Q1 Interim Financial Report

1 October 2022 – 31 December 2022

Content

This Interim Financial Report of the TUI Group was prepared for the reporting period from 1 October 2022 to 31 December 2022.

Interim Management Report

Summary

Q1 2023 underlying EBIT of €-153.0m delivering a strong improvement year-on-year (Q1 2022: €-273.6m) with an encouraging booking momentum across both Winter and Summer seasons.

- 3.3m customers departed in the quarter, an increase of 1.0m customers versus the prior year and 93% of Q1 2019 customer levels on a like for like basis[1]. As a result, average load factor for the quarter was 85% (Q1 2022: Load factor 79%).
- Group revenue of €3.8bn, was up €1.4bn on the prior year (Q1 2022: €2.4bn), reflecting the strength of demand and a return to a restriction free travel environment achieving levels above pre-pandemic levels (Q1 2019: €3.7bn).
- Q1 Group underlying EBIT at €-153.0m, up by €120.6m and thereby close to half the prior year loss (Q1 2022: €-273.6m loss), with almost all segments contributing to the strong improvement.
    - Hotels & Resorts reported a third consecutive quarter above 2019 levels and was up year-on-year, supported by good operational performances across the hotels businesses.
    - The recovery in Cruises continues with the segment achieving a third positive quarter since the start of the pandemic. As a result, the business recorded a strong improvement against last year driven by higher volumes as well as improved occupancies with a full fleet back in operation.
    - In Markets & Airlines results were well ahead of last year supported by higher prices and volumes with Central and Western Regions above 2019 levels.
- Net debt of €-5.3bn as of 31 December 2022 was broadly in line with prior year (31 December 2021: €-5.1bn).
- We re-confirm our expectations to increase underlying EBIT significantly for financial year 2023[2] supported by an encouraging booking momentum.
- 8.7m bookings[3] have been taken across both the Winter and Summer seasons whereby Summer is, as usual, at an early booking stage.
- The start into the new year has seen significant booking momentum with record booking days online in both the UK and Germany. Volumes overall in the last four weeks are now above pre-pandemic levels at +5% for Winter 2022/23 and +10% for Summer 2023, with higher prices, underlining the popularity of our product offering and a testament to the importance of travel for our customers.
- Our commitment is to be industry-leading in achieving net-zero emissions and we aim to achieve this target across our operations and supply chain by 2050 at the latest. Our 2030 Science based targets have been validated by the SBTi for our Airline, Cruise and Hotel operations and are detailed below.

[1] Excluding businesses sold and discontinued since 2019
[2] Based on constant currency. In view of the effects from the war in Ukraine, the assumption for underlying EBIT is subject to considerable uncertainty. Amongst others, the greatest area of uncertainty will be the impact on consumer confidence, should there be further cost inflation volatility and/or an escalation of the war in Ukraine.
[3] Bookings up to 5 February 2023 relate to all customers whether risk or non-risk and includes amendments and voucher re-bookings.

Sustainability as opportunity

- 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 shaping a more sustainable future for tourism.
- We already operate some of the most efficient aircraft and cruise ships. Our commitment is to be industry-leading in achieving net-zero emissions and we aim to achieve this target across our operations and supply chain by 2050 at the latest.
- TUI has committed to the Science Based Targets initiative (SBTi) to reduce emissions in line with the latest climate science by 2030 for airlines, cruises and hotels. The independent organisation has now checked and validated our reduction targets. It confirmed that they are in line with the latest climate science. Our targets are:
    - Reduction of airline CO_2e per revenue passenger kilometer by 24% by 2030[1].
    - Reduction of absolute CO_2e from our own cruise operations by 27.5% by 2030[1].
    - Reduction of absolute CO_2e from TUI Hotels & Resorts own operations by 46.2% by 2030[2].

[1] Baseline 2019. Level of ambition well below 2°c. CO_2e = CO_2 equivalents. 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).

[2] Baseline 2019. Level of ambition 1.5°c

TUI Group - financial highlights

€ million		Q1 2023	Q1 2022	Var. %	Var. % at constant currency
Revenue		**3,750.5**	**2,369.2**	**+ 58.3**	**+ 59.2**
Underlying EBIT[1]					
Hotels & Resorts		71.9	61.1	+ 17.7	+ 20.9
Cruises		0.2	- 31.7	n. a.	+ 100.0
TUI Musement		- 13.0	- 12.7	- 1.9	+ 3.9
Holiday Experiences		59.2	16.7	+ 254.9	+ 269.8
Northern Region		- 122.0	- 171.7	+ 29.0	+ 24.7
Central Region		- 28.3	- 55.0	+ 48.6	+ 46.0
Western Region		- 43.7	- 32.4	- 35.0	- 40.2
Markets & Airlines		- 193.9	- 259.0	+ 25.1	+ 21.1
All other segments		- 18.3	- 31.3	+ 41.6	+ 41.5
TUI Group		**- 153.0**	**- 273.6**	**+ 44.1**	**+ 41.2**
EBIT[1]		**- 158.7**	**- 271.4**	**+ 41.5**	
Underlying EBITDA		**58.3**	**- 65.4**	**n. a.**	
EBITDA[2]		**58.0**	**- 55.5**	**n. a.**	
Group loss		- 231.8	- 386.5	+ 40.0	
Earnings per share	€	- 0.14	- 0.27	+ 48.1	
Net capex and investment		149.0	53.4	+ 179.0	
Equity ratio (31 Dec)[3]	%	0,7	2,5	- 1.8	
Net debt (31 Dec)		- 5,259.9	- 5,069.6	+ 3.8	
Employees (31 Dec)		49,979	43,162	+ 15.8	

Differences may occur due to rounding.

[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 17.

[2] EBITDA is defined as earnings before interest, income taxes, goodwill impairment and amortisation and write-ups of other intangible assets, depreciation and write-ups of property, plant and equipment, investments and current assets.

[3] Equity divided by balance sheet total in %, variance is given in percentage points.

All change figures refer to the same period of the previous year, unless otherwise stated.

The present Interim Report for Q1 2023 is based on TUI Group's reporting structure set out in the Consolidated Financial Statements of TUI AG as at 30 September 2022. See TUI Group Annual Report 2022 from page 27.

Trading update - Encouraging booking momentum across both Winter 2022/23 and Summer 2023

Markets & Airlines

- 8.7m bookings[1] have been taken across Winter 2022/23 and Summer 2023 with an encouraging development across both seasons.
- The start into the new year has seen significant booking momentum with record booking days online in both the UK and Germany. Volumes overall in the last four weeks are now above pre-pandemic at higher prices, underlining the popularity of our product offering and a testament to the importance of travel for our customers. Based on the current trend, capacity is expected to be close to pre-pandemic levels.

Winter 2022/23

- To date 4.0m bookings have been taken at this stage of the Winter season with 85% of the programme sold which is broadly in line with Winter 2018/19 levels.
- Winter 2022/23 bookings stand at 87% of Winter 2018/19 levels up against the 84% we published as part of our FY22 full-year announcement on 14 December 2022, highlighting the positive booking development in recent weeks and the trend towards a higher share of short-term bookings with volumes ahead of Winter 2018/19 in the last four weeks at +5%. Against Winter 2021/22, bookings are up strongly at +44%, supported by an improved trading environment compared to last year.
- Winter ASP is +29% higher against Winter 2018/19 slightly ahead of the +28% reported in December. Compared to prior year ASP is up +8% which will help to soften the impact from FX volatility and the current higher inflationary environment.
- In UK bookings are trading in line with capacity assumptions with ASP at +25% versus Winter 2018/19.
- The Canaries, Egypt, Mainland Spain, Cape Verde and Mexico form a key part of our offering for the Winter season.

Summer 2023

- Current indications for the Summer season are positive. Summer 2023 bookings of 4.7m are at an early stage at 30% of the overall programme sold with the shorter-term booking trend continuing into Summer.
- Bookings are up +20% year-on-year and at 89% of pre-pandemic levels.
- Against Summer 2022, ASP for the Summer season is at +2% and excluding Summer 2022 re-bookings rolled-forward from previous seasons which included booking incentives, at +6%, highlighting customers continued willingness to prioritise spend on travel and experiences. Against pre-pandemic levels ASP is up +24%.
- Momentum has continued to build in the last four weeks with volumes up +50% versus Summer 2022 and above pre-pandemic levels at +10%, supported by stronger prices at +12% year-on-year and +27% versus Summer 2019.
- Spain, Greece and Turkey continue to be popular Summer destinations for our customers.

Holiday Experiences

- Hotels & Resorts – Number of available bed nights for H1[2] is slightly ahead of prior year at +1%, with H2 at +4% versus 2022. Booked occupancy is up year-on-year at +15%pts for H1 and +7%pts for H2 driven by Riu and Robinson hotels. Average daily rates are well ahead year-on-year for H1 and encouraging for H2, with Riu driving the strong performance. Key destinations in H1 are the Caribbean, the Canaries and Cape Verde with the Canaries, the Balearics, Greece and Turkey important destinations in H2.
- Cruises – Our three brands are currently operating a full fleet of in total sixteen ships. As a result, available passenger cruise days are significantly up +37%[3] year-on-year for H1 supported by the return to a restriction free travel environment, whilst H2 available passenger cruise days are slightly behind at -1% due to the delivery of Mein Schiff Herz from TUI Cruises to Marella and subsequent refurbishment. Occupancy rates are up +40%pts. for H1 and +14%pts. for H2, developing, for many Cruises, close to the peaks last seen in 2019. 2023 booked ticket rates for many cruises are above pre-pandemic levels.

- TUI Musement – Our tours and activity business continues its expansion benefitting from our integrated model with a global product offering in cities as well as sun and beach locations, and growth of third-party sales through the TUI Musement platform. The transfer business, providing support to our guests in their destination, is expected to develop in line with our Markets & Airlines volumes in 2023. Sales to date for our Experiences business, providing excursions, activities and tickets, are up 70%[3] year-on-year for H1 and up mid-double digit percent for H2. The growth in Experiences is driven by the restriction free travel environment, enlarged product offering and our diversified distribution via TUI, B2C and B2B.

[1] Bookings up to 5 February 2023 relate to all customers whether risk or non-risk and includes amendments and voucher re-bookings.
[2] 2023 trading data as of 5 February 2023 excluding Blue Diamond
[3] 2023 trading data as of 5 February 2023

Net debt
31 December 2022 net debt position of €-5.3bn was broadly in line with prior year (31 December 2021: €-5.1bn).

Strategic priorities
The TUI Group's strategy outlined in the Annual Report 2022[1] will be continued in the current financial year.

TUI's strategy aims to deliver growth in both Holiday Experiences and Markets & Airlines, embedded in one central customer ecosystem, underpinned by our sustainability agenda and our people. Our Holiday Experiences business strategy focuses on asset-right growth in differentiated content and expanding the customer base with multi-channel distribution. Having accelerated our strategic transformation of Markets & Airlines during the pandemic, and fully implemented our Global Realignment Programme, our business strategy is now focused on profitable growth. This will be achieved 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.

We also aim to further improve our cash position focusing on optimising working capital and cash from operations and maintaining disciplined capital expenditure supported by asset right growth. Besides this, we will continue reducing our debt and German government exposure with the aim to return to a solid and healthy balance sheet and improve our credit rating. On 13 December 2022, TUI has concluded an agreement with the German Economic Stabilization Fund ("WSF") on the repayment of stabilisation measures[2].

FY23 Assumptions[3] – Based on the encouraging booking momentum across both seasons with Summer at an early stage, we confirm our expectations for FY23 that underlying EBIT will increase significantly.

Mid-term ambitions - We have a clear strategy to accelerate profitable market growth. Our mid-term 2025/26 ambitions are for underlying EBIT to significantly build on €1.2bn[4] and also have a target to return to a gross leverage ratio[5] of well below 3.0x.

[1] Details on our strategy see TUI Group Annual Report 2022 from page 23.

[2] Details on our repayment agreement see page in this Report.

[3] Based on constant currency. In view of the effects from the war in Ukraine, the assumption for underlying EBIT is subject to considerable uncertainty. Amongst others, the greatest area of uncertainty will be the impact on consumer confidence, should there be further cost inflation volatility and/or an escalation of the war in Ukraine.

[4] FY19 underlying EBIT of €893m including €293m Boeing Max cost impact.

[5] Defined as as gross debt (Financial liabilities incl. lease liabilities and net pension obligation) divided by Reported EBITDA; pre impact of potential capital increase.

Report on changes in expected development

We re-confirm our expectation set out in the Annual Report 2022 for a significant improvement in TUI Group's underlying EBIT in financial year 2023[1] compared with 2022.

We continue to consider the remaining assumptions for the financial year 2023 made in the Annual Report 2022 also to be valid[2]. See also TUI Group Annual Report 2022 from page 52 onwards.

