted for the effect of the capital increases with subscription rights and cash capital increase.
[3] Source: Reuters

TUI share data

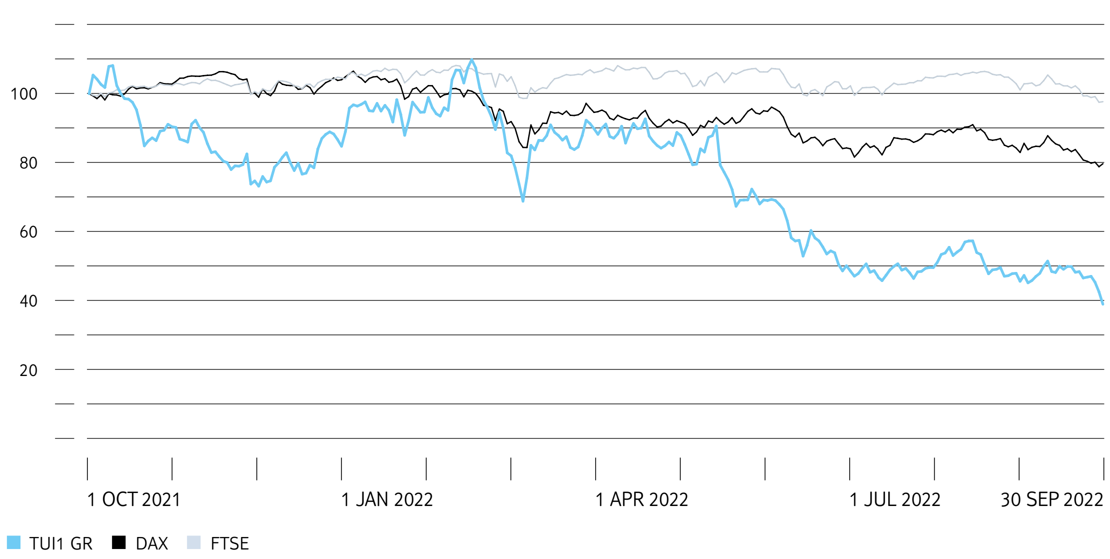
30 September 2022		
WKN		TUAG00
ISIN		DE000TUAG000
Stock exchange centres		London, Xetra, Hanover
Reuters / Bloomberg		TUIGn.DE / TUI1.GR (Frankfurt / Main); TUIT.L / TUI:LN (London)
Stock category		Registered ordinary shares
Capital stock	€	1,785,205,853.00
Number of shares		1,785,205,853
Market capitalisation	bn €	2.2
Market capitalisation	bn £	1.9

CONTENTS

FINANCIAL YEAR 2022

COMBINED MANAGEMENT REPORT

TUI share price performance (FY 2022)[1, 2] in %



Long-term development of the TUI share (Xetra)[1]

€	2018	2019	2020	2021[2]	2022[2]
High	20.66	16.56	12.67	4.45	3.51
Low	14.34	7.87	2.89	1.60	1.24
Year-end share price	16.56	10.67	3.24	3.19	1.24

[1] Source: Reuters
[2] Historical prices adjusted for the effect of the capital increases with subscription rights and cash capital increase.

Quotations, indices, and trading

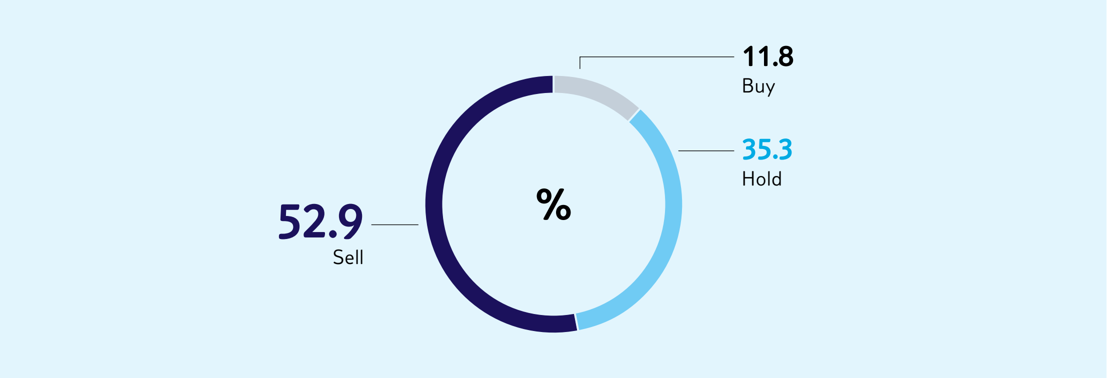
The TUI share has its primary listing in the Premium segment of the Main Market of the London Stock Exchange and is included in FTSE's UK Index Series. In addition, it has a secondary listing in the electronic trading system Xetra and at the Hanover Stock Exchange.

As TUI shares are, apart from their listing at the London Stock Exchange, also admitted to trading in a regulated market in Germany, TUI falls within the scope of the German Securities Acquisition and Takeover Act and is monitored by the Federal Financial Supervisory Authority and the Financial Conduct Authority in this respect.

In addition, TUI is listed in the sustainability index FTSE4Good. In financial year 2022, the average daily trading volume at the London Stock Exchange was around 5.1 m shares, while about 8.6 m shares were traded on Xetra per day. Across all trading platforms, the daily trading volume in the UK amounted to around 9.6 m shares and around 21.0 m shares traded in the euro line. Both the sterling and the euro line thus delivered strong liquidity for trading by institutional and retail investors.

Analyst recommendations

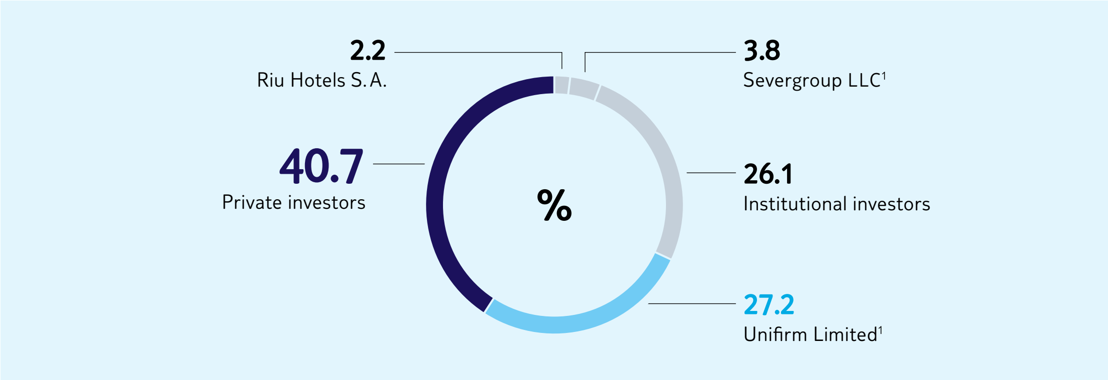
Analyst recommendations (30 SEPTEMBER 2022) in %



Analyses and recommendations by financial analysts serve as a decision-making basis for institutional and private investors. In the financial year under review, around 20 analysts regularly published studies on TUI Group. In September 2022, 12 % of analysts recommended to "buy" the TUI share, 35 % recommended to "hold" and 53 % recommended to "sell".

Shareholder structure

Shareholder structure (30 SEPTEMBER 2022) in %

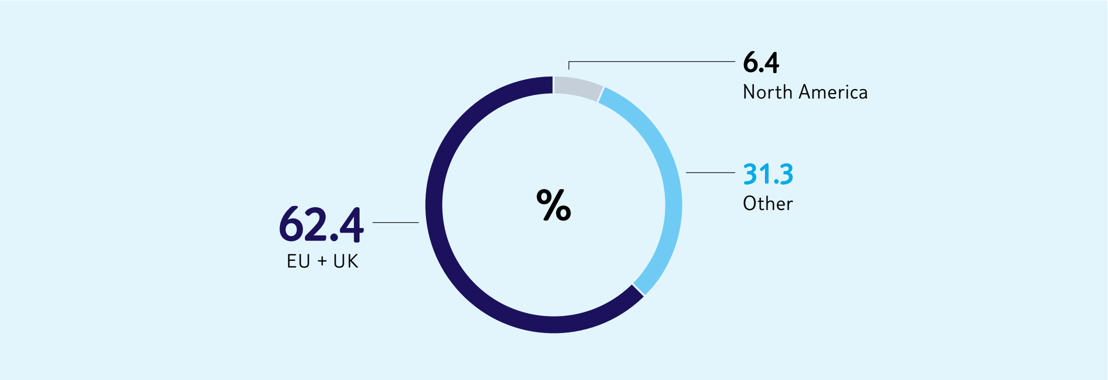


[1] The 27.16 % stake in TUI AG directly held by Unifirm Limited remains attributable to Alexey Mordashov, despite voting rights notifications to the contrary, as Alexey Mordashov's controlling majority in Unifirm Limited has not yet effectively been transferred to Ondero Limited / Marina Mordashova. Taking account of the additional 3.75 % stake of Severgroup LLC in TUI AG also attributable to him, Alexey Mordashov indirectly holds 30.91 % of the shares in TUI AG according to the information available to us.

The reason for the legal invalidity of that transfer is that the Federal Ministry of Economic Affairs and Climate Protection (BMWK) initiated a review process under the German Foreign Trade and Payments Act regarding the transfer of the shares in Unifirm Limited to Ondero Limited ("the transaction") in March 2022. Due to this review, the transaction remains provisionally invalid until BMWK clears the transaction or does not take a decision within the review deadlines stipulated by law. This period commences when Ondero Limited / Marina Mordashova submit the information still required by the BMWK in order to undertake its review.

At the end of financial year 2022, around 73 % of TUI shares were in free float. Around 41 % of all TUI shares were held by private shareholders, around 26 % by institutional investors and financial institutes, and around 33 % by strategic investors.

Geographical shareholder structure (30 SEPTEMBER 2022) in %



The current shareholder structure and the voting right notifications pursuant to Section 33 of the German Securities Trading Act are available online at:
www.tuigroup.com/en-en/investors/share/shareholder-structure and www.tuigroup.com/en-en/investors/news

Dividend policy

Development of dividends and earnings of the TUI share

€	2018	2019	2020	2021	**2022**
Earnings per share	+1.25	+0.71	–5.34	–2.58	–0.17
Dividend	0.72	0.54	–	–	–

As a result of the COVID-19 crisis, TUI agreed on three stabilisation packages with the federal German government. Conditions attached to the support include a de facto a dividend holiday, which will remain in force during the term of the loans and the duration of the investment made by the Economic Stabilisation Fund.

Investor Relations

An open and continuous dialogue and transparent communication with our private shareholders, institutional investors, equity and credit analysts, and lenders form the basis for our Investor Relations engagement. Many conversations were held focusing on the Group strategy, business performance in the individual segments, the strong operative Summer business following COVID-19, the financing structure, the implications of the war in Ukraine as well as the energy crisis. The objective of these conversations is to ensure transparent communication so as to enable stakeholders to make a realistic assessment of the future performance of the TUI share.

In financial year 2022, dialogue with investors primarily focused on the following topics:

- Demand for travel, capacity development and booking numbers for the Winter and Summer seasons
- Flight disruptions and mitigation measures taken in the Summer season
- Effects of the war in Ukraine and cost inflation on prices and margins and customers' booking behaviour
- Implementation of the Global Realignment Programme with planned annual savings of € 400 m
- Further repayment of state aid: reducing net debt and progress in returning to a solid and healthy financing structure
- Probability of conversion of Silent Participation I and warrant bond of the German government
- Strategic priorities: expansion of our TUI Musement segment for tours and activities and ofour dynamic packaging offering, and further growth through asset-right financing structures
- New sustainability goals: TUI has submitted the emissions reduction targets for its own airlines, cruise ships and hotels to the non-governmental organisation Science Based Targets initiative (SBTi). TUI aims to be a net-zero company by 2050 at the latest.

After foregoing in-person meetings due to the COVID-19 situation in recent financial years TUI returned to holding many meetings in-person in financial year 2022. TUI's management team sought dialogue with investors at physical and virtual roadshows and conferences in London, Frankfurt, Munich, Warsaw, Zurich and Paris. The management also met investors from other financial hubs in Europe, North America, Asia and Australia.

Furthermore, TUI's Investor Relations team places importance on the direct engagement with private investors, which is why intensive exchanges took form of numerous one-on-one conversations. TUI also offers a broad range of information for analysts, investors and private shareholders on its website. All conference calls dealing with financial results were transmitted live.

3

CORPORATE GOVERNANCE

Supervisory Board and Executive Board

TUI AG Supervisory Board

Name	Function / Occupation	Location	Initial Appointments	Appointed until AGM	Other Board Memberships[2]		Number of TUI AG shares (direct and indirect)[2]
Dr Dieter Zetsche	Chairman of the Supervisory Board of TUI AG	Stuttgart	13.2.2018	2023		b) Veta Health LLC Kensington Capital Acquisition Corp. IV	288,600
Frank Jakobi[1]	Deputy Chairman of the Supervisory Board of TUI AG, Chairman of Group Works Council of TUI AG	Hamburg	15.8.2007	2026			3,544
Ingrid-Helen Arnold	Member of the Executive Board, Südzucker AG	Dreieich	11.2.2020	2024		b) Heineken N.V.	0
Sonja Austermühle[1]	Trade union secretary and lawyer of ver.di – Vereinte Dienstleistungsgewerkschaft	Berlin	1.4.2022	2026	a) TUI Deutschland GmbH		0
Christian Baier	Member of the Management Board (CFO), METRO AG	Dusseldorf	31.5.2022	2023	a) METRO Re AG	b) METRO Cash & Carry International Holding GmbH, Austria METRO Holding France S.A.	0
Andreas Barczewski[1]	Aircraft Captain, TUIfly GmbH	Grethem (OT Buechten)	10.5.2006	2026	a) TUIfly GmbH[4]		0
Peter Bremme[1]	Regional Head of the Special Service Division of ver.di – Vereinte Dienstleistungsgewerkschaft	Hamburg	2.7.2014	2026	a) TÜV Nord AG		0
Dr Jutta A. Dönges	Member of the Executive Board, Bundesrepublik Deutschland – Finanzagentur GmbH (until October 2022)	Frankfurt am Main	25.3.2021	2025	a) Commerzbank AG	b) FMS Wertmanagement AöR Rock Tech Lithium Inc.	0
Prof. Dr Edgar Ernst	Member of supervisory bodies in different companies	Bonn	9.2.2011	2025	a) Metro AG Vonovia SE[4]		0
Wolfgang Flintermann[1]	Group Director Financial Accounting & Reporting, TUI AG	Großburgwedel	13.6.2016	2026	a) Deutscher Reisepreis-Sicherungsverein VVaG		8,702
María Garaña Corces	Vice President Professional Services, Europe, Middle East and Africa, Adobe Inc.	Madrid	11.2.2020	2024		b) Alantra Partners S.A. Unicaja S.A.	0
Stefan Heinemann[1]	Technology Team Lead Airline Platform Services, Airline IT, TUI InfoTec GmbH	Nordstemmen	21.7.2020	2026			15,929
Janina Kugel	Supervisory Board Member & Senior Advisor	Munich	25.3.2021	2025	a) Pensions-Sicherungs-Verein Versicherungsverein auf Gegenseitigkeit	b) Konecranes Plc. Kyndryl Inc. thinkproject Deutschland GmbH	0
Vladimir Lukin	Lawyer	San Giljan, Republic of Malta	12.2.2014 5.6.2019[5]	3.3.2022			0

TUI AG Supervisory Board

Name	Function/Occupation	Location	Initial Appointments	Appointed until AGM	Other Board Memberships[2]		Number of TUI AG shares (direct and indirect)[2]
Coline McConville	Member of supervisory bodies in different companies	London	11.12.2014	2024		b) 3i Group PLC Fevertree Drinks PLC Travis Perkins PLC	0
Alexey Mordashov[6]	Chairman Board of Directors of PAO Severstal[6]	Moscow[6]	9.2.2016	2.3.2022		b) JSC 'Severstal Management'[3,6] JSC 'Power Machines'[3] Nord Gold PLC Lenta IPJSC[3]	[7]
Helena Murano	Senior Advisor, Arcano Partners	Palma de Mallorca	31.5.2022	2023			0
Mark Muratovic[1]	Chairman of Works Council, Tour Operator, TUI Deutschland GmbH	Langenhagen	25.3.2021	2026	a) TUI Deutschland GmbH MER – Pensionskasse V.V.a.G.		7,524
Carola Schwirn[1]	Former Department Coordinator in the Transportation Division of ver.di – Vereinte Dienstleistungsgewerkschaft	Berlin	1.8.2014	28.2.2022	a) Eurogate Geschäftsführungs-GmbH & Co. KGaA		0
Anette Strempel[1]	Chairman of Works Council, TUI Customer Operations GmbH	Hemmingen	2.1.2009	2026			12,918
Joan Trían Riu	Executive Board Member of Riu Hotels & Resorts	Palma de Mallorca	12.2.2019	2024		b) Ahungalla Resorts Ltd. RIUSA II S.A. Riu Hotels S.A.	0
Tanja Viehl[1]	Lawyer (in-house lawyer), Vereinigung Cockpit e.V.	Wölfersheim	25.3.2021	2026			0
Stefan Weinhofer[1]	International Employee Relations Coordinator at TUI AG	Vienna	9.2.2016	2026		b) TUI Austria Holding GmbH	0

[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 on page 105 of the Annual Report.

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).

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 September 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).

Statement on Corporate Governance*

The actions of TUI AG´s management and oversight bodies are determined by the principles of good and responsible corporate governance.

The Executive Board and the Supervisory Board discussed Corporate Governance issues in financial year 2022. In this chapter, the Executive Board provides – also for the Supervisory Board – the report on Corporate Governance in the Company pursuant to Principle 23 of the German Corporate Governance Code in the version dated 28 April 2022 (GCGC) and section 289a of the German Commercial Code (HGB) as well as Disclosure and Transparency Rule (DTR) 7.2 and Listing Rule (LR) 9.8.7R.

Declaration of Compliance pursuant to section 161 of the German Stock Corporation Act (AktG)

As a stock corporation company under German law, TUI AG's Executive Board and Supervisory Board are obliged to submit a declaration of compliance with the GCGC pursuant to section 161 of the German Stock Corporation Act.

https://www.dcgk.de/en/code//foreword.html

WORDING OF THE DECLARATION OF COMPLIANCE FOR 2022

'In accordance with section 161 of the German Stock Corporation Act, the Executive Board and Supervisory Board hereby declare:

Since the last declaration of compliance was submitted in December 2021, the recommendations of the German Corporate Governance Code in its applicable version have been and will be with the exception of several Recommendations in Section G. I. 3. observed.

RECOMMENDATIONS FOR DETERMINING THE VARIABLE REMUNERATION COMPONENTS (SECTION G.I.3.)

In the framework of the stabilisation measures agreed with the Economic Stabilisation Fund, restrictions were agreed for TUI AG regarding the remuneration of Executive Board members. These restrictions lead to the situation that the members of the Executive Board will not be granted and thus will not be constituted variable or comparable remuneration during the stabilisation measures. In this respect, 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.'

Place of publication:

www.tuigroup.com/en-en/investors/corporate-governance

Declaration of Compliance pursuant to DTR 7.2 and LR 9.8.7R

As an overseas company with a premium listing on the London Stock Exchange, TUI AG's Executive Board and Supervisory Board are obliged pursuant to No. 7.2 DTR and LR 9.8.7R to make a statement on the application of the UK Corporate Governance Code (UK CGC). Since the German Corporate Governance Code also applies to TUI AG as a stock corporation under German law, TUI AG had announced at the time of its merger with TUI Travel PLC that it would also comply with the UK CGC to the extent practicable.

https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.PDF

In many respects, the requirements of the GCGC and the UK CGC are similar. However, there are certain aspects that are not compatible, which are explained below. Therefore, some deviations from Code requirements and best practice in the UK have been necessary.

Under the German Stock Corporation Act, the legislation applicable to TUI AG, a two-tier board system is mandatory (see below section 'Functioning of the Executive and Supervisory Board' on page 116). The two-tier board structure is different to the UK unitary board structure on which the UK CGC is based. Some of the principles of composition and operation of the boards of a German stock corporation also differ from those of a UK company (for example, the function of a Company Secretary does not exist in the GCGC). For this reason, the Executive Board and the Supervisory Board have set out below in which areas the UK CGC is not complied with and explained the reasons for the deviations. In addition, the Executive Board and the Supervisory Board have also explained those instances where they consider TUI AG not to be compliant with the UK CGC in the literal sense but where it lives up to the spirit and meaning of the respective regulation.

Sub-headings refer to sections of the UK CGC for ease of reference for investors.

*As part of the combined Management Report.

WORDING OF THE UK CORPORATE GOVERNANCE STATEMENT 2022

'Executive Board and Supervisory Board declare pursuant to DTR 7.2 and LR 9.8.7R:

Throughout the reporting period, TUI AG has complied with the provisions of the UK Corporate Governance Code in the version of July 2018, including its main principles, except as set out and explained below. Further information on compliance with the UK Corporate Governance Code can be found in various parts of the Annual Report.'

Place of publication:

www.tuigroup.com/en-en/investors/corporate-governance

DIALOGUE WITH SHAREHOLDERS (PROVISION 3)

It is still not widespread practice in German companies for committee chairs to make themselves available for meetings with shareholders. The German Corporate Governance Code stipulates in the Suggestion A.3 that the Chairman of the Supervisory Board should be available – within reasonable limits – to discuss Supervisory Board-related issues with investors.

The table below provides an overview of all appointments of the Executive Board with shareholders, in some of which also employees of Investor Relations participated.

