Half-Year Financial Report

1 October 2021 - 31 March 2022

Content

Interim Management Report

Summary

Q2 2022 delivering further operational and financial progress

- Q2 Group revenue of €2.1bn, an improvement of €1.9bn year-on-year (Q2 2021: €0.2bn), reflecting the more normalised pre-pandemic travel environment versus the prior year, with March achieving the highest monthly revenue within the quarter as operations ramped up after a more subdued January and February post Omicron restrictions.
- 71% of financial year 2019 capacity[1] operated in Q2, just ahead of our mid-point of initial Winter 2021/22 programme expectations. Reflecting the increasing consumer confidence in departure, pent-up demand and the ramp up of operations accordingly, we exited the second quarter with an operated capacity of 75% in March 2022.
- 1.9m customers departed in the second quarter, an increase of 1.7m customers versus the prior year, with the highest departure volume achieved again in March. Our average load factor continued to be strong, with 84% load factor achieved for the period (Q2 2019: Load factor 85%).
- Q2 Group underlying EBIT loss almost halved to €-329.9m loss versus prior year, (Q2 2021: €-633.0m loss), driven by a strong operational recovery in the second half of the quarter on easing of Omicron restrictions, with Hotels & Resorts delivering a third sequential positive quarter since the start of the pandemic.
- Continued delivery of our Global Realignment Programme – we expect to deliver a further 20% of our ~€400m p.a. target cost savings in financial year 2022 (~€240m already delivered in financial year 2021, with the remainder on track to be delivered by financial year 2023).
- In Q2, TUI generated a significantly positive operating cash flow, driven by substantial working capital inflow as the business returned to a more normalised pre-pandemic environment for travel and bookings and operations recovered, helped by the easing of Omicron-related restrictions in the second half of the quarter.
- Strong liquidity position[2] of €3.8bn as of 6 May 2022, post hand-back of €0.7bn state support on 1 April 2022, reflecting our continued cost discipline, and higher working capital inflow from positive booking momentum since our Interim Report Q1 2022.
- After two years of turbulence, we expect to return to significantly positive underlying EBIT for financial year 2022[3] and we remain committed to reducing our German government exposure further.
- In H1 2022, Group revenue was €4.5bn, an increase of €3.8bn compared to the previous year (H1 2021: €0.7bn). The Group's operating loss (adjusted EBIT) amounted to €-603.5m in H1. It decreased by €705.3m and thus by more than half compared to the previous year's value (H1 2021: €-1,308.8m).

[1] Available seat (risk) capacities

[2] Available liquidity defined as available cash plus committed lines including financing packages

[3] For details see Report on changes in expected development on page 6

TUI Group - financial highlights

€ million		Q2 2022	Q2 2021	Var. %	H1 2022	H1 2021	Var. %	Var. % at constant currency
Revenue		**2,128.4**	**248.1**	**+ 757.7**	**4,497.6**	**716.3**	**+ 527.9**	**+ 517.6**
Underlying EBIT[1]								
Hotels & Resorts		23.7	- 102.6	n. a.	84.8	- 198.3	n. a.	n. a.
Cruises		- 73.5	- 55.0	- 33.8	- 105.3	- 153.3	+ 31.4	+ 33.6
TUI Musement		- 16.8	- 29.3	+ 42.8	- 29.5	- 62.0	+ 52.4	+ 52.4
Holiday Experiences		- 66.6	- 186.9	+ 64.4	- 49.9	- 413.6	+ 87.9	+ 87.8
Northern Region		- 180.9	- 221.0	+ 18.1	- 352.6	- 418.3	+ 15.7	+ 19.5
Central Region		- 20.7	- 122.7	+ 83.1	- 75.7	- 272.0	+ 72.2	+ 72.0
Western Region		- 57.0	- 83.3	+ 31.5	- 89.4	- 159.8	+ 44.1	+ 43.4
Markets & Airlines		- 258.7	- 427.0	+ 39.4	- 517.7	- 850.1	+ 39.1	+ 40.8
All other segments		- 4.6	- 19.1	+ 76.1	- 35.8	- 45.1	+ 20.6	+ 22.6
TUI Group		**- 329.9**	**- 633.0**	**+ 47.9**	**- 603.5**	**- 1,308.8**	**+ 53.9**	**+ 55.0**
EBIT[1]		**- 343.1**	**- 600.5**	**+ 42.9**	**- 614.5**	**- 1,298.5**	**+ 52.7**	
Underlying EBITDA		**- 123.1**	**- 398.5**	**+ 69.1**	**- 188.4**	**-856.1**	**+ 78.0**	
EBITDA[2]		**- 130.0**	**- 356.7**	**+ 63.6**	**- 185.5**	**- 831.5**	**+ 77.7**	
Group loss		- 321.4	- 707.9	+ 54.6	- 707.9	- 1,498.1	+ 52.7	
Earnings per share	€	- 0.21	- 0.67	+ 68.7	- 0.47	- 1.82	+ 74.2	
Net capex and investment		83.3	- 61.3	n. a.	136.7	- 108.4	n. a.	
Equity ratio (31 March)[3]	%				1.5	1.3	+ 0.1	
Net debt (31 March)					- 3,936.0	- 6,813.1	- 42.2	
Employees (31 March)					46,123	36,029	+ 28.0	

Differences may occur due to rounding.

This Quarterly Report of the TUI Group was prepared for the reporting period Q1 2022 from 1 October 2021 to 31 March 2022.

[1] We define the EBIT in underlying EBIT as earnings before interest, income taxes and result of the measurement of the Group's interest hedges. For further details please see page 15.

[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.