[1] Based on constant currency

[2] Pre impact of a potential capital increase

Consolidated earnings

Revenue

€ million	Q1 2023	Q1 2022	Var. %
Hotels & Resorts	210.9	198.3	+ 6.3
Cruises	115.2	34.2	+ 237.3
TUI Musement	141.4	66.3	+ 113.3
Holiday Experiences	467.5	298.8	+ 56.5
Northern Region	1,343.1	652.2	+ 105.9
Central Region	1,351.1	985.1	+ 37.1
Western Region	534.9	416.1	+ 28.6
Markets & Airlines	3,229.1	2,053.4	+ 57.3
All other segments	53.8	17.0	+ 217.1
TUI Group	**3,750.5**	**2,369.2**	**+ 58.3**
TUI Group (at constant currency)	**3,772.1**	**2,369.2**	**+ 59.2**

Underlying EBIT

€ million	Q1 2023	Q1 2022	Var. %
Hotels & Resorts	71.9	61.1	+ 17.7
Cruises	0.2	- 31.7	n. a.
TUI Musement	- 13.0	- 12.7	- 1.9
Holiday Experiences	59.2	16.7	+ 254.9
Northern Region	- 122.0	- 171.7	+ 29.0
Central Region	- 28.3	- 55.0	+ 48.6
Western Region	- 43.7	- 32.4	- 35.0
Markets & Airlines	- 193.9	- 259.0	+ 25.1
All other segments	- 18.3	- 31.3	+ 41.6
TUI Group	**- 153.0**	**- 273.6**	**+ 44.1**

EBIT

€ million	Q1 2023	Q1 2022	Var. %
Hotels & Resorts	71.3	82.4	- 13.5
Cruises	0.2	- 31.7	n. a.
TUI Musement	- 13.4	- 14.6	+ 8.3
Holiday Experiences	58.1	36.1	+ 61.0
Northern Region	- 125.7	- 175.6	+ 28.4
Central Region	- 28.2	- 64.0	+ 56.0
Western Region	- 42.6	- 33.2	- 28.4
Markets & Airlines	- 196.5	- 272.8	+ 28.0
All other segments	- 20.2	- 34.7	+ 41.7
TUI Group	**- 158.7**	**- 271.4**	**+ 41.5**

Segmental performance

Holiday Experiences

€ million	Q1 2023	Q1 2022	Var. %
Revenue	467.5	298.8	+ 56.5
Underlying EBIT	59.2	16.7	+ 254.9
Underlying EBIT at constant currency	61.7	16.7	+ 269.8

Hotels & Resorts

€ million	Q1 2023	Q1 2022	Var. %
Total revenue[1]	384.7	282.8	+ 36.0
Revenue	210.9	198.3	+ 6.3
Underlying EBIT	71.9	61.1	+ 17.7
Underlying EBIT at constant currency	73.9	61.1	+ 20.9
Available bed nights[2] ('000)	**8,548**	**8,595**	**- 0.5**
Riu	3,224	3,431	- 6.0
Robinson	825	729	+ 13.1
Blue Diamond	1,363	1,323	+ 3.0
Occupancy[3] (%, variance in % points)	**75**	**64**	**+ 11**
Riu	86	69	+ 17
Robinson	69	63	+ 6
Blue Diamond	84	74	+ 10
Average daily rate[4] (€)	**86**	**72**	**+ 19.8**
Riu	77	66	+ 17.6
Robinson	101	101	-
Blue Diamond	151	119	+ 27.3

Revenue includes fully consolidated companies, all other KPIs incl. companies measured at equity

[1] Total revenue includes intra-Group revenue

[2] Number of hotel days open multiplied by beds available (Group owned and leased hotels)

[3] Occupied beds divided by available beds (Group owned and leased hotels)

[4] Board and lodging revenue divided by occupied bed nights (Group owned and leased hotels)

Q1 2023 total revenue grew to €384.7m, an improvement of €101.9m year-on-year (Q1 2022: €282.8m) reflecting the restriction free travel environment across our multiple destinations, versus the prior year. The segment reported a Q1 underlying EBIT profit of €71.9m as a result, improving by €10.8m year-on-year (Q1 2022: €61.1m). Results were supported by good operational performances across the hotels businesses with higher occupancies and rates in a stronger trading environment leading to higher results especially in the Caribbean, Cape Verde and Turkey.

Our hotel portfolio is well-diversified in terms of product offer, destination mix and ownership models, and has benefits from multi-channel and multi-source market distribution via Markets & Airlines, direct to the customer, and third parties such as Online Travel Agents (OTAs).

We operated 8.5m available bednights (capacity) in the quarter, slightly down on 1% in Q1 2022 due to a number of hotel renovations.

The overall occupancy rate for the segment increased 11%pts year-on-year to 75%, driven in particular by the Caribbean and Spanish destinations. Our hotels across the Caribbean delivered average occupancy rates of 87%, with Mexico being our most popular destination achieving 94% average occupancy in the first quarter. Our hotels in the Canaries also saw high demand during this winter period, achieving average occupancy of 82%. Other popular destinations in the quarter were Turkey, Egypt and Cape Verde.

Q1 2023 average daily rate in Hotels & Resorts increased overall by 20% year-on-year to €86 with rates in particular in the Caribbean higher. Riu's average daily rate increased 18% to €77 (Q1 2022: €66) and Blue Diamond average daily rate increased 27% to €151 (Q1 2022: €119). Robinson achieved an average rate of €101, in line with prior year (Q1 2022: €101).

Cruises

€ million	Q1 2023	Q1 2022	Var. %
Revenue[1]	115.2	34.2	+ 237.3
Underlying EBIT	0.2	- 31.7	n. a.
Underlying EBIT at constant currency	- 0.0	- 31.7	+ 100.0
Available passenger cruise days[2] ('000)			
Mein Schiff	1,623	1,300	+ 24.8
Hapag-Lloyd Cruises	148	148	-
Marella Cruises	607	378	+ 60.7
Occupancy[3] (%, variance in % points)			
Mein Schiff	88	53	+ 35
Hapag-Lloyd Cruises	65	50	+ 15
Marella Cruises	91	48	+ 43
Average daily rate (€)			
Mein Schiff[4]	139	155	- 10.4
Hapag-Lloyd Cruises[4]	669	624	+ 7.1
Marella Cruises[5] (in £)	157	142	+ 10.7

[1] No revenue is carried for Mein Schiff and Hapag-Lloyd Cruises as the joint venture TUI Cruises is consolidated at equity

[2] Number of operating days multiplied by berths available on the operated ships. This key figure has changed compared to previous periods.

[3] Achieved passenger cruise days divided by available passenger cruise days

[4] Ticket revenue divided by achieved passenger cruise days

[5] Revenue (stay on ship inclusive of transfers, flights and hotels due to the integrated nature of Marella Cruises) divided by achieved passenger cruise days

The Cruises segment comprises the joint venture TUI Cruises in Germany, which operates cruise ships under the brands Mein Schiff and Hapag-Lloyd Cruises, and Marella Cruises in UK. The segment operated a full fleet of 16 ships in the first quarter (Q1 2022: 14 ships operated due to a more restrictive travel environment).

Q1 2023 Cruises revenue, reflecting Marella Cruises solely (TUI Cruises is accounted for using the equity method) grew to €115.2m, an improvement of €81.1m year-on-year (Q1 2022: €34.2m). As a result, Q1 2023 underlying EBIT for the segment (including the equity result of TUI Cruises) was €0.2m, an improvement of €31.9m (Q1 2022: €-31.7m loss) with both TUI Cruises and Marella contributing to the positive development and highlight the continued improvement across all brands supported by higher volumes as well as improved occupancies. This is the third consecutive positive quarter for our Cruises business with TUI Cruises achieving Q1 2023 EAT (earnings after tax) at €8m.

Mein Schiff – Mein Schiff operated their full fleet of seven ships against six ships in the previous year, offering itineraries to the Canaries, the Caribbean and around the world with Asian itineraries resuming in the quarter for the first time since the pandemic. Occupancy of the operated fleet in Q1 2023 was 88% as a result (Q1 2022: 53%) demonstrating the strong demand for our German language, premium all-inclusive product. At €139, the average daily rate was close to pre-pandemic levels (Q1 2019: 149€) but -10% lower versus prior year (Q1 2022: €155) due to a higher mix of premium cabins with overall lower occupancies and capacity in the prior year.

Hapag-Lloyd Cruises – Hapag-Lloyd Cruises, our luxury and expeditions brand, operated itineraries around the world as well as voyages to Antarctica with, as in Q1 2022, their full fleet of five ships in Q1 2023. Q1 average daily rate was €669, well above pre-pandemic levels (Q1 2019: €591), an increase of 7% on prior year (Q1 2022: €624). Q1 occupancy of the fleet was 65% (Q1 2022: 50%), underlining the increased demand for these cruises.

Marella Cruises – With all four ships in operation against three in Q1 2022, our UK cruise brand, offered itineraries to the Caribbean and the Canaries. The business achieved an average daily rate of £157 up 10.7 % (Q1 2022: £142) and above the pre-pandemic level of £137 with occupancy at 91%, versus a previous Q1 of 48% supported by an improved trading environment.

TUI Musement

€ million	Q1 2023	Q1 2022	Var. %
Total revenue[1]	206.0	100.2	+ 105.7
Revenue	141.4	66.3	+ 113.3
Underlying EBIT	- 13.0	- 12.7	- 1.9
Underlying EBIT at constant currency	- 12.2	- 12.7	+ 3.9

[1] Total revenue includes intra-Group revenue

In TUI Musement, our tours and activity business, Q1 2023 revenue of €141.4m, was up €75.1m year-on-year (Q1 2022: €66.3m) highlighting the growth in this area, with an underlying EBIT loss of €-13.0m in line with prior year (Q1 2022: €-12.7m loss), due to investment in particular in the B2C distribution channel. We continued to accelerate and enhance our digital transformation at TUI Musement to drive the customer experience throughout all channels, providing support and expertise in resort both in person and through our dedicated TUI App.

TUI Musement provided 5.0m transfers to guests in their destinations against 3.3m in the same quarter last year in line with the recovery to a more normalised trading environment across our global destinations. In addition, 1.7m experiences were sold, up 0.7m year-on-year (Q1 2022: 1.1m).

Markets & Airlines

€ million	Q1 2023	Q1 2022	Var. %
Revenue	3,229.1	2,053.4	+ 57.3
Underlying EBIT	- 193.9	- 259.0	+ 25.1
Underlying EBIT at constant currency	- 204.3	- 259.0	+ 21.1
Direct distribution mix[1] (in %, variance in % points)	75	75	-
Online mix[2] (in %, variance in % points)	52	52	-
Customers ('000)	3,293	2,255	+ 46.0

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

[2] Share of online sales

Q1 2023 revenue of €3,229.1m, was up €1,175.7m year-on-year (Q1 2022: €2,053.4m). Q1 underlying EBIT was the usual seasonal loss for the sector of €-193.9m which however was an improvement of €65.1m year-on-year (Q1 2022: €-259.0m loss). The results were supported by higher prices and also reflect a restriction free trading environment year-on-year with good demand for our wide and varied product offering. The overall market continued to be influenced by uncertainties resulting in inflationary pressures especially on energy as well as exchange rate volatility. As a consequence, short-term bookings continued to make up a higher proportion of overall bookings. Traditional short- and medium haul destinations such as the Canaries and Egypt were again popular destinations for our customers, with long-haul destinations such as Mexico and the Dominican Republic also in demand.

A total of 3,293k customers departed in Q1 2023, an increase of 1,038k customers versus Q1 2022. Capacity operated was 86% of Q1 2019 levels, with an average load factor achieved of 85% for Q1 2023 (Q1 2019: 83%).

Northern Region

€ million	Q1 2023	Q1 2022	Var. %
Revenue	1,343.1	652.2	+ 105.9
Underlying EBIT	- 122.0	- 171.7	+ 29.0
Underlying EBIT at constant currency	- 129.3	- 171.7	+ 24.7
Direct distribution mix[1] (in %, variance in % points)	93	94	- 1
Online mix[2] (in %, variance in % points)	68	73	- 5
Customers ('000)	1,208	665	+ 81.8

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

[2] Share of online sales

Northern Region reported Q1 2023 revenue of €1,343.1m, which was up €690.9m year-on-year (Q1 2022: €652.2m). Q1 underlying EBIT loss for the region of €-122.0m decreased by €49.7m year-on-year (Q1 2022: €-171.7m loss) with both the UK and Nordic results higher supported by a return to a more normalised operating environment. This was offset to an extent by disruption costs due to winter storm Elliot in North America impacting the key winter business in Canada.

Q1 2023 customer volumes increase to 1,208k versus 665k customers in Q1 2022 underlining the market recovery. Online distribution continues to be strong at 68%, which was down 5%pts against prior year (Q1 2022: 73%) but slightly ahead of pre-pandemic levels (Q1 2019: 67%). The comparison against last year is however limited due to lower volumes and longer retail shop closures due to the COVID-19 restrictions last year. Direct distribution was at 93% broadly in line with prior year (Q1 2022: 94%) and at pre-pandemic levels (Q1 2019: 93%).