Dialogue with shareholders

Date	Meeting	Participants
December 2021	FY 2021 Results Presentaton (virtual)	FJ, SE
	virtual Roadshow UK	FJ, SE
January 2022	ODDO BHF Forum (virtual)	FJ, SE
	Commerzbank German Investment Seminar (virtual)	SE
	HCBS Leisure Virtual Speedmeet	SE
	virtual UniCredit/Kepler Cheuvreux 21st German Corporate Conference	SE
February 2022	Q1 2022 Results Presentation (virtual)	FJ, SE
	Annual General Meeting (virtual)	FJ, SE
March 2022	UBS Best of Business Services, Industrials & Green Mobility, Leisure & Transport Event (virtual)	SE
	Erste Bank E-Roadshow (virtual)	SE
	Barclays Leisure & Transport Conference (virtual)	SE
May 2022	H1 2022 Results Presentation	FJ, SE
	virtual Roadshow London	FJ, SE
	virtual dbAccess Berlin Conference	SE
	virtual Roadshow Frankfurt	FJ, SE
	virtual Roadshow Paris	SE
June 2022	virtual Roadshow Zurich	SE
	Erste Consumer Conference, Warsaw (virtual)	SE
	European Goldman Sachs Business Services, Leisure & Transport Conference (London)	SE
August 2022	Q3 2022 Results Presentation (virtual)	FJ, SE, MK
September 2022	Stifel 6th Transportation Conference (Frankfurt)	MK
	Berenberg & Goldman Sachs German Corporate Conference (Munich)	MK
	Bernstein Strategic Decision Conference (London)	SE, MK

Key: Friedrich Joussen (FJ), Sebastian Ebel (SE), Mathias Kiep (MK)

The Supervisory Board receives feedback from the Chairman and Executive Board members following meetings with major shareholders or investors. Additionally, a monthly Investor Relations Report and event-driven assessments of brokers are forwarded to the Executive Board and the Supervisory Board. They contain updates on the share price development, analyses of the shareholder structure as well as purchases and sales of shares and feedback and assessments from investors. The Executive Board and the Supervisory Board consider that TUI AG lives up to the spirit and meaning of the UK Code.

INDEPENDENCE OF SUPERVISORY BOARD MEMBERS (PROVISION 10)

Under the UK CGC, the Board must identify in the annual report each non-executive director it considers to be 'independent' for the purposes of the UK Code. Based on the responsibilities assigned to the Supervisory Board by the German Stock Corporation Act, the members of the Supervisory Board are considered to be non-executive directors for the purposes of the UK CGC. Under the UK CGC, persons are 'independent' if they are independent in character and judgement and if there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement. TUI AG does not, however, extend its independence disclosures to its 10 employee representatives on the Supervisory Board (for a detailed explanation of shareholder and employee representatives and the underlying considerations, please see below).

The Supervisory Board has determined that seven of its nine shareholder representatives (the Chairman is not taken into account according to the UK CGC) are independent for the purposes of the UK CGC. The shareholder representatives considered to be independent are: Ms Ingrid-Helen Arnold, Mr Christian Baier, Prof. Dr Edgar Ernst, Ms María Garaña Corces, Ms Janina Kugel, Ms Coline McConville and Ms Helena Murano. Additionally, the Chairman, Dr Dieter Zetsche, was independent on election in 2019 and is still considered independent (Dr Dieter Zetsche also was independent when he was elected to the Supervisory Board in February 2018).

Prof. Dr Ernst has been a member of the Supervisory Board of TUI AG since 9 February 2011. According to the UK CGC, it is an indication of a lack of independence if a member has been on the Supervisory Board for more than nine years; according to the GCGC, it is an indication of a lack of independence from the Executive Board and the Company if a member has been on the Supervisory Board for more than twelve years. In view of this, the shareholder representatives on the Supervisory Board have taken a close look at how they assess Prof. Dr Ernst's independence. In particular in view of Prof. Dr Ernst's professional career, the shareholder representatives have come to the conclusion that Prof. Dr Ernst – also taking into account his membership on the Supervisory Board of TUI AG of over eleven years – provides the necessary critical distance from the Executive Board and the Company and therefore consider him to be independent. Prof. Dr Ernst has exhibited his critical distance from the Executive Board and the Company in the past, especially in his position as Chairman of the Audit Committee.

The Supervisory Board members currently qualified as non-independent under the UK CGC are Dr Jutta Dönges, and Mr Joan Trían Riu. Mr Vladimir Lukin and Mr Alexey Mordashov were also qualified as non-independent. Mr Mordashov was a member of the Supervisory Board until 2 March 2022 and Mr Lukin until 3 March 2022. Ms Murano and Mr Baier, who were appointed to the Supervisory Board by the court to fill the vacancies, are qualified as independent.

In reaching its determination, the Supervisory Board has considered, in particular, the factors set out below.

SHAREHOLDER AND EMPLOYEE REPRESENTATIVES

The Supervisory Board of TUI AG consists of ten members who are elected by shareholders at AGM (the 'Shareholder Representatives') and ten members who represent the employees of TUI AG (the 'Employee Representatives'). This differs from UK practice where only those board members representing major shareholders are typically referred to as 'Shareholder Representatives' and are not considered as independent under the UK CGC because of their link to a significant shareholder.

At TUI AG, Mr Joan Trían Riu (Riu Hotels S.A., approx. 2.2 % of the voting rights as of 30 September 2022) is linked to a major shareholder. Dr Jutta Dönges is Managing Director of the Finance Agency GmbH of the Federal Republic of Germany until 31 October 2022. On 4 January 2021, TUI AG entered into Framework Agreement with the Economic Stabilisation Fund (WSF) represented by Finance Agency GmbH regarding the WSF's entry into the silent participations and the further measures under the stabilisation package. Dr Dönges was nominated by the WSF for membership of the Supervisory Board of TUI AG. Therefore, neither Dr Dönges, nor Mr Trían Riu are considered independent for the purposes of the UK CGC.

Mr Alexey Mordashov controlled Unifirm Ltd., which held approx. 34 % of shares in TUI AG until shortly before he left the Supervisory Board at the beginning of March 2022. Mr Vladimir Lukin acted as advisor to the CEO of OOO Severgroup until his resignation at the beginning of March 2022. As a result, he was associated with Mr Mordashov. Mr Mordashov and Mr Lukin were thereby qualified as non-independent.

On 15 December 2020, TUI AG and Unifirm Ltd. entered into a Relationship Agreement which has been in effect since Unifirm Ltd. holds 30 % or more of the shares in the company and is therefore deemed to be a controlling shareholder within the meaning of LR Appendix 1. The main purpose of the Relationship Agreement is to ensure that the company and its subsidiaries are able to conduct their business independently. In this context, pursuant to LR 9.8.4 (14), the Executive Board and the Supervisory Board declare that TUI AG complies with the requirements of the Listing Rules with regard to the controlling shareholder and that, as far as TUI AG is aware, Unifirm Ltd. both complies with these requirements itself and ensures that its affiliates comply with them.

Seven of the ten employee representatives of the Supervisory Board are elected by the employees of TUI Group entitled to vote. Three employee representatives are nominated by a German trade union.

Under the UK CGC, directors who are or have been employees of the Group in the last five years or who participate in the Group's pension arrangements would generally not be considered independent. In the UK, directors with an employment relationship are normally current or former executives. By contrast, under German law, employee representatives of the Supervisory Board must be employees of the Group, and must be elected by the employees without any involvement of the Executive or Supervisory Boards. Furthermore, the employment contract of employee representatives may only be terminated in exceptional cases.

The employee representatives may also participate in Group pension schemes as is normal for employees and in their capacity as employees.

Trade union representatives are nominated, and employed by the trade union but are still classified as employee representatives. They can only be removed from the Supervisory Board by their respective union and neither the Executive nor the Supervisory Board has any role in their appointment or removal.

HALF THE BOARD SHOULD BE INDEPENDENT NON-EXECUTIVE DIRECTORS (PROVISION 11)

As mentioned above, TUI AG's Supervisory Board consists of ten employee and ten shareholder representatives. As the employee representatives are not considered independent under the UK CGC, TUI AG's Supervisory Board comprises seven (excluding the Chairman of the Supervisory Board) independent shareholder representatives.

IDENTIFICATION OF SENIOR INDEPENDENT DIRECTOR (PROVISION 12)

Under German law and the GCGC, there is no concept of a 'Senior Independent Director'. Instead, shareholders may raise any issues at the Annual General Meeting (AGM). In this forum, the Executive Board and the Chairman of the Supervisory Board are available to address any issues and are legally obliged to provide adequate responses.

Outside the AGM, shareholders may approach the Executive Board, in particular the CEO or the CFO, or, for topics relating to Supervisory Board matters, the Chairman of the Supervisory Board or his Deputy. Mr Frank Jakobi, as employee representative, is Deputy Chairman of the Supervisory Board in accordance with the German Co-Determination Act.

DIVISION OF RESPONSIBILITIES – CHAIRMAN & CHIEF EXECUTIVE (PROVISION 14)

The separation of the roles of the Chairman of the Supervisory Board (Dr Dieter Zetsche) and the CEO (Mr Friedrich Joussen) is clearly defined under German law as part of the two-tier board structure. Therefore, no further division of their responsibilities as well as responsibilities of the Executive Board and the Supervisory Board is required or even possible. In addition, the division of responsibilities within the Executive Board and the Supervisory Board as well as its committees also results directly from legislation and the respective terms of reference. Therefore, the Executive Board and the Supervisory Board consider that TUI AG lives up to the spirit and meaning of the UK CGC.

ADVICE AND SERVICE OF THE COMPANY SECRETARY (PROVISION 16)

There is no specific role of Company Secretary in German companies. However, Executive and Supervisory Board members have access to the Board Office of TUI AG if they need any advice on all governance matters or other services. The Board Office acts as an interface in corporate matters for the Executive and Supervisory Board members and is responsible for ensuring that the requisite processes and procedures are in place governing all Executive and Supervisory Board meetings (i.e. preparation of agendas, minuting of meetings and ensuring compliance with German and UK law, as appropriate, and with recommendations for corporate governance). The Board Office also supports the Chairman of the Supervisory Board, the CEO, the CFO and the Chairmen of the Audit and the Strategy Committees. Executive and Supervisory Board members also have access to legal advice via the Group Director Legal, Compliance & Board Office and via the Board Office. The Supervisory Board can also approach the Executive Board directly for specific advice on any matters. Accordingly, the Executive Board and the Supervisory Board consider that TUI AG lives up to the spirit and meaning of the UK CGC.

NOMINATION COMMITTEE – COMPOSITION AND RESPONSIBILITIES (PROVISION 17)

The role of the Nomination Committee in a typical UK company is fulfilled in TUI AG by two Committees of the Supervisory Board:

Under the Terms of Reference for the Supervisory Board and its Committees (which are equivalent to the Terms of Reference of a British corporation) the Nomination Committee considers and proposes suitable candidates as shareholder representatives to the Supervisory Board for its election proposals to the AGM. The Presiding Committee determines the requirements and remuneration for any new appointments to the Executive Board and recommends suitable candidates to the Supervisory Board. On that basis, the Supervisory Board appoints Executive Board members. This approach is different from the UK where all director appointments are approved by shareholders at the AGM. Succession planning for management levels below Executive Board is carried out by the Executive Board.

However, as is common practice in Germany, at each AGM shareholders are asked to decide whether they approve the actions of the Executive Board and Supervisory Board members during the past financial year. Since the AGM 2015, in the light of UK practice, TUI AG has changed its procedure to allow a separate vote on each individual Executive Board and Supervisory Board member, as it is customary in the UK.

TUI AG intends to continue this practice. Accordingly, the Supervisory Board considers that TUI AG lives up to the spirit and meaning of the UK CGC to the extent practicable.

The Nomination Committee consists of Prof. Dr Ernst, Dr Zetsche as Committee Chairman and Dr Dönges, who is considered as a dependent.

ANNUAL RE-ELECTION BY SHAREHOLDERS AT THE AGM (PROVISION 18)

None of the Executive or Supervisory Board members is re-elected annually. However, as noted above, in light of the UK CGC and UK best practice, TUI AG voluntarily puts individual resolutions approving the actions of each Executive and Supervisory Board member to the AGM resolving on the annual financial statements for the previous year. TUI AG intends to continue this practice.

The end of appointment periods for Supervisory Board members are disclosed in the table from page 108.

Current curricula vitae of all Executive and Supervisory Board members are published at www.tuigroup.com/en-en/investors/corporate-governance/management.

BOARD PERFORMANCE EVALUATION (PRINCIPLE L AND PROVISION 21)

The performance of each individual Executive Board member is evaluated annually by the Supervisory Board for the annual performance-based remuneration. In this context, the Supervisory Board also reviews the individual member's overall performance as part of the Executive Board. However, no external performance evaluation is done for the Executive Board.

The efficiency of the Supervisory Board is reviewed regularly, but not annually. Each Supervisory Board member can give feedback to the Chairman, the Deputy Chairman or the Supervisory Board as a whole as and when appropriate or required.

The last self-assessment was conducted internally at the end of September 2020. For this purpose, a questionnaire was distributed to all members, in which they could give their assessment of the effectiveness of the working methods of the Supervisory Board and its committees. The Presiding Committee and the Supervisory Board have subsequently dealt with the results and derived measures from them. These primarily concerned the work of the Supervisory Board, the organisation of the meetings and the main topics that the Supervisory Board dealt with in more detail. The next self-assessment is planned for 2023.

NOMINATION COMMITTEE – SECTION IN THE ANNUAL REPORT (PROVISION 23)

For the activities of the Nomination Committee, see page 16 which is part of the Chairman's letter to shareholders. The succession planning approach is outlined on page 121. The policy on diversity and inclusion can be found on page 90. For evaluation of the performance of the Board, see above.

COMPOSITION OF THE AUDIT COMMITTEE (PROVISION 24)

Neither German law nor the German Corporate Governance Code stipulates that the Chairman of the Supervisory Board should not be a member of the Audit Committee and that the Audit Committee may only consist of independent members. The Audit Committee consists of Dr Zetsche as Chairman of the Supervisory Board and Dr Dönges, who is not considered to be independent. (Until 3 March 2022, a member of the Audit Committee was Mr Lukin, who was also considered to be a dependent). TUI AG therefore does not fully meet the requirements of the UK CGC, but is of the opinion that the current composition of the Audit Committee ensures reliable work based on experience.

FAIR, BALANCED AND UNDERSTANDABLE ANNUAL REPORT & ACCOUNTS (PROVISION 27)

In a German stock corporation the Executive Board is responsible for drafting the Annual Report & Accounts (ARA). According to section 243 (2) of the German Commercial Act (HGB) the ARA must be clearly arranged and should present a realistic picture of the Company's economic situation. This is equivalent to the UK Code requirement for the ARA to be fair, balanced and understandable. Although this assessment has not been delegated to the Audit Committee, the Executive Board is convinced that this ARA satisfies both requirements.

ESTABLISHED AND OPERATION OF REMUNERATION COMMITTEE (PROVISION 32, 34 AND 41)

In the German governance structure there is no separate Remuneration Committee. The remuneration of the Executive Board is under involvement of the employee representatives monitored and agreed by the Supervisory Board based on recommendations from the Presiding Committee, which is governed by the Supervisory Board Terms of Reference.

The remuneration of the members of the Supervisory Board and the members of the Supervisory Board Committees is governed by the Articles of Association as resolved on by the shareholders at the AGM.

See the Directors' Remuneration Report from page 132 for full details on Executive and Supervisory Board member´s remuneration.

POLICY FOR POST-EMPLOYMENT SHAREHOLDING REQUIREMENTS (PROVISION 36)

Neither German law nor the German Corporate Governance Code requires the company to implement a policy for post-employment shareholding requirements. According to the remuneration system approved by the Annual General Meeting in 2021, no policy is provided for post-employment shareholding requirements.

NOTICE PERIODS FOR EXECUTIVE DIRECTORS (PROVISION 39)

In accordance with the customary practice in Germany members of the Executive Board are generally appointed for a term of three to five years. This is not yet fully in line with the UK CGC recommendation that notice periods or contract terms should be set at one year or less. However, the contracts include maximum limits on the amounts payable on termination.

See Remuneration Report from page 132.

Further information on Corporate Governance

FUNCTIONING OF THE EXECUTIVE AND SUPERVISORY BOARDS

TUI AG is a company under German law. One of the fundamental principles of German stock corporation law is the dual management system involving two bodies, the Executive Board in charge of managing the company and the Supervisory Board in charge of monitoring the company. TUI AG's Executive Board and Supervisory Board cooperate closely and in a spirit of trust in managing and overseeing the Company, with strict separation between the two bodies in terms of their membership and competences. Both bodies are obliged to ensure the continued existence of the Company and sustainable creation of added value in harmony with the principles of the social market economy.

TUI AG's Executive Board comprised six members as at the closing date 30 September 2022. The Executive Board is responsible for managing the Company's business operations in the interests of the Company. The Executive Board works on the basis of terms of reference issued by the Supervisory Board. The allocation of functions and responsibilities to individual Board members is presented in a separate section.

For functions, see tables 'Supervisory Board and Executive Board' on page 108 et seq.

In accordance with the law and the Articles of Association, the Supervisory Board had 20 members at the balance sheet date, i. e. 30 September 2022. As the oversight body, the Supervisory Board provided on-going advice and supervision for the Executive Board in managing the Company in financial year 2022, as required by the law, the Articles of Association and its own Terms of Reference. The Supervisory Board is involved in strategic and planning decisions and all decisions of fundamental importance to the Company. When the Executive Board takes decisions on major transactions, such as the annual budget, major acquisitions or divestments, it is required by its terms of reference to seek the approval of the Supervisory Board. The Chairman of the Supervisory Board coordinates the work in the Supervisory Board, chairs its meetings and represents the concerns of the body externally. The Supervisory Board and the Audit Committee have adopted terms of reference for their own work. The Terms of Reference of the Supervisory Board are available on the company's website.

For further details, please refer to the Report of the Supervisory Board on page 11.

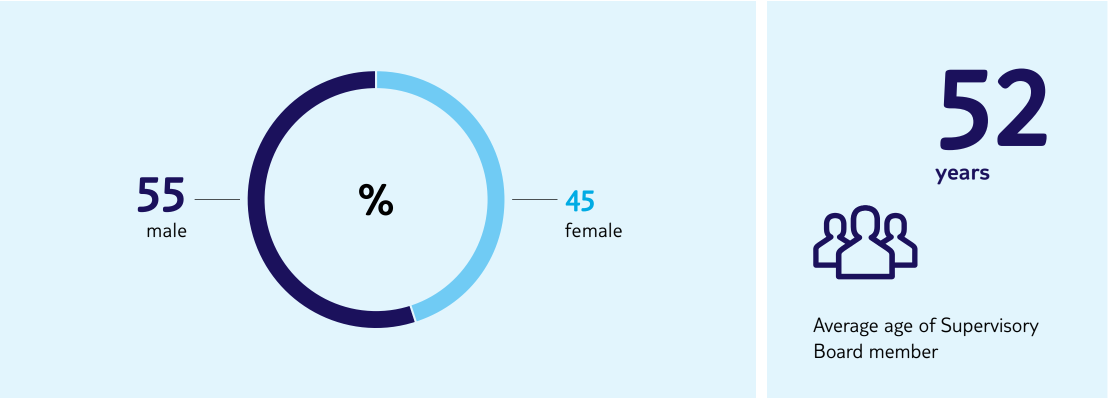
TUI AG has taken out a D&O insurance policy for all members of the Executive Board and Supervisory Board, providing for a deductible for Executive Board members in accordance with the statutory requirements of the German Stock Corporation Act. The deductible amounts to 10 % of the loss up to the amount of one and a half times the fixed annual compensation.

COMPETENCE PROFILE AND THE QUALIFICATION MATRIX OF THE SUPERVISORY BOARD

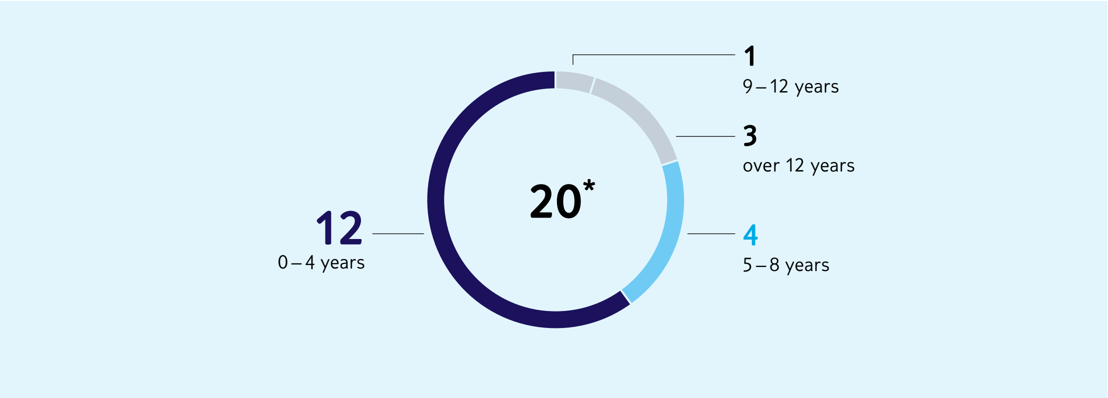
TUI AG falls within the scope of the German Industrial Co-Determination Act (MitbestG). The Supervisory Board is therefore composed of an equal number of shareholder representatives and employee representatives. Employee representatives within the meaning of the Act include a senior manager (section 5 (3) of the German Works Constitution Act) and three trade union representatives. In financial year 2022, the Supervisory Board updated its competence profile for the composition of the entire body. The competence profile of the Supervisory Board is published at https://www.tuigroup.com/en-en/investors/corporate-governance/management.