Trading update

Strong recovery building through Q2, confident Summer 2022 will be close to Summer 2019 levels

- 11m bookings across Winter 2021/22 and Summer 2022, with ~5m bookings added since our Q1 2022 Interim Report, as the demand for holidays and confidence in international travel returns.
- Bookings across our key markets UK, Germany and Benelux have been largely unaffected by the war in Ukraine, with only the Nordics and Poland subdued.
- Winter 2021/22 programme closed with bookings[1] down 34% and ASP strongly up 13%.
- Summer 2022 booking[2] are 85% of Summer 2019 levels. Total bookings have been trending strongly with the last six weeks' bookings firmly surpassing Summer 2019 levels, boosted by the return to a more pre-pandemic environment of restriction-free travel. ASP continues to be strong at up 20%, reflecting a higher mix of package products, and the popularity of our summer holidays.
- The UK market in particular remains the most advanced booked, with bookings up 11% versus Summer 2019.
- The latest positive booking trends, combined with clear pent-up demand as Omicron-related travel restrictions eased, increasing intention to holiday abroad for a beach holiday[3] and a later booking profile, we are confident in our Summer 2022 capacity assumption of close to normalised 2019 Summer levels.
- Hotels & Resorts –The segment delivered a third consecutive quarter of positive underlying EBIT since the start of the pandemic. We expect occupancies and average rates to develop strongly through the second half and the short-term booking environment to contribute significantly to a strong Summer.
- Cruises – Since the beginning of April, all 16 ships across our three brands are back in operation. Compared to our other segments, Cruises recovery is expected to be slower with short-term bookings continue to represent a large share of overall bookings. We see H2 2022 calendar year building steadily. Bookings are currently trending at higher rates for all three cruise brands, in comparison to prior years.
- TUI Musement – 681k excursions, activities and tours (EATs) were sold in the second quarter, reflecting firstly the more open travel environment and secondly the successful integration of Musement. Benefitting from our integrated business model and complemented by our increased inventory of products offered in popular cities and sun and beach locations, we expect EATs to develop beyond the capacity assumptions of our Markets & Airlines for Summer 2022, as third-party sales return, in line with a return to a more normalised pre-pandemic travel environment across our global destinations.
- After two years of turbulence and against the backdrop of current bookings and the business performance to date, we expect to return to significantly positive underlying EBIT for financial year 2022.

[1] Bookings up to 30 April 2022 compared to Winter 2018/19 programme (undistorted by COVID-19 effects and thus provide an appropriate benchmark) and relate to all customers whether risk or non-risk
[2] Bookings up to 8 May 2022 compared to Summer 2019 programme (undistorted by COVID-19 effects and thus provide an appropriate benchmark) and relate to all customers whether risk or non-risk
[3] The Netherlands Bureau of Tourism and Congress, Holiday Sentiment Monitor, April 2022

Global Realignment Programme – Targeted savings ~€400m p.a. by financial year 2023

In May 2020, we announced our Global Realignment Programme to address group-wide costs, with a target of permanently saving more than €400m per annum by financial year 2023.

In the financial year ending September 2021, ~60% (€240m) of our announced targeted savings were delivered. Savings have been most significantly delivered across the Markets & Airlines division (~85% of savings to date).

We expect to deliver a further 20% (€80m) of our targeted savings in financial year 2022 and we remain on track to deliver the full programme benefits by end of financial year 2023.

Net debt

H1 2022 net debt position of €3,936m is an improvement of €1,134m versus Q1 2022 net position of €5,070m and an improvement of €2,877m year-on-year (H1 2021: €6,813m). The quarterly improvement is predominantly driven by positive cash flow, as the business returns to a more normalised pre-pandemic environment for travel and bookings and operations recover. The year-on-year improvement is driven by positive cash flow as operations recover, and proceeds from our capital increase completed in the first quarter of 2022.

Strategic priorities
Ongoing priorities – we will continue with our disciplined cash management, drive operating effectiveness, whilst maximising opportunities to de-lever, continue the reduction of debt and German government exposure in order to return to a solid balance sheet. Mid-term ambitions – we expect underlying EBIT to significantly build on financial year 2019, driven by both top-line growth and benefits from our Global Realignment Programme, with a target to return to gross leverage ratio of less than 3.0x.

Our growth opportunities will be driven by the expansion of our TUI Musement tours & activities segment, which will benefit from both our integration as well as growth through third party sales, accelerated digitalisation, our increased offer of dynamic packaging, growth through asset-right financing structures and execution of our Global Realignment Programme. The combination of these drivers will enable us to emerge stronger, leaner, more digitalised and more agile, and ready to exploit market recovery and growth opportunities.

TUI is strategically well positioned and will continue to benefit from the strong rebound in the leisure industry.

Report on changes in expected development

The impact of the pandemic and the war in Ukraine on customer behaviour remains difficult to predict. The greatest area of uncertainty will be the impact on consumer confidence, should travel restrictions be reintroduced, should there be further cost inflation volatility and/or an escalation of the war in Ukraine. In view of these considerable uncertainties, the Executive Board continues to believe that it is not in a position to issue a specific, quantified forecast for the financial year 2022.

Against the backdrop of current bookings and the business performance to date, we confirm our expectation in the 2021 Annual Report of a significant improvement in TUI Group's underlying EBIT compared with 2021 and now expect to return to a significantly positive underlying EBIT in the current financial year.

We continue to consider the remaining assumptions for the financial year 2022 made in the Annual Report 2021 to be valid.

⇨ See also TUI Group Annual Report 2021 page 50 ff

Structure and strategy of TUI Group

Reporting structure
The present Half-Year Financial Report for H1 2022 is based on TUI Group’s reporting structure set out in the Consolidated Financial Statements of TUI AG as at 30 September 2021.

⇨ See TUI Group Annual Report 2021 from page 28

Group strategy
The TUI Group's strategy outlined in the Annual Report 2021 will be continued in the current financial year.

⇨ See TUI Group Annual Report 2021 from page 25

Consolidated earnings

Revenue

€ million	Q2 2022	Q2 2021	Var. %	H1 2022	H1 2021	Var. %
Hotels & Resorts	181.0	27.5	+ 558.2	379.3	83.9	+ 352.0
Cruises	41.3	1.0	n. a.	75.5	1.5	n. a.
TUI Musement	62.5	8.1	+ 671.6	128.8	18.6	+ 593.2
Holiday Experiences	284.8	36.5	+ 680.3	583.6	104.0	+ 461.2
Northern Region	847.9	52.1	n. a.	1,500.2	159.1	+ 842.8
Central Region	619.6	124.2	+ 398.9	1,604.7	337.4	+ 375.6
Western Region	366.2	28.0	n. a.	782.2	102.1	+ 666.1
Markets & Airlines	1,833.7	204.3	+ 797.6	3,887.1	598.6	+ 549.4
All other segments	9.9	7.3	+ 35.6	26.9	13.6	+ 97.2
TUI Group	**2,128.4**	**248.1**	**+ 757.9**	**4,497.6**	**716.3**	**+ 527.9**
TUI Group (at constant currency)	**2,093.2**	**248.1**	**+ 743.7**	**4,424.2**	**716.3**	**+ 517.6**