Central Region

€ million	**Q1 2023**	Q1 2022	Var. %
Revenue	1,351.1	985.1	+ 37.1
Underlying EBIT	- 28.3	- 55.0	+ 48.6
Underlying EBIT at constant currency	- 29.7	- 55.0	+ 46.0
Direct distribution mix[1] (in %, variance in % points)	54	56	- 2
Online mix[2] (in %, variance in % points)	28	30	- 2
Customers ('000)	1,222	917	+ 33.2

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

[2] Share of online sales

Q1 revenue of €1,351.1m, was up €365.9m year-on-year (Q1 2022: €985.1m) with a significant improvement in the underlying EBIT loss for the region of €-28.3m, almost halving the prior year losses (Q1 2022: €-55.0m loss) and returning to above pre-pandemic levels (Q1 2019: €-37,1m). The significant improvement was driven in particular by a strong operational performance in the key source market and a return to a more normalised trading environment.

Customer volume increased by 33.2% to 1,222k versus prior year (previous year 917k) in line with the easing of travel restrictions due to COVID-19. Online distribution for Central Region reached 28%, down 2%pts against prior year whereby comparison is limited due to lower volumes and longer retail shop closures due to the COVID-19 restrictions last year. Against pre-pandemic levels, online distribution was up by 7%pts (Q1 2019: 21%) emphasising the significant development of our online offering in this region in line with consumer demand for this channel. Direct distribution was down 2%pts to 54% against Q1 2022 of 56% but slightly ahead versus pre-pandemic levels (Q1 2019: 49%).

Western Region

€ million	**Q1 2023**	Q1 2022	Var. %
Revenue	534.9	416.1	+ 28.6
Underlying EBIT	- 43.7	- 32.4	- 35.0
Underlying EBIT at constant currency	- 45.4	- 32.4	- 40.2
Direct distribution mix[1] (in %, variance in % points)	79	82	- 3
Online mix[2] (in %, variance in % points)	62	63	- 1
Customers ('000)	863	673	+ 28.2

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

[2] Share of online sales

In Western Region Q1 2023 revenue of €534.9m, was up €118.9m year-on-year (Q1 2022: €416.1m). Q1 underlying EBIT loss of €-43.7m, decreased by €-11.3m year-on-year (Q1 2022: €-32.4m loss). Despite improving volumes in the region year-on-year, results in the Netherlands were impacted by a softer trading environment post summer flight disruptions in Schiphol.

Customer volumes increased by 28.2% to 863k guests year-on-year (Q1 2022: 673k). Online distribution for region stood at 62%, 1%pt below prior year but up 3%pts versus pre-pandemic levels (Q1 2019: 59%). Direct distribution was down 3%pts to 79% versus last year (Q1 2022: 82%) but up 3%pts against pre-pandemic levels (Q1 2019: 76%).

All other segments

€ million	**Q1 2023**	Q1 2022	Var. %
Revenue	53.8	17.0	+ 217.1
Underlying EBIT	- 18.3	- 31.3	+ 41.6
Underlying EBIT at constant currency)	- 18.3	- 31.3	+ 41.5

Q1 2023 underlying EBIT loss of €-18.3m, improved €13.0m year-on-year (Q1 2022: €-31.3m loss) supported by cost savings across the segment.

Financial position and net assets

Cash Flow / Net capex and investments / Net debt

In the first three months of financial year 2023, TUI Group's business volume was significantly higher than in Q1 2022 which was still impacted by measures to contain the spread of COVID-19. TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months. In addition to seasonality, the winter season of the previous year was also negatively affected by the impact of the COVID 19 pandemic.

TUI Group's operating cash outflow in Q1 2023 of €1,670.9m increased by €706.3m compared to previous year, due to an increase in supplier payments as a result of higher business volumes in the previous Summer, in addition to slightly lower December bookings received in Q1 2023.

Net debt position as at 31 December 2022 of €-5.3bn was close to previous year level (31 December 2021: €-5.1bn).

Net debt

€ million	**31 Dec 2022**	31 Dec 2021	Var. %
Financial debt	3,951.8	3,576.6	+ 10.5
Lease liabilities	2,935.8	3,260.2	- 10.0
Cash and cash equivalents	1,542.7	1,649.3	- 6.5
Short-term interest-bearing investments	85.0	117.8	- 27.8
Net debt	**-5,259.9**	**-5,069.6**	**+ 3.8**

Net capex and investments

€ million	**Q1 2023**	Q1 2022	Var. %
Cash gross capex			
Hotels & Resorts	71.4	22.0	+ 224.5
Cruises	28.0	21.5	+ 30.2
TUI Musement	4.0	3.5	+ 14.3
Holiday Experiences	103.4	47.0	+ 120.0
Northern Region	5.7	4.9	+ 16.3
Central Region	1.8	0.5	+ 260.0
Western Region	4.2	1.2	+ 250.0
Markets & Airlines*	33.1	10.3	+ 221.4
All other segments	33.0	25.6	+ 28.9
TUI Group	**169.5**	**82.9**	**+ 104.5**
Net pre delivery payments on aircraft	59.0	- 46.4	n. a.
Financial investments	0.3	-	n. a.
Divestments	- 79.8	16.9	n. a.
Net capex and investments	**149.0**	**53.4**	**+ 179.0**

* Including €21.4m for Q1 2023 (Q1 2023: €3.7m) cash gross capex of the aircraft leasing companies, which are allocated to Markets & Airlines as a whole, but not to the individual segments Northern Region, Central Region and Western Region.

Cash gross capex in Q1 2023 was 104.5% higher year-on-year. This increase was mainly due to higher investments in Hotels & Resorts and the airline sector. Net capex and investments of €149.0m increased by €95.6m year-on-year. The divestments include an inflow of €71m from the sale of the stakes in RIU Hotels S.A. in financial year 2021.

Assets and liabilities

€ million	31 Dec 2022	30 Sep 2022	Var. %
Non-current assets	11,091.9	11,351.7	- 2.3
Current assets	3,481.8	3,903.8	- 10.8
Total assets	**14,573.7**	**15,255.5**	**- 4.5**
Equity	101.6	645.7	- 84.3
Provisions	1,870.2	1,897.4	- 1.4
Financial liabilities	3,951.8	2,051.3	+ 92.6
Other liabilities	8,650.1	10,661.0	- 18.9
Total equity, liabilities and provisions	**14,573.7**	**15,255.5**	**- 4.5**

Comments on the consolidated income statement

In the first three months of financial year 2023, TUI Group's business volume was significantly higher than in Q1 2022 which was still impacted by measures to contain the spread of COVID-19. TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months. In addition to seasonality, the winter season of the previous year was also negatively affected by the impact of the COVID 19 pandemic.

In Q1 2023, consolidated revenue increased by €1.4bn year-on-year to €3.8bn.

Unaudited condensed consolidated Income Statement of TUI AG for the period from 1 Oct 2022 to 31 Dec 2022

€ million	Q1 2023	Q1 2022	Var. %
Revenue	3,750.5	2,369.2	+58.3
Cost of sales	3,661.4	2,472.4	+48.1
Gross profit / loss	**89.2**	**- 103.2**	n. a.
Administrative expenses	242.6	201.7	+20.3
Other income	6.0	26.2	- 77.1
Other expenses	5.8	0.9	+544.4
Impairment (+) / Reversal of impairment (-) of financial assets	0.8	- 4.3	n. a.
Financial income	18.4	20.8	- 11.5
Financial expense	132.5	147.8	- 10.4
Share of result of investments accounted for using the equity method	- 4.4	- 2.3	- 91.3
Earnings before income taxes	**- 272.6**	**- 404.5**	+32.6
Income taxes (expense (+), income (-))	- 40.8	- 17.9	- 127.9
Group loss	**- 231.8**	**- 386.5**	+40.0
Group loss attributable to shareholders of TUI AG	- 256.1	- 384.3	+33.4
Group profit / loss attributable to non-controlling interest	24.3	- 2.3	n. a.

Alternative performance measures

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

One-off items carried here include adjustments for income and expense items that reflect amounts and frequencies of occurrence rendering an evaluation of the operating profitability of the segments and the Group more difficult or causing distortions. These items include gains on disposal of financial investments, significant gains and losses from the sale of assets as well as significant restructuring and integration expenses. Any effects from purchase price allocations, ancillary acquisition costs and conditional purchase price payments are adjusted. Also, any goodwill impairments are adjusted in the reconciliation to underlying EBIT.

Reconciliation to underlying EBIT

€ million	**Q1 2023**	Q1 2022	Var. %
Earnings before income taxes	**- 272.6**	**- 404.5**	**+32.6**
plus: Net interest expenses (excluding expense / income from measurement of interest hedges)	110.5	131.6	- 16.0
plus: (Income) expense from measurement of interest hedges	3.4	1.5	+126.7
EBIT	**- 158.7**	**- 271.4**	**+41.5**
Adjustments:			
less: Separately disclosed items	- 0.7	- 9.3	
plus: Expense from purchase price allocation	6.4	7.1	
Underlying EBIT	**- 153.0**	**- 273.6**	**+44.1**

The TUI Group's operating loss adjusted for special items decreased by €120.6m to €-153.0m in Q1 2023.

➪ For further details on the separately disclosed items see page 44 in the Notes of this Interim Report.

Key figures of income statement

€ million	**Q1 2023**	Q1 2022	Var. %
EBITDAR	**57.8**	**- 51.5**	n. a.
Operating rental expenses	0.2	- 4.0	n. a.
EBITDA	**58.0**	**- 55.5**	n. a.
Depreciation/amortisation less reversals of depreciation*	- 216.7	- 215.9	- 0.4
EBIT	**- 158.7**	**- 271.4**	+ 41.5
Income/Expense from the measurement of interest hedges	3.4	1.5	+ 126.7
Net interest expense (excluding expense/income from measurement of interest hedges)	110.5	131.6	- 16.0
EBT	**- 272.6**	**- 404.5**	+ 32.6

* on property, plant and equipment, intangible assets, right of use assets and other assets

Other segment indicators

Underlying EBITDA

€ million	Q1 2023	Q1 2022	Var. %
Hotels & Resorts	122.0	107.0	+ 14.0
Cruises	17.9	- 15.0	n. a.
TUI Musement	- 7.0	- 6.8	- 2.8
Holiday Experiences	132.9	85.1	+ 56.1
Northern Region	- 43.2	- 96.5	+ 55.2
Central Region	- 3.0	- 27.1	+ 88.8
Western Region	- 7.2	3.0	n. a.
Markets & Airlines	- 53.4	- 120.6	+ 55.7
All other segments	- 21.3	- 30.0	+ 29.0
TUI Group	**58.3**	**- 65.4**	**n. a.**

EBITDA

€ million	Q1 2023	Q1 2022	Var. %
Hotels & Resorts	121.4	128.3	- 5.4
Cruises	17.9	- 15.0	n. a.
TUI Musement	- 5.7	- 7.0	+ 18.6
Holiday Experiences	133.6	106.3	+ 25.7
Northern Region	- 44.1	- 97.1	+ 54.6
Central Region	- 2.9	- 34.6	+ 91.7
Western Region	- 5.4	3.0	n. a.
Markets & Airlines	- 52.4	- 128.6	+ 59.3
All other segments	- 23.3	- 33.2	+ 29.9
TUI Group	**58.0**	**- 55.5**	**n. a.**

Employees

	31 Dec 2022	31 Dec 2021	Var. %
Hotels & Resorts	19,179	15,456	+ 24.1
Cruises*	75	56	+ 33.9
TUI Musement	6,718	4,687	+ 43.3
Holiday Experiences	25,972	20,199	+ 28.6
Northern Region	9,444	8,668	+ 9.0
Central Region	7,033	7,344	- 4.2
Western Region	5,004	4,609	+ 8.6
Markets & Airlines	21,481	20,621	+ 4.2
All other segments	2,526	2,342	+ 7.9
Total	**49,979**	**43,162**	**+ 15.8**

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

Corporate Governance

Composition of the Boards

In Q1 2023 the composition of the Boards of TUI AG changed as follows:

Executive Board

As of 30 September 2022 Friedrich Joussen has resigned as Chief Executive Officer of TUI AG. Sebastian Ebel, previously Chief Financial Officer, took over as CEO as of 1 October 2022. Also effective 1 October 2022 the Supervisory Board appointed Mathias Kiep, previously Group Director Controlling, Corporate Finance and Investor Relations as the new CFO. Both new appointments have a contract term of three years.

Frank Rosenberger, Member of the Board of Management responsible for IT and Future Markets, left TUI Group on 31 October 2022.

Supervisory Board

There were no changes in the composition of the Supervisory Board in Q1 2023.

The current, complete composition of the Executive Board and Supervisory Board is published on our website, where it is permanently accessible to the public.

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

Risk and Opportunity 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.

We aggregate the risks into principal risks, were senior management is deciding its risk appetite upon. Full details of our risk governance framework and principal risks can be found in the Annual Report 2022.

➪ Details see Risk Report in our Annual Report 2022, from page 34

External events, namely the COVID 19-pandemic, the impact on input cost due the Ukraine war, and supply chain disruptions impact the principal risks. The impact is higher if a combination of principal risks is affected.

Although the impact of the COVID-19 pandemic on economic activity has diminished, the global geopolitical and economic environment remains challenging.