QUALIFICATION MATRIX OF THE SUPERVISORY BOARD

Gender quote and average age of Supervisory Board members of TUI AG (30 SEP 2022) in %



Duration of appointment of TUI AG (30 SEP 2022) Number of members

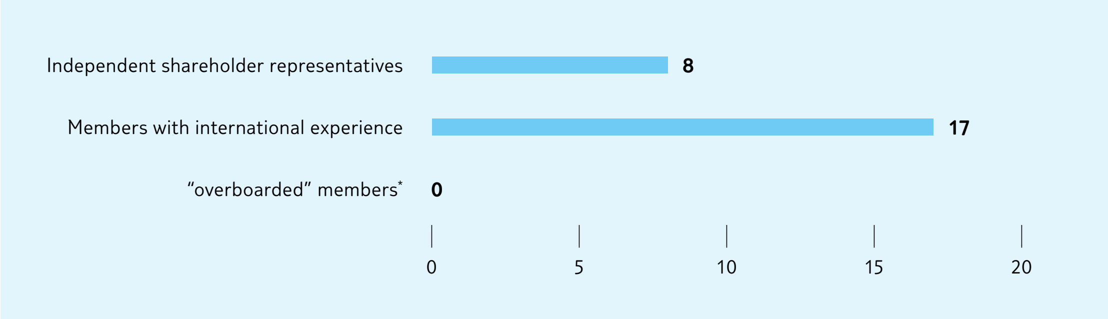


* Total number of Supervisory Board members of TUI AG.

Qualification matrix of Supervisory Board members of TUI AG (30 SEP 2022) Number of members

*For further information on the accounting and auditing expertise of the members of the Audit Committee, please refer to the page 118 ff.

Objectives of Supervisory Board members of TUI AG (30 SEP 2022) Number of members



*Within the meaning of recommendation C.4 of GCGC.

MEMBERS OF TUI AG'S AUDIT COMMITTEE WITH EXPERTISE IN ACCOUNTING AND AUDITING (RECOMMENDATION D.3 OF THE GCGC)

Prof. Dr Edgar Ernst has, among other things, expertise in the field of accounting and in the field of auditing due to his activities as Chief Financial Officer of Deutsche Post AG, as President of the German Financial Reporting Enforcement Panel and due to his memberships in domestic supervisory boards. Further information, in particular on his activities in these areas, can be found in his curriculum vitae on the Company's website.

⊕ *https://www.tuigroup.com/damfiles/default/tuigroup-15/en/about-us/management/lebenslaufe-en-neu/aufsichtsrat-en-neu/Ernst_SB_Curriculum-Vitae_01.11.2022.pdf-65dfaa50eba2f947f3e116dd2b789ad7.pdf*

His expertise in the field of accounting also includes, in particular, knowledge and experience in the application of accounting principles and internal control and risk management systems.

His expertise in the field of auditing also includes, in particular, knowledge and experience in auditing of financial statements. Accounting and auditing also include sustainability reporting and its auditing.

With regard to the Chairman of the Audit Committee, Prof. Dr Edgar Ernst, the Supervisory Board is of the opinion that he is independent from the Company and the Executive Board (for the independence of the other members of the Audit Committee, see page 114).

Mr Christian Baier has expertise in the field of accounting and in the field of auditing due to his professional career and in particular due to his function as Chief Financial Officer of Metro AG. Further information, in particular on his activities in these areas, can be found in his curriculum vitae on the Company's website.

⊕ *https://www.tuigroup.com/damfiles/default/tuigroup-15/en/about-us/management/lebenslaufe-en-neu/aufsichtsrat-en-neu/Baier_SB_Curriculum-Vitae_01.11.2022.pdf-bb2ef35e7ef0d79a7fb752c983c9d846.pdf*

His expertise in the field of accounting also includes, in particular, knowledge and experience in the application of accounting principles and internal control and risk management systems. His expertise in the field of auditing also includes, in particular, knowledge and experience in the auditing of financial statements.

Since Metro AG has also been publishing a non-financial statement for several years, which is prepared taking into account the Global Reporting Initiative (GRI) standards on sustainability reporting and the UN Global Compact, his expertise in the field of auditing also includes sustainability reporting and its audit.

Dr Jutta Dönges has expertise in the field of accounting and in the field of auditing due to her professional career and in particular because of her function as managing director of the Federal Republic of Germany – Finance Agency GmbH (until 31 October 2022) as well as due to her several years of membership in domestic supervisory boards. Further information, in particular on her activities in these areas, can be found in her curriculum vitae on the Company's website.

https://www.tuigroup.com/damfiles/default/tuigroup-15/en/about-us/management/lebenslaufe-en-neu/aufsichtsrat-en-neu/Doenges_SB_Curriculum-Vitae_01.11.2022.pdf-cc7134463ced21fb559b0dbd362958be.pdf

Her expertise in the field of accounting also includes, in particular, knowledge and experience in the application of accounting principles and internal control and risk management systems. Her expertise in the field of auditing includes, in particular, knowledge and experience in the auditing of financial statements. This includes sustainability reporting and its audit, whereby this is oriented, among other things, to the standards of the Global Reporting Initiative (GRI).

TRAINING AND PROFESSIONAL DEVELOPMENT MEASURES

The members of the Supervisory Board take responsibility for undertaking any training or professional development measures necessary to fulfil their duties, for example on issues of corporate governance or changes in the legal framework and they receive support in this respect from the company. The company regularly informs its members about current changes in the legislation as well as about relevant topics relating to the company. New members of the Supervisory Board are given the opportunity to be introduced in detail to key issues of the Supervisory Board as part of the onboarding programme. In addition, they have meetings with members of the Executive Board in order to receive further information on their respective areas of responsibility.

CONFLICTS OF INTEREST

Executive and Supervisory Board members are bound to observe the TUI AG's best interests. In addition, Executive Board members are subject to comprehensive non-compete clauses throughout the duration of their appointment. In the completed financial year 2022, there were no conflicts of interest requiring disclosure to the Chairmen of the Supervisory Board or the Executive Board. None of the Executive Board or Supervisory Board members has a board role or a consultancy contract with one of TUI's competitors.

In accordance with the 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 Framework Agreement provides for the obligation of the Executive Board and the Supervisory Board, 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.

SPECIFICATIONS PURSUANT TO SECTIONS 76 (3A) AND (4), 111 (5) OF THE GERMAN STOCK CORPORATION ACT

45 % of the Supervisory Board members were women and 55 % were men at the balance sheet date. The Supervisory Board was therefore compliant with section 96 (2) sentence 1 of the German Stock Corporation Act. Neither the shareholder nor the employee representatives of the Supervisory Board have objected with regard to overall compliance in accordance with section 96 (2) sentence 2 of the German Stock Corporation Act.

By resolution of 15 September 2020, the Supervisory Board extended the target of one woman on the Executive Board until 30 September 2023 in accordance with section 111 para. 5 AktG. In August 2021, the Second Management Positions Act – FüPoG II – came into force. According to this law, at least one woman and at least one man must be a member of the Executive Board of a listed company with equal co-determination and with more than three members on the Executive Board. The company has already complied with this requirement in the reporting period with the membership of Ms Sybille Reiss.

The Executive Board resolved, in line with section 76 (4) of the German Stock Corporation Act, that women should account for 25 % of executives at the level immediately below the Executive Board and 30 % at the second level below the Executive Board. Both targets should be reached by 30 September 2023. For this reason, TUI AG has implemented various measures aimed at increasing the proportion of women on a long-term and sustainable basis over the past years. This includes, among other things, the promotion of women in talent programmes and specifically addressing them in the recruitment process. In addition, at least one female should be on the shortlist in the recruitment process for positions in the Senior Leadership Team. Despite all the measures taken, the suitability and qualification of candidates for filling vacant positions are still of primary importance. With the proportion of women of 21 % at the first management level below the Executive Board, we are approaching our target of 25 %. At the second management level below the Executive Board, the proportion of women has remained stable at 24 %.

SHAREHOLDERS AND ANNUAL GENERAL MEETING

TUI AG shareholders exercise their co-determination and monitoring rights at the Annual General Meeting, which takes place at least once a year. The AGM takes decisions on all statutory matters, and these are binding on all shareholders and the Company. For voting on resolutions, each share confers one vote.

All shareholders registering in due time are entitled to participate in the Annual General Meeting. Shareholders who are not able to attend the AGM in person are entitled to have their voting rights exercised by a shareholder association, one of the representatives provided by TUI AG and acting on the shareholders' behalf in accordance with their instructions, or some other proxy of their own choosing. Shareholders also have the opportunity of authorising the representative provided by TUI AG via the web or by postal vote in the run-up to the AGM. Shareholders can, moreover, register for electronic dispatch of the AGM documents.

The invitation to the AGM and the reports and information required for voting are published in accordance with the provisions of the German Stock Corporation Act and provided in German and English on TUI AG's website. During the AGM, the presentations by the Chairman of the Supervisory Board and the Executive Board members can be followed live over the Internet.

STATEMENT PURSUANT TO PROVISION 4 UK CGC

At the Annual General Meeting of TUI AG on 8 February 2022, no resolution received 20 % or more against votes.

At the Annual General Meeting of TUI AG on 25 March 2021 the resolution approving the re-election of Mr Alexey Mordashov to the Supervisory Board of the Company (Resolution 8.4) received 75.61 % votes in favour and 24.39 % votes against (with 0.67 % of votes withheld and so not counted). As more than 20 % of the votes cast were against the resolution the Company has sought to understand the reasons for this, as required by the UK CGC. The Company subsequently issued a statement, the original version of which can be accessed via the following link.

https://www.tuigroup.com/en-en/investors/agm/agm-2021-post-AGM/other-documents

RISK MANAGEMENT

Good corporate governance entails the responsible handling of commercial risks. The Executive Board of TUI AG and the management of the TUI Group have comprehensive general and company-specific reporting and monitoring systems available to identify, assess and manage these risks. These systems are continually developed, adjusted to match changes in overall conditions and reviewed by the auditors. The Executive Board regularly informs the Supervisory Board about existing risks and changes to these risks. The Audit Committee deals in particular with monitoring the accounting process, including reporting, the effectiveness of the internal control and risk management systems and the internal auditing system, compliance and audit of the annual financial statements. The chairman of the Audit Committee reports to the Supervisory Board on the work of the committee at the next Supervisory Board meeting at the latest.

More detailed information about risk management in the TUI Group is presented in the Risk Report. It also contains the report on the accounting-related internal control and risk management system required in accordance with the German Commercial Code (sections 289 (5), 315 (2) no. 5 HGB).

Risk Report see page 34.

TRANSPARENCY

TUI provides immediate, regular and up-to-date information about the Group's economic situation and new developments to capital market participants and the interested public. The Annual Report and the Interim Reports are published within the applicable timeframes. The Company publishes press releases and ad hoc announcements, if required, on topical events and any new developments. Moreover, the company website at https://www.tuigroup.com/en-en provides comprehensive information on TUI Group and the TUI share.

The scheduled dates for the principal regular events and publications – such as the AGM, Annual Report and Interim Reports – are set out in a financial calendar. The calendar is published well in advance and made permanently accessible to the public on TUI AG's website.

DIRECTORS' DEALINGS

The Company was informed by Mr David Burling, Mr Sebastian Ebel, Mr Stefan Heinemann, Mr Friedrich Joussen, Mr Peter Krueger, Mr Alexey Mordashov (via Unifirm Limited and Severgroup LLC), Ms Sybille Reiss, Mr Frank Rosenberger, Ms Anette Strempel und Dr Dieter Zetsche of notifiable purchase and sale transactions of TUI AG shares or related financial instruments by directors (directors' dealings or managers' transactions) concerning financial year 2022. Details are provided on the Company's website.

Purchase and sales transactions by members of the boards are governed by the Group Manual Share Dealings by Restricted Persons, approved by the Executive Board and the Supervisory Board, alongside corresponding statutory provisions. The Group Manual Share Dealings by Restricted Persons stipulates above all an obligation to receive a clearance to deal for transactions with TUI AG's financial instruments.

ACCOUNTING AND AUDITING

TUI AG prepares its consolidated financial statements and consolidated interim financial statements in accordance with the provisions of the International Financial Reporting Standards (IFRS) as applicable in the European Union. The statutory annual financial statements of TUI AG, which form the basis for the dividend payment, are prepared in accordance with the German Commercial Code (HGB). The consolidated financial statements are prepared by the Executive Board, audited by the auditors and approved by the Supervisory Board. The interim report is discussed between the Audit Committee and the Executive Board prior to publication. The consolidated financial statements and the financial statements of TUI AG were audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hanover, the auditors elected by the 2022 Annual General Meeting. The audit was based on German auditing rules, taking account of the generally accepted auditing standards issued by the German Auditors' Institute as well as the International Standards on Auditing. It also covered the risk detection system. A review pursuant to Listing Rule 9.8.10 R (1) and (2) was carried out.

See audit opinion by the auditors on page 260.

The condensed consolidated interim financial statement and management report as of 31 March 2022 was reviewed by the auditors. In addition, a contractual agreement was concluded with the auditors to the effect that the auditors will immediately inform the Supervisory Board or the Audit Committee about all findings and issues of importance for its tasks which come to the knowledge of the auditors during the performance of the audit. Furthermore, it was agreed with the auditors that they inform the Supervisory Board or the Audit Committee and note in the audit report if during the performance of the audit, any facts were identified that indicate an inaccuracy in the Declaration of Compliance regarding the recommendations of the GCGC issued by the Executive Board and Supervisory Board. There were no grounds to provide such information in the framework of the audit of financial year 2022.

ENGAGEMENT WITH OUR STAKEHOLDERS

Under the UK CGC, TUI AG is required to provide information on how it complies with the requirements of section 172 of the Companies Act 2006, including how it takes into account the interests of key stakeholders in discussions and decisions.

The Company considers key stakeholders to be customers, employees, shareholders and other financial stakeholders, suppliers and Non-governmental organisations.

Further details on how the company engages with particular stakeholders can be found on the following pages of this Annual Report:

- Customers – see page 95
- Employees – see page 87
- Shareholders and other financial stakeholders – see pages 103 and 162
- Suppliers – see pages 30 and 81
- Non-governmental organisations – see page 86

Diversity concepts for the composition of the Executive Board and Supervisory Boards

DIVERSITY CONCEPT FOR THE COMPOSITION OF THE EXECUTIVE BOARD

The diversity concept for the composition of the Executive Board takes into account the following diversity aspects:

(a) Age:
As a rule, the employment contracts of members of the Executive Board end once the standard retirement age for statutory retirement insurance has been reached (currently 67);

(b) Gender:
The Executive Board should include one woman;

(c) Educational / professional background:
The necessity for a variety of educational and professional backgrounds already arises from the obligation to manage the company in accordance with the law, the company's articles of association and its terms of reference. In addition, the Executive Board as a whole, through its individual members, should possess the following essential background qualities:

- management experience, some of which ideally has been acquired abroad, and intercultural competence for successful management and motivation of global teams;
- in-depth practical experience in stakeholder dialogue (i.e. with managers and employees, including their representative bodies, with shareholders and the public);
- experience in IT management and an understanding of digitalisation of vertically integrated value chains;
- profound experience in value-driven, KPI-based strategy development and implementation and corporate governance;
- profound knowledge of the intricacies and requirements of the capital market (shareholder management);
- knowledge of accounting and financial management (controlling, financing);
- in-depth understanding of and experience with change management.

GOALS OF THE DIVERSITY CONCEPT FOR THE COMPOSITION OF THE EXECUTIVE BOARD

The standard retirement age on the one hand enables incumbent members of the Executive Board to contribute their professional and life experience for the good of the company for as long a time as possible. On the other hand, adherence to the standard retirement age is intended to promote regular rejuvenation of the board.

Inclusion of both genders in Executive Board work is on the one hand an expression of the conviction of the Supervisory Board that mixed-gender teams lead to the same or better outcomes as teams with representation from only one gender. But it is also the logical continuation of the gender diversity measures implemented by the Executive Board within the wider company, which aim to increase the proportion of women in leadership roles. These measures are only to be applied and implemented in a credible manner if the Executive Board does not consist solely of male members ('proof of concept').

A variety of professional and educational backgrounds is necessary on the one hand to properly address the tasks and obligations of the law, the company's articles of association and its terms of reference. In addition, it is the view of the Supervisory Board that they are a guarantee of ensuring diverse perspectives on the challenges and associated approaches to overcoming them that are faced in the day-to-day work of the company. International management experience is of particular importance. Without such skill and experience with integrating, leading and motivating global teams, it is impossible to take into consideration the different cultural backgrounds of managerial staff and the workforce as a whole.

LONG-TERM SUCCESSION PLANNING FOR THE EXECUTIVE BOARD

A key aspect of applying the diversity concept to the composition of the Executive Board is inclusion of the Supervisory Board within the corporate organisation, as is prescribed by law, the company's articles of association and its terms of reference. This ensures the Supervisory Board is familiar with the strategic, economic and actual situation of the company.

In its role as overseer of the management of the Executive Board, the Supervisory Board of TUI AG makes decisions on the allocation of business responsibilities within the Executive Board, appointments to the Executive Board and thus also workforce and succession planning within the Executive Board in line with recommendation B.2 of the GCGC. As part of that workforce and succession planning, the Presiding Committee or the Supervisory Board itself regularly meets with the Executive Board or its members to discuss suitable internal succession candidates for Executive Board positions (short-term, medium-term and long-term scenarios). The contract terms and renewal options for current Executive Board members are discussed, as well as possible successors. As part of these Supervisory Board and Committee meetings, or in preparation for them, members of the Supervisory Board have the opportunity to meet up with so-called high potentials within the Group in a professional and personal setting. The Presiding Committee and Supervisory Board make their own deliberations about these matters and also discuss them in the absence of the Executive Board. This includes evaluation and possible inclusion of external candidates for Executive Board positions in the selection process. In all of these deliberations, the above-mentioned diversity aspects of Executive Board appointments play a part in the decision-making of the Supervisory Board. Long-term succession planning is primarily oriented towards the corporate strategy and takes into account the diversity concept defined by the Supervisory Board. The Supervisory Board also asks the Executive Board to report on current progress and implementation of family-friendly concepts and concrete measures for promotion of women (e.g. at least one woman on the final shortlist for any new or replacement appointments to roles within the senior leadership team).

RESULTS ACHIEVED IN FINANCIAL YEAR 2022

With effect from 1 October 2022, Mr Sebastian Ebel was appointed to succeed Mr Friedrich Joussen as Chairman of the Executive Board of TUI AG. In this connection, Mr Mathias Kiep was appointed as a member of the Executive Board as successor to Mr Ebel with effect from 1 October 2022. Mr Kiep will take over the Finance Ressort. In addition, the appointment of Mr David Burling was extended until 30 May 2026 by a corresponding resolution of the Supervisory Board. In the opinion of the Supervisory Board, Mr Ebel, Mr Kiep and Mr Burling contribute to the diversity of the Executive Board through their professional careers, their wide-ranging international experience and respective professional backgrounds.

The current composition of the Executive Board meets all the requirements of the diversity concept. The Executive Board members cover a comprehensive range of knowledge and experience as well as educational and professional backgrounds and have international experience. In addition, with Ms Sybille Reiss as a member of the Executive Board, the target set by the Supervisory Board that at least one woman should be a member of the Executive Board was met in the reporting period. Different age groups are represented on the Executive Board. More information on all members of the Executive Board can be found in the CVs on the Company's website and in the communication on the occasion of the appointment decisions of the Supervisory Board.

The reappointments of Mr Ebel and Mr Burling with simultaneous cancellation of their current appointments took place before the end of one year prior to the end of the respective appointment terms. According to recommendation B.4 of the GCGC, this is permitted if special circumstances apply. This requirement was met because, in view of the challenging economic times, TUI AG had a particular interest in securing the services of Mr Ebel and Mr Burling as members of the Executive Board in the long term.

DIVERSITY CONCEPT FOR THE COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board revised and updated objectives for its composition in addition to the competence profile in the 2022 financial year. In accordance with the applicable legal requirements, the Supervisory Board of TUI AG shall be composed in such a way that its members as a whole have the knowledge and professional experience required to properly perform their duties. In this context, sufficient diversity shall be ensured. This includes in particular cultural and ethnic origin, gender, nationality and professional and life experience as well as age. A gender quota of 30 % is to be guaranteed. The standard age limit for election to the Supervisory Board is 68 years.

GOALS OF THE DIVERSITY CONCEPT FOR THE COMPOSITION OF THE SUPERVISORY BOARD

The goals set with regard to the composition of the Supervisory Board reflect the demands placed on the advisory and supervisory body to perform its task in a globally operating company with a challenging competitive environment. For example, multicultural and international experience is just as important as knowledge of the value and success drivers of the sector. In all of this, the impact and cultural features of the so-called stakeholder approach of a social market economy must be taken into account, which is ensured by the codetermination of employee representatives on the Supervisory Board as well. For the shareholder side on the Supervisory Board, the Nomination Committee also ensures that mandatory and voluntary targets are met with regard to the composition of the Supervisory Board. As part of the regularly conducted efficiency reviews, the Supervisory Board also undergoes a self-assessment, which includes aspects of its composition.

RESULTS ACHIEVED IN FINANCIAL YEAR 2022

The Supervisory Board is of the opinion that it meets the composition targets and fills out the competence profile and the diversity concept. The status of implementation of the competence profile and composition targets has been published in the form of a qualification matrix. The competence profile of TUI AG's Supervisory Board is published at https://www.tuigroup.com/en-en/investors/corporate-governance/management. The qualification matrix can be found at page 117.