Underlying EBIT

€ million	Q2 2022	Q2 2021	Var. %	H1 2022	H1 2021	Var. %
Hotels & Resorts	23.7	- 102.6	n. a.	84.8	- 198.3	n. a.
Cruises	- 73.5	- 55.0	- 33.6	- 105.3	- 153.3	+ 31.3
TUI Musement	- 16.8	- 29.3	+ 42.7	- 29.5	- 62.0	+ 52.4
Holiday Experiences	- 66.6	- 186.9	+ 64.4	- 49.9	- 413.6	+ 87.9
Northern Region	- 180.9	- 221.0	+ 18.1	- 352.6	- 418.3	+ 15.7
Central Region	- 20.7	- 122.7	+ 83.1	- 75.7	- 272.0	+ 72.2
Western Region	- 57.0	- 83.3	+ 31.6	- 89.4	- 159.8	+ 44.1
Markets & Airlines	- 258.7	- 427.0	+ 39.4	- 517.7	- 850.1	+ 39.1
All other segments	- 4.6	- 19.1	+ 75.9	- 35.8	- 45.1	+ 20.6
TUI Group	**- 329.9**	**- 633.0**	**+ 47.9**	**- 603.5**	**- 1,308.8**	**+ 53.9**

EBIT

€ million	Q2 2022	Q2 2021	Var. %	H1 2022	H1 2021	Var. %
Hotels & Resorts	24.3	- 102.7	n. a.	106.8	- 198.4	n. a.
Cruises	- 73.5	- 55.0	- 33.6	- 105.3	- 153.4	+ 31.4
TUI Musement	- 18.7	- 32.9	+ 43.2	- 33.3	- 67.1	+ 50.4
Holiday Experiences	- 67.8	- 190.5	+ 64.4	- 31.8	- 418.9	+ 92.4
Northern Region	- 185.2	- 239.8	+ 22.8	- 360.7	- 441.0	+ 18.2
Central Region	- 29.0	- 64.3	+ 54.9	- 93.0	- 224.1	+ 58.5
Western Region	- 57.5	- 87.0	+ 33.9	- 90.7	- 166.5	+ 45.5
Markets & Airlines	- 271.7	- 391.1	+ 30.5	- 544.5	- 831.7	+ 34.5
All other segments	- 3.5	- 18.9	+ 81.5	- 38.2	- 48.0	+ 20.4
TUI Group	**- 343.1**	**- 600.5**	**+ 42.9**	**- 614.5**	**- 1,298.5**	**+ 52.7**

Segmental performance

Holiday Experiences

€ million	Q2 2022	Q2 2021	Var. %	H1 2022	H1 2021	Var. %
Revenue	284.8	36.5	+ 680.3	583.6	104.0	+ 461.2
Underlying EBIT	- 66.6	- 186.9	+ 64.4	- 49.9	- 413.6	+ 87.9
Underlying EBIT at constant currency	- 67.7	- 186.9	+ 63.8	- 50.4	- 413.6	+ 87.8

Hotels & Resorts

€ million	Q2 2022	Q2 2021	Var. %	H1 2022	H1 2021	Var. %
Total revenue[1]	241.8	53.1	+ 355.4	524.6	146.8	+ 257.4
Revenue	181.0	27.5	+ 558.2	379.3	83.9	+ 352.1
Underlying EBIT	23.7	- 102.6	n. a.	84.8	- 198.3	n. a.
Underlying EBIT at constant currency	20.9	- 102.6	n. a.	81.0	- 198.3	n. a.
Capacity hotels total[2] ('000)	**6,935**	**4,242**	**+ 63.5**	**15,530**	**9,418**	**+ 64.9**
Riu	3,059	2,286	+ 33.8	6,490	4,782	+ 35.7
Robinson	592	237	+ 150.0	1,321	601	+ 119.9
Blue Diamond	1,343	1,159	+ 15.9	2,667	2,032	+ 31.2
Occupancy rate hotels total[3] (in %, variance in % points)	**65**	**36**	**+ 29**	**64**	**40**	**+ 24**
Riu	73	36	+ 37	71	41	+ 30
Robinson	51	49	+ 2	58	48	+ 10
Blue Diamond	78	37	+ 41	76	39	+ 37
Average revenue per bed hotels total[4] (in €)	**86**	**69**	**+ 24.2**	**78**	**64**	**+ 22.8**
Riu	71	59	+ 20.7	68	55	+ 23.3
Robinson	115	96	+ 19.9	106	92	+ 15.8
Blue Diamond	143	96	+ 49.8	132	93	+ 40.9

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

[1] Total revenue includes intra-Group revenue

[2] Group owned or leased hotel beds multiplied by opening days per quarter

[3] Occupied beds divided by capacity

[4] Arrangement revenue divided by occupied beds

H1 2022 revenue grew to €379.3m, an improvement of €295.4m year-on-year (H1 2021: €83.9m) reflecting the more normalised pre-pandemic travel environment across our multiple destinations, , versus the prior year. The segment reported a H1 underlying EBIT profit of €84.8m as a result, improving by up €283.1m year-on-year (H1 2021: €198m loss), with Riu delivering strong results in their core Caribbean and Spanish markets.

Q2 2022 revenue respectively grew to €181.0m, improving €153.5m year-on-year (Q2 2021: €27.5m), delivering an underlying EBIT profit of €23.7m, an improvement of €126.3m year-on-year (Q2 2021: €-102.6m loss), the third sequential quarterly positive underlying EBIT result since the start of the pandemic.

For the Q2 period, we operated 6.9m available bednights (capacity) which is an increase of 2.7m available bednights versus the prior year (Q2 2021: 4.2m), and nearing pre pandemic levels (Q2 2019: 7.6m). The benefit of our brands,-with a high level of capacity in popular year-round destinations such as the Caribbean and Canaries, both of which achieved average occupancies of 77% in the quarter, is evident in our operational results. Q2 occupancy rate increased 29%pts year-on-year to 65% for the segment, with Riu achieving 73% in the quarter, up 37%pts year-on-year (Q2 2021: 36%) and Blue Diamond achieving 78%, up 41%pts year-on-year (Q2 2021: 37%), reflecting the benefit of third-party sales in the Caribbean from North America and our ability to steer our base of European customers to our own hotels e.g. in the Canaries first. Robinson average occupancy increased 2%pts to 51% year-on-year (Q2 2021: 49%), reflective of the usual winter seasonality for its more European portfolio.

Q2 2022 average daily rate increased by 24% to €86, with Riu's average daily rate increasing 21% to €71 (Q2 2021: €59) and Blue Diamond average daily rate increasing 50% to €143 (Q2 2021: €96), driven by higher average spend in the Caribbean. Robinson also delivered a strong average rate of €115, an increase of 20% year-on-year (Q2 2021: €96).