The booking dynamics in our most important markets have so far remained largely unaffected by Russia's war of aggression on Ukraine. However, the intensified general price increase , especially due to rising energy costs, may lead to a reduction in the private budget available for travel services, thus lowering purchasing power and resulting in declining customer demand. In addition, the war is affecting our input cost volatility risk: Fuel and other services we source in US-Dollars and the jet-fuel or bunker price itself have a significant impact on our cost structure. Whereas we seek to minimize these effects through hedging, the lines with bank for doing so, continue to be tight, hence any unhedged position may create unwanted impacts on our earnings. This particularly affects the results of the Northern Region, Central Region, Western Region and Cruises segments.

Our operation is dependent on a complex chain of supply of goods and services. In some areas, suppliers cannot easily be interchanged, leading to a reliance on these key suppliers. The strong industry recovery immediately after the COVID-19 pandemic, compounded by a tight labour market, has led to significant operational issues particularly in the European airline operations. Although TUI as well as the service suppliers have placed numerous measures to increase the resilience, there remains the risk that the peak summer operation may still be impacted by disruptions causing additional cost or an adverse impact on our bookings.

From the Executive Board’s perspective, despite the existing risks, TUI Group currently has and will continue to have sufficient funds, resulting from both borrowings and operating cash flows, to meet its payment obligations and to ensure the going concern of the company accordingly in the foreseeable future. In this context, the Executive Board assumes that the credit lines expiring in summer 2024 will be refinanced. Therefore, as at 31 December 2022, the Executive Board does not identify any material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern.

In its assessment, the Executive Board assumes that booking behaviour in the financial year 2023 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.

Unaudited condensed consolidated Interim Financial Statements

Unaudited condensed consolidated Income Statement of TUI AG for the period from 1 Oct 2022 to 31 Dec 2022

€ million	Notes	**Q1 2023**	Q1 2022
Revenue	(1)	3,750.5	2,369.2
Cost of sales	(2)	3,661.4	2,472.4
Gross profit / loss		**89.2**	**- 103.2**
Administrative expenses	(2)	242.6	201.7
Other income	(3)	6.0	26.2
Other expenses	(4)	5.8	0.9
Impairment (+) / Reversal of impairment (-) of financial assets	(19)	0.8	- 4.3
Financial income	(5)	18.4	20.8
Financial expense	(5)	132.5	147.8
Share of result of investments accounted for using the equity method	(6)	- 4.4	- 2.3
Earnings before income taxes		**- 272.6**	**- 404.5**
Income taxes (expense (+), income (-))	(7)	- 40.8	- 17.9
Group loss		**- 231.8**	**- 386.5**
Group loss attributable to shareholders of TUI AG		- 256.1	- 384.3
Group profit / loss attributable to non-controlling interest	(8)	24.3	- 2.3

Earnings per share

€	**Q1 2023**	Q1 2022
Basic and diluted loss / earnings per share	- 0.14	- 0.27

Unaudited condensed consolidated Statement of Comprehensive Income of TUI AG for the period from 1 Oct 2022 to 31 Dec 2022

€ million	Q1 2023	Q1 2022
Group loss	**- 231.8**	**- 386.5**
Remeasurements of defined benefit obligations and related fund assets	- 123.7	72.6
Fair value profit / loss on investments in equity instruments designated as at FVTOCI	1.1	- 0.3
Income tax related to items that will not be reclassified (expense (-), income (+))	30.9	- 18.1
Items that will not be reclassified to profit or loss	**- 91.7**	**54.2**
Foreign exchange differences	- 101.3	3.7
Foreign exchange differences outside profit or loss	- 101.3	3.7
Cash flow hedges	- 136.3	- 3.9
Changes in the fair value	- 116.3	- 2.5
Reclassification	- 20.0	- 1.4
Other comprehensive income of investments accounted for using the equity method that may be reclassified	- 1.0	2.8
Changes in the measurement outside profit or loss	- 1.0	2.8
Income tax related to items that may be reclassified (expense (-), income (+))	34.7	0.6
Items that may be reclassified to profit or loss	**- 203.8**	**3.2**
Other comprehensive income	**- 295.6**	**57.4**
Total comprehensive income	**- 527.3**	**- 329.1**
attributable to shareholders of TUI AG	- 530.8	- 331.9
attributable to non-controlling interest	3.5	2.8

Unaudited condensed consolidated Statement of Financial Position of TUI AG as at 31 Dec 2022

€ million	Notes	31 Dec 2022	30 Sep 2022
Assets			
Goodwill	(9)	2,952.0	2,970.6
Other intangible assets		515.9	507.6
Property, plant and equipment	(10)	3,414.7	3,400.9
Right-of-use assets	(11)	2,741.2	2,971.5
Investments in joint ventures and associates		745.2	785.4
Trade and other receivables	(12), (19)	156.0	131.6
Derivative financial instruments	(19)	3.3	26.6
Other financial assets	(19)	11.5	10.6
Touristic payments on account		133.0	138.0
Other non-financial assets		124.8	169.7
Income tax assets		17.2	17.2
Deferred tax assets		277.0	222.0
Non-current assets		**11,091.9**	**11,351.7**
Inventories		56.6	56.1
Trade and other receivables	(12), (19)	897.4	1,011.8
Derivative financial instruments	(19)	90.7	232.5
Other financial assets	(19)	85.0	85.8
Touristic payments on account		616.3	619.6
Other non-financial assets		134.5	135.4
Income tax assets		27.5	23.1
Cash and cash equivalents	(19)	1,542.7	1,736.9
Assets held for sale	(13)	31.0	2.7
Current assets		**3,481.8**	**3,903.8**
Total assets		**14,573.7**	**15,255.5**

Unaudited condensed consolidated Statement of Financial Position of TUI AG as at 31 Dec 2022

€ million	Notes	31 Dec 2022	30 Sep 2022
Equity and liabilities			
Subscribed capital		1,785.2	1,785.2
Capital reserves		6,085.9	6,085.9
Revenue reserves		- 8,980.3	- 8,432.7
Silent participation		420.0	420.0
Equity before non-controlling interest		**- 689.2**	**- 141.6**
Non-controlling interest		790.8	787.3
Equity	(18)	**101.6**	**645.7**
Pension provisions and similar obligations	(14)	622.9	568.2
Other provisions		801.8	755.0
Non-current provisions		**1,424.6**	**1,323.2**
Financial liabilities	(15), (19)	3,660.2	1,731.4
Lease liabilities	(16)	2,270.5	2,508.7
Derivative financial instruments	(19)	0.2	3.2
Other financial liabilities	(17), (19)	2.6	2.8
Other non-financial liabilities		256.8	165.2
Income tax liabilities		10.6	11.1
Deferred tax liabilities		52.2	121.2
Non-current liabilities		**6,253.1**	**4,543.8**
Non-current provisions and liabilities		**7,677.7**	**5,867.0**
Pension provisions and similar obligations	(14)	32.5	33.1
Other provisions		413.0	541.0
Current provisions		**445.5**	**574.2**
Financial liabilities	(15), (19)	291.6	319.9
Lease liabilities	(16)	665.4	698.8
Trade payables	(19)	2,003.3	3,316.5
Derivative financial instruments	(19)	110.8	57.5
Other financial liabilities	(17), (19)	122.9	174.6
Touristic advance payments received		2,627.3	2,998.9
Other non-financial liabilities		460.2	519.9
Income tax liabilities		67.3	82.3
Current liabilities		**6,348.8**	**8,168.6**
Current provisions and liabilities		**6,794.4**	**8,742.7**
Total equity, liabilities and provisions		**14,573.7**	**15,255.5**

Unaudited condensed consolidated Statement of Changes in Equity of TUI AG for the period from 1 Oct 2022 to 31 Dec 2022

€ million	Subscribed capital	Capital reserves	Revenue reserves	Silent participation	Equity before non-controlling interest	Non-controlling interest	Total
Balance as at 1 Oct 2021	**1,099.4**	**5,249.6**	**- 8,525.7**	**1,091.0**	**- 1,085.8**	**667.3**	**- 418.4**
Share-based payment schemes	-	-	0.2	-	0.2	-	0.2
Capital increase	523.5	583.0	-	-	1,106.5	-	1,106.5
Group loss for the year	**-**	**-**	**- 384.3**	**-**	**- 384.3**	**- 2.3**	**- 386.6**
Foreign exchange differences	-	-	- 1.2	-	- 1.2	5.0	3.8
Financial assets at FVTOCI	-	-	- 0.3	-	- 0.3	-	- 0.3
Cash flow hedges	-	-	- 3.9	-	- 3.9	-	- 3.9
Remeasurements of defined benefit obligations and related fund assets	-	-	72.6	-	72.6	-	72.6
Other comprehensive income of investments accounted for using the equity method	-	-	2.8	-	2.8	-	2.8
Taxes attributable to other comprehensive income	-	-	- 17.5	-	- 17.5	-	- 17.5
Other comprehensive income	**-**	**-**	**52.5**	**-**	**52.5**	**5.0**	**57.5**
Total comprehensive income	-	-	- 331.8	-	- 331.8	2.7	- 329.1
Balance as at 31 Dec 2021	**1,622.9**	**5,832.5**	**- 8,857.3**	**1,091.0**	**- 310.8**	**669.9**	**359.1**
Balance as at 1 Oct 2022	**1,785.2**	**6,085.9**	**- 8,432.7**	**420.0**	**- 141.6**	**787.3**	**645.7**
Coupon on silent participation	-	-	- 16.8	-	- 16.8	-	- 16.8
Group profit/loss for the year	**-**	**-**	**- 256.1**	**-**	**- 256.1**	**24.3**	**- 231.8**
Foreign exchange differences	-	-	- 80.4	-	- 80.4	- 20.9	- 101.3
Financial assets at FVTOCI	-	-	1.1	-	1.1	-	1.1
Cash flow hedges	-	-	- 136.3	-	- 136.3	-	- 136.3
Remeasurements of defined benefit obligations and related fund assets	-	-	- 123.7	-	- 123.7	-	- 123.7
Other comprehensive income of investments accounted for using the equity method	-	-	- 1.0	-	- 1.0	-	- 1.0
Taxes attributable to other comprehensive income	-	-	65.6	-	65.6	-	65.6
Other comprehensive income	**-**	**-**	**- 274.7**	**-**	**- 274.7**	**- 20.9**	**- 295.6**
Total comprehensive income	-	-	- 530.8	-	- 530.8	3.4	- 527.4
Balance as at 31 Dec 2022	**1,785.2**	**6,085.9**	**- 8,980.3**	**420.0**	**- 689.2**	**790.7**	**101.6**

Unaudited condensed consolidated Cash Flow Statement of TUI AG for the period from 1 Oct 2022 to 31 Dec 2022

€ million	Notes	Q1 2023	Q1 2022
Group loss		- 231.8	- 386.5
Depreciation, amortisation and impairment (+) / write-backs (-)		216.7	216.0
Other non-cash expenses (+) / income (-)		12.7	9.8
Interest expenses		129.5	138.8
Dividends from joint ventures and associates		2.2	0.1
Profit (-) / loss (+) from disposals of non-current assets		- 4.0	- 24.5
Increase (-) / decrease (+) in inventories		- 1.1	0.2
Increase (-) / decrease (+) in receivables and other assets		310.2	- 87.7
Increase (+) / decrease (-) in provisions		- 120.6	- 53.2
Increase (+) / decrease (-) in liabilities (excl. financial liabilities)		- 1,984.6	- 777.3
Cash inflow / cash outflow from operating activities	(22)	**- 1,670.9**	**- 964.6**
Payments received from disposals of property, plant and equipment and intangible assets		9.9	58.5
Payments received/made from disposals of consolidated companies (less disposals of cash and cash equivalents due to divestments)		- 0.7	- 2.2
Payments received/made from disposals of other non-current assets		72.8	- 23.6
Payments made for investments in property, plant and equipment and intangible assets		- 228.6	- 85.8
Payments made for investments in other non-current assets		- 0.9	-
Cash inflow / cash outflow from investing activities	(22)	**- 147.6**	**- 53.2**
Payments received from capital increase by issuing new shares		-	1,106.5
Coupon on silent participation (dividends)		- 16.8	-
Payments received from the raising of financial liabilities		1,984.3	284.8
Payments made for redemption of loans and financial liabilities		- 47.7	- 77.9
Payments made for principal of lease liabilities		- 162.8	- 141.8
Interest paid		- 122.3	- 94.4
Cash inflow / cash outflow from financing activities	(22)	**1,634.7**	**1,077.2**
Net change in cash and cash equivalents		**- 183.7**	**59.4**
Development of cash and cash equivalents	(22)		
Cash and cash equivalents at beginning of period		**1,736.9**	**1,586.1**
Change in cash and cash equivalents due to exchange rate fluctuations		- 10.6	3.8
Net change in cash and cash equivalents		- 183.7	59.4
Cash and cash equivalents at end of period		**1,542.7**	**1,649.3**

Notes

General

The TUI Group and its major subsidiaries and shareholdings operate in tourism. TUI AG, based in Karl-Wiechert-Allee 4, 30625 Hanover, Germany, is the TUI Group's parent company and a listed corporation under German law. The Company is registered in the commercial registers of the district courts of Berlin-Charlottenburg (HRB 321) and Hanover (HRB 6580), Germany. The shares in TUI AG are traded on the London Stock Exchange and the Hanover and Frankfurt Stock Exchanges. In this document, the term "TUI Group" represents the consolidated group of TUI AG and its direct and indirect investments. Additionally, the unaudited condensed consolidated interim financial statements of TUI AG are referred to as "Interim Financial Statements", the unaudited condensed consolidated income statement of TUI AG is referred to as "income statement", the unaudited condensed consolidated statement of financial position of TUI AG is referred to as "statement of financial position", the unaudited condensed consolidated statement of comprehensive income of TUI AG is referred to as "statement of comprehensive income" and the unaudited condensed consolidated statement of changes in equity of TUI AG is referred to as "statement of changes in equity".