In place of Mr Mordashov and Mr Lukin and at the proposal of TUI AG's Supervisory Board, Mr Christian Baier and Ms Helena Murano were appointed to the Supervisory Board by court in May 2022 until the end of the Annual General Meeting in 2023. As already stated above, both members are qualified as independent from the Company and its Executive Board. The Supervisory Board has gained another experienced financial expert in the person of Mr Baier. Ms Murano enriches the board with her extensive and international experience in the field of tourism.

In addition, Ms Sonja Austermühle has been appointed by the court in April 2022 as the new trade union representative on the Supervisory Board in place of Ms Carola Schwirn. Ms Austermühle complements the Supervisory Board with her many years of professional experience as a lawyer and trade unionist in the ver.di – United Services Trade Union.

The diversity of professional and educational backgrounds of the individual members of the board is also evident from the CVs of Supervisory Board members published on the corporate website.

Description of the main features of the internal control system*

The TUI Group's internal control system comprises all systematically designed rules within the Group that serve to methodically manage operational, financial and compliance-related risks. These rules can result from published statements or be designed as guidelines, work instructions, process descriptions or risk

*Unaudited.

control matrices. A Group-wide framework is in place for the creation, approval, revision and communication of these rules. With its Integrity Passport, the TUI Group has also adopted a Group-wide Code of Conduct that sets minimum standards and provides guidance on how to deal with ethical and legal challenges in day-to-day work, as well as providing orientation in conflict situations.

Where necessary for the criticality of the process in question, the business units define an appropriate framework of processes and rules on this basis. These rules may vary from business unit to business unit due to different systems, process flows or volumes of transactions processed in the respective process. For certain risks, which TUI addresses with a uniform Group framework, central functions have been set up to create appropriate Group-wide standards for their area in the sense of a 'second line' and to support or monitor their implementation.

A Group function has also been established for the area of sustainability. For years, the TUI Group has been collecting certain sustainability-related indicators for management and reporting in the context of separate sustainability reports or the non-financial statement. The methodologies for these indicators have been published. These ensure uniform understanding and collection throughout the Group.

To ensure that our businesses are scalable, almost all business processes are supported by IT solutions. Where possible and appropriate, we use the controls integrated in these applications or services. This offers greater security and efficiency in implementation compared with manual controls. The IT solutions themselves are protected by a Group-wide framework of general IT controls. A set of manual process controls to prevent or detect errors rounds off the internal control system.

The company has a clear approach for identifying and mitigating information security risks. TUI is externally audited, has an information security risk insurance policy and a training and compliance program. Additionally, the Audit Committee is updated on TUI's risk position on a regular basis.

In the case of business processes, the respective process owners are responsible for the effectiveness of the controls put in place; in the case of Group-wide control frameworks, the respective 2nd line is responsible. Depending on the risk assessment, they use a different degree of monitoring intensity.

As an independent 3rd line, Internal Audit reviews business processes, including IT solutions, according to its own risk assessment and makes recommendations to improve the effectiveness and efficiency of processes and controls.

The Supervisory Board of TUI AG, in particular the Audit Committee, is involved in the TUI Group's internal monitoring system with process-independent auditing activities.

The internal control system and the risk management system are dynamic systems that are continuously adapted in response to changes in the business model, the nature and scope of business transactions or responsibilities. As a result, there is potential for improvement in terms of both the appropriateness (lack of suitable controls) and the effectiveness (inadequate execution) of controls, both from the reviews carried out by the second line, from internal audit engagements, and from the audit activities of the external auditor. In addition, potential for improvement may also arise from compliance incidents. In our overall assessment of these management systems, we find that none of the improvements potentials identified in the reporting year speak against the appropriateness and effectiveness of the two management systems.

Disclosure pursuant to UK Listing Rule LR 9.8.6

Task Force on Climate-related Financial Disclosures (TCFD)

For TUI Group, sustainability covering all three areas of economic, environmental and social sustainability is a fundamental management principle and a cornerstone of our strategy for continually enhancing the value of our company. We firmly believe that sustainable development is critical to long-term economic success. Together with our many partners around the world, we are actively committed to promoting sustainable development in the tourism industry.

As a company listed in the Premium Segment of the Main Market of the London Stock Exchange, TUI is required pursuant to Listing Rule LR 9.8.6 to make disclosures in relation to the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), based on the guidelines 2017. The TCFD provides a framework to improve the disclosure of consistent, comparable, reliable, and clear climate-related financial information so that investors can make better capital allocation decisions in support of the transition to a low-carbon economy. While TUI has put an emphasis on the topic of climate in general, we are early in this journey with regard to the specific recommendations of TCFD due to the considerable challenges caused by the COVID-19 pandemic that our organisation had to handle, and therefore not yet fully compliant with all requirements. TUI has included in its annual financial report climate-related financial disclosures consistent with the TCFD Recommendations and Recommended Disclosures apart from the following where we do not yet perceive full compliance with the recommendations.

- TUI has not conducted a climate-related scenario analysis for all risks to describe the resilience of the strategy; TUI plans to conduct a detailed scenario analysis in the following year (TCFD Recommendation: Strategy c.)
- TUI identifies, assesses and manages climate-related risks as a component of our principal risks where applicable, but has not yet established a comprehensive group-wide approach on an individual risk basis and therefore not identified, assessed and managed climate-related risks for each individual case. In a group-wide approach, TUI plans to embed identification, assessment and management of material individual climate-related risks more strongly into existing risk management processes in the following year (TCFD Recommendations: Strategy a. and b.; Risk Management a., b. and c.)
- TUI has not yet published any detailled climate-related targets for short-term periods apart from the target to achieve net zero emissions in its own operations and in the supply chain by 2050 at the latest, as these have not been signed-off on by SBTi; the targets will be published following SBTi's sign-off in 2023 and included in TUI's TCFD report for the next financial year (TCFD Recommendation: Metrics and Targets c.)

The following statement follows the structure of the TCFD recommendation, covering Governance, Strategy, Risk Management and Metrics and Targets. Our disclosures on these four building blocks will continue to evolve and mature over time alongside our strategy on how to mitigate climate risks and the evolvement of these risks and opportunities itself.

Our new 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 holidays. The Agenda is our sustainability strategy and our roadmap to address the key industry and global challenges we will face in the coming decades, such as climate change. 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.

GOVERNANCE

TUI Group has a governance structure in place that ensures that sustainability issues, along with riks and opportunities resulting from climate change, are assessed and actioned at all levels.

See page 79 for the governance structure in the Non-financial declaration.

a) Board's oversight of climate-related risks and opportunities

The Group Executive Committee (GEC) has ultimate oversight of climate-related issues and is responsible for reviewing the climate related risks and opportunities, strategy, measures and target setting. At the GEC level, the Group Chief Sustainability Officer (CSO) is responsible for reporting on sustainability and climate related issues for TUI Group. The CSO informs the GEC on sustainability issues on a monthly basis. The Group Sustainability Director reports into the CSO, so organisationally it is the most appropriate and direct line of reporting to raise climate related issues to the highest level within the business. Moreover, the Executive Board has also the final oversight of the non-financial declaration that includes the climate/environmental strategy, organization, management, measures and targets. The highest monitoring body in the area of sustainable management is the Supervisory Board.

b) Management's role in assessing and managing climate-related risks and opportunities

The Group Executive Committee (GEC) manages TUI's business strategically, it sets the Group's strategic direction and long-term objectives for sustainable development and signed off the Group's Sustainability Agenda. A team of experienced sustainability professionals are working in close collaboration with senior management to ensure that TUI's business and sustainability focus areas are well aligned. The Group Sustainability Director heads up the Group Sustainability team. For the coming financial year, it is planned that the CSO together with the Group Director of Sustainability will host the Sustainability Business Council due to meet annually. Addressing climate-related issues will be one of the agenda points.

The role of our sustainability team is to drive implementation of the Sustainability Agenda across TUI Group and along its supply chain. The GEC is regularly updated on our performance in delivering the Sustainability Agenda and tackling other key sustainability issues. Regular meetings are also held with the Risk Oversight Committee (ROC) to review climate related and sustainability risks and discuss any changes, either internal or to the external environment which affect the business exposure.

To incentivise management to achieve climate-related targets, KPIs are linked to monetary rewards. TUI operates a discretionary bonus scheme for senior and middle management. It is designed to reward employees in line with both financial performance and personal contribution to delivering successfully against our strategy.

STRATEGY

Climate change is a pressing global challenge that cancause a business risk, whether physical, political, market or reputational. On the other hand the transition to a low-carbon-emission future could also create business opportunities for our group.

a) Climate-related risks and opportunities we have identified over the short, medium, and long term

As a global tourism group TUI operates 134 aircraft, 418 hotels and 16 cruise ships*. Our business model inherently leads to a significant emission of greenhouse gases. Within our asset portfolio our airline emissions represent roughly 75 per cent of the Group's total Carbon dioxide (CO_2) emissions. Therefore, the risks and opportunities that we have identified over the short, medium and long term are mainly transition risks and to a lesser extent of a physical nature. Based on this analysis our climate change risk profile strongly depends on the successful implementation of our carbon reduction initiatives within our airline.

We define short term as within the next three years in line with our financial planning horizon, mid term until 2030 where our first carbon reduction milestone is defined, and long term until 2050, the date we are striving to achieve net-zero emissions across our operations and supply chain. The following risks and opportunities over the short, medium and long term have been identified:

PHYSICAL RISKS

Extreme weather events such as hurricanes, typhoons or flash floods have become more likely in recent years due to climate change. Their consequences can affect TUI Group's ability to do business in regions around the world. The unpredictability of these events also increases the challenge to cope with them. The effects of such extreme weather events could lead to changes in TUI's mid term operations. The infrastructure of affected regions might be impaired more heavily within the coming years. This can result in damage to or reduction in quality and/or reputation of some of our key destination and hotels. As a consequence, this might have an impact on the attractiveness of the region and consequently on our ability to send guests to these regions. TUI has operational contingency/crisis management plans in preparation for such events.

*As at 30 Sep 2022, including concept hotels in third party properties.

CHRONIC PHYSICAL RISKS

Chronic physical risks are considered by the business in the long term at company level. Information used to assess this risk is taken from scientific and industry publications. Quality holiday experiences rely on beautiful, biodiverse destinations, thriving communities, stable weather systems and customer comfort, all of which are at risk from the long-term effects of climate change. A specific example is that TUI owns hotels in the Maldives which has been identified as destination at risk from sea level rise. Also, due to changing precipitation patterns and the change of temperature extremes certain destinations might become less attractive for our customers.

We regard the financial impact of the physical risks as low.

PHYSICAL OPPORTUNITIES

Due to changing precipitation patterns and the change of temperature extremes certain destinations might become more attractive because the summer seasons extends to the shoulder months as well as destinations that are popular in the winter. In addition, due to the changes of customer behaviour and preferences, TUI might have the opportunity to identify new destinations. TUI is therefore presented with the mid-term opportunity to extend its selling period for destinations effected by changes in weather conditions. In addition, customers might be attracted by new destinations during these extended periods.

TRANSITION RISKS

Our business model and the assets we operate inherently lead to the emission of greenhouse gases. Therefore, we believe that transition risks have the greater impact on our business. Hence, the transition to a climate-neutral economy forms a major part of the principal risk ‘lack of sustainability improvements’. Climate-related transition risks to TUI could be technology risks, regulatory and legal risks as well as market and reputation related risks.

TECHNOLOGY

A main transition risk for TUI and the entire airline and cruise industry is that the technology for a fully carbon-neutral air and sea transport is yet to be developed. Sustainable Aviation Fuels (SAF) play a crucial role in reducing emissions in aviation. SAF is also 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. We have considered the impact of SAF in our short-term planning, however its financial impact within this time frame is still considered low.

Further information on our activities on SAF can be found on page 83.

REGULATORY AND LEGAL RISKS

A regulatory risk the airline and cruising industry might come from increased carbon pricing, fuel taxes and energy efficiency standards. Therefore, regulation is a relevant risk to TUI as failure to comply could lead to both a financial and negative reputational impact. Moreover, a failure to comply with new regulation could lead to a loss of our license to operate our assets.

MARKET AND REPUTATION RISK

A specific climate change market risk to TUI is for the business not to adapt and meet the changing demand for more sustainable and lower carbon holiday products. There is strong evidence to suggest that consumers might boycott brands with poor reputations in this area, and favour brands with a good reputation. Inadequate carbon management could lead to a reduction of perceived and actual brand value and possible exclusion from sustainability indices in the future, thereby lowering TUI Group’s attractiveness for investors, customers and other stakeholders.

TRANSITION OPPORTUNITIES

We already operate one of Europe’s most carbon-efficient airlines and a modern cruise fleet. As we aim to continuously improve our environmental performance, we will build on the progress we have already made to reduce emissions.

Further information on our activities on lowering emissions across our segments can be found on page 82.

TUI is working with destinations to reduce their climate footprint. With the Rhodes Co-Lab we have piloted a collaboration and exchange with a holiday destination to work towards a net-zero carbon emission. Low-carbon intensive flying and destinations provide the opportunity to retain and win further customer groups focusing on environmentally friendly holidays.

b) Impact of climate related risks and opportunities on our businesses, strategy, and financial planning

As part of our strategic and financial planning process, we have analysed various industry and macro trends to model our expected development of TUI Group and the tourism industry as a whole. We clearly see sustainability as a major trend, largely driven by climate-related market and policy risks (e. g. changing customer behavior, emissions-based taxes / fees). In the past two years, new priorities and strategic directions for TUI’s future sustainability activities were drawn up in consultation with internal and external stakeholders, taking account of current challenges, global scenarios and regulatory developments such as the EU Green Deal. While these priorities were built into our midterm strategic and financial plan, we have not yet developed specific climate scenarios for all risks in order to assess the quantitative effects selected risks and opportunities might have on our financial performance. In order to better assess these effects on our business, we will start developing quantitative and qualitative climate scenario analysis to further identify and analyse potential impacts from climate related risks and opportunities on our business model in financial year 2023. This will also allow us to better understand the potential impact on our business, strategy and financial planning; as well as our resilience going forward.

c) Resilience of TUI's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

We will test our strategy against the different climate related scenarios when having completed our qualitative climate scenario analysis in 2023.

RISK MANAGEMENT

a) TUI's processes for identifying and assessing climate-related risks

TUI has a systematic process in place to identify, assess and manage risks across the business; managed through processes and structures described in more detail in the Risk section on page 34. The processes described in the risk section apply to all types of risks assessed throughout the whole company, including climate-related risks. Decisions are made to mitigate, transfer, accept or control risks based on a likelihood and impact scoring against an established risk appetite. The Principal Risks identified are overseen by the ROC and regularly reported to the GEC. Sustainability and Climate Change related risks are included in a number of these, mainly in the one titled 'Lack of Sustainability Improvements', but also in 'Reduction in customer demand' and 'Disruption within our destinations'.

b) TUI's processes for managing climate-related risks

Acute phsysical risks are assessed and managed at both an asset level, e. g. a TUI owned hotel, and a company level, if for instance a destination is affected that is featured by all of TUI's key source markets. Chronic physical risks stemming from long-term effects of climate change form part of TUI's principle 'sustainability' risk which is the responsibility of the Group Sustainability department and is reported to the ROC. Financial and reputational risks from failure to adapt to customer demand are assessed at a company level.

c) How processes for identifying, assessing, and managing climate-related risks are integrated into TUI's overall risk management

Our systematic risk management process as described above has identified sustainability risks including climate-related risks. This risk management system is focusing on a short- to mid-term risk horizon. We anticipate that the planned climate scenario analysis to be carried out during the following financial year will heavily influence the way we manage climate related risks and opportunities going forward and allows for a longer time horizon.

More information on risk management from page 34.

METRICS AND TARGETS

a) Metrics used by TUI to assess climate related risks and opportunities in line with its strategy and risk management process

Climate change is a pressing global challenge. There is an urgency to act and for everyone to play a role in the transition to a low carbon economy. As a global tourism group, our business model inherently leads to a significant emission of greenhouse gases. Emissions from TUI's airline, cruises and hotel segments represent 99 % of the Group's emissions. Within our asset portfolio our airline emissions represent roughly 75 per cent of the Group's total Carbon dioxide (CO_2) emissions. We are working to reduce the environmental footprint of holidays and drive-up environmental standards in our industry. In order to measure and manage climate-related risks and in line with our strategic target to achieve net-zero emissions across our operations and supply chain by 2050 at the latest, we monitor our absolute CO_2 emissions, (specific) fuel consumption and specific carbon emissions. Following the larger scale use of SAF, we will further develop our metrics to reflect the impact on CO_2 emissions.

b) Targets used by TUI to manage climate-related risks and opportunities and its performance against targets

We have been working for 30 years to reduce our environmental impacts. In this next phase of our sustainability journey, we wanted to be led by science.

In 2022, TUI joined the Science Based Targets initiative (SBTi), committing to implement emission reductions in line with the latest climate science. SBTi is a global body enabling businesses to set ambitious emissions reductions targets in line with the Paris Agreement goals in order to limit the worst effects of climate change. The initiative is a collaboration between the Carbon Disclosure Project (CDP), the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). Detailed emission reduction roadmaps have been developed for each of these three segments to realise significant reductions in emissions.

Our 2030 emission reduction targets for airlines, cruises and hotels are with SBTi for final approval. The SBTi accreditation will confirm that the targets for 2030 set by TUI are in line with the goals of the Paris Climate Agreement. We will publish our 2030 emission targets following SBTi's sign-off in 2023. These will be our principle metrics and targets that our emission reduction initiatives will be based on. Additional targets are included in the Sustainability Agenda.

c) Scope 1, Scope 2, and, Scope 3 greenhouse gas emissions, and the related risks

In financial year 2022, TUI Group's total emissions increased by 168.6 % year-on-year in absolute terms as a result of the recovery of the business from the impact of the COVID-19 pandemic, in particular the increase from aviation operations.

Carbon dioxide emissions (CO_2)

tons	2022	2021	Var. %
Airlines & Aviation	4,331,628	1,317,865	+228.7
Cruises	762,942	391,475	+94.9
Hotels	542,994	362,474	+49.8
Major premises/shops	14,251	15,949	–10.6
Ground transport	13,144	5,440	+141.6
Scope 3 (indirect emissions from TUI's value chain)*	33,199	27,911	+18.9
Group	**5,698,158**	**2,121,114**	**+168.6**

*With reference to the Greenhouse Gas Protocol, TUI Group currently includes Scope 3 emissions occurring from the production of office paper and printed brochures, the supply and treatment of fresh water used in our hotels, employee business travel by air on 3rd party airlines, and the transmission and distribution of electricity across our hotels, offices and retail estate. TUI Group acknowledges this is not a full and complete Scope 3 assessment and will work in future to expand Scope 3 data collection and reporting.

Carbon dioxide emissions (CO_2)

tons	2022	2021	Var. %
Scope 1	5,214,576	1,770,337	+194.6
Scope 2	450,384	322,865	+39.5
Scope 3	33,199	27,911	+18.9

Energy usage by business area

MWh	2022	2021	Var. %
Airlines & Aviation	17,655,179	5,371,454	+228.7
Cruises	2,962,423	1,518,886	+95.0
Hotels	1,599,057	1,021,997	+56.5
Major premises/shops	60,036	60,766	–1.2
Ground transport	55,311	23,314	+137.2
Total	**22,332,006**	**7,996,417**	**+179.3**

MORE EFFICIENT FLYING

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 to reduce emissions. Our 2030 airline emission reduction targets have been submitted to SBTi for validation. 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).

Further information on our activities on lowering emissions of our airlines can be found on page 83.

In 2022, relative carbon emissions across our airlines decreased by 18.5 %. This improvement was largely a result of significantly improved load factors compared to 2021, as well as TUI's on-going re-fleeting with older aircraft being replaced by new, more carbon-efficient aircraft.

Specific carbon emissions are also shown in the form of CO_2 equivalents (CO_2e). Apart from carbon dioxide (CO_2), they include the other five greenhouse gases impacting 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).

TUI Airlines – Fuel consumption and CO_2 emissions

		2022	2021	Var. %
Specific fuel consumption	l/100 rpk*	2.52	3.10	–18.7
Carbon dioxide (CO_2) – total	tons	4,053,745	1,300,942	+211.6
Carbon dioxide (CO_2) – specific	kg/100 rpk*	6.36	7.80	–18.5

*rpk=revenue passenger kilometer.

TUI Airlines – Carbon intensity

g CO_2/rpk*	2022	2021	Var. %	g CO_2e/rpk*
TUI Airline fleet	**63.6**	**78.0**	**–18.5**	**64.3**
TUI Airways	62.2	83.3	–25.2	62.9
TUI fly Belgium	70.7	82.8	–14.5	71.5
TUI fly Germany	64.4	75.8	–15.0	65
TUI fly Netherlands	59.8	70.3	–15.0	60.4
TUI fly Nordic	66.4	69.7	–4.8	67.1

*rpk=revenue passenger kilometer.

MORE SUSTAINABLE CRUISING

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. Comprehensive emission reduction roadmaps have been developed along with our 2030 targets submitted to SBTi for validation, covering TUI Cruises, Hapag-Lloyd Cruises and Marella Cruises. Key levers include continued investment in fleet modernisation and efficiency measures, with a focus on shore power, route optimisation, energy efficiency boost and propulsion / alternative fuel switch.

Further information on our activities on lowering emissions of our cruise operations can be found on page 84.

In financial year 2022, relative carbon emissions in Cruises decreased by 44.9 % due to significantly higher occupan-cy levels following the impact of the pandemic in 2021.