Cruises

€ million	**Q2 2022**	Q2 2021	Var. %	**H1 2022**	H1 2021	Var. %
Revenue[1]	41.3	1.0	n. a.	75.5	1.5	n. a.
Underlying EBIT	- 73.5	- 55.0	- 33.6	- 105.3	- 153.3	+ 31.3
Underlying EBIT at constant currency	- 71.8	- 55.0	- 30.5	- 101.8	- 153.3	+ 33.6
Occupancy (in %, variance in % points)						
Mein Schiff[2]	51	34	+ 17	52	35	+ 17
Hapag-Lloyd Cruises	29	29	-	39	33	+ 6
Marella Cruises	53	-	n. a.	51	-	n. a.
Passenger days ('000)						
Mein Schiff[2]	582	176	+ 230.0	1,277	354	+ 261.0
Hapag-Lloyd Cruises	41	8	+ 397.6	115	21	+ 441.8
Marella Cruises	184	-	n. a.	365	-	n. a.
Average daily rates[3] (in €)						
Mein Schiff[2]	138	89	+ 55.1	147	104	+ 41.3
Hapag-Lloyd Cruises	606	376	+ 61.2	640	411	+ 55.6
Marella Cruises (in £)	156	-	n. a.	149	-	n. a.

[1] No revenue is carried for Mein Schiff and Hapag-Lloyd Cruises as the joint venture TUI Cruises is consolidated at equity
[2] Brand Mein Schiff was reported under TUI Cruises in the previous year's periods
[3] Per day and passenger

The Cruises segment comprises the joint venture TUI Cruises, which operates cruise ships under the brands Mein Schiff and Hapag-Lloyd Cruises, and Marella Cruises.

H1 2022 Cruises revenue, reflecting Marella Cruises solely (TUI Cruises consisting of Mein Schiff and Hapag-Lloyd Cruises is equity accounted) grew to €75.5m, an improvement of €74.0m year-on-year (H1 2021: €1.5m), reflecting the more normalised pre-pandemic travel environment, versus the prior year when Marella's operations were suspended in line with UK government travel advice. Resultingly, H1 underlying EBIT loss for the segment (including the equity result of TUI Cruises) reduced to €-105.3m loss, an improvement of €48.0m (H1 2021: €-153.3m loss), with a partial fleet operated by all three brands in the first six months due to Omicron restrictions, which held back the performance for the segment.

Q2 2022 revenue for Marella grew to €41.3m respectively, improving €40.3m year-on-year (Q2 2021: €1.0m). Q2 underlying EBIT loss (including equity result for TUI Cruises) increased by €18.5m to €-73.5m loss due to Omicron restrictions introduced at the end of Q1 2022, which resulted in operational disruption costs for all three brands throughout January and February.

Mein Schiff – January in particular, was impacted by short-term Omicron-related amendments, resulting in the cancellation of itineraries and a temporary operational pause for part of the fleet. Four ships (out of seven) operated in January, five ships operated in February, returning to six ships from March as Omicron-related travel restrictions eased during the quarter. (Mein Schiff 5 already in use as a vaccination hub until February and Mein Schiff Herz in pre-planned lay-up until April). Occupancy of the operated fleet in the second quarter was 51% as a result (Q2 2021: 34%). Q2 average daily rate of operated fleet was €138, up 55% versus prior year (Q2 2021: €89), with cruises operated in the Canaries, the Mediterranean, Caribbean, and United Arab Emirates during the second quarter, versus shorter average duration "Blue Cruises" operated in the prior year.

Hapag-Lloyd Cruises – Hapag-Lloyd Cruises saw the same short-term Omicron-related amendments, resulting in the cancellation of itineraries and temporary operational pause of two ships, with three (out of five) operated in January and February, returning to full fleet of five from March as Omicron-related restrictions eased during the quarter. Q2 average daily rate of operated fleet was €606, an increase of 61% on prior year

(Q2 2021: €376), reflecting the resumption of worldwide itineraries versus European cruises in the prior year. Q2 occupancy of the operated fleet was 29% (Q2 2021 Q2: 29%), reflecting the previously discussed factors.

Marella Cruises – Similarly to Mein Schiff and Hapag-Lloyd Cruises, Marella operated a partial fleet through-out the second quarter, with just one ship (out of four) in operation in January, two in February and three in March as Omicron-related restrictions eased. Q2 average daily rate of was £156 and occupancy was 53%, versus a previous Q2 which saw operations suspended in line with UK government travel advice.

TUI Musement

€ million	Q2 2022	Q2 2021	Var. %	H1 2022	H1 2021	Var. %
Total revenue[1]	92.4	9.8	+ 842.9	192.6	25.4	+ 658.3
Revenue	62.5	8.1	+ 671.6	128.8	18.6	+ 592.5
Underlying EBIT	- 16.8	- 29.3	+ 42.7	- 29.5	- 62.0	+ 52.4
Underlying EBIT at constant currency	- 16.8	- 29.3	+ 42.7	- 29.5	- 62.0	+ 52.4

[1] Total revenue includes intra-Group revenue

H1 2022 revenue of €128.8m, up €110.2m year-on-year (H1 2021: €18.6m). H1 underlying EBIT loss of €-29.5m, improving €32.5m year-on-year (H1 2021: €-62.0m), reflecting the same previously discussed factors.

Q2 revenue of €62.5m, up €54.4m year-on-year (Q2 2021: €8.1m). Q2 underlying EBIT loss of €-16.8m, im-proving €12.5m year-on-year (Q2 2021: €-29.3m loss).

0.7m excursions, activities and tours sold in the second quarter, an increase of 0.6m excursions versus the prior year (Q2 2021: 0.1m) reflecting the more normalised pre-pandemic travel environment across our global destinations. The increase reflects the breadth of our coverage in both popular cities and traditional sun & beach locations, benefitting from the advantage of our integrated model and growth of third-party sales through the Musement platform.

Q2 online distribution was 45% (Q2 2021: 56%) reflecting the return of destination staff in resort versus the prior year, in line with our hybrid in-person and online self-service model.