The Interim Financial Statements cover the period from 1 October 2022 to 31 December 2022. The Interim Financial Statements are prepared in euros. Unless stated otherwise, all amounts are stated in million euros (€m). TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months.

The Interim Financial Statements were approved for publication by the Executive Board of TUI AG on 13 February 2023.

Accounting principles

Declaration of compliance

The consolidated interim financial report for the period ended 31 December 2022 comprise the Interim Financial Statements and the Interim Management Report in accordance with section 115 of the German Securities Trading Act (WpHG).

The Interim Financial Statements were prepared in conformity with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the relevant interpretations of the IFRS Interpretation Committee (IFRS IC) for interim financial reporting applicable in the European Union.

In accordance with IAS 34, the Interim Financial Statements are published in a condensed form compared with the consolidated annual financial statements and should therefore be read in combination with TUI Group's consolidated financial statements for financial year 2022. The Interim Financial Statements were reviewed by the Group's auditor.

Going concern reporting in accordance with the UK Corporate Governance Code

The TUI Group covers its day-to-day working capital requirements through cash on hand, balances with and borrowings from banks. TUI Group's net debt (financial debt plus lease liabilities less cash and cash equivalents and less short-term interest-bearing cash investments) as of 31 December 2022 was €5.3bn (as at 30 September 2022 €3.4bn).

Net debt

€ million	31 Dec 2022	30 Sept 2022	Var. %
Financial debt	3,951.8	2,051.3	+ 92.6
Lease liabilities	2,935.8	3,207.5	- 8.5
Cash and cash equivalents	1,542.7	1,736.9	- 11.2
Short-term interest-bearing investments	85.0	85.8	- 0.9
Net debt	**-5,259.9**	**-3,436.2**	**+ 53.1**

The global travel restrictions to contain COVID-19 have had a continuous negative impact on the Group's earnings and liquidity development since the end of March 2020. To cover the resulting liquidity needs, the Group has carried out various financing measures in the financial years 2020 to 2022, which, in addition to three capital increases, the use of the banking and capital markets and cash inflows from the sale of assets, also include financing measures from the Federal Republic of Germany in the form of a KfW credit line initially totalling €2.85bn, an option bond from the Economic Stabilisation Fund (WSF) totalling €150m and two silent participations from the WSF initially totalling €1.091bn.

In financial year 2022, TUI reduced KfW's credit line to €2.1bn in various steps. In addition, 913 of the 1,500 bonds with warrants issued to WSF were redeemed and the silent participation II of the WSF of €671.0m was repaid in full ahead of schedule. Including the coupons to be shown as dividends, TUI repaid €725.4m to WSF. Following full 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.

In the IFRS consolidated financial statements, the silent participations are reported as equity due to their nature and are therefore not included in the Group's net debt. The financing measures are described in detail in the annual reports for the past three financial years.

As at 31 December 2022, TUI Group's revolving credit facilities totalled €3.74bn. They have a term until summer 2024 and comprised the following

- €1.64bn credit line from 20 private banks (incl. €190m guarantee line)
- €2.1bn KfW credit line.

With regard to the KfW credit lines, it was agreed that TUI AG would use 50% of individual cash inflows exceeding €50m, for example from capital measures or disposals of assets or companies, to reduce the financing granted to TUI AG to bridge the effects of COVID-19; there is no maximum limit.

TUI AG's €1.64bn credit line from private banks and KfW credit line are subject to compliance with certain financial target values (covenants) for debt coverage and interest coverage, the review of which is carried out on the basis of the last four reported quarters at the end of the financial year or the half-year of a financial year. Against the 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.

On 13 December 2022, TUI has concluded a new agreement with the WSF on the repayment of stabilization measures ("Repayment Agreement"). This agreement regulates the intended complete termination of the stabilization measures granted by the WSF by means of a right of the Company (i) to repayment of the contribution made by the WSF as a silent partner in January 2021 in the nominal amount of currently €420m ("Silent Participation I") and (ii) to repurchase the warrant-linked bond 2020/2026 ("Warrant Bond") issued by the Company to WSF in the remaining amount of €58.7m as well as the 58,674,899 option rights ("Warrants") originally attached to the warrant bond. In addition, the Repayment Agreement regulates the implementation of capital measures for the purpose of refinancing the aforementioned measures.

Under the Repayment Agreement, the Company is obliged, to the extent permitted by law, to propose to the General Meeting a reduction in the Company's share capital from currently approx. €1.785bn to then approx. €179m by consolidating shares at a ratio of ten to one in accordance with the provisions of the German Economic Stabilization

Acceleration Act (Wirtschaftsstabilisierungsbeschleunigungsgesetz - "WStBG"). The amount of the reduction of approx. €1.606bn will be allocated to the Company's capital reserves and will not be distributed to shareholders. The capital reduction shall pave the way for the termination of the stabilization measures and is thus related to the recapitalization of the Company implemented in January 2021. The invitation to the Annual General Meeting, including the full agenda and the corresponding resolution proposals from Company management, has been published in the German Federal Gazette (Bundesanzeiger) and on the Company's website at the beginning of January 2023.

Pursuant to the recapitalization measures adopted in January 2021, WSF has the right to convert Silent Participation I at a conversion price of €1.00 per share into currently up to €420m shares in the Company. In addition, under the Warrants, the WSF has the right to subscribe for currently up to 58,674,899 shares in the Company at an option price of 1.00 € per share, whereby the option price can also be paid by contributing the Warrant Bond.

The repayment agreement provides for a right of the Company to terminate the Silent Participation I in full and to repurchase the remaining Warrant Bond together with all Warrants until 31 December 2023 at a repayment price of €730,113,240.00 plus interest accruing until repayment under the stabilization measures. In economic terms, this price accounts for the existing conversion and option rights of the WSF. If the weighted average stock exchange price of the shares of the Company during the last fifteen calendar days prior to the date of the public announcement of the Refinancing Capital Increase referred to below, as adjusted for the price increase effect of the share consolidation, ("Adjusted Average Price"), is higher than 1.6816€, the repayment price shall be increased in accordance with the repayment agreement as follows: The Adjusted Average Price less a discount of 9.3% shall be multiplied by the total nominal amount of the stabilization measures in the amount of €478.7m, capped at a maximum amount of €957.4m.

WSF undertakes not to exercise its conversion and option rights under Silent Participation I and the Warrants until 31 December 2023. The Company is obliged to exercise its repayment and repurchase right under the Repayment Agreement in the event of successful completion of the Refinancing Capital Increase referred to below. If the stabilization measures are not fully terminated by 31 December 2023, the Company will pay WSF an at market standstill premium.

To finance the repayment of the WSF and thus the termination of the stabilization measures, the Company is obligated under the Repayment Agreement, to the extent permitted by law, to use its best efforts to implement a rights issue capital increase from the Authorized Capital 2022/I existing pursuant to Art. 4 par. 5 of the Articles of Association in the amount of approx. €162m and from Authorized Capital 2022/II existing pursuant to Art. 4 par. 7 of the Articles of Association in the amount of approx. €627m ("Refinancing Capital Increase"). This obligation applies for a period starting from the effective date of the capital reduction referred to above until 31 December 2023 – subject to the positive assessment of the then prevailing capital market conditions by the Board of Management and Supervisory Board. The proceeds from this Refinancing Capital Increase shall be used primarily for a full repayment of Silent Participation I and a repurchase of the Warrant Bond and the Warrants.

The Company intends to use (i) the proceeds from the exercise of the Authorized Capital 2022/I exclusively for the priority of the full repayment of the WSF and (ii) the proceeds from the exercise of Authorized Capital 2022/II predominantly for a substantial redemption of KfW's credit lines, it being understood that both capital increases shall be carried out simultaneously in one subscription offer.

The effectiveness of the repayment agreement is still subject to confirmation by the European Commission that it does not raise any objections under state aid law. Additionally the General Meeting needs to approve the reduction in the Company's share capital and a rights issue capital increase must have been implemented before the repayment agreement can be closed.

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

Contact restriction measures and travel restrictions were gradually eased in most countries in the first months of the calendar year 2022 and business was fully resumed in all segments. As of April 2022, the entire fleet of the Cruises Segment was in operation, and as of summer 2022, the Hotels & Resorts Segment was able to offer the entire product portfolio. Demand recovered very robustly, albeit later than assumed in the previous year's planning due to the travel restrictions in place at the beginning of the financial year 2022. In the Cruises segment, the recovery in demand started later than in the other segments. A more short-term booking behaviour continues to be observed.

From the Executive Board's perspective, despite the existing risks, TUI Group currently has and will continue to have sufficient funds, resulting from both borrowings and operating cash flows, to meet its payment obligations and to ensure the going concern of the company accordingly in the foreseeable future. In this context, the Executive Board assumes that the credit lines expiring in summer 2024 will be refinanced. Therefore, as at 31 December 2022, the Executive Board does not identify any material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

In its assessment, the Executive Board assumes that booking behaviour in the 2023 financial year will largely correspond to the pre-pandemic level. The Executive Board assumes that travel behaviour will not be affected by further long-term closures and lockdowns or by the impact of Russia's war of aggression against Ukraine.

The Executive Board does not consider the remaining risk with regard to a further pandemic / war-related change in booking behaviour to be a threat to the company's existence. Nevertheless, the TUI Group's performance might be impaired by the following factors. The intensified general price increase of recent months could continue, in particular due to rising energy costs, and lead to a significant reduction in the private budget available for travel services, thus lowering purchasing power and resulting in declining customer demand. In addition, a permanent increase in fuel costs as well as other services, especially those we purchase in US dollars, could lead to an increase in our input costs. Further burdens could result from continued or increased flight disruptions. If these risks were to materialise, compliance with the financial covenants as at 31 March 2023 and 30 September 2023 could be jeopardised. The Executive Board considers the simultaneous occurrence of these risks to be very unlikely and therefore assumes that the financial targets (covenants) will be met.

In accordance with Regulation 30 of the UK Corporate Governance Code, the Executive Board confirms that, in its opinion, it is appropriate to prepare the consolidated interim financial statements on a going concern basis.

Accounting and measurement methods

The preparation of the Interim Financial Statements requires management to make estimates and judgements that affect the reported values of assets, liabilities and contingent liabilities at the balance sheet date and the reported values of revenues and expenses during the reporting period.

Both the recent development of the pandemic and current trading for the summer programme have confirmed the business performance guidance provided by TUI at the end of financial year 2022. Additionally a risk assessment was performed for the Group's assets to identify any indications of impairment as at 31 December 2022. On the basis of that assessment, TUI does not see any indication that the Group's assets may generally be impaired.

The accounting and measurement methods adopted in the preparation of the Interim Financial Statements as at 31 December 2022 are materially consistent with those followed in preparing the annual consolidated financial statements for the financial year ended 30 September 2022, except for the initial application of new or amended standards, as outlined below.

The income taxes were recorded based on the best estimate of the weighted average tax rate that is expected for the whole financial year.

The repayment agreement with the WSF has not been recognized as per 31. December 2022 as the conditions for its effectiveness and closing have not yet been met and as it is not sufficiently certain at this time that they will be met. For further details on the repayment agreement please see 'Going concern reporting in accordance with the UK Corporate Governance Code'.

Newly applied standards

Since the beginning of financial year 2023, TUI Group has initially applied the following standards, amended by the IASB and endorsed by the EU, on a mandatory basis:

Newly applied standards in financial year 2023

Standard	Applicable from	Amendments	Impact on financial statements
Amendments to IAS 37 Onerous Contracts	1 Jan 2022	The amendments specify which costs to include in assessing whether a contract is onerous. The amendments clarify that the cost of fulfilling a contract consists of the direct cost of the contract representing either the incremental costs of fulfilling the contract or an allocation of other costs that relate directly to fulfilling the contract.	No impacts to the Q1 interim reporting. For the current financial year no material impacts are expected.
Amendments to IAS 16 Proceeds before Intended Use	1 Jan 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity has to recognise the proceeds from selling such items, and the cost of producing those items, in profit or loss.	No impacts.
Amendments to IFRS 3 Reference to the Conceptual Framework	1 Jan 2022	The amendments update a reference to the Conceptual Framework in IFRS 3 without changing the accounting requirements for business combinations.	No impacts.
Various amendments to IFRS (2018-2020)	1 Jan 2022	The amendments resulting from the Annual Improvements 2018-2020 Cycle include small amendments to IFRS 1, IFRS 9, IAS 41, and the Illustrative Examples accompanying IFRS 16.	No major impacts.