Cruises – carbon intensity

	2022	2021	Var. %
Carbon dioxide (CO_2) – relative kg / Cruise passenger night	132	240	– 44.9

ENVIRONMENTAL EFFICIENCY ACROSS 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. 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 currently with SBTi for validation.

Further information on our activities on lowering emissions of our own hotels can be found on page 85.

Our hotels have seen significant improvements in performance regarding emissions. This is a result of continued efforts to improve environmental performance, along with higher customer numbers and occupancy levels returning since the pandemic.

Hotels – carbon intensity

	2022	2021	Var. %
Carbon dioxide (CO_2) – relative kg / guest night	10.1	13.4	– 24.6

Integrity & Compliance

Anti-corruption and bribery

In implementing our business activities, compliance with many national and international laws and rules as well as internal policies is essential. However, our understanding of Compliance goes beyond respecting laws and regulations, as we shift our Company's culture away from a purely rule-based approach towards a living culture of integrity. Behaviour violating integrity principles may not only have legal consequences, but can also result in lasting damage to TUI's reputation. TUI's Compliance Management System aims to promote integrity and prevent potential misconduct, to make liability risks manageable for TUI and its employees and in this way to protect the Company's reputation. It is a fundamental component in our commitment to corporate, environmental and social responsibility in our actions.

In the completed financial year, Integrity & Compliance resumed standard operation, focusing on the core areas of communications, training programmes and sanctions.

To mark the third anniversary of the Integrity Passport – TUI's Code of Conduct – a communication campaign was rolled out across the Group. The goal of this campaign was to kindle interest and focus employees' attention on compliance. Apart from articles on the intranet and screen savers, the campaign included a quiz to raise our employees' awareness of compliance topics in a playful manner. For Policy Management, an interview was recorded and published on the intranet in order to familiarise our employees with the key principles. Online Integrity Passport training sessions and the Fair Competition training (for selected employees) were carried out and in-person training programmes for the induction of new employees were resumed.

Due to the conflict between Russia and Ukraine, our work focused on business partner screening and advice about trade sanctions. To that end, a Trade Sanctions Task Force was set up in order to evaluate potentially relevant facts and circumstances, develop and implement appropriate risk-minimising measures, and discuss the general way forward. In order to raise employees' awareness of the topic, communication measures were rolled out across the Group and statements were formulated to be passed forward to external third parties setting out TUI AG's situation under sanction law. Moreover, the individual business areas were called upon to report business partners related to Russia / Belarus to Integrity & Compliance according to a decision-making matrix communicated across the Group. These business partners were subsequently subjected to sanction law-related checks. After evaluation of the findings, any business relationships and contracts affected by sanctions were suspended or terminated. In order to ensure a reliable assessment of the situation, an external service provider was additionally commissioned with preparing more in-depth reports in individual cases. The Compliance Officers of the relevant segments / regions advised the management and employees on questions relating to the sanctions.

In risk analysis, the focus in the completed financial year was likewise on Russian sanctions. The business partner screenings helped to derive, analyse and assess the risk situation for individual regions / segments. Information sources also included regular exchange in the Risk Oversight Committee (ROC) and the results of the risk analyses that had been performed locally in cooperation with Risk Champions and the Compliance Officers in charge and discussed with local management. The risk assessment was additionally based on the findings obtained from processing reports received and from the survey implemented to identify conflicts of interest and the associated self-assessment on compliance issues.

TUI Compliance Management System

1 PREVENT

- *Risk Analysis*
- *Training and communication*
- *Policy Management*
- *System Management*
- *Advice*

2 DETECT

- *Incident Management*
- *Monitoring*
- *Process Management*

3 REACT

- *Information Management*
- *Process improvement*

COMPLIANCE MANAGEMENT SYSTEM

TUI Group's Compliance Management System is based on a risk management approach. It is built around three pillars: prevent, detect and react, which, in turn, comprise a variety of measures and processes.

The Integrity & Compliance team is in charge of the core areas anti-corruption, fair competition and trade sanctions. Our Compliance Management System defines pilot and standard operation and the documentation of roles, responsibilities and processes in these areas.

The Compliance Management System applies to TUI AG and all companies majority-owned, directly or indirectly, by TUI AG, whether domestic or foreign, and of any other shareholdings, where management control directly or indirectly lies with TUI AG ('Managed Group Companies'). Implementation of the Compliance Management System is recommended for companies where management control does not lie with TUI AG ('Non-Managed Group Companies').

INTEGRITY & COMPLIANCE STRUCTURE

The Chief Compliance Officer is responsible for drawing up, maintaining and developing our Compliance Management System. She is supported by our centralized Integrity & Compliance department, forming part of Legal. All Compliance Officers are in close contact with local management, who remains generally responsible of observing all the Compliance rules, and together they are responsible for implementing our Compliance requirements and Integrity values, above all:

- Raising awareness of Integrity & Compliance and the associated core issues through communication campaigns
- Performing risk analysis relating to the core Compliance issues and self-assessments or Pulse Checks
- Implementing measures to ensure that we comply with our commitment to integrity in line with the Integrity Passport
- Providing training on the Integrity Passport and Fair Competition
- Advising employees, primarily with regard to trade sanctions, anti-corruption & anti-bribery and fair competition
- Securing the necessary exchange of information between local management and the Integrity & Compliance team
- Monitoring new national and international legislation
- Providing regular reports to the Group Executive Committee and to the Audit Committee of the Supervisory Board

INTEGRITY & COMPLIANCE CULTURE

The Integrity & Compliance culture influences people's behaviour and their views about complying with the applicable rules. It therefore forms the basis for an effective Compliance Management System. Our culture reflects our corporate values and the fundamental attitude and conduct of management all the way up to the Executive Board and Supervisory Board of TUI AG, thus the 'tone from the top'. It is expressed, in particular, in our corporate value 'Trusted', appealing to our employees' personal responsibility and their honesty and sincerity in handling guests, stakeholders and fellow employees.

INTEGRITY PASSPORT – TUI'S CODE OF CONDUCT

Our Integrity Passport is binding for all employees, from Executive Board members to trainees, and for all managed Group companies. The Integrity Passport serves as the guiding principle for our Executive Board, managements, executives and employees alike. It provides orientation in key areas of people's day-to-day work and in conflict situations: fair competition, anti-bribery and anti-corruption, appropriate gifts and hospitality, protection of our business secrets, data privacy, handling conflicts of interest, prevention of insider trading, maintaining proper accounts and financial records, anti-money laundering, trade restrictions, respectful dealings with each other, sustainability, and public communications about TUI and how to raise a concern.

SUPPLIERS' CODE OF CONDUCT

The Integrity Passport is complemented by the Suppliers' Code of Conduct, which details TUI's ethical, social and legal expectations of its business partners. Moreover, all business partners are required by contract to observe all national and international anti-corruption laws applicable to the supplier relationship. The Suppliers' Code of Conduct has been revised to reflect the Supply Chain Due Diligence Act which will enter into force next year. The Suppliers' Code of Conduct already comprises comprehensive obligations for business partners to avoid violations in the fields of human rights and environmental protection. Additional legal obligations that must be observed both in our own business operations and in the supply chain have been incorporated or set out in more detail. This places our business relationships with our business partners on a solid basis.

MANAGEMENT OF INTEGRITY & COMPLIANCE POLICIES

The principles anchored in the Integrity Passport are communicated to and implemented in TUI Group through our policies, statements and manuals. Our Group-wide policy management develops the standards for Group-wide policies and coordinates the involvement of relevant internal stakeholder groups, e.g. other departments and the works council. This approach is designed to provide employees with a set of policies which are as comprehensible as possible. TUI Group's Compliance policies offer guidance on a range of issues, including how to react to gifts and hospitalities, fair competition and compliance with trade sanctions. In order to re-sensitive employees for this topic, the Communications team conducted an interview this year with the Policy Management officer outlining the principles of policy management which was published on the intranet.

INTEGRITY & COMPLIANCE – RISK ANALYSIS

Performing a risk analysis is a core element of our Compliance Management System. The Compliance Officers in charge compared the existing information from past surveys with information from current data sources and from individual communications with the business owners. The responsible compliance officers have compared the available information from past surveys with information from current data sources as well as from individual communication with the business owners and then qualified the information. Findings from the exchange in the Risk Oversight Committee, mandated by the Executive Board with ensuring that businesses risks within the Group are identified, managed and monitored across the businesses and functions, were taken into account. The Integrity & Compliance Director is a standing member of that Committee and reports on Compliance-related issues. Within the regions / segments, Compliance risks were regularly discussed and analysed between the responsible Compliance Officer, the local business and the Risk Champions to identify and assess business-specific challenges. Reported infringements of Compliance requirements were included in the risk analysis. The Compliance Officers have recorded the findings obtained during the processing and minimised the risk by means of measures to be implemented, if necessary.

Risk analysis and prevention also includes the annual survey among legal representatives, executives and selected employees of TUI Group to identify potential conflicts of interest, including a self-assessment on Compliance-related facts and circumstances. A conflict of interests exists if the business judgment of an employee conflicts with his or her own interests.

As part of the digitalisation strategy, the interface between the personnel management system TUI People and the Compliance platform was developed further so that the data exchanged between the systems could be processed faster and more efficiently. The survey started in the completed financial year.

INTEGRITY & COMPLIANCE TRAINING

Training is a key element of TUI's Compliance Management System, with its focus on preventing misconduct, and a crucial component of TUI Group's Integrity & Compliance culture. It is carried out according to a graded concept: managers and staff at TUI have all benefited from face-to-face teaching and online programmes. The online training programme on the Integrity Passport, which explains integrity and the underlying corporate values, is mandatory for all employees and executives. The online training on Fair Competition was rolled out in individual companies and segments within TUI, and training schemes with their own specific focus were offered, e.g. on anti-corruption, competition law or the appropriate handling of gifts and hospitalities, to raise awareness of the risk-related challenges employees might face.

WHISTLEBLOWER SYSTEM: SPEAKUP LINE

TUI offers its managers and employees a Group-wide whistleblower system to enable infringements of laws or the policies anchored in TUI's Integrity Passport to be reported anonymously and without reprisals. This whistleblowing system is currently available to staff in 53 countries. All reports are consistently followed up in the interests of all stakeholders and the Company. Our top priority is to ensure confidentiality and handle information discreetly. Any incident resulting from the use of the whistleblower system is reviewed and followed up by the Integrity & Compliance team, in some cases in conjunction with Group Audit Fraud.

The whistleblower system is being adjusted to ensure that it meets the requirements of the Supply Chain Due Diligence Act and the EU Whistleblowing Directive. This includes, in particular, opening up the system for third parties outside TUI Group.

In the completed financial year, a total of 43 reports (in 2021 29 reports) were received through the SpeakUp Line. Apart from the SpeakUp Line, employees also used the opportunity to report infringements directly to their line managers, the Compliance contact in charge or the Compliance Mailbox, which is also available externally. A further 26 reports (in 2021 21 reports) were received through these channels. They were followed up whenever there were any indications suggesting potential infringements of internal policies or the law. Out of the 69 reports (in 2021 50 reports) submitted in total, 30 cases (in 2021 16 cases) initially presented prima facie indications of a Compliance infringement, leading to further investigations, which in 8 cases (in 2021 one case) resulted in further measures.

BUSINESS PARTNER SCREENING (DUE DILIGENCE PROCESSES)

There is a risk of active and passive corruption because we operate in countries with a high corruption index. Moreover, the risk of TUI business partners being subject to trade sanctions or similar listings cannot be ruled out.

In the completed financial year, business partner screening focused on business partners linked to Russia / Belarus due to the conflict between Russia and Ukraine. Business partners were checked against international sanctions, terrorist and wanted persons lists via the Internet data base provider. In the event of a red flag, further measures were launched, in the severest cases terminating the business relationship.

DATA PROTECTION

Data protection remains important for the TUI Group. We evaluate the compliance with data protection law permanently and report indicators to the Group Executive Committee. Furthermore, Risk Oversight Committee will be informed about risk connected with data protection. In addition, we have reported few data breaches in accordance with Art. 33 GDPR. However, no fines are imposed so far. Indicators measure observance of the legal time limit to respond to data access requests (2022: 99.8 %.; 2020: 99.8 %).

Remuneration Report

The Remuneration Report mainly explains the remuneration of the members of TUI AG's Executive Board and the remuneration of the members of the Supervisory Board in accordance with the Articles of Association. The underlying remuneration systems are based in particular on the recommendations of the German Corporate Governance Code (GCGC), the requirements of the German Stock Corporation Act (Aktiengesetz – AktG) and, where possible, the recommendations of the UK Corporate Governance Code (UK CGC). In addition, the Remuneration Report includes the disclosures required by Section 162 of the German Stock Corporation Act (AktG) as amended by the Act implementing the Second Shareholders' Rights Directive (SRD II). TUI AG thus also implements the requirements on the Remuneration Report resulting from the second framework agreement on the granting of stabilisation measures, which it concluded with the Economic Stabilisation Fund on 4 January 2021 (Framework Agreement II).

As a German stock corporation, TUI AG is also listed on the London Stock Exchange (LSE). Where mandatory rules on the governance structure and legal requirements of a German stock corporation are affected, these are presented accordingly in this report and, where appropriate, placed in the context of the UK CGC.

Executive Board and Executive Board Remuneration

CONFIRMATION OF THE REMUNERATION SYSTEM BY THE SHAREHOLDERS

Following preparatory work in financial year 2019, the Supervisory Board of TUI AG adopted a revised remuneration system for the members of the Executive Board in December 2019 with retroactive effect from the beginning of financial year 2020, i. e. 1 October 2019. The revision of the remuneration system included different performance targets for the short-term variable remuneration (STI). Furthermore, the Total Shareholder Return (TSR) performance target was removed from the calculation of the long-term variable remuneration (LTIP). In addition, the revised remuneration system now includes compliance malus and clawback rules, thus taking into account the requirements of UK-based stakeholders and the recommendations of the GCGC in particular. The remuneration system in its revised form was approved by TUI AG shareholders at the Annual General Meeting on 11 February 2020, also with retrospective effect from the beginning of financial year 2020. In addition to the statutory requirements, the revision of the remuneration system took into account the recommendations of the GCGC as amended on 7 February 2017 and the draft of the new version of the GCGC as of 16 December 2019. In addition, the recommendations of the UK CGC and a different market practice in the United Kingdom were also taken into account in the revision. Against the background of changes in market practice and further developments in the structure of Executive Board remuneration since the last fundamental revision of the remuneration system, the remuneration system for TUI AG's Executive Board was revised to include and take account of the aforementioned perspectives and approved by TUI AG's shareholders: The defined performance indicators are designed to take account of the interests of all stakeholders and create value for our equity and debt providers. In revising the Executive Board remuneration system, the Supervisory Board was supported by renowned, independent external remuneration consultants PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC).

According to the German Stock Corporation Act in the version of SRD II, the Supervisory Board must in future submit the remuneration system for approval whenever there is a significant change, but at least every four years. The Supervisory Board had to make such a submission for the first time at the first ordinary Annual General Meeting following 31 December 2020. TUI AG's previous voluntary procedure in line with the UK CGC already largely complied with these new requirements. In the context of the resolution adopted on 25 March 2021, the Annual General Meeting approved and thus adopted the remuneration system for the members of the Executive Board by 95.8 %. Pursuant to the German Stock Corporation Act in the version of SRD II, the Executive Board and Supervisory Board must also prepare an annual Remuneration Report, which must comply with certain requirements (Section 162 AktG). The auditor has to check whether the Remuneration Report pursuant to Section 162 AktG contains all legally required information and, in addition, to issue an audit opinion. Pursuant to Section 120a (4) AktG, the audited Remuneration Report must be submitted to the Annual General Meeting for a decision on its approval. Under the applicable transitional law, the new provisions of the AktG on the Remuneration Report had to be applied for the first time for the first financial year beginning after 31 December 2020. Accordingly, the Remuneration Report for financial year 2022 would in principle have had to be submitted to the Annual General Meeting of TUI AG for approval for the first time in 2023. However, the Executive Board and Supervisory Board of TUI AG have made use of the option to voluntarily apply the new provisions of the German Stock Corporation Act on the Remuneration Report earlier. They thus also comply with a contractual obligation TUI AG has assumed vis-à-vis the Economic Stabilisation Fund in the framework of the granting of stabilisation measures in accordance with the Economic Stabilisation Fund Act. The Remuneration Report prepared and audited within the meaning of Section 162 AktG for financial year ended 30 September 2021 was approved by the shareholders of TUI AG on 08 February 2022 with 98.72 %. The decision of the Annual General Meeting on the approval of the Remuneration Report is of recommendatory nature.

COMPOSITION OF THE EXECUTIVE BOARD

In the financial year 2022, the Executive Board consisted of a total of six members.

- Friedrich Joussen: CEO
- David Burling: CEO Markets & Airlines
- Sebastian Ebel: CFO
- Peter Krueger: CSO
- Sybille Reiss: CPO / Labour Director
- Frank Rosenberger: CIO

GENERAL PRINCIPLES

Upon recommendation of the Presiding Committee, the Supervisory Board determines the remuneration of the individual members of the Executive Board in accordance with Section 87 (1) sentence 1 AktG. In addition, the Supervisory Board regularly reviews the remuneration system for the Executive Board.

In particular, the following principles are taken into account:

- Comprehensibility and transparency
- Economic situation, success and sustainable development of the Company
- Linking the shareholder interest in value enhancement and profit distribution with corresponding performance incentives for the members of the Executive Board
- Competitiveness in the market for highly qualified managers
- Appropriateness and orientation towards tasks, responsibility and success of each individual member of the Executive Board, also in a relevant environment of comparable international companies, taking into account the typical practice in other large German companies
- Linking a significant part of the total remuneration to the achievement of demanding long-term performance targets
- Appropriate relationship between the amount of the fixed remuneration and the performance-related remuneration
- Adequacy in horizontal and vertical comparison

The remuneration system and the service contracts of the members of the Executive Board stipulate in particular,

- how the target total remuneration is determined for the individual members of the Executive Board and what amount the total remuneration may not exceed (maximum remuneration),
- the relative share of fixed remuneration on the one hand and short-term variable and long-term variable remuneration components on the other hand in the target total remuneration,
- which financial and non-financial performance criteria are decisive for the granting of variable remuneration components,
- what the relationship is between the achievement of the previously agreed performance criteria and the variable remuneration,
- in which form and when the member of the Executive Board can dispose of the variable remuneration amounts.

The remuneration system adopted by the Supervisory Board at the end of 2019 and approved by the 2020 and 2021 Annual General Meetings also contains a compliance malus and clawback provision. Accordingly, in the event of a serious breach by the beneficiary of the principles contained in the Company's Code of Conduct or of due diligence in the management of the Company during the assessment period of the corresponding variable remuneration components, the Company may reduce or cancel the payment amounts in full or demand their return in full or in part after payment. The Supervisory Board shall decide on this in each individual case at its due discretion and shall take into account in its decision in particular the severity of the violation as well as the amount of the financial or reputational damage caused thereby.

I. REMUNERATION OF THE EXECUTIVE BOARD IN FINANCIAL YEAR 2022

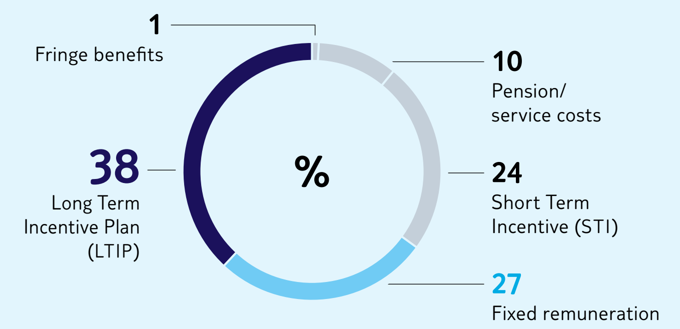
In financial year 2022, the remuneration of the Executive Board members consisted of: (1) a fixed remuneration, (2) a performance-related annual bonus as short-term incentive (STI), (3) virtual shares in TUI AG under the long-term incentive plan (LTIP), (4) fringe benefits and (5) pension benefits. The following table provides an overview of the individual components of the remuneration system for Executive Board members in effect and approved by the Annual General Meeting as well as the structure of the individual remuneration components. All information in the table is subject to the remuneration restrictions outlined under 'Remuneration Restrictions based on the Framework Agreement with the Economic Stabilisation Fund'.

Target total remuneration

TARGET

The target total remuneration of the members of the Executive Board was determined subject to the application of the remuneration restrictions arising from Framework Agreement II.

COMPOSITION OF THE TARGET TOTAL REMUNERATION OF ALL MEMBERS OF THE EXECUTIVE BOARD



€ '000	Fixed remuneration*	STI	LTIP
Friedrich Joussen	1,100.0	1,270.0	1,830.0
David Burling	680.0	500.0	920.0
Sebastian Ebel	680.0	500.0	920.0
Peter Krueger	600.0	465.0	765.0
Sybille Reiss	600.0	465.0	765.0
Frank Rosenberger	600.0	465.0	765.0

* Fixed amount, no cap applied.

(1) Fixed remuneration

TARGET

Fixed remuneration paid in twelve equal monthly instalments in arrears at the end of a month, taking into account the applicable tax and social security regulations.

Together with the other remuneration components, the fixed remuneration forms the basis for attracting and retaining the highly qualified members required for the development and implementation of the corporate strategy for the Executive Board.