Markets & Airlines

€ million	Q2 2022	Q2 2021	Var. %	H1 2022	H1 2021	Var. %
Revenue	1,833.7	204.3	+ 797.6	3,887.1	598.6	+ 549.4
Underlying EBIT	- 258.7	- 427.0	+ 39.4	- 517.7	- 850.1	+ 39.1
Underlying EBIT at constant currency	- 253.1	- 427.0	+ 40.7	- 503.2	- 850.1	+ 40.8
Direct distribution mix[1] (in %, variance in % points)	80	74	+ 6	77	76	+ 1
Online mix[2] (in %, variance in % points)	57	57	-	55	56	- 1
Customers ('000)	1,857	159	n. a.	4,113	684	+ 501.3

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

H1 2022 revenue of €3.9bn, up €3.3bn year-on-year (H1 2021: €0.6bn). H1 underlying EBIT loss for the seg-ment of €-517.7m improved by loss €332.4m year-on-year (H1 2021: €-850.1m) reflecting the more normal-ised pre-pandemic travel environment versus the prior year against our typical winter seasonality.

Q2 2022 revenue of €1.8bn, up €1.6bn year-on-year (Q2 2021: €0.2bn). Q2 underlying EBIT loss of €258.7m, improved by €168.3m year-on-year (Q2 2021: €427.0m). The result includes a €43m net benefit from the re-valuation and unwinding of ineffective hedge positions, €50m state compensation within Central Region for loss of business in the course of the pandemic as well as savings delivered by our Global Realignment Pro-gramme across all markets.

A total of 1.9m customers departed in the second quarter, an increase of 1.7m customers versus Q2 2021. Average load factor of 84% was achieved for the second quarter (Q2 2019: 85%)

Northern Region

€ million	**Q2 2022**	Q2 2021	Var. %	**H1 2022**	H1 2021	Var. %
Revenue	847.9	52.1	n. a.	1,500.2	159.1	+ 842.9
Underlying EBIT	- 180.9	- 221.0	+ 18.1	- 352.6	- 418.3	+ 15.7
Underlying EBIT at constant currency	- 174.6	- 221.0	+ 21.0	- 336.7	- 418.3	+ 19.5
Direct distribution mix[1] (in %, variance in % points)	93	87	+ 6	94	93	+ 1
Online mix[2] (in %, variance in % points)	69	72	- 3	71	76	- 5
Customers ('000)	752	6	n. a.	1,417	119	n. a.

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

H1 2022 revenue of €1.5bn, up €1.3bn year-on-year (H1 2021: €0.2bn). H1 underlying EBIT loss for the region of €-352.6m improved by €65.7m year-on-year (H1 2021: €-418.3m) per the factors already mentioned.

Q2 2022 revenue of €847.9m, up €795.8m year-on-year (Q2 2021: €52.1m). Q2 underlying EBIT loss for the region of €180.9m, improved by €40.1m year-on-year (Q2 2021: €-221.0m), driven by improving departure volumes in a more normalised pre-pandemic travel environment, €16m benefit from the revaluation and unwinding of ineffective hedge position and savings delivered through our Global Realignment Programme. The loss position, comparatively to other markets, predominantly reflects the higher operational leverage for the UK, as well as a more subdued Nordics market.

Northern Region reported an increase in Q2 customer volumes, with 752k guests departing overall in the quarter representing 75% of pre-pandemic Q2 2019 volumes and versus 6k customers in Q2 2021. Online distribution for region continues to be strong at 69%, up 2%pts versus pre-pandemic levels (Q2 2019: 67%). Direct distribution is up 1%pts to 93% versus pre-pandemic levels (Q2 2019: 92%)

Central Region

€ million	**Q2 2022**	Q2 2021	Var. %	**H1 2022**	H1 2021	Var. %
Revenue	619.6	124.2	+ 398.9	1,604.7	337.4	+ 375.6
Underlying EBIT	- 20.7	- 122.7	+ 83.1	- 75.7	- 272.0	+ 72.2
Underlying EBIT at constant currency	- 20.9	- 122.7	+ 83.0	- 76.2	- 272.0	+ 72.0
Direct distribution mix[1] (in %, variance in % points)	58	62	- 4	57	63	- 6
Online mix[2] (in %, variance in % points)	33	39	- 6	31	37	- 6
Customers ('000)	524	87	+ 502.3	1,441	333	+ 332.7

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

H1 revenue of €1.6bn, up €1.3bn year-on-year (H1 2021: €0.3bn). H1 underlying EBIT loss for the region of €-75.7m, improved by €196.3m year-on-year (H1 2021: €-272.0m) per the factors already mentioned.

Q2 2022 revenue of €619.6m, up €495.4m year-on-year (Q2 2021: €124.2m). Q2 underlying EBIT loss for the region of €-20.7m, improved by €102.0m year-on-year (Q2 2021: €-122.7m), driven by better departure volumes, the benefit of a €50m state compensation for loss of business in the course of the pandemic receipted in the second quarter, €30m benefit from the revaluation and unwinding of ineffective hedge position, in addition to savings delivered by our Global Realignment Programme.

Central Region similarly saw a step-up in operations, with 524k customers departed in the second quarter, representing 54% of pre-pandemic Q2 2019 volumes and versus 87k customers in Q2 2021. Online distribution for region stood at 33%, up 9%pts versus pre-pandemic levels (Q2 2019: 24%). Direct distribution is up 5%pts to 58% versus pre-pandemic levels (Q2 2019: 53%).

Western Region

€ million	**Q2 2022**	Q2 2021	Var. %	**H1 2022**	H1 2021	Var. %
Revenue	366.2	28.0	n. a.	782.2	102.1	+ 666.1
Underlying EBIT	- 57.0	- 83.3	+ 31.6	- 89.4	- 159.8	+ 44.1
Underlying EBIT at constant currency	- 57.6	- 83.3	+ 30.9	- 90.4	- 159.8	+ 43.4
Direct distribution mix[1] (in %, variance in % points)	82	90	- 8	82	86	- 4
Online mix[2] (in %, variance in % points)	64	81	- 17	63	72	- 9
Customers ('000)	582	66	+ 781.8	1,255	232	+ 440.9

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

[2] Share of online sales

H1 2022 revenue of €0.8bn, up €0.7bn year-on-year (H1 2021: €0.1bn). H1 underlying EBIT loss for the region of €-89.4m, improved by €70.4m year-on-year (H1 2021: €-160m) per the factors already mentioned.

Q2 2022 revenue of €366.2m, up €338.2m year-on-year (Q2 2021: €28.0m). Q2 underlying EBIT loss for the region of €-57.0m, improved by €26.3m year-on-year (Q2 2021: €-83.3m), driven by better departure volumes in the more normalised pre-pandemic travel environment and savings delivered through our Global Realignment Programme.