Group of consolidated companies

The Interim Financial Statements include all material subsidiaries over which TUI AG has control. Control requires TUI AG to have decision-making power over the relevant activities, be exposed to variable returns or have entitlements regarding the returns, and can affect the level of those variable returns through its decision-making power.

The Interim Financial Statements as of 31 December 2022 comprised a total of 270 subsidiaries of TUI AG.

Development of the group of consolidated companies* and the Group companies measured at equity

	Consolidated subsidiaries	Associates	Joint ventures
Number at 30 Sep 2022	**268**	**17**	**27**
Additions	2	-	-
Incorporation	1	-	-
Demerger	1	-	-
Disposals	-	-	-
Number at 31 Dec 2022	**270**	**17**	**27**

* excl. TUI AG

Acquisitions – Divestments

Acquisitions in the period under review

In 3M 2023, no companies were acquired.

No acquisitions were made after the reporting date.

Acquisitions of the prior financial year

In financial year 2022, no companies were acquired under IFRS 3.

Divestments

In 3M 2023, no companies were sold.

No divestments took place after the reporting date.

Notes to the unaudited condensed consolidated Income Statement

In the first three months of financial year 2023, TUI Group's business volume was significantly higher than in Q1 2022 which was still impacted by measures to contain the spread of COVID-19. TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months. In addition to seasonality, the winter season of the previous year was also negatively affected by the impact of the COVID 19 pandemic.

(1) Revenue

In the first three months of the financial year 2023, consolidated revenue increased by €1.4bn year-on-year to €3.8bn.

External revenue allocated by destinations for the period from 1 Oct 2022 to 31 Dec 2022

€ million	Spain (incl. Canary Islands)	Other European destinations	Caribbean, Mexico, USA & Canada	North Africa & Turkey	Rest of Africa, Ind. Ocean, Asia	Other countries	**Q1 2023 Revenues from contracts with customers**	Other	**Q1 2023 Total**
Hotels & Resorts	89.3	10.8	53.4	13.1	44.3	-	210.9	-	210.9
Cruises	46.7	18.3	50.2	-	-	-	115.2	-	115.2
TUI Musement	30.9	36.6	33.6	7.7	19.1	13.5	141.4	-	141.4
Holiday experiences	166.9	65.7	137.2	20.8	63.4	13.5	467.5	-	467.5
Northern Region	427.0	243.6	334.4	160.3	168.6	7.8	1,341.7	1.4	1,343.1
Central Region	388.1	278.1	106.0	332.4	244.6	1.6	1,350.8	0.3	1,351.1
Western Region	167.9	76.7	129.9	89.3	66.0	3.7	533.5	1.4	534.9
Markets & Airlines	983.0	598.4	570.3	582.0	479.2	13.1	3,226.0	3.1	3,229.1
All other segments	0.5	5.0	2.0	2.4	41.0	3.0	53.9	-	53.8
Total	**1,150.4**	**669.1**	**709.5**	**605.2**	**583.6**	**29.6**	**3,747.4**	**3.1**	**3,750.5**

External revenue allocated by destinations for the period from 1 Oct 2021 to 31 Dec 2021

€ million	Spain (incl. Canary Islands)	Other European destinations	Caribbean, Mexico, USA & Canada	North Africa & Turkey	Rest of Africa, Ind. Ocean, Asia	Other countries	**Q1 2022 Revenues from contracts with customers**	Other	**Q1 2022 Total**
Hotels & Resorts	91.7	11.7	50.5	10.9	33.5	-	198.3	-	198.3
Cruises	18.6	3.1	12.3	-	-	0.2	34.2	-	34.2
TUI Musement	16.4	22.4	16.9	3.3	5.4	1.9	66.3	-	66.3
Holiday experiences	126.7	37.2	79.7	14.2	38.9	2.1	298.8	-	298.8
Northern Region	245.3	148.6	143.6	47.3	63.9	2.7	651.4	0.8	652.2
Central Region	325.6	335.4	51.0	192.9	79.7	0.3	984.9	0.2	985.1
Western Region	194.1	75.3	97.0	21.9	26.9	0.4	415.6	0.4	416.1
Markets & Airlines	765.0	559.3	291.6	262.1	170.5	3.4	2,051.9	1.4	2,053.4
All other segments	0.9	4.5	0.9	0.9	7.9	2.0	17.1	-	17.0
Total	**892.6**	**601.0**	**372.2**	**277.2**	**217.3**	**7.5**	**2,367.8**	**1.4**	**2,369.2**

(2) Cost of sales and administrative expenses

Cost of sales relates to the expenses incurred in the provision of tourism services. In addition to the expenses for staff costs, depreciation, amortisation, rental and leasing, it includes all costs incurred by TUI Group in connection with the procurement and delivery of airline services, hotel accommodation and cruises and distribution costs.

Due to the increased business volume, the cost of sales increased by 48.1% to €3.7bn in 3M 2023.

Government Grants

€ million	Q1 2023	Q1 2022
Cost of Sales	-	11.5
Administrative expenses	0.2	13.5
Total	**0.2**	**25.0**

In the prior year, government grants were awarded due to the measures in place to contain the COVID-19 pandemic. When these measures ended in financial year 2022, the various aid programmes were also terminated. The government grants reported under cost of sales and administrative expenses include in particular grants for wages and salaries as well as social security contributions directly reimbursed to the relevant company. In addition, a number of Group companies have received government grants, e. g. in the form of grants for fixed costs.

Administrative expenses comprise all expenses incurred in connection with the performance of administrative functions and break down as follows:

Administrative expenses

€ million	Q1 2023	Q1 2022
Staff costs	141.9	135.8
Rental and leasing expenses	3.8	3.5
Depreciation, amortisation and impairment	17.2	21.0
Others	79.8	41.4
Total	**242.6**	**201.7**

The cost of sales and administrative expenses include the following expenses for staff and depreciation/amortisation:

Staff costs

€ million	Q1 2023	Q1 2022
Wages and salaries	448.7	394.3
Social security contributions, pension costs and benefits	94.3	83.4
Total	**543.0**	**477.7**

Depreciation/amortisation/impairment

€ million	Q1 2023	Q1 2022
Depreciation and amortisation of other intangible assets, property, plant and equipment and right-of-use assets	**212.6**	**218.6**
Impairment of other intangible assets, property, plant and equipment and right-of-use assets	4.2	2.2
Total	**216.8**	**220.8**

The impairments of €4.2m were presented within cost of sales (Q1 2022 €2.2m). In 3M 2023, no reversals of impairment losses were recognized. In the first quarter of the prior year reversals of impairments of €4.9m were recognized, all recorded in cost of sales.

(3) Other income

In the first three months of the financial year 2023 other income mainly includes €4.7m from the disposal of the Jet Set House (Crawley). In the prior year, this item had primarily included income from the disposal of TUI Group companies.

(4) Other expenses

In 3M 2023 other expenses mainly results from the disposal of aircraft assets. In the previous year, other expenses also included losses from the disposal of aircraft assets.

(5) Financial income and financial expenses

The improvement in the net financial result from €-127.0 m in the first three months of the previous year to €-114.1m in the current financial year is mainly the result of less interest expenses.

(6) Share of result of investments accounted for using the equity method

Share of result of investments accounted for using the equity method

€ million	Q1 2023	Q1 2022
Hotels & Resorts	15.8	7.0
Cruises	7.6	- 2.6
TUI Musement	2.9	1.0
Holiday Experiences	26.3	5.4
Northern Region	- 31.0	- 7.1
Central Region	- 0.2	- 0.6
Western Region	0.3	-
Markets & Airlines	- 30.9	- 7.7
All other segments	0.2	-
Total	**- 4.4**	**- 2.3**

(7) Income taxes

The tax income arising in the first three months of 2023 is mainly driven by the seasonality of the tourism business.

(8) Group profit / loss attributable to non-controlling interest

TUI Group's result attributable to non-controlling interests is substantially a gain, primarily relating to RIUSA II Group at an amount of €24.0m (Q1 2022 €2.2m loss).

Notes to the unaudited condensed consolidated Statement of Financial Position

(9) Goodwill

Goodwill decreased by €18.6m€ to €2,952.0m due to foreign exchange translation. The following table presents a breakdown of goodwill by cash generating unit (CGU) at carrying amounts.

Goodwill per cash generating unit

€ million	31 Dec 2022	30 Sep 2022
Northern Region	1,190.7	1,204.7
Central Region	502.3	502.5
Western Region	412.3	412.3
Riu	343.1	343.1
Marella Cruises	288.3	288.8
TUI Musement	168.4	171.4
Other	46.9	47.8
Total	**2,952.0**	**2,970.6**

As at 31 December 2022, a risk assessment of the capitalised goodwill was carried out based on updated information for the current financial year. As part of this assessment, there were no indications that led to a requirement to perform impairment testing of the capitalised goodwill. In this context, please refer to the section 'Accounting and measurement methods'.

(10) Property, plant and equipment

Compared to 30 September 2022 property, plant and equipment increased by €13.8m to €3,414.7m. Additions of €187.8m included €66.1m of acquisitions in the Hotels & Resorts segment. The construction of a new hotel in Mexico and the renovation of hotels in Cape Verde and Mauritius led to additions in the Riu Group totalling €60.5m. In addition, advance payments of €59.1m were made for the future delivery of additional aircraft. Furthermore, additions of €27.5m were attributable to payments on account to carry out maintenance work on cruise ships. Further additions related to the purchase of aircraft engines at €17.0m and of aircraft spare parts at €6.0m. The reclassification of an aircraft from right-of-use assets was the result of the exercise of an existing purchase option and led to an increase in property, plant and equipment of €18.3m.

On the other hand, property, plant and equipment decreased by €96.6m due to foreign exchange translation. Depreciation and amortisation of €61.5m led to a further decrease in property, plant and equipment. The planned sale of two aircraft engines led to a reclassification of €31.3m to assets held for sale. In this context, please refer to the section 'Assets held for sale'.

(11) Right-of-use assets

Compared to 30 September 2022 right-of-use assets decreased by €230.3m to €2,741.2m. The foreign exchange translation led to a decrease in right-of-use assets of €137.1m. Furthermore, depreciation charged of €124.1m led to a decrease in right-of-use assets. The reclassification of an aircraft into property, plant and equipment led to a further reduction of right-of-use assets by €18.3m (in this context, we refer to the section 'Property, plant and equipment'). Disposals also reduced the right-of-use assets by €6.7m.

On the other hand, modifications and reassessments of existing lease contracts increased the right-of-use assets by €57.5m. The increase is mainly due to contract extensions related to leased aircraft (€35.9m) and hotel leases (€13.2).

The corresponding liabilities are explained in the section 'Lease Liabilities'.

(12) Trade and other receivables

The decrease in current trade and other receivables results from reduced security deposits issued to secure advance payment from customers.

(13) Assets held for sale

As at 31 December 2022, two aircraft engines with a total value of €31.0m were classified as held for sale. The sale of the aircraft engines is planned for the beginning of February 2023. During the period under review, there were no reclassifications to assets held for sale.

As at the end of the prior financial year, the building at Jet Set House (Crawley) of TUI Airways Limited was classified as held for sale (€2.7m). The disposal transaction was completed on 3 October 2022. The purchase price payment of £6.5m was made on 3 October 2022.

(14) Pension provisions and similar obligations

The pension provisions for unfunded plans and underfunded plans increased by €54.1m to €655.4m compared to the end of the previous financial year.

The overfunding of funded pension plans reported in other non-financial assets decreased by €44.3m from €163.4m as at 30 September 2022 to €119.1m as at 31 December 2022.

This development is attributable in particular to remeasurement effects due to increased discount rates in the UK compared to 30 September 2022.

(15) Financial liabilities

Non-current financial liabilities increased by €1,928.8m to €3,660.2m compared to 30 September 2022. This increase was primarily attributable to an increase in liabilities to banks related to credit lines with maturity in July 2024 of €1,944.5m.

The main financing instrument is a syndicated revolving credit facility (RCF) between TUI AG and the existing banking syndicate which from 2020, included the KfW. The volume of this revolving credit facility totals €3.555bn at 31 December 2022.

At 31 December 2022, the amounts drawn under the revolving credit facilities totalled €2,449.8m (30 September 2022 €562.0m).

Current financial liabilities decreased by €28.3m to €291.6m at 31 December 2022 compared to €319.9m at 30 September 2022.

For more details on the terms, conditions and the reductions of the credit lines as well as the redemption of the bond with warrants, please refer to the section 'Going Concern Reporting under the UK Corporate Governance Code'.

(16) Lease liabilities

Compared to 30 September 2022, the lease liabilities decreased by €271.6m to €2,935.9m. Payments of €202.4m led to a decline in lease liabilities. Furthermore, lease liabilities decreased by €165.0m due to foreign exchange translation. On the other hand, changes and remeasurements of existing leases resulted in an increase in lease liabilities of €51.3m. In addition, the lease liabilities increased by €42.5m due to interest charges.

(17) Other financial liabilities

The other financial liabilities include touristic advance payments received for tours cancelled because of COVID-19 restrictions of €15.5m (as at 30 September 2022 €16.7m), for which immediate cash refund options exist and which have to be repaid shortly if the customer opts for payment. Further obligations from COVID-19 related cancelled holidays do not exist.