INTRA-GROUP MANDATES

No separate remuneration / offset against fixed remuneration

EXTRA-GROUP MANDATES

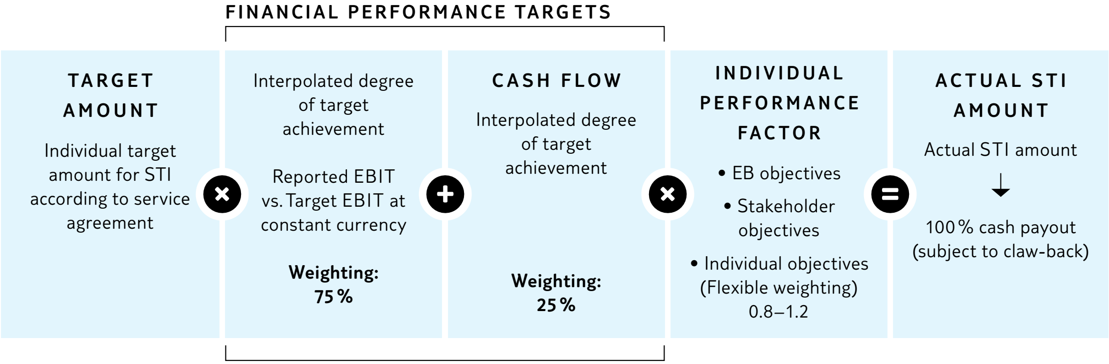
No offsetting against fixed remuneration, subject to approval by the Supervisory Board

(2) STI

TARGET

STI is designed to motivate members of the Executive Board to achieve demanding and challenging financial, operational and strategic goals during a financial year. The targets reflect the corporate strategy and are aimed at increasing the value of the Company. In particular, through the link to EBIT (reported), the one-year variable remuneration is linked to the achievement of a key Group performance indicator in the respective financial year.

DESCRIPTION STI



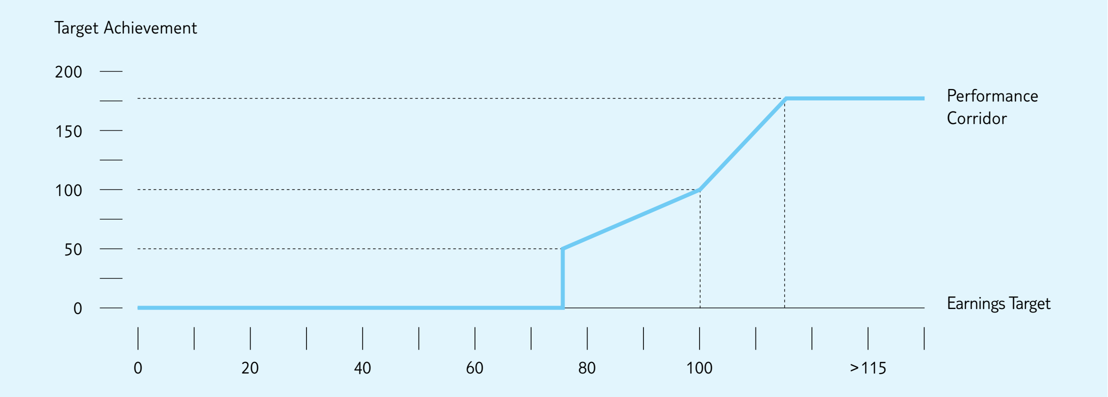
TARGET AMOUNT

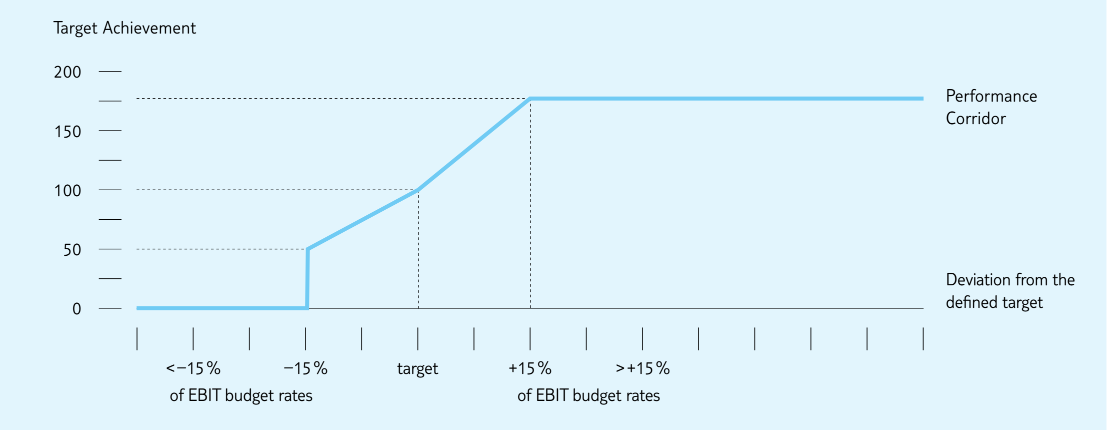
Contractually agreed, individual target amount

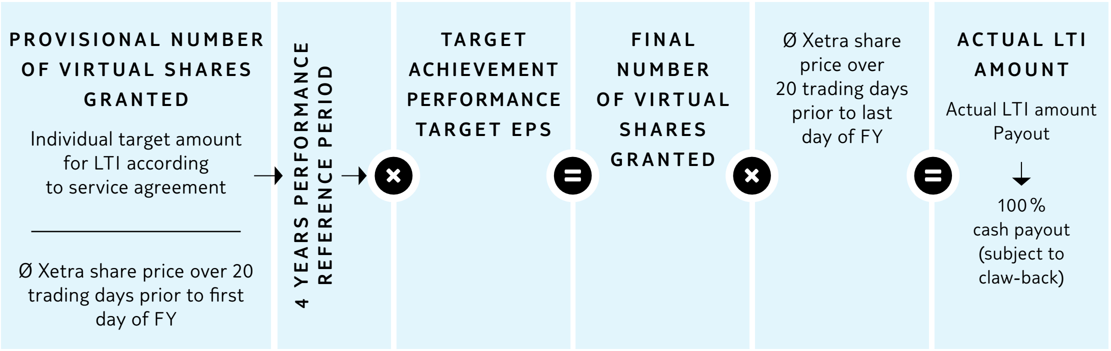
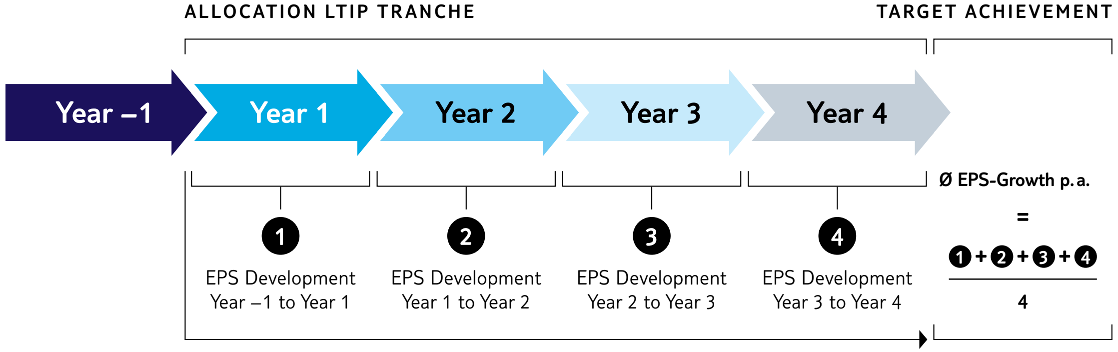
OVERALL TARGET ACHIEVEMENT

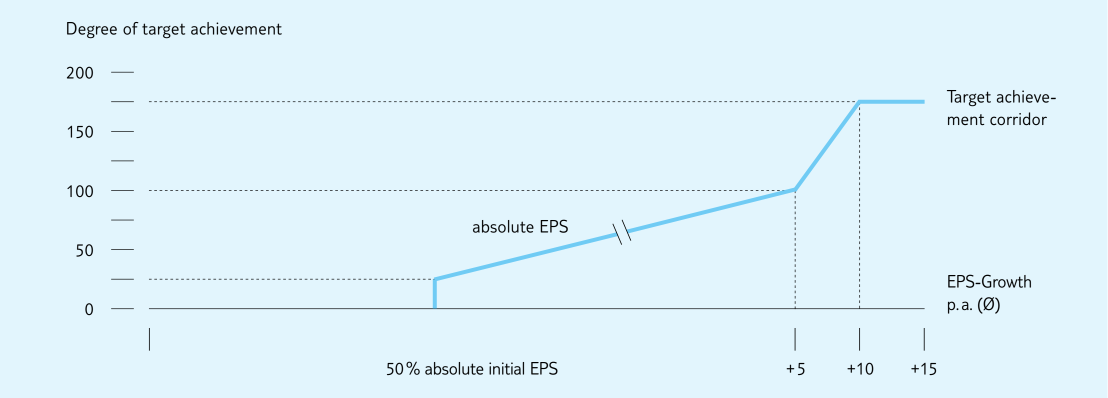
- Total target achievement of the financial ratios
- Interpolation: 0 % to 180 %
- Individual power: 0.8 to 1.2
- Adjustment element pursuant to section G.11 DCGK
- Compliance Claw-back

Group key figure 1

GROUP KEY FIGURE	EBIT (Reported)
TARGET ACHIEVEMENT	Actual vs. target value at constant currency
TARGET ACHIEVEMENT CORRIDOR	75 % to 115 %
PERFORMANCE CORRIDOR EBIT IN %	
WEIGHTING	75 %

Group key figure 2	GROUP KEY FIGURE	Cash flow before dividends
	TARGET ACHIEVEMENT	Target value against +/–15 % of EBIT to budget rates
	TARGET ACHIEVEMENT CORRIDOR	85 % to 115 %
	PERFORMANCE CORRIDOR CASH FLOW IN %	
	WEIGHTING	25 %
Individual performance	TARGET	For each financial year, the Supervisory Board sets performance criteria for the individual performance of the beneficiary, the performance of the entire Executive Board and the achievement of stakeholder goals, as well as their weighting in relation to each other. ESG goals are always taken into account here.
	TARGET ACHIEVEMENT CORRIDOR	0.8 to 1.2
(3) LTIP	TARGET	The Company's value and the value for the shareholders (shareholder value) are to be increased in the long term by setting ambitious targets that are closely linked to the Company's earnings, the share price development and the dividend. By linking earnings per share and share price performance, congruence is established between the interests and expectations of shareholders and the remuneration of the Executive Board. The performance period of four years helps to ensure that the actions of the Executive Board in the current financial year are also aligned with the long-term development of the Company.

	DESCRIPTION LTIP	
	TARGET AMOUNT	Contractually agreed, individual target amount
	OVERALL TARGET ACHIEVEMENT	• Interpolation: 0 % to 175 % • Adjustment: EPS < 0.50 € • Compliance Malus and Clawback
Group key figure	GROUP KEY FIGURE	EPS
	TARGET ACHIEVEMENT	EPS p.a. based on four weighted annual amounts
	ALLOCATION OF VIRTUAL SHARES	

	TARGET ACHIEVEMENT CORRIDOR	Ø 50 % Start EPS to Ø 10 % p. a.
	TARGET ACHIEVEMENT CORRIDOR EPS IN %	
Shares		• Allocation of a provisional number of virtual shares calculated from the quotient of the agreed individual target amount and the average Xetra share price of TUI AG for the twenty trading days prior to the first day of financial year. • The final number of virtual shares is calculated from the product of the preliminary number of virtual shares and the degree of target achievement of the key figures.
Payment		Multiplication of the final number of virtual shares by the average Xetra share price of TUI AG of the last twenty trading days in the respective performance period.

(4) Fringe benefits TARGET

The fringe benefits should be competitive in the market for highly qualified members of the Executive Board in order to attract and retain suitable candidates for the Company in the long term. Furthermore, an attractive working environment shall be created for the members of the Executive Board.

- For business trips, reimbursement of travel expenses
- Twice per financial year reimbursement of costs of a trip or individual travel components from programmes of tour operators in which TUI holds a majority stake (incl. discount for family members); only applies to the service agreements of Mr Joussen, Mr Burling, Mr Ebel and Mr Rosenberger; does not apply to the service agreements of Mr Krueger and Ms Reiss
- Discount of 75 % on flights with a TUI airline. Applies only to the service agreements of Mr Joussen, Mr Burling, Mr Ebel and Mr Rosenberger; does not apply to the service agreements of Mr Krueger and Ms Reiss
- Accident insurance
- Subsidy for health and long-term care insurance
- Criminal law protection and D&O insurance
- Company car / car allowance

(5) Maximum remuneration

TARGET

- CEO: € 7,500 k
- Other Executive Board: € 3,500 k
- Contractually defined upper limit for total remuneration (incl. fixed remuneration, STI, LTIP, Company pension scheme (bAV) and fringe benefits). If the contractually defined upper limit of the total remuneration is exceeded, the LTIP is reduced proportionately in the inflow. The contractually defined upper limit of the total remuneration corresponds to the respective maximum total remuneration for the members of the Executive Board determined by the Supervisory Board.

MAXIMUM REMUNERATION

€ '000	Fixed remuneration*	STI	LTIP	Maximum total remuneration
Friedrich Joussen	1,100.0	2,743.2	4,392.0	7,500.0
David Burling	680.0	1,080.0	2,208.0	3,500.0
Sebastian Ebel	680.0	1,080.0	2,208.0	3,500.0
Peter Krueger	600.0	1,004.4	1,836.0	3,500.0
Sybille Reiss	600.0	1,004.4	1,836.0	3,500.0
Frank Rosenberger	600.0	1,004.4	1,836.0	3,500.0

* Fixed amount, no cap applied.

(6) Severance payment cap in the event of early termination of contract

TARGET

- CEO: Severance payment limited to the value of two years' remuneration
- Other Executive Board members: Severance payment limited to the value of one year's remuneration
- No change of control clauses agreed

(7) Pension benefits

TARGET

The aim is to attract and retain the highly qualified members of the Executive Board necessary for the development and implementation of the corporate strategy. The pension benefits or the pension subsidy should be competitive in the market for highly qualified members of the Executive Board and offer them an appropriate level of benefits in retirement.

Contributions to the company pension scheme

- Mr Joussen: € 454.5 k per year. In the case of Mr Joussen, the resulting pension can be paid out when he reaches the age of 62.
- Mr Ebel: € 207.0 k per year. In the case of Mr Ebel, the resulting pension can be paid out when he reaches the age of 62.
- Mr Rosenberger: € 230.0 k per year. In the case of Mr Rosenberger, the resulting pension can be paid out when he reaches the age of 63.

Fixed annual payout amounts for the purpose of retirement benefits

- Mr Burling: € 225.0 k per year
- Mr Krueger: € 230.0 k per year
- Ms Reiss: € 230.0 k per year

I.1 PENSION PROVISIONS FOR THE CURRENT MEMBERS OF THE EXECUTIVE BOARD UNDER TUI AG'S PENSION SCHEME

Pension obligations for active members of the Executive Board in accordance with IAS 19 totalled € 13,235.3 k as at 30 September 2022 (previous year € 15,984.5 k). Of this amount, € 4,210.9 k (previous year € 5,762.4 k) related to entitlements earned by Mr Ebel in the framework of his work for TUI Group until 31 August 2006. The remaining entitlements were distributed as follows:

Pensions and the amounts spent or accrued for this purpose by the current members of the Executive Board under TUI AG's pension plan

	Addition to / reversal from pension provisions		Net present value	
€ '000	**2022**	2021	**30 Sep 2022**	30 Sep 2021
Friedrich Joussen	– 694.7	497.2	4,751.1	5,445.8
Sebastian Ebel	– 140.2	235.4	2,279.0	2,419.2
Frank Rosenberger	– 362.7	342.8	1,994.3	2,357.0
Total	**–1,197.6**	**1,075.4**	**9,024.4**	**10,222.0**

For the pension obligations of Mr Ebel and Mr Rosenberger, corresponding assets were transferred in each case to a trustee on a fiduciary basis in line with the contractual agreement in order to finance the pension rights and to secure them in case of a security event.

No changes to these commitments were made in financial year 2022.

I.2 BENEFITS IN THE EVENT OF PREMATURE TERMINATION OF BOARD MEMBERSHIP

The payments to be made to a member of the Executive Board in the event of premature termination of his employment contract without good cause are limited in principle in Mr Joussen's service agreement to the value of two years' remuneration (severance payment cap).

In the service agreements of Mr Burling, Mr Ebel, Mr Krueger, Ms Reiss and Mr Rosenberger, it is agreed that payments in the event of premature termination of their Executive Board activities without good cause may not exceed the value of one year's remuneration (severance payment cap).

For all members of the Executive Board, no more than the remaining term of the service agreement is compensated. For the calculation of the severance payment cap, the target direct remuneration (fixed remuneration, target amount of the STI and target amount of the LTIP) of the past financial year and, if applicable, also the expected target direct remuneration for the current financial year are taken into account. If the service contract is terminated for cause, the members of the Executive Board do not receive any benefits.

If the appointment of a member of the Executive Board is revoked, the respective service agreement shall also end. If the revocation is not based on a reason which at the same time constitutes an important reason for termination of the service agreement without notice, the service agreement shall end upon expiry of a period of expiry. This expiry period is generally twelve months. An expiry period of 24 months was agreed with Mr Joussen.

In the event of premature termination of the service contract, the STI and the payments from the LTIP are regulated as follows:

- STI:
  - If the service agreement is terminated by the Company before the end of the one-year performance period for good cause for which the member of the Executive Board is responsible, or if the member of the Executive Board resigns without good cause, the entitlement to an annual bonus for the performance period in question shall lapse without replacement or compensation.
  - In all other cases of early termination of the service agreement before the end of the one-year performance period, the STI shall be paid pro rata temporis.

- LTIP:
  - Claims under the LTIP shall lapse without replacement or compensation for all tranches not yet disbursed if the service agreement is terminated by TUI AG before the end of the performance period for cause for which the Executive Board member is responsible or by the Executive Board member without cause.
  - If the service agreement ends before the end of the performance period for other reasons, the entitlements under the LTIP for tranches not yet paid out are retained. The tranche for the current financial year is reduced pro rata temporis. The amount to be paid out is determined in the same way as in the case of a continuation of the service agreement.

It was agreed with Mr Joussen and Mr Burling that they may unilaterally resign from their positions as members of the Executive Board from 1 June 2022 with three months' notice to 30 September 2022, whereby the STI and LTIP would be paid out in accordance with the service agreement and would not lapse. In the event of Mr Joussen or Mr Burling exercising this right of resignation, an expiry period of 24 and 9 months respectively was agreed for the respective service agreement. On 24 June 2022, Mr Joussen exercised his right of resignation from his office as member of the Executive Board of TUI AG ahead of schedule as per 30 September 2022. During the expiry period of 24 months, TUI AG has agreed to process the service agreement in accordance with the service agreement until the termination date. Mr Burling did not exercise his right of resignation.

TUI AG shall be entitled to release the members of the Executive Board in connection with a termination of the service agreement, in particular following a termination of this service agreement, irrespective of the party declaring which such termination, or following the conclusion of a termination agreement, in whole or in part from the obligation to perform work with continued payment of remuneration. The release shall initially be irrevocable for the duration of any outstanding holiday entitlements, which are thereby settled. Subsequently, the release shall be maintained until the termination of the service agreement. It is revocable if there are questions in connection with the settlement of the employment relationship or if a temporary activity becomes necessary for operational reasons.

The rest of the service agreement is not affected by this. The service agreements of the members of the Executive Board do not contain any change of control clauses.

I.3 BENEFITS AND BENEFIT COMMITMENTS TO MEMBERS OF THE EXECUTIVE BOARD WHO HAVE LEFT THE EXECUTIVE BOARD IN FINANCIAL YEAR 2022

In financial year 2022, no members resigned from TUI AG's Executive Board.

II REMUNERATION RESTRICTIONS BASED ON THE FRAMEWORK AGREEMENT WITH THE ECONOMIC STABILISATION FUND

Principle

On 4 January 2021, TUI AG concluded a framework agreement with the Economic Stabilisation Fund (Wirtschaftsstabilisierungsfonds – WSF) on the granting of stabilisation measures, which sets out various requirements for the remuneration of Executive Board members during the utilisation of stabilisation measures (Framework Agreement II). According to this agreement, any member of the Executive Board already appointed on 31 December 2019 may not receive any remuneration in excess of the basic remuneration of this member of the Executive Board as at 31 December 2019 (including any Group remuneration in the event of dual employment at another Group Company), as long as at least 75 % of the stabilisation measure has not been repaid. The framework agreement also stipulates that, as long as TUI AG makes use of the stabilisation measure, it will not grant and thus not constitute any bonuses, other variable or comparable remuneration components or special payments in the form of share packages, bonuses or other separate remuneration in addition to the fixed salary, other remuneration components and benefits at the discretion of the Company or severance payments not required by law to members of the Executive Board 'including any Group remuneration'.

For members of the Executive Board who are appointed as members of the Executive Board at the time the stabilisation measure is granted or thereafter, the upper limit shall be the basic remuneration of members of the Executive Board with the same level of responsibility as at 31 December 2019.

Procedure

TUI AG has agreed corresponding amendments to the service agreements with all Executive Board members, adjusting the benefits generally promised under the remuneration system to the remuneration restrictions agreed with the Economic Stabilisation Fund.

Due to the corresponding amendment of the service agreements and the waivers of the Executive Board members, TUI AG deviates from the remuneration system in place in financial year 2022 with regard to the Short Term Incentive (STI) and the Long Term Incentive Plan (LTIP). The deviation is in the interest of TUI AG and is a prerequisite for TUI AG to be able to take advantage of stabilisation measures in accordance with the Economic Stabilisation Fund Act, if required. Apart from that, there were no deviations from the current remuneration system in financial year 2022.