Western Region also saw operations ramp-up, with 582k customers departing in the second quarter, representing 65% of pre-pandemic Q2 2019 volumes and versus 66k customers in Q2 2021. Online distribution for region stood at 64%, up 4%pts versus pre-pandemic levels (Q2 2019: 60%). Direct distribution is up 5%pts to 82% versus pre-pandemic levels (Q2 2019: 77%).

All other segments

€ million	**Q2 2022**	Q2 2021	Var. %	**H1 2022**	H1 2021	Var. %
Revenue	9.9	7.3	+ 35.6	26.9	13.6	+ 97.8
Underlying EBIT	- 4.6	- 19.1	+ 75.9	- 35.8	- 45.1	+ 20.6
Underlying EBIT at constant currency)	- 4.3	- 19.1	+ 77.5	- 34.9	- 45.1	+ 22.6

H1 2022 underlying EBIT loss of €-35.8m, improved €9.3m year-on-year (H1 2021: €-45.1m) and Q2 underlying EBIT loss of €-4.6m, improved €14.5m year-on-year (Q2 2021: €-19.1m, driven by strong cost discipline.

Financial position and net assets

Cash Flow / Net capex and investments / Net debt
As a result of the continued easing or lifting of global travel restrictions in the course of H1 2022, TUI Group was able to increase its business volume year-on-year. Nevertheless, TUI Group's operating cash inflow continued to be impacted by the COVID-19 pandemic in the period under review. At €439.8m, it increased by €1,915.8m compared to previous year.

In October 2021, TUI AG carried out a capital increase. This resulted in an inflow of €1,106.4m after deduction of borrowing costs.

H1 2022 net debt position of €3,936.0m is an improvement of €1,133.6m versus Q1 2022 net position of €5,069.6m and an improvement of €2,877.1m year-on-year (H1 2021: €6,813.1m). The quarterly improvement is predominantly driven by positive cash flow, as the business returns to a more normalised pre-pandemic environment for travel and bookings and operations recover. The year-on-year improvement is driven by positive cash flow as operations recover, and proceeds from our capital increase completed in the first quarter of 2022.

Net debt

€ million	**31 Mar 2022**	31 Mar 2021	Var. %
Financial debt	- 2,426.5	- 4,847.9	- 49.9
Lease liabilities	- 3,146.0	- 3,377.8	- 6.9
Cash and cash equivalents	1,522.6	1,399.7	+ 8.8
Short-term interest-bearing investments	113.8	12.9	+ 782.2
Net debt	**-3,936.0**	**-6,813.1**	**- 42.2**

Net capex and investments

€ million	**Q2 2022**	Q2 2021	Var. %	**H1 2022**	H1 2021	Var. %
Cash gross capex						
Hotels & Resorts	34.0	36.2	- 6.1	56.0	69.9	- 19.9
Cruises	6.8	7.2	- 5.6	28.3	15.1	+ 87.4
TUI Musement	4.6	3.0	+ 53.3	8.1	5.8	+ 39.7
Holiday Experiences	45.3	46.5	- 2.6	92.4	90.8	+ 1.8
Northern Region	6.5	- 0.6	n. a.	12.8	5.4	+ 137.0
Central Region	3.9	1.6	+ 143.8	4.8	2.5	+ 92.0
Western Region	1.5	- 0.3	n. a.	3.3	1.7	+ 94.1
Markets & Airlines*	13.3	3.0	+ 343.3	23.6	15.0	+ 57.3
All other segments	27.7	20.0	+ 38.5	53.3	32.9	+ 62.0
TUI Group	**86.4**	**69.4**	**+ 24.5**	**169.3**	**138.7**	**+ 22.1**
Net pre delivery payments on aircraft	1.8	- 32.0	n. a.	- 44.6	- 31.6	- 41.1
Financial investments	-	21.2	n. a.	-	21.7	n. a.
Divestments	- 4.9	- 119.9	+ 95.9	12.0	- 237.2	n. a.
Net capex and investments	**83.3**	**- 61.3**	**n. a.**	**136.7**	**- 108.4**	**n. a.**

* Including €1.4m for Q2 2022 (Q2 2021: €2.3m) and €2.7m for H1 2022 (H1 2021: €5.4m) 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 H1 2022 was 22.1% higher year-on-year. This increase was mainly due to dock periods at Marella Cruises and Group IT investments. Net capex and investments of €136.7m increased by €245.1m year-on-year. The divestments related mainly to the sale and lease back of spares. In addition, a subsequent reconciliation of the disposal of RIU Hotels S.A. was included, in total resulting in positive divestments. Previous year’s divestments included sale and lease back of spares and aircraft as well as a part of the sales proceeds of Hapag-Lloyd Kreuz-fahrten to our joint venture TUI Cruises.

Assets and liabilities

€ million	31 Mar 2022	30 Sep 2021	Var. %
Non-current assets	11,188.7	11,222.3	- 0.3
Current assets	3,549.9	2,933.3	+ 21.0
Total assets	**14,738.7**	**14,155.7**	**+ 4.1**
Equity	216.6	- 418.4	n. a.
Provisions	2,004.2	2,238.2	- 10.5
Financial liabilities	2,426.5	3,320.8	- 26.9
Other liabilities	10,091.4	9,015.2	+ 11.9
Total equity, liabilities and provisions	**14,738.7**	**14,155.7**	**+ 4.1**

Comments on the consolidated income statement

As a result of the continued easing or lifting of global travel restrictions, TUI Group was able to increase its business volume compared with the prior-year period under review. Nevertheless, the development of revenue and earnings in H1 2022 continued to be significantly impacted by the measures to contain the spread of COVID-19. TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months, however this period the impact is less evident due to the COVID-19 pandemic.

In H1 2022, consolidated revenue increased by €3.8bn year-on-year to €4.5bn.