(18) Changes in equity

Overall, equity decreased by €544.1m when compared to 30 September 2022, from €645.7m to €101.6m.

For the Silent Participation I, a coupon for financial year 2022 in the amount of €16.8m was paid to the Economic Stabilisation Fund in December 2022 and reported in line Coupon on silent participation.

In the first three months of the financial year 2023, TUI AG paid no dividend (previous year: no dividend).

The Group loss in the first three months of the financial year 2023 is mainly caused by the seasonality of the tourism business.

The proportion of gains and losses from hedging instruments for effective hedging of future cash flows includes an amount of €-136.3m (pre-tax) carried under other comprehensive income in equity outside profit and loss (previous year €-3.9m).

The revaluation of pension obligations is also recognised under other comprehensive income directly in equity without effect on profit and loss.

(19) Financial instruments

Carrying amounts and fair values according to classes and measurement categories according to IFRS 9 as at 31 Dec 2022

€ million	Carrying amount	Category according to IFRS 9: At amortised cost	Category according to IFRS 9: Fair value with no effect on profit and loss without recycling	Category according to IFRS 9: Fair value with no effect on profit and loss with re-cycling	Category according to IFRS 9: Fair value through profit and loss	Fair value of financial in-struments
Assets						
Trade receivables and other receivables						
thereof instruments within the scope of IFRS 9	1,045.6	1,009.6	-	-	36.0	1,039.8
thereof instruments within the scope of IFRS 16	7.8	-	-	-	-	8.1
Derivative financial instruments						
Hedging transactions	29.9	-	-	29.9	-	29.9
Other derivative financial instruments	64.1	-	-	-	64.1	64.1
Other financial assets	96.5	85.0	10.6	-	0.9	93.3
Cash and cash equivalents	1,542.7	1,542.7	-	-	-	1,542.7
Liabilities						
Financial liabilities	3,951.8	3,951.8	-	-	-	3,619.0
Trade payables	2,003.3	2,003.3	-	-	-	2,003.3
Derivative financial instruments						
Hedging transactions	76.6	-	-	76.6	-	76.6
Other derivative financial instruments	34.4	-	-	-	34.4	34.4
Other financial liabilities	125.5	125.5	-	-	-	125.5

Carrying amounts and fair values according to classes and measurement categories according to IFRS 9 as at 30 Sep 2022

€ million	Carrying amount	Category according to IFRS 9: At amortised cost	Category according to IFRS 9: Fair value with no effect on profit and loss without recycling	Category according to IFRS 9: Fair value with no effect on profit and loss with re-cycling	Category according to IFRS 9: Fair value through profit and loss	Fair value of financial in-struments
Assets						
Trade receivables and other receivables						
thereof instruments within the scope of IFRS 9	1,133.8	1,027.3	-	-	106.5	1,124.5
thereof instruments within the scope of IFRS 16	9.6	-	-	-	-	9.9
Derivative financial instruments						
Hedging transactions	124.4	-	-	124.4	-	124.4
Other derivative financial instruments	134.7	-	-	-	134.7	134.7
Other financial assets	96.4	85.9	9.6	-	0.9	90.5
Cash and cash equivalents	1,736.9	1,736.9	-	-	-	1,736.9
Liabilities						
Financial liabilities	2,051.3	2,051.3	-	-	-	1,656.7
Trade payables	3,316.5	3,316.5	-	-	-	3,316.5
Derivative financial instruments						
Hedging transactions	27.0	-	-	27.0	-	27.0
Other derivative financial instruments	33.7	-	-	-	33.7	33.7
Other financial liabilities	177.4	177.4	-	-	-	177.4

The amounts shown in the column 'carrying amount' (as shown in the balance sheet) in the tables above can differ from those in the other columns of a particular row since the latter include all financial instruments. That is the latter columns include financial instruments which are part of disposal groups according to IFRS 5. In the balance sheet, financial instruments, which are part of a disposal group, are shown as separate items. If such financial instruments are included, further details on these financial instruments are explained in the section 'Assets held for sale'.

The instruments measured at fair value through other comprehensive income (OCI) within the other financial assets class are investments in companies based on medium to long-term strategic objectives. Recording all short-term fluctuations in the fair value in the income statement would not be in line with TUI Group's strategy; these equity instruments were, therefore, designated as at fair value through OCI.

In the period under review the fair values of current other receivables, current other financial assets and current liabilities to banks were generally determined. This approach is in line with the previous financial year, taking into account yield curves and the respective credit risk premium (credit spread) based on credit rating. As a result, the assumption that the carrying amount approximately corresponds to the fair value due to the short remaining term has been adjusted to the current market conditions due to the COVID-19 pandemic.

The fair values of non-current trade receivables and other receivables correspond to the present values of the cash flows associated with the assets, taking account of current interest parameters which reflect market and counter-party-related changes in terms and expectations. In the case of cash and cash equivalents, current trade receivables, current trade payables and other financial liabilities the carrying amount approximates the fair value due to the short remaining term.

The COVID-19 pandemic significantly impacted TUI's business operations, causing a strong increase in TUI's credit risk premiums. The significant increase in TUI's credit risk has a direct impact on the effectiveness of hedging relationships according to IAS 39 and explicitly on the retrospective hedge effectiveness test, because when calculating retrospective effectiveness, the credit risk is included in the derivative instrument entered into with the counter-party, but not in the hypothetical derivative. As a result, fuel price, interest rate and currency hedges had to be de-designated as they no longer met the effectiveness requirements of IAS 39. All future changes in the value of these de-designated hedges are also taken to the cost of sales respectively in the financial result in the case of interest rate hedges in the income statement through profit and loss and recognised as other derivative financial instruments from the date of the termination of the cash flow hedge accounting. As at 31 December 2022, the fair value of these reclassified fuel price hedges totalled €+16.9m at a nominal volume of €239.5m, while the fair value of the interest rate hedges amounted to €+5.5m at a nominal volume of €300.8m and the fair value of foreign currency hedges totalled €+4.1m at a nominal volume of €46.9m.

Aggregation according to measurement categories under IFRS 9 as at 31 Dec 2022

€ million	Carrying amount of financial instruments Total	Fair Value
Financial assets		
at amortised cost	2,637.3	2,628.3
at fair value – recognised directly in equity without recycling	10.6	10.6
at fair value – through profit and loss	101.0	101.0
Financial liabilities		
at amortised cost	6,080.6	5,747.8
at fair value – through profit and loss	34.4	34.4

Aggregation according to measurement categories under IFRS 9 as at 30 Sep 2022

€ million	Carrying amount of financial instruments Total	Fair Value
Financial assets		
at amortised cost	2,850.1	2,834.9
at fair value – recognised directly in equity without recycling	9.6	9.6
at fair value – through profit and loss	242.1	242.1
Financial liabilities		
at amortised cost	5,545.2	5,150.6
at fair value – through profit and loss	33.7	33.7

Fair value measurement

The table below presents the fair values of recurring, non-recurring and other financial instruments measured at fair value in line with the underlying measurement level. The individual measurement levels have been defined as follows in line with the inputs:

- Level 1: (unadjusted) quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs for the measurement other than quoted market prices included within Level 1 that are observable in the market for the asset or liability, either directly (as quoted prices) or indirectly (derivable from quoted prices).
- Level 3: inputs for the measurement of the asset or liability not based on observable market data.

Hierarchy of financial instruments measured at fair value as at 31 Dec 2022

€ million	Total	Fair value hierarchy Level 1	Level 2	Level 3
Assets				
Other receivables	**36.0**	-	-	36.0
Other financial assets	**11.5**	-	-	11.5
Derivative financial instruments				
Hedging transactions	**29.9**	-	29.9	-
Other derivative financial instruments	**64.1**	-	64.1	-
Liabilities				
Derivative financial instruments				
Hedging transactions	**76.6**	-	76.6	-
Other derivative financial instruments	**34.4**	-	34.4	-

Hierarchy of financial instruments measured at fair value as of 30 Sep 2022

€ million	Total	Fair value hierarchy Level 1	Level 2	Level 3
Assets				
Other receivables	**106.5**	-	-	106.5
Other financial assets	**10.5**	-	-	10.5
Derivative financial instruments				
Hedging transactions	**124.4**	-	124.4	-
Other derivative financial instruments	**134.7**	-	134.7	-
Liabilities				
Derivative financial instruments				
Hedging transactions	**27.0**	-	27.0	-
Other derivative financial instruments	**33.7**	-	33.7	-

At the end of every reporting period, TUI Group checks whether there are any reasons for reclassification to or from one of the measurement levels. Financial assets and financial liabilities are generally transferred out of Level 1 into Level 2 if the liquidity and trading activity no longer indicate an active market. The opposite situation applies to potential transfers out of Level 2 into Level 1. In the reporting period, there were no transfers between Level 1 and Level 2.

Reclassifications from Level 3 to Level 2 or Level 1 are made if observable market price quotations become available for the asset or liability concerned. In the reporting period there were no other transfers from or to Level 3. TUI Group records transfers from or to Level 3 at the date of the obligating event or occasion triggering the transfer.

Level 1 financial instruments

The fair value of financial instruments for which an active market exists is based on quoted prices at the reporting date. An active market exists if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency and these prices represent actual and regularly occurring market transactions on an arm's length basis. These financial instruments are classified as Level 1. The fair values correspond to the nominal amounts multiplied by the quoted prices at the reporting date. Level 1 financial instruments primarily comprise shares in listed companies classified as at fair value through OCI and bonds issued classified as financial liabilities at amortised cost.

Level 2 financial instruments

The fair values of financial instruments not traded in an active market, e.g., over-the-counter (OTC) derivatives, are determined by means of valuation techniques. These valuation techniques make maximum use of observable market data and minimise the use of Group-specific assumptions. If all essential inputs for the determination of the fair value of an instrument are observable, the instrument is classified as Level 2.

If one or several key inputs are not based on observable market data, the instrument is classified as Level 3.

The following specific valuation techniques are used to measure financial instruments:
- For OTC bonds, debt components of warrants and convertible bonds, liabilities to banks, promissory notes and other non-current financial liabilities as well as for current other receivables, current financial liabilities and non-current trade and other receivables, the fair value is determined as the present value of future cash flows, taking account of observable yield curves and the respective credit spread, which depends on the credit rating.
- The fair value of over-the-counter derivatives is determined by means of appropriate calculation methods, e.g. by discounting the expected future cash flows. The forward prices of forward transactions are based on the spot or cash prices, taking account of forward premiums and discounts. The fair values of optional hedges are calculated based on option pricing models. The fair values determined on the basis of the Group's own systems are periodically compared with fair value confirmations of the external counterparties.
- Other valuation techniques, e.g., discounting future cash flows, are used to determine the fair values of other financial instruments.

Level 3 financial instruments
The table below presents the fair values of the financial instruments measured at fair value on a recurring basis, classified as Level 3:

Financial assets measured at fair value in Level 3

€ million	Other receivables IFRS9	Other financial assets IFRS 9
Balance as at 1 Oct 2021	**108.1**	**12.3**
Disposals	- 15.0	-
Total gains or losses for the period	13.4	- 1.4
recognised through profit and loss	13.4	- 0.1
recognised in other comprehensive income	-	- 1.3
Foreign currency effects	-	- 0.4
Balance as at 30 Sep 2022	**106.5**	**10.5**
Balance as at 1 Oct 2022	**106.5**	**10.5**
Disposals	- 70.7	-
payment	- 70.7	-
Total gains or losses for the period	0.2	1.1
recognised through profit and loss	0.2	-
recognised in other comprehensive income	-	1.1
Foreign currency effects	-	- 0.1
Balance as at 31 Dec 2022	**36.0**	**11.5**

Evaluation process
The fair value of financial instruments in level 3 has been determined by TUI Group's financial department using the discounted cash flow method. This involves the market data and parameters required for measurement being compiled or validated. Non-observable input parameters are reviewed based on internally available information and updated if necessary.

In principle, the unobservable input parameters relate to the following parameters: the (estimated) EBITDA margin is in a range between 8.3 % and 24.0 % (30 September 2022: 8.3 % and 24.0 %). The constant growth rate is 1 % (30 September 2022: 1 %). The weighted average cost of capital (WACC) is in a range between 9.62%-10.17 % (30 September 2022: 9.5 %-11.3 %). Due to materiality, no detailed figures have been provided. With the exception of the WACC, there is a positive correlation between the input factors and the fair value.

The increase of the fair values of the Other financial assets in Level 3 mainly results from a valuation effect in the amount of €1.1m and foreign exchange rate effects in the amount of €-0.1m.

The Other receivables according to IFRS 9 in Level 3 at a carrying amount of €36.0 as at 31 December 2022 (as at 30 September 2022 €106.5m) relate to a variable purchase price receivable from the sale of RIU Hotels S.A., carried as a financial instrument in the measurement category at fair value through profit and loss. The fair value is determined using a probability calculation for the future gross operating profit, taking account of contractual entitlements to an additional purchase price demand and an appropriate risk-adjusted discount rate (3.49 %, 30 September 2022: 1.99 to 2.87 %). Gross operating profit is defined as total revenue minus operating expenses. The cash flows from the contractual claims set out in the underlying Memorandum of Understanding depend solely on a number of contractually determined Riu hotels delivering the gross operating profit for calendar year 2023.