III OVERVIEW: INDIVIDUAL REMUNERATION OF THE MEMBERS OF THE EXECUTIVE BOARD

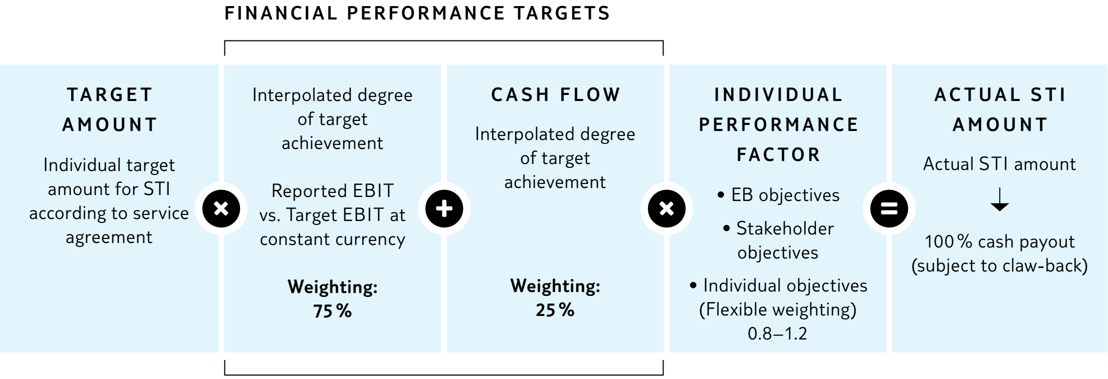
III.1 ACHIEVEMENT OF TARGETS

The following describes how the performance criteria were applied and the targets for the variable remuneration components were achieved in financial year 2022.

III.1.1 STI

The multiplication of the target amounts with the weighted target achievement levels for EBIT and cash flow and the individual performance factor results in the amount taken into account for the payment of the STI per member of the Executive Board.

Description STI



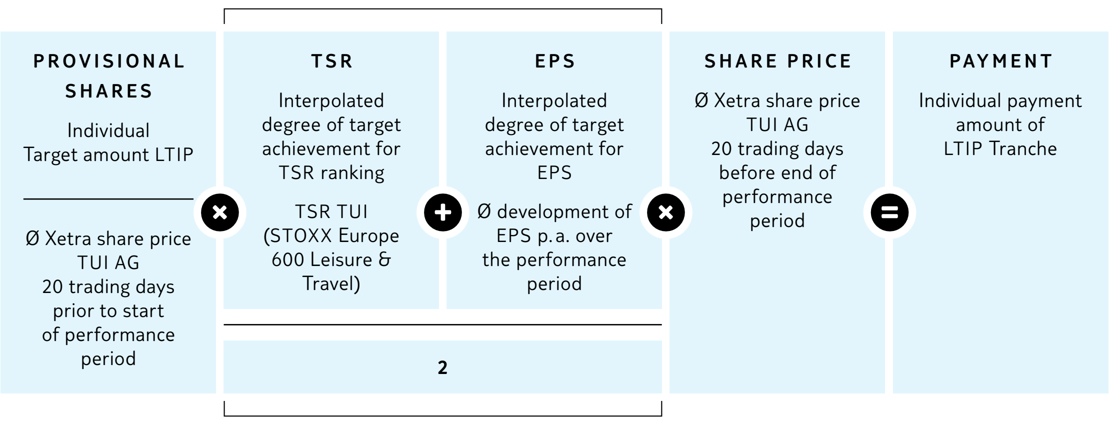
With regard to STI's individual performance factor for financial year 2022, the Supervisory Board decided before the start of financial year 2022 to defer the individual targets in favour of the overall Executive Board targets against the background of the Company-wide transformation process. Thus, the further implementation of the transformation through the simplification of the system landscape was a key target. Operationally, the focus was on expanding the range and variety of products, but also on the automation and analysis of processes.

In addition, the members of the Executive Board have been given ESG targets. These include the development of a pilot project to create a sustainable destination and the implementation of strategic targets of a new sustainability agenda. Due to remuneration restrictions, the Supervisory Board has refrained from determining target achievement for EBIT (reported) and cash flow. The effects of the COVID-19 pandemic, which in the meantime has led to significant restrictions in business operations and to far-reaching disruptions in air traffic, as well as the impact of the sustained increase in inflation, have led to the achievement of the two performance targets in financial year 2022 being impaired, despite a significant recovery in booking numbers compared to the previous year and restrictive cost management. In principle, around 74 % of the EBIT (reported) target for the financial year 2022 and 66 % of the cash flow target would have been achieved. As a result of the remuneration restrictions, there is no granted and owed remuneration within the meaning of Section 162 para. 1 sentence 1, sentence 2 no. 1 AktG from the STI for financial year 2022.*

In applying the remuneration restrictions, the Supervisory Board accordingly waived the determination of the individual performance factor. With the immense amount of work of the Executive Board members once again had to deliver due to the extraordinary challenges of financial year 2022, they demonstrated above-average commitment and dedication, while remaining focused on the agreed targets. In its discussions, the Supervisory Board agreed that the entire Executive Board did an excellent job in financial year 2022 in a persistently challenging environment. The balance sheet was further stabilised through very stringent cash management, massive cost reductions and the development of extensive sources of financing. The Supervisory Board expressly acknowledges this extraordinary performance.

III.1.2 LTIP

The payment of the LTIP tranche 2019 – 2022 is governed by the provisions of the remuneration system, which came into effect retroactively as of 1 October 2017.



The LTIP tranche was based on an average TUI AG share price of € 9.87 at the time of allocation. At the end of the performance period, TUI AG's average stock price was € 1.509. Due to the degree of target achievement of TUI AG's TSR rank compared with the TSR values of the companies in the STOXX Europe 600 Travel & Leisure over the performance period, the target achievement for LTIP was 0 %. EPS also failed to reach a level of target achievement that would generally lead to a payout. Although the EPS was below the € 0.50 mark for financial years 2020, 2021 and 2022, at which point the Supervisory Board is to set new absolute target values for the EPS as well as minimum and maximum values for determining the percentage target achievement in accordance with the relevant remuneration system. As a result, however, the remuneration restrictions of Framework Agreement II would not allow a payout. The Supervisory Board has therefore decided not to set any new absolute target values for the EPS and no minimum and maximum values for determining the percentage target achievement for the LTIP tranche 2019 – 2022. For the LTIP tranche 2019 – 2022, there is no remuneration granted and owed in December 2022 within the meaning of Section 162 para. 1 sentence 1, sentence 2 no. 1 AktG.*

III.2 LOANS OR ADVANCES

No loans or advances were granted to the members of the Executive Board in financial year 2022, as in the previous year and the previous years.

III.3 APPLICATIONS

III.3.1 'REMUNERATION GRANTED AND OWED' WITHIN THE MEANING OF SECTION 162 (1) SENTENCE 1 AKTG IN FINANCIAL YEAR 2022

Pursuant to Section 162 para. 1 sentence 1, sentence 2 no. 1 AktG, all fixed and variable remuneration components 'granted and owed' to the individual members of the Executive Board in financial year 2022 must be disclosed. The values stated for both the STI and the LTIP for financial year 2022 refer to the remuneration components 'granted and owed' in the respective financial year pursuant to Section 162 (1) sentence 1 AktG. They thus include all benefits earned in the respective financial year. The value of the STI therefore corresponds to the amount for the STI for financial year 2022, which would not be paid out until financial year 2023 in accordance with the service agreement. The value of the LTIP tranche 2019 – 2022 therefore corresponds in value to the amount for the LTIP whose four-year term ended on 30 September 2022, but which would not be paid out until the 2023 financial year in accordance with the service agreement.

In the previous year, the term 'remuneration granted and owed' within the meaning of Section 162 para. 1 sentence 1, sentence 2 no. 1 AktG was defined differently. According to this definition, the remuneration granted and owed included the benefits actually received in the respective financial year, regardless of financial year for which they would have been received by the members of the Executive Board. The value of the STI therefore corresponded to the amount for the STI from the 2020 financial year, which would not have been paid out until the 2021 financial year in accordance with the service agreements. The value of the 2017 – 2020 LTIP tranche therefore corresponded in terms of value to the amount for the LTIP whose four-year term ended on 30 September 2020, but which would not have been paid out until the 2021 financial year in accordance with the service agreements. The change in definition is based on the use of an option resulting from a clarification by the Institute of Public Auditors (Institut der Wirtschaftsprüfer). The change in definition had no effect on the disclosure of the amount of Executive Board remuneration, as no variable remuneration components were paid out due to the remuneration restrictions.

* The definition of the remuneration granted and owed within the meaning of Section 162 para. 1 sentence 1, sentence 2 no. 1 AktG can be found in Section III. 3.1.

Remuneration 'granted and owed remuneration' pursuant to section 162 (1) sentence 1 AktG

	Friedrich Joussen, CEO, since 14 February 2013[1]				David Burling, Member of the Executive Board, since 1 June 2015				Sebastian Ebel, Member of the Executive Board, since 12 December 2014			
	€ '000 2021	in %[2]	**€ '000 2022**	**in %[2]**	€ '000 2021	in %[2]	**€ '000 2022**	**in %[2]**	€ '000 2021	in %[2]	**€ '000 2022**	**in %[2]**
Fixed remuneration	1,100.0	63.0	1,100.0	63.6	680.0	73.4	680.0	73.6	680.0	70.2	680.0	70.7
Fringe benefits[3]	52.1	3.0	57.6	3.3	21.1	2.3	19.2	2.1	18.0	1.9	18.0	1.9
Total	**1,152.1**	**66.0**	**1,157.6**	**66.9**	**701.1**	**75.7**	**699.2**	**75.7**	**698.0**	**72.0**	**698.0**	**72.6**
STI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LTIP												
LTIP Tranche (2018–2021)	0.0	0.0			0.0	0.0			0.0	0.0		
LTIP Tranche (2019–2022)			0.0	0.0			0.0	0.0			0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claw Back according to §162 para. 1 sen. 2 no. 4 AktG[4]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**1,152.1**	**66.0**	**1,157.6**	**66.9**	**701.1**	**75.7**	**699.2**	**75.7**	**698.0**	**72.0**	**698.0**	**72.6**
Pension/service costs[5]	592.7	34.0	571.6	33.1	225.0	24.3	225.0	24.3	271.1	28.0	263.5	27.4
Total remuneration	**1,744.8**	**100.0**	**1,729.2**	**100.0**	**926.1**	**100.0**	**924.2**	**100.0**	**969.1**	**100.0**	**961.5**	**100.0**

[1] Member of the Executive Board since 15 October 2012 until 30 September 2022; Co-Chairman of the Executive Board from 9 December 2014 to 9 February 2016.
[2] The relative shares stated here refer to the remuneration components 'granted and owed' in the respective financial year in accordance with section 162 (1) sentence 1 AktG. They thus include all benefits actually granted in the respective financial year, irrespective of the financial year for which they were paid to the Executive Board members. The relative shares are therefore not comparable with the relative shares in the description of the remuneration system pursuant to section 87a (1) no. 3 AktG, which will be submitted to the Annual General Meeting together with this Remuneration Report. The shares stated in the remuneration system refer to the respective target values.
[3] Without insurance from group contracts.
[4] The service agreements of the members of the Executive Board include – in accordance with the remuneration system adopted by the Supervisory Board in December 2019 – a compliance malus and clawback provision. In financial year 2022 TUI AG did not use this provision.
[5] For Mr Joussen, Mr Ebel and Mr Rosenbeger service costs according to IAS 19, therefore not constituting 'awarded and owed' remuneration' within the meaning of section 162 (1) sentence 1 AktG. For Mr Burling, Mr Krueger and Mrs Reiss payments for pension contribution and therefor part of 'awarded and owed' remuneration within the meaning of Section 162 (1) sentence 1 AktG.
[6] Member of the Executive Board until 31 October 2022.

Table continues on next page

Continued from previous page

Remuneration 'granted and owed remuneration' pursuant to section 162 (1) sentence 1 AktG

	Peter Krueger Member of the Executive Board, since 1 January 2021				**Sybille Reiss** Member of the Executive Board, since 1 July 2021				**Frank Rosenberger** Member of the Executive Board, since 1 January 2017[6]			
	€ '000 2021	in %[2]	**€ '000 2022**	**in %[2]**	€ '000 2021	in %[2]	**€ '000 2022**	**in %[2]**	€ '000 2021	in %[2]	**€ '000 2022**	**in %[2]**
Fixed remuneration	450.0	70.8	600.0	70.8	150.0	70.8	600.0	70.8	600.0	59.2	600.0	60.8
Fringe benefits[3]	13.5	2.1	18.0	2.1	4.5	2.1	18.0	2.1	30.5	3.0	25.2	2.6
Total	**463.5**	**72.9**	**618.0**	**72.9**	**154.5**	**72.9**	**618.0**	**72.9**	**630.5**	**62.3**	**625.2**	**63.3**
STI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LTIP												
LTIP Tranche (2018–2021)									0.0	0.0		
LTIP Tranche (2019–2022)											0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claw Back according to § 162 para. 1 sen. 2 no. 4 AktG[4]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**463.5**	**72.9**	**618.0**	**72.9**	**154.5**	**72.9**	**618.0**	**72.9**	**630.5**	**62.3**	**625.2**	**63.3**
Pension/service costs[5]	172.5	27.1	230.0	27.1	57.5	27.1	230.0	27.1	382.2	37.7	362.3	36.7
Total remuneration	**636.0**	**100.0**	**848.0**	**100.0**	**212.0**	**100.0**	**848.0**	**100.0**	**1,012.7**	**100.0**	**987.5**	**100.0**

1 Member of the Executive Board since 15 October 2012 until 30 September 2022; Co-Chairman of the Executive Board from 9 December 2014 to 9 February 2016.

2 The relative shares stated here refer to the remuneration components 'granted and owed' in the respective financial year in accordance with section 162 (1) sentence 1 AktG. They thus include all benefits actually granted in the respective financial year, irrespective of the financial year for which they were paid to the Executive Board members. The relative shares are therefore not comparable with the relative shares in the description of the remuneration system pursuant to section 87a (1) no. 3 AktG, which will be submitted to the Annual General Meeting together with this Remuneration Report. The shares stated in the remuneration system refer to the respective target values.

3 Without insurance from group contracts.

4 The service agreements of the members of the Executive Board include – in accordance with the remuneration system adopted by the Supervisory Board in December 2019 – a compliance malus and clawback provision. In financial year 2022 TUI AG did not use this provision.

5 For Mr Joussen, Mr Ebel and Mr Rosenbeger service costs according to IAS 19, therefore not constituting 'awarded and owed' remuneration' within the meaning of section 162 (1) sentence 1 AktG. For Mr Burling, Mr Krueger and Mrs Reiss payments for pension contribution and therefor part of 'awarded and owed' remuneration within the meaning of Section 162 (1) sentence 1 AktG.

6 Member of the Executive Board until 31 October 2022.

III.3.2 COMPLIANCE WITH THE MAXIMUM REMUNERATION AS REMUNERATION CAPS

For financial year 2022, in addition to the maximum amounts for the one-year and multi-year variable remuneration, a maximum amount for the remuneration for financial year as a whole (including fringe benefits and pension commitment) is provided for in accordance with Section 87a para. 1 sentence 2 no. 1 AktG. This maximum remuneration is €7.5 m for the Chairman of the Executive Board and €3.5 m for an ordinary member of the Executive Board and relates to the remuneration granted for a financial year. If the remuneration for financial year 2022 exceeds the aforementioned maximum limit, the LTIP will be reduced accordingly. As the multi-year variable remuneration component is not available until the third year after the end of the reporting year due to the four-year performance period, compliance with the maximum remuneration for financial year 2022 can only be reported conclusively as part of the Remuneration Report for financial year 2025.

III.3.3 COMPARISON OF THE ANNUAL CHANGE IN THE REMUNERATION OF THE MEMBERS OF THE EXECUTIVE BOARD WITH THE DEVELOPMENT OF EARNINGS AND THE AVERAGE REMUNERATION OF EMPLOYEES OF TUI AG

The following table shows a comparison of the percentage change in the remuneration of the Executive Board members with the development of TUI AG's earnings and with the average remuneration of employees on a full-time equivalent basis as against the previous financial year.* The remuneration of the Executive Board members included in the table reflects the benefits earned in the respective financial year. For active members of the Executive Board, these values for financial year 2022 correspond to the values stated in the table 'Remuneration granted and owed within the meaning of Section 162 (1) sentence 1 AktG'.

As a matter of principle, the development of earnings is presented on the basis of the development of TUI AG's net profit for the year in accordance with Section 275 (2) no 17 of the German Commercial Code (HGB). Since the remuneration of the Executive Board members also depends to a significant extent on the development of Group key figures, TUI Group's earnings trend also includes the development of TUI Group's underlying EBIT shown in the consolidated financial statements for financial years 2020, 2021 and 2022 and TUI Group's underlying EBITA shown in the consolidated financial statements for financial years 2017 to 2019.

The comparison with the development of average employee remuneration is based on the average remuneration of TUI AG's workforce. Since the employee and remuneration structures in the subsidiaries are diverse, in particular in the case of employees abroad, it is appropriate to base the comparison of the development of average remuneration only on TUI AG's workforce. This comparative group was also used to review the appropriateness of the remuneration of the Executive Board members. The remuneration of all employees, including executive employees within the meaning of Section 5 (3) German Works Council Constitution Act (Betriebsverfassungsgesetz – BetrVG), was taken into account. Where employees also received remuneration as members of TUI AG's Supervisory Board, this remuneration was not taken into account. In order to ensure comparability, the remuneration of part-time employees was extrapolated to full-time equivalents.

*Pursuant to Section 26j, (2), sentence 2 of the Introductory Act to the Stock Corporation Act (EGAktG), a comparison of the average remuneration of employees on a full-time equivalent basis over the last five financial years pursuant to Section 162, (1), sentence 2, no. 2 of the German Stock Corporation Act (AktG) is not yet to be included in the Remuneration Report.

Comparison of annual change to Executive Board remuneration according to section 162 para. 1 no. 2 AktG

Annual change (in %)	2022 vs. 2021[6]	2021 vs. 2020	2020 vs. 2019	2019 vs. 2018	2018 vs. 2017
Executive Board remuneration[1]					
Friedrich Joussen	0	5	–1	–74	31
David Burling	0	7	–8	–55	14
Sebastian Ebel	0	4	–2	–58	30
Peter Krueger[7]	33				
Sybille Reiss[7]	300				
Frank Rosenberger	–1	5	–1	–45	36
Horst Baier (CFO until 30 September 2018)[2]	0	5	10	–73	8
Birgit Conix (CFO until 31 December 2020)	–100	–32	–4	144	
Dr Elke Eller (CHRO until 30 June 2021)	–97	–1	0	–48	9
Earnings performance					
TUI AG[3]	–177	30	–1,994	–88	33
TUI Group[4]	120	69	–435	–22	4
Average employee remuneration on FTE basis					
Company employees[5]	10	6	–2		

1 Remuneration granted and owed within the meaning of section 162 (1) sentence 1 AktG (fixed remuneration, STI, LTIP, fringe benefits and fixed annual pension payment for Mr Burling, Mr Krueger and Ms Reiss). In addition to the active members of the Executive Board, those former Executive Board members were taken into account who still received remuneration from their active activities within the comparison period.

2 Mr Baier received a payout from his pension plan in financial years 2019 to 2022. In financial year 2021, he received a final payout from the remuneration granted and owed from the 2017 – 2020 LTIP tranche.

3 Annual result within the meaning of section 275 para 2 no. 17 HGB.

4 Underlying EBIT of TUI Group for financial years 2022, 2021 and 2020. For financial years 2017 to 2019, underlying EBITA of TUI Group.

5 Due to the achievement of the company's targets, a higher bonus is paid out this year than last year.

6 The comparison for financial years 2021 and 2022 was based on the amended definition of remuneration granted and owed pursuant to section 162 (1) no. 2 AktG.

7 Pro rata remuneration in financial year 2021.

REVIEW OF THE APPROPRIATENESS OF EXECUTIVE BOARD REMUNERATION AND PENSIONS

The Supervisory Board conducted the annual review of the Executive Board remuneration and pensions for financial year 2022. It came to the conclusion that the amount of the Executive Board remuneration and the pensions are appropriate from a legal point of view pursuant to Section 87 (1) of the German Stock Corporation Act (AktG).

For the assessment of the appropriateness of the Executive Board remuneration and pensions, the Supervisory Board also regularly calls on external advice. This involves assessing the relationship between the amount and structure of Executive Board remuneration and the remuneration of senior management and the workforce as a whole from an external perspective (vertical comparison). In addition to a status quo analysis, the vertical comparison also takes into account the development of remuneration ratios over time. Secondly, the remuneration level and structure are assessed on the basis of TUI AG's positioning in a comparative market (horizontal comparison). The comparative market consists of a combination of DAX and MDAX companies falling within the scope of the German Stock Corporation Act (AktG), belonging to related sectors or having comparable core characteristics and being of a similar size. In addition to the fixed remuneration, the horizontal comparison also includes the short- and long-term remuneration components as well as the amount of the Company pension plan.