Unaudited condensed consolidated Income Statement of TUI AG for the period from 1 Oct 2021 to 31 Mar 2022

€ million	Q2 2022	Q2 2021	Var. %	H1 2022	H1 2021	Var. %
Revenue	2,128.4	248.1	+757.9	4,497.6	716.3	+527.9
Cost of sales	2,262.0	638.1	+254.5	4,734.4	1,518.2	+211.8
Gross loss	**- 133.6**	**- 390.0**	**+65.7**	**- 236.9**	**- 801.9**	**+70.5**
Administrative expenses	175.3	194.6	- 9.9	377.0	387.7	- 2.8
Other income	4.6	5.0	- 8.0	30.8	10.8	+185.2
Other expenses	0.7	2.2	- 68.2	1.6	8.2	- 80.5
Impairment (+) / Reversal of impairment (-) of financial assets	- 0.2	- 19.5	+99.0	- 4.5	- 29.1	+84.5
Financial income	5.1	- 9.2	n. a.	25.9	26.9	- 3.7
Financial expense	133.5	112.5	+18.7	281.3	256.0	+9.9
Share of result of investments accounted for using the equity method	- 33.3	- 53.3	+37.5	- 35.6	- 157.2	+77.4
Impairment (+) / Reversal of impairment (-) of net investments in joint ventures and associates	-	- 0.5	n. a.	-	- 0.5	n. a.
Earnings before income taxes	**- 466.5**	**- 736.9**	**+36.7**	**- 871.0**	**- 1,543.7**	**+43.6**
Income taxes (expense (+), income (-))	- 145.1	- 29.0	- 400.3	- 163.1	- 45.6	- 257.7
Group loss	**- 321.4**	**- 707.9**	**+54.6**	**- 707.9**	**- 1,498.1**	**+52.7**
Group loss attributable to shareholders of TUI AG	- 335.7	- 694.7	+51.7	- 720.0	- 1,474.8	+51.2
Group profit / loss attributable to non-controlling interest	14.4	- 13.2	n. a.	12.1	- 23.3	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	**Q2 2022**	Q2 2021	Var. %	**H1 2022**	H1 2021	Var. %
Earnings before income taxes	**- 466.5**	**- 736.9**	**+36.7**	**- 871.0**	**- 1,543.7**	**+43.6**
plus: Net interest expenses (excluding expense / income from measurement of interest hedges)	122.2	137.4	- 11.1	253.8	239.6	+5.9
plus / less: (Expenses) income from measurement of interest hedges	1.3	- 1.0	n. a.	2.7	5.6	- 51.8
EBIT	**- 343.1**	**- 600.5**	**+42.9**	**- 614.5**	**- 1,298.5**	**+52.7**
Adjustments:						
plus: Separately disclosed items	6.0	- 40.6		- 3.3	- 26.4	
plus: Expense from purchase price allocation	7.2	8.1		14.3	16.2	
Underlying EBIT	**- 329.9**	**- 633.0**	**+47.9**	**- 603.5**	**- 1,308.8**	**+53.9**

The TUI Group's operating loss adjusted for special items increased by €705.3m to €603.5m in H1 2022.

➪ For further details on the separately disclosed items see page 42 in the Notes of this Half-Year Financial Report.

Key figures of income statement

€ million	**Q2 2022**	Q2 2021	Var. %	**H1 2022**	H1 2021	Var. %
EBITDAR	**- 122.6**	**- 351.6**	+ 65.1	**- 174.0**	**- 824.0**	+ 78.9
Operating rental expenses	- 7.4	- 5.1	- 45.1	- 11.5	- 7.5	- 53.3
EBITDA	**- 130.0**	**- 356.7**	+ 63.6	**- 185.5**	**- 831.5**	+ 77.7
Depreciation/amortisation less reversals of depreciation*	- 213.1	- 243.8	+ 12.6	- 429.0	- 467.0	+ 8.1
EBIT	**- 343.1**	**- 600.5**	+ 42.9	**- 614.5**	**- 1,298.5**	+ 52.7
Income/Expense from the measurement of interest hedges	1.3	- 1.0	n. a.	2.7	5.6	- 51.8
Net interest expense (excluding expense/income from measurement of interest hedges)	122.2	137.4	- 11.1	253.8	239.6	+ 5.9
EBT	**- 466.5**	**- 736.9**	+ 36.7	**- 871.0**	**- 1,543.7**	+ 43.6

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

Other segment indicators

Underlying EBITDA

€ million	Q2 2022	Q2 2021	Var. %	H1 2022	H1 2021	Var. %
Hotels & Resorts	68.0	- 45.6	n. a.	175.0	- 87.1	n. a.
Cruises	- 55.5	- 38.6	- 43.8	- 70.5	- 122.3	+ 42.4
TUI Musement	- 10.9	- 22.7	+ 52.0	- 17.7	- 49.5	+ 64.2
Holiday Experiences	1.6	- 106.9	n. a.	86.7	- 258.9	n. a.
Northern Region	- 105.5	- 134.7	+ 21.7	- 202.0	- 255.5	+ 20.9
Central Region	7.6	- 90.2	n. a.	- 19.5	- 209.9	+ 90.7
Western Region	- 23.4	- 50.2	+ 53.4	- 20.4	- 90.7	+ 77.5
Markets & Airlines	- 121.3	- 275.2	+ 55.9	- 241.9	- 556.1	+ 56.5
All other segments	- 3.3	- 16.4	+ 79.9	- 33.3	- 41.1	+ 19.0
TUI Group	**- 123.1**	**- 398.5**	**+ 69.1**	**- 188.4**	**- 856.1**	**+ 78.0**

EBITDA

€ million	Q2 2022	Q2 2021	Var. %	H1 2022	H1 2021	Var. %
Hotels & Resorts	68.6	- 45.6	n. a.	196.9	- 87.2	n. a.
Cruises	- 55.5	- 38.6	- 43.8	- 70.5	- 122.3	+ 42.4
TUI Musement	- 11.0	- 24.3	+ 54.7	- 18.0	- 50.9	+ 64.6
Holiday Experiences	2.1	- 108.6	n. a.	108.4	- 260.4	n. a.
Northern Region	- 106.3	- 148.3	+ 28.3	- 203.4	- 272.1	+ 25.2
Central Region	- 0.4	- 31.5	+ 98.7	- 35.0	- 161.3	+ 78.3
Western Region	- 23.1	- 52.1	+ 55.7	- 20.0	- 93.8	+ 78.7
Markets & Airlines	- 129.8	- 231.9	+ 44.0	- 258.4	- 527.2	+ 51.0
All other segments	- 2.3	- 16.2	+ 85.8	- 35.5	- 44.0	+ 19.3
TUI Group	**- 130.0**	**- 356.7**	**+ 63.6**	**- 185.5**	**- 831.5**	**+ 77.7**

Employees

	31 Mar 2022	31 Mar 2021	Var. %
Hotels & Resorts	17,176	9,068	+ 89.4
Cruises*	61	59	+ 3.4
TUI Musement	5,187	3,856	+ 34.5
Holiday Experiences	22,424	12,983	+ 72.7
Northern Region	9,606	8,710	+ 10.3
Central Region	7,131	7,860	- 9.3
Western Region	4,609	4,163	+ 10.7
Markets & Airlines	21,346	20,733	+ 3.0
All other segments	2,353	2,313	+ 1.7
Total	**46,123**	**36,029**	**+ 28.0**

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

Corporate Governance

Composition of the Boards

In H1 2022 the composition of the Boards of TUI AG changed as follows:

Supervisory Board

Ms Carola Schwirn left the Supervisory Board at the end of 28 February 2022. Ms Schwirn, department coordinator in the Berlin transport division of the ver.di trade union, had been a member of the Supervisory Board since 2014 and was also a member of the Mediation Committee. In the quarter under review, the Executive Board of TUI AG subsequently filed an application for judicial appointment with the local court. The local court appointed Ms Sonja Austermühle, trade union secretary and lawyer at ver.di, as an employee representative on the Supervisory Board with effect from 1 April 2022.