The variable purchase price payment varies as a function of delivering the contractually fixed gross operating profit. The maximum amount is limited. At least 90 % of the target gross operating profit contractually agreed for 2023 has to be achieved in order to generate a variable purchase price payment. If the 90 % target is not met, no further purchase price payment will be made. The maximum purchase price payment totals €39.7m. Due to different expectations regarding target achievement, potential purchase price payments vary between €0 and €39.7m.

TUI expects the hotels concerned to deliver around 100 % to 105 % of cumulative gross operating profit in calendar year 2023. The current planning for the relevant hotels (input parameters) is regularly reviewed by the responsible accounting staff.

Sensitivity analysis shows that an increase in the hotels' gross operating profit of 10 % would result in a change in the present value of the additional purchase price receivable of €2.0m (as at 30 September 2022 €2.0m), while a reduction in gross operating profit of 10 % would result in a change in the present value of €-24.4m (as at 30 September 2022 €-24.4m). An interest rate shift of +/-100 basis points would alter the present value of the purchase price receivable by €0.4m (as at 30 September 2022 €0.5m).

Effects on results

The effects of remeasuring financial assets carried at fair value through OCI as well as the effective portions of changes in fair values of derivatives designated as cash flow hedges are listed in the statement of changes in equity.

(20) Contingent liabilities

As at 31 December 2022, contingent liabilities amounted to €89.6m (as at 30 September 2022 €93.5m). They are mainly attributable to the granting of guarantees for the benefit of hotel and cruises activities and the granting of guarantees for contingent liabilities from aircraft leasing agreements. The contingent liabilities are reported at an amount representing the best estimate of the expenditure required to meet the potential obligation at the balance sheet date.

(21) Other financial commitments

Nominal values of other financial commitments

€ million	31 Dec 2022	30 Sep 2022
Order commitments in respect of capital expenditure	2,218.7	2,291.4
Other financial commitments	98.3	129.2
Total	**2,317.0**	**2,420.6**

As at 31 December 2022 order commitments in respect of capital expenditure decreased by €72.7m as against 30 September 2022.

The decrease in order commitments is largely attributed to a decline in aircraft obligations. Scheduled payments and the effects of foreign exchange for order commitments denominated in non-functional currencies is to a greater extent partially offset by new aircraft orders undertaken in the period. The commitments for maintenance and repairs which are reported within other financial commitments decreased particularly in the segment Hotels & Resorts due to a reduction of refurbishment projects undertaken.

(22) Note to the unaudited condensed consolidated Cash Flow Statement

The cash flow statement shows the flow of cash and cash equivalents on the basis of a separate presentation of cash inflows and outflows from operating, investing and financing activities. The effects of changes in the group of consolidated companies and of foreign currency translation are eliminated.

In the period under review, cash and cash equivalents decreased by €194.2m to €1,542.7m.

In 3M 2023, the cash outflow from operating activities totalled €1,670.9m (Q1 2022 cash outflow of €964.6m), including an inflow of €6.4m (Q1 2022 €1.3m) from interest payments and €2.2m (Q1 2022 €0.1m) from dividends received from companies measured at equity. Income tax payments resulted in a cash outflow of €28.9m (Q1 2022 €6.1m).

The total cash outflow from investing activities totalled €147.6m (Q1 2022 cash outflow of €53.2m). This amount included a cash outflow for capital expenditure on property, plant and equipment and intangibles of €228.6m. The Group recorded a cash inflow of €9.9m from the divestment of property, plant and equipment and intangible assets. TUI recorded a cash inflow of €70.7m from the earn-out payment in connection with sale of the stakes in Riu Hotels S.A., effected in financial year 2021. A cash inflow of €2.1m resulted from the sale of money market funds.

The cash inflow from financing activities totalled €1,634.7m (Q1 2022 cash inflow of €1,077.2m).

In the financial year under review, TUI AG increased its syndicated credit facility by €1,884.6m. Other TUI Group companies took out loans worth €99.8m. A cash outflow of €210.5m resulted from the redemption of financial liabilities, including an amount of €162.8m for lease liabilities. Interest payments resulted in a cash outflow of €122.3m. TUI AG paid an amount of €16.8m as coupon on Silent Participation I of the German Economic Stabilisation Fund, carried as a dividend.

In addition, cash and cash equivalents decreased by €10.6m (Q1 2022 increase by €3.8m) due to changes in exchange rates.

As at 31 December 2022, cash and cash equivalents worth €637.1m were subject to restrictions (as at 30 September 2022 €526.1m).

On 30 September 2016, TUI AG entered into a long-term agreement to close the gap between the obligations and the fund assets of defined benefit pension plans in the UK. At the balance sheet date, an amount of €66.6m was deposited as security within a bank account (as at 30 September 2022 €66.1m). TUI Group can only use this amount of cash and cash equivalents if it provides alternative collateral.

Furthermore, an amount of €116.1m (as at 30 September 2022 €116.1m) related to cash collateral received, which was deposited with a Belgian subsidiary without acknowledgement of debt by the Belgian tax authorities in financial year 2013 in respect of long-standing litigation over VAT refunds for the period from 2001 to 2011. The purpose was to suspend the accrual of interest for both parties. In order to collateralise a potential repayment, the Belgian government was granted a bank guarantee. Due to the bank guarantee, TUI's ability to dispose of the cash and cash equivalents is restricted.

The remaining €454.5m (as at 30 September 2022 €343.9m) relate to cash and cash equivalents to be deposited due to statutory or regulatory requirements, mainly in order to secure customer deposits and credit card payables.

(23) Reporting segments

Revenue by segment for the period from 1 Oct 2022 to 31 Dec 2022

€ million	External	Group	Q1 2023 Total
Hotels & Resorts	210.9	173.8	384.7
Cruises	115.2	-	115.2
TUI Musement	141.4	64.6	206.0
Consolidation	-	- 0.1	- 0.1
Holiday Experiences	467.5	238.3	705.8
Northern Region	1,343.1	86.6	1,429.7
Central Region	1,351.1	21.2	1,372.3
Western Region	534.9	37.6	572.5
Consolidation	-	- 138.8	- 138.8
Markets & Airlines	3,229.1	6.6	3,235.7
All other segments	53.8	1.5	55.3
Consolidation	-	- 246.3	- 246.3
Total	**3,750.5**	**-**	**3,750.5**

Revenue by segment for the period from 1 Oct 2021 to 31 Dec 2021

€ million	External	Group	Q1 2022 Total
Hotels & Resorts	198.3	84.5	282.8
Cruises	34.2	-	34.2
TUI Musement	66.3	33.9	100.2
Consolidation	-	- 1.2	- 1.2
Holiday Experiences	298.8	117.2	416.0
Northern Region	652.2	76.3	728.5
Central Region	985.1	18.8	1,003.9
Western Region	416.1	35.1	451.2
Consolidation	-	- 128.4	- 128.4
Markets & Airlines	2,053.4	1.8	2,055.2
All other segments	17.0	0.8	17.8
Consolidation	-	- 119.8	- 119.8
Total	**2,369.2**	**-**	**2,369.2**

The segment data shown are based on regular internal reporting to the Executive Board. Since the 2020 fiscal year, the internationally more commonly used earnings measure "underlying EBIT" is used for value-based management. Accordingly, this represents the segment performance indicator within the meaning of IFRS 8.

We define the EBIT in underlying EBIT as earnings before interest, income taxes and expenses from the measurement of the Group's interest rate hedging instruments. Impairment losses on goodwill are by definition included in EBIT.

Underlying EBIT has been adjusted to exclude certain items which, due to their size and frequency of occurrence, make it difficult or distort the assessment of the operating performance of the business areas and the Group. These items include gains and losses on the disposal of financial assets, significant gains and losses on the disposal of assets and significant restructuring and integration expenses. In addition, all effects from purchase price allocations, incidental acquisition costs and contingent purchase price payments are adjusted. Impairment losses on goodwill have also been eliminated in the reconciliation to underlying EBIT.

In 3M 2023, underlying EBIT includes results of investments accounted for using the equity method of €-4.4m (Q1 2022 €-2.3m). For a split up by segments, please refer to Note 6 'Share of result of investments accounted for using the equity method'.

Underlying EBIT by segment

€ million	Q1 2023	Q1 2022
Hotels & Resorts	71.9	61.1
Cruises	0.2	- 31.7
TUI Musement	- 13.0	- 12.7
Holiday Experiences	59.2	16.7
Northern Region	- 122.0	- 171.7
Central Region	- 28.3	- 55.0
Western Region	- 43.7	- 32.4
Markets & Airlines	- 193.9	- 259.0
All other segments	- 18.3	- 31.3
Total	**- 153.0**	**- 273.6**

Impairment on other intangible assets, property, plant and equipment and right of use assets

€ million	Q1 2023	Q1 2022
Hotels & Resorts	3.3	-
Holiday Experiences	3.3	-
Northern Region	0.9	0.5
Central Region	-	1.2
Western Region	-	0.3
Markets & Airlines	0.9	2.0
All other segments	-	0.2
Total	**4.2**	**2.2**

Reconciliation to underlying EBIT of TUI Group

€ million	Q1 2023	Q1 2022
Earnings before income taxes	**- 272.6**	**- 404.5**
plus: Net interest expenses (excluding expense / income from measurement of interest hedges)	110.5	131.6
plus: (Income) expense from measurement of interest hedges	3.4	1.5
EBIT	**- 158.7**	**- 271.4**
Adjustments:		
less: Separately disclosed items	- 0.7	- 9.3
plus: Expense from purchase price allocation	6.4	7.1
Underlying EBIT	**- 153.0**	**- 273.6**

Net income for separately disclosed items of €0.7m included €2m income from the release of restructuring provisions no longer needed in Western Region and €1m release of restructuring provisions no longer needed in TUI Musement for the termination of the Tantur / TUI Russia business in the previous financial year, partly offset by €2m restructuring expenses in All Other Segments.

Net income for the separately disclosed items of €9.3m in Q1 2022 include income of €21m from the sale of the shares in Nordotel S.A, fully consolidated in the Hotels & Resorts segment, to Grupotel S.A., a joint venture of the TUI Group. In addition, restructuring expenses in the Central Region (€9m) and All Other Segments (€3m) segments were adjusted.

Expenses for purchase price allocations of €6.4m (previous year €7.1m) relate in particular to the scheduled amortisation of intangible assets from acquisitions made in previous years.

(24) Related parties

Apart from the subsidiaries included in the Interim Financial Statements, TUI AG, in carrying out its business activities, maintains direct and indirect relationships with related parties. All transactions with related parties were executed on an arm's length basis.

Detailed information on related parties is provided under section 50 in the Notes to the consolidated financial statements 2022.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting and in the accordance with (German) principles of proper accounting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

The Executive Board

Hanover, 13 February 2023

Sebastian Ebel
David Burling
Mathias Kiep
Peter Krueger
Sybille Reiss

Review Report

To TUI AG, Berlin/Germany and Hanover/Germany

We have reviewed the condensed interim consolidated financial statements – comprising the condensed income statement, the condensed statement of comprehensive income, the condensed statement of financial position, the condensed statement of changes in equity, the condensed statement of cash flows as well as selected explanatory notes to the consolidated financial statements – and the interim Group management report for the period from 1 October 2022 until 31 December 2022 of TUI AG, Berlin and Hanover, which are part of the financial report under § 115 WpHG section 7 (Wertpapierhandelsgesetz: German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, and of the interim group management in accordance with the requirements of the WpHG applicable to interim Group management reports is the responsibility of the entity's executive board. Our responsibility is to issue a review report on the condensed interim consolidated financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim Group management report in compliance with the German Generally Accepted Standards for the Review of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Those standards require that we plan and perform the review to obtain a limited level of assurance to preclude through critical evaluation that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim Group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim Group management reports. A review is limited primarily to inquiries of personnel of the entity and to analytical procedures applied to financial data and thus provides less assurance than an audit. Since, in accordance with our engagement, we have not performed an audit, we do not express audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of TUI AG, Berlin and Hanover, have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim Group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Hanover/Germany, 13 February 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Annika Deutsch	Elmar Meier
German Public Auditor	German Public Auditor

Cautionary statement regarding forward-looking statements

The present Interim Financial Report contains various statements relating to TUI Group's and TUI AG's future development. These statements are based on assumptions and estimates. Although we are convinced that these forward-looking statements are realistic, they are not guarantees of future performance since our assumptions involve risks and uncertainties that could cause actual results to differ materially from those anticipated. Such factors include market fluctuations, the development of world market prices for commodities and exchange rates or fundamental changes in the economic environment. TUI does not intend to and does not undertake any obligation to update any forward-looking statements in order to reflect events or developments after the date of this Report.

Financial calendar

	Date
Annual General Meeting of TUI AG 2023	14 February 2023
Half-Year Financial Report H1 2023	10 Mai 2023
Interim Financial Report Q3 2023	14 August 2023

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This Interim Financial Report, the presentation slides and the video webcast for Q1 2023 (published on 14 February 2023) are available at the following link: www.tuigroup.com/en-en/investors