Companies for the assessment of the appropriateness of Executive Board remuneration (as at 30 September 2022)

Company	Stock market segment	Company	Stock market segment
Adidas AG	DAX	Infineon Technologies AG	DAX
Aixtron SE	MDAX	K+S AG	MDAX
Aurubis AG	MDAX	KION GROUP AG	MDAX
BASF SE	DAX	LANXESS AG	MDAX
Bayer AG	DAX	LEG Immobilien AG	MDAX
Bechtle AG	MDAX	Mercedes-Benz AG	DAX
Beiersdorf AG	DAX	Merck KGaA	DAX
Brenntag AG	DAX	MTU Aero Engines AG	DAX
Carl Zeiss Meditec AG	MDAX	Nemetschek SE	MDAX
Continental AG	DAX	ProSiebenSat.1 Media SE	MDAX
Covestro AG	DAX	PUMA SE	DAX
CTS Eventim AG & Co. KGaA	MDAX	QIAGEN N.V.	DAX
Delivery Hero AG	MDAX	Rheinmetall AG	MDAX
Deutsche Lufthansa AG	MDAX	RTL Group SA	MDAX
Deutsche Post AG	DAX	RWE AG	DAX
Deutsche Telekom AG	DAX	SAP SE	DAX
Deutsche Wohnen AG	MDAX	Scout24 AG	MDAX
Dürr AG	MDAX	Siemens AG	DAX
ENCAVIS AG	MDAX	Siemens Healthineers AG	DAX
E.ON SE	DAX	Siltronic AG	MDAX
Evonik Industries AG	MDAX	Software AG	MDAX
Evotec AG	MDAX	Stabilus SE	MDAX
Fraport AG	MDAX	Ströer SE & Co. KGaA	MDAX
freenet AG	MDAX	Symrise AG	DAX
Fresenius Medical Care AG & Co KGaA	DAX	TAG Immobilien AG	MDAX
Fresenius SE & Co KGaA	DAX	TeamViewer AG	MDAX
Fuchs Petrolub SE	MDAX	Telefónica Deutschland Holding AG	MDAX
GEA Group AG	MDAX	ThyssenKrupp AG	MDAX
Gerresheimer AG	MDAX	United Internet AG	MDAX
HeidelbergCement AG	DAX	Volkswagen AG	DAX
HelloFresh SE	MDAX	Vonovia SE	DAX
Henkel AG & Co KGaA	DAX	Wacker Chemie AG	MDAX
Hugo Boss AG	MDAX	Zalando SE	DAX

Against the backdrop of the remuneration restrictions and the resulting elimination of the payment of variable remuneration components, the Supervisory Board did not commission a corresponding expert opinion on the appropriateness of the remuneration level for members of the Executive Board for financial year 2022. As in financial years 2019, 2020 and 2021, the remuneration was significantly below that of financial year 2018, the appropriateness of which was again assessed and confirmed. The amount of the remuneration granted and owed, which for financial year 2022 consists only of fringe benefits and pension contributions in addition to the fixed remuneration, was largely known to the Annual General Meeting whichh approved the remuneration system in financial year 2021 and the 2021 Remuneration Report in financial year 2022.

III.3.4 BENEFITS TO FORMER MEMBERS OF THE EXECUTIVE BOARD

For former members of the Executive Board and their surviving dependents, total pension payments in financial year 2022 amounted to € 6,248.9 k (previous year € 6,074.2 k). Of this amount, € 917.5 k was attributable to Michael Frenzel, who left the Executive Board on 31 March 2014, and € 1,003.6 k to Horst Baier, who left the Executive Board on 30 September 2018, in financial year 2022. The remaining payments related to former members of the Executive Board who left TUI AG's Executive Board more than ten years ago.

At the balance sheet date, pension provisions for former members of the Executive Board and their surviving dependants totalled € 62,985.5 k (previous year € 71,766.5 k) measured in accordance with IAS 19 – excluding Mr Ebel's entitlements of € 4,210.9 k (previous year € 5,762.4 k) earned in the framework of his service for TUI Group before 31 August 2006.

TUI AG and Dr Eller agreed on the premature termination of the Executive Board mandate and the Labour Director mandate as per 30 June 2021. On the occasion of the termination, TUI AG concluded a termination agreement with Dr Eller. The subject matter of the termination agreement included the continuation of the employment contract until the end of the regular termination date, i. e. until 14 October 2021. TUI AG has agreed to Dr Eller that it would continue to pay her remuneration in accordance with the service agreement until the termination date of the service agreement. TUI AG also continued to make contributions to the Company pension scheme until that date. In financial year 2022, Dr Eller was thus entitled to a pro rata fixed remuneration of around € 26.4 k.

Supervisory Board and Supervisory Board Remuneration

CONFIRMATION OF THE REMUNERATION SYSTEM BY THE SHAREHOLDERS

According to the German Stock Corporation Act (AktG) in the version of the SRD II, the Annual General Meeting of a listed Company must resolve on the remuneration of the members of the Supervisory Board at least every four years. A resolution confirming the existing remuneration is also permissible. The resolution must comply with new formal requirements. Such a resolution was passed by the Annual General Meeting on 25 March 2021. The remuneration system for the members of the Supervisory Board was approved by 99.7 % and thus adopted. In addition, the Remuneration Report prepared and audited in accordance with Section 162 of the German Stock Corporation Act (AktG) for financial year ended 30 September 2021 was approved by the shareholders of TUI AG on 08 February 2022 with 98.72 %.

COMPOSITION OF THE SUPERVISORY BOARD

In accordance with the Articles of Association, the Supervisory Board of TUI AG comprises a total of 20 members. At the Annual General Meeting on 8 February 2022, there were no new or renewed mandates to be filled by shareholder representatives.

Ms Carola Schwirn resigned from the Supervisory Board at the end of 28 February 2022. By court appointment on 1 April 2022, Ms Sonja Austermühle was appointed as a member of the Supervisory Board as an employee representative.

On 2 March 2022, Mr Mordashov notified the Company that he was resigning from his mandate as a member of TUI AG's Supervisory Board with immediate effect. On 3 March 2022, Mr Vladimir Lukin also notified us that he was resigning from his mandate as shareholder representative on TUI AG's Supervisory Board with immediate effect. Ms Helena Murano and Mr Christian Baier were appointed as members of TUI AG's Supervisory Board by court order on 31 May 2022 to fill the vacancies. The applications for court appointment were each submitted until the next ordinary Annual General Meeting.

Composition of the Supervisory Board

Dr Dieter Zetsche	Member since 13 February 2018 Chairman
Frank Jakobi*	Member since 15 August 2007 Vice-Chairman
Ingrid-Helen Arnold	Member since 11 February 2020
Sonja Austermühle*	Member since 1 April 2022
Christian Baier	Member since 31 May 2022
Andreas Barczweski*	Member since 10 May 2006
Peter Bremme*	Member since 2 July 2014
Dr Jutta Dönges	Member since 25 March 2021
Prof. Dr Edgar Ernst	Member since 9 February 2011
Wolfgang Flintermann*	Member since 13 June 2016
María Garaña Corces	Member since 11 February 2020
Stefan Heinemann*	Member since 21 July 2020
Janina Kugel	Member since 25 March 2021
Helena Murano	Member since 31 May 2022
Mark Muratovic*	Member since 25 March 2021
Vladimir Lukin	Member from 12 February 2014 to 28 October 2014 and from 5 June 2019 to 3 March 2022
Coline McConville	Member since 11 December 2014
Alexey Mordashov	Member since 9 February 2016 to 2 March 2022
Carola Schwirn*	Member since 1 August 2014 to 28 February 2022
Anette Strempel*	Member since 2 January 2009
Joan Trían Riu	Member since 12 February 2019
Tanja Viehl*	Member since 25 March 2021
Stefan Weinhofer*	Member since 9 February 2016

* Employee representatives.

I REMUNERATION OF THE SUPERVISORY BOARD IN FINANCIAL YEAR 2022

The rules and remuneration of the members of the Supervisory Board are set out in Section 18 of TUI AG's Articles of Association, permanently accessible to the public on the internet. Supervisory Board remuneration is reviewed at appropriate intervals. It takes account of the expected time commitment for the mandate and the practice in companies of a comparable size, industry and complexity.

(1) Fixed remuneration Supervisory Board

TARGET

The aim is to attract and retain highly qualified members of the Supervisory Board. This will promote the efficiency of the Supervisory Board's work and the long-term development of TUI AG.

- Chairman: € 270.0 k
- Vice-Chairman: € 180.0 k
- Member: € 90.0 k
- In each case plus the value-added tax on the remuneration

In accordance with the provisions of TUI AG's Articles of Association, retired members of the Supervisory Board shall receive (pro rata temporis) fixed remuneration from TUI AG for the last time immediately after the end of financial year in which they resigned for the duration of their membership of TUI AG's Supervisory Board. After the final payment of the (pro rata temporis) fixed remuneration, retired members of the Supervisory Board shall no longer receive any remuneration from TUI AG for their former Supervisory Board activities.

(2) Fixed remuneration Committees

PRESIDING COMMITTEE

- Chairman: € 42.0 k
- Member: € 42.0 k

AUDIT COMMITTEE

- Chairman: € 126.0 k
- Member: € 42.0 k

STRATEGY COMMITTEE*

- Chairman: € 84.0 k
- Member: € 42.0 k

NOMINATING COMMITTEE

- None

TRANSACTION COMMITTEES

- None

* The Strategy Committee was dissolved at the end of financial year 2022. Accordingly, the committee remuneration for the Strategy Committee will not be received for the following years.

(3) Attendance fees

- Supervisory Board: € 1.0 k per meeting
- Presiding Committee: € 1.0 k per meeting
- Audit Committee: € 1.0 k per meeting
- Strategy Committee: € 1.0 k per meeting
- Nomination Committee: € 1.0 k per meeting
- Transaction Committees: none

(4) Maximum remuneration

Since the remuneration of the members of the Supervisory Board does not consist of variable but exclusively of fixed components, there is no need to determine a maximum total remuneration for the members of the Supervisory Board. The provisions of the German Stock Corporation Act (AktG) in the version of the SRD II expressly provide for the determination of a maximum remuneration only for the members of the Executive Board, but not for the members of the Supervisory Board.

(5) D&O

OBJECTIVE

In addition, the members of the Supervisory Board are included in a pecuniary damage liability insurance policy (so-called D&O insurance) taken out by the Company in the interest of the Company at an appropriate amount. The premiums for this are paid by the Company. There is no deductible.

I.1 TOTAL REMUNERATION OF THE SUPERVISORY BOARD

I.1.1 REMUNERATION 'GRANTED AND OWED' WITHIN THE MEANING OF SECTION 162 PARA. 1 SENTENCE 1 OF THE GERMAN STOCK CORPORATION ACT (AKTG) IN FINANCIAL YEAR 2022

Pursuant to Section 162 (1) sentence 1, sentence 2 no. 1 AktG, all fixed and variable remuneration components 'granted and owed' to the individual members of the Supervisory Board in financial year 2022 must be disclosed. The values stated refer to the remuneration components 'granted and owed' in the respective financial year pursuant to Section 162 (1) sentence 1 AktG. They thus include all benefits earned in the respective financial year, regardless of whether they were received by the members of the Supervisory Board in the respective financial year. In terms of value, the amounts for financial year 2022 are therefore also taken into account, which, according to the Articles of Association, will only be paid out in financial year 2023. The remuneration granted and owed to the Supervisory Board includes the fixed remuneration earned for financial year 2022, but which, according to the Articles of Association, will only be paid in financial year 2023. The attendance fees, on the other hand, are usually paid immediately after the respective meetings, so that the attendance fees for the Supervisory Board meetings in 2022 were also paid in the financial year 2022.

In the previous year, the term of remuneration granted and owed within the meaning of Section 162 para. 1 sentence 1, sentence 2 no. 1 AktG was defined differently. According to this definition, the remuneration granted and owed included the benefits actually received in the respective financial year, regardless of financial year for which they would have been received by the members of the Supervisory Board. In terms of value, the amounts for the 2020 financial year were taken into account, which would not have been paid out until the 2021 financial year in accordance with the Articles of Association. The change in definition is based on the use of an option resulting from a clarification by the Institute of Public Auditors (Institut der Wirtschaftsprüfer).

Total remuneration granted and owed to the Supervisory Board

€ '000	**2022**	2021 adjusted*
Fixed remuneration	1,980.9	1,896.0
Remuneration for committee memberships	906.3	865.9
Attendance fees	245.0	372.0
Total remuneration for TUI AG Supervisory Board mandate	3,132.2	3,133.9
Remuneration for Supervisory Board mandates in the Group	50.7	26.5
Total	**3,182.9**	**3,160.4**

* Financial year 2021 adjusted due to a change in the definition of the term 'granted and owed'.

In addition, travel costs and expenses amounting to €72.5 k (previous year €0 k) were reimbursed. The remuneration of the Supervisory Board in financial year 2022, together with the reimbursement of travel costs and expenses, amounted to €3,255.4 k (previous year €3,160.4 k).

I.2. REMUNERATION 'GRANTED AND OWED' WITHIN THE MEANING OF SECTION 162 PARA. 1 SENTENCE 1 OF THE GERMAN STOCK CORPORATION ACT (AKTG) IN FINANCIAL YEAR 2022

Pursuant to Section 162 (1) sentence 1, sentence 2 no. 1 of the German Stock Corporation Act (AktG), all fixed and variable remuneration components 'granted and owed' to the individual members of the Supervisory Board in financial year 2022 must be disclosed. The values stated refer to the remuneration components 'granted and owed' in the respective financial year pursuant to Section 162 (1) sentence 1 AktG. They thus include all benefits earned in the respective financial year, regardless of whether they were received by the members of the Supervisory Board in the respective financial year. In terms of value, the amounts for financial year 2022 are therefore also taken into account, which, according to the Articles of Association, will only be paid out in financial year 2023.

Granted and owed remuneration of the Supervisory Board (individual) in financial year 2022

	Fixed remuneration € '000	in %	Remuneration for committee € '000	in %	Attendance fee € '000	in %	Remuneration for Supervisory Board mandates in the Group € '000	in %	Total
Dr Dieter Zetsche (Chairman)	270.0	58.4	168.0	36.4	24.0	5.2			462.0
Frank Jakobi (Vice 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
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.

I.3 COMPARISON OF THE ANNUAL CHANGE IN THE REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD WITH THE DEVELOPMENT OF EARNINGS AND THE AVERAGE REMUNERATION OF TUI AG EMPLOYEES

The following table shows a comparison of the percentage change in the remuneration of the members of the Supervisory Board with the development of TUI AG's earnings and with the average remuneration of employees on a full-time equivalent basis as against the previous financial year*. The remuneration of the members of the Supervisory Board included in the table reflects the amounts earned in the respective financial year. For financial year 2022, these values correspond to the values stated in the table 'Remuneration granted and owed within the meaning of Section 162 (1) sentence 1 AktG'. Where members of the Supervisory Board had previously been members of TUI AG's Executive Board and had received remuneration for this, this would not be included in the comparative presentation. However, this does not apply to any member of the Supervisory Board.

The development of earnings is generally presented on the basis of the development of TUI AG's profit for the year in accordance with Section 275 (2) no 17 of the German Commercial Code (HGB).

The comparison with the development of average employee remuneration is based on the average remuneration of TUI AG's workforce. Since the employee and remuneration structures in the subsidiaries are diverse, in particular in the case of employees abroad, it is appropriate to base the comparison of the development of average remuneration only on the workforce of TUI AG. The remuneration of all employees, including executive staff as defined in Section 5 (3) of the German Works Constitution Act (BetrVG), was taken into account. Employee remuneration did not include remuneration received by employees as members of TUI AG's Supervisory Board. In order to ensure comparability, the remuneration of part-time employees was extrapolated to full-time equivalents.

* Pursuant to Section 26j, paragraph 2, sentence 2 of the Introductory Act to the Stock Corporation Act (EGAktG), a comparison of the average remuneration of employees on a full-time equivalent basis over the last five financial years pursuant to Section 162, paragraph 1, sentence 2, no. 2 of the Stock Corporation Act (AktG) is not yet to be included in the Remuneration Report.

Comparison of annual change to Supervisory Board remuneration according to section 162 para 1 no. 2 AktG

Annual change (in %)	2022 vs. 2021[6]	2021 vs. 2020	2020 vs. 2019	2019 vs. 2018	2018 vs. 2017
Supervisory Board remuneration[1]					
Dr Dieter Zetsche	2	17	71	268	
Frank Jakobi	–3	18	0	–6	–3
Ingrid-Helen Arnold	–5	91			
Sonja Austermühle					
Christian Baier					
Andreas Barczewski	–22	–6	–13	5	–5
Peter Bremme	–5	9	–14	1	2
Dr Jutta Dönges	111				
Prof. Dr Edgar Ernst	4	15	–6	17	–5
Wolfgang Flintermann	–8	16	–10	1	1
María Garaña Corces	–6	96			
Angelika Gifford		–47	12	14	
Stefan Heinemann	12	914			
Dr Dierk Hirschel		–46	–15	3	9
Janina Kugel	81				
Peter Long		–46	–8	21	47
Vladimir Lukin	–54	47	279		
Coline McConville	–8	10	–16	3	3
Alexey Mordashov[2]	–96	8	–8	5	–4
Helena Murano					
Marc Muratovic	92				
Michael Pönipp		–34	–8	2	–2
Carola Schwirn	–62	16	–21	3	2
Anette Strempel	–5	8	–14	0	0
Joan Trían Riu	–8	16	41		
Tanja Viehl	78				
Stefan Weinhofer	12	44	–10	1	2
Earnings performance					
TUI AG[3]	–177	30	–1,994	–88	33
TUI Group[4]	120	69	–435	–22	4
Average employee remuneration on FTE basis					
Company employees[5]	10	6	–2		

[1] Changes result in particular from the date of entry into the Supervisory Board, committee membership and the respective date of resignation.
[2] No pay-outs from 28 February 2022 onwards, as Mr Mordashov has been 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.
[3] Annual result within the meaning of section 275 (2) no. 17 HGB.
[4] Underlying EBIT of the TUI Group for financial years 2022, 2021 and 2020. For financial years 2017 to 2019, underlying EBITA of the TUI Group.
[5] Due to the achievement of the company's targets, a higher bonus is paid out this year than last year.
[6] The comparison for 2021 and 2022 was based on the amended definition of remuneration granted and owed pursuant to Section 162 (1) no. 2 AktG.

Apart from the work performed by the employee representatives in the framework of their employment contracts, the members of the Supervisory Board did not provide any personal services, such as consultancy or agency services, for TUI AG or its subsidiaries in financial year 2022 and therefore did not receive any additional remuneration based on such services.

4

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

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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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

€ million	2022 External	2022 Group	2022 Total	2021 External	2021 Group	2021 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

€ million	External revenue by customer locations 2022	External revenue by customer locations 2021	Non-current assets 2022	Non-current assets 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.

Notes to the Consolidated Statement of Financial Position

(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**

Table continues on next page

Continued from previous page

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 lease-back 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

€ million	30 Sep 2022 Asset	30 Sep 2022 Liability	30 Sep 2021 Asset	30 Sep 2021 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.	Germany	United Kingdom	Other countries
	30 Sep 2022		
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.	Germany	United Kingdom	Other countries
	30 Sep 2021		
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

	30 Sep 2022		30 Sep 2021	
€ million	**+ 50 Basis points**	**– 50 Basis points**	+ 50 Basis points	– 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

€ million	Issuer	Nominal value initial	Nominal value outstanding	Interest rate % p. a.	Stock market value	Carrying amount	Stock market value	Carrying amount
						30 Sep 2022	30 Sep 2021	
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	1–5 years	Total	30 Sep 2021 Remaining term up to 1 year	1–5 years	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	1–5 years	more than 5 years	Total	30 Sep 2021 Remaining term up to 1 year	1–5 years	more than 5 years	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**	

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**	

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**	

Impairments of advances and loans developed as follows:

Ageing structure of impairment of financial instruments classified as advances and loans

€ million	**30 Sep 2022 Gross value**	**Impairment**	**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

			30 Sep 2021
€ million	Gross value	Impairment	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	**repayment**	**interest**	repayment	interest	repayment	interest	repayment	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)

	Cash outflow until 30 Sep							
	up to 1 year		1–2 years		2–5 years		more than 5 years	
€ million	repayment	interest	repayment	interest	repayment	interest	repayment	interest
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)

	Cash in-/outflow until 30 Sep			
€ million	**up to 1 year**	1–2 years	2–5 years	more than 5 years
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)

	Cash in-/outflow until 30 Sep			
€ million	up to 1 year	1–2 years	2–5 years	more than 5 years
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	Average hedged rate / price
				30 Sep 2021
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**	**Hedging reserve completed (ended) cash flow hedges**
			30 Sep 2022
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	Hedging reserve completed (ended) cash flow hedges
			30 Sep 2021
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				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

Carrying amounts and fair values according to classes and measurement categories according to IFRS 9 as at 30 Sep 2021

		Category according to IFRS 9				
€ million	**Carrying amount**	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

	2022		
€ million	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

	2021		
€ million	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

Company	Country	Capital share in %
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
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

CONTENTS

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
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

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)

Forward-Looking Statements

The annual report, in particular the report on expected developments included in the management report, includes various forecasts and expectations as well as statements relating to the future development of the TUI Group and TUI AG. These statements are based on assumptions and estimates and may entail known and unknown risks and uncertainties. Actual development and results as well as the financial and asset situation may therefore differ substantially from the expectations and assumptions made. This may be due to market fluctuations, the development of world market prices for commodities, of financial markets and exchange rates, amendments to national and international legislation and provision or fundamental changes in the economic and political environment. TUI does not intend to and does not undertake an obligation to update or revise any forward-looking statements to adapt them to events or developments after the publication of this annual report.

FINANCIAL CALENDAR

14 FEBRUARY 2023
Annual General Meeting 2023

14 FEBRUARY 2023
Quarterly Statement Q1 2023

MAY 2023
Half-Year Financial Report H1 2023

AUGUST 2023
Quarterly Statement Q3 2023

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PHOTOGRAPHY
TUI Group (cover photo, p. 10); Ben Queenborough (p. 6, 8); Christian Wyrwa (p. 11, 18)