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

On 3 March 2022, Mr Vladimir Lukin also informed us that he was resigning from his mandate as shareholder representative on the Supervisory Board of TUI AG with immediate effect. Mr Lukin had been a member of our Supervisory Board since 2019 and was also a member of the Audit Committee and the Strategy Committee. We will also seek to fill these two vacancies by means of a court appointment.

Executive Board

There were no changes in the TUI AG Executive Board in the period under review.

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. Full details of our risk governance framework and principal risks can be found in the Annual Report 2021.

⇨ Details see Risk Report in our Annual Report 2021, from page 35

Principal risks above risk appetite: Lack of integration & flexibility within operations and IT systems; Reduction in customer demand; Inability to attract & retain talent; Insufficient cash flow; Volatility of input costs; Impact of Brexit; Disruption to IT Systems (Cyber attack); Lack of sustainability improvements;

Principal risks within appetite: Disruption within our destinations; Security Health & Safety breach; Reliance on key suppliers; Breach of regulatory requirements; Management of joint venture partnerships

Several principal risks materialised simultaneously as a result of the COVID-19 pandemic, which has led to travel restrictions across the world, both within the markets as well as in destination countries.

Currently, TUI Group continues to be affected by the negative financial impact of the COVID 19 pandemic.

Although the number of COVID 19 cases remained high, in particular due to the rapid spread of the Omicron variant, contact restriction measures and travel restrictions were gradually eased in most countries in the first months of the calendar year. TUI Group's operating business recorded good demand during Q2 2022. The booking momentum in our key markets so far remained largely unaffected by Russia's war of aggression on Ukraine. However, an enhanced general price increase as a possible impact of the war could affect our customers' purchasing power and desire to travel in the medium term, thus impacting our principle risk of a reduction in customer demand. In addition, the war affects our principle risk of input cost volatility and led to an increase in fuel costs, which particularly might affect the results of the Northern Region, Central Region, Western Region and Cruises segments. There is a risk that fuel price levels will remain elevated.

From the Executive Board's perspective, despite the existing risks, the TUI Group currently has and will continue to have sufficient funds, resulting from both borrowings and operating cash flows, to meet its payment obligations and to ensure the going concern of the company accordingly in the foreseeable future. In this context, the Executive Board assumes that the credit lines expiring in summer 2024 will be refinanced. Therefore, as at 31 March 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 risk. The Executive Board does not consider the remaining risk with regard to a further pandemic/war-related change in booking behaviour as a going concern. In its assessment, the Executive Board assumes that booking figures will gradually recover in the remainder of the 2022 financial year and that volumes in the summer of 2022 will settle approximately close to the level of the summer of 2019.

For the 2023 financial year, it is expected that booking behaviour in the 2023 financial year will largely correspond to the pre-pandemic level. In this regard, the Board assumes that travel behaviour will not be affected by further long-term closures and lockdowns or by the impact of Russia's war of aggression on Ukraine. Nevertheless, customer bookings may deteriorate due to new new pandemic or war-related travel restrictions, insufficient vaccination coverage against the COVID-19 virus in the individual countries and virus variants for which there is insufficient vaccination protection, thus affecting TUI Group's performance.

During this period of reduced travel compared to pre-pandemic levels, the Executive Board continues to monitor the key risks, particularly heightened risks such as customer demand and those that impact the financial profile (i.e. cost volatility and cash flow) of the Group.

Unaudited condensed consolidated Interim Financial Statements

Unaudited condensed consolidated Income Statement of TUI AG for the period from 1 Oct 2021 to 31 Mar 2022

€ million	Notes	**Q2 2022**	Q2 2021	**H1 2022**	H1 2021
Revenue	(1)	2,128.4	248.1	4,497.6	716.3
Cost of sales	(2)	2,262.0	638.1	4,734.4	1,518.2
Gross loss		**- 133.6**	**- 390.0**	**- 236.9**	**- 801.9**
Administrative expenses	(2)	175.3	194.6	377.0	387.7
Other income	(3)	4.6	5.0	30.8	10.8
Other expenses	(4)	0.7	2.2	1.6	8.2
Impairment (+) / Reversal of impairment (-) of financial assets	(21)	- 0.2	- 19.5	- 4.5	- 29.1
Financial income	(5)	5.1	- 9.2	25.9	26.9
Financial expense	(5)	133.5	112.5	281.3	256.0
Share of result of investments accounted for using the equity method	(6)	- 33.3	- 53.3	- 35.6	- 157.2
Impairment (+) / Reversal of impairment (-) of net investments in joint ventures and associates	(6)	-	- 0.5	-	- 0.5
Earnings before income taxes		**- 466.5**	**- 736.9**	**- 871.0**	**- 1,543.7**
Income taxes (expense (+), income (-))	(7)	- 145.1	- 29.0	- 163.1	- 45.6
Group loss		**- 321.4**	**- 707.9**	**- 707.9**	**- 1,498.1**
Group loss attributable to shareholders of TUI AG		- 335.7	- 694.7	- 720.0	- 1,474.8
Group profit / loss attributable to non-controlling interest	(8)	14.4	- 13.2	12.1	- 23.3

Earnings per share

€	**Q2 2022**	Q2 2021	**H1 2022**	H1 2021
Basic and diluted loss / earnings per share	- 0.21	- 0.67	- 0.47	- 1.82

Unaudited condensed consolidated Statement of Comprehensive Income of TUI AG for the period from 1 Oct 2021 to 31 Mar 2022

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
Group loss	**- 321.4**	**- 707.8**	**- 707.9**	**- 1,498.1**
Remeasurements of defined benefit obligations and related fund assets	133.0	60.9	205.6	- 144.3
Other comprehensive income of investments accounted for using the equity method that will not be reclassified	-	15.5	-	29.9
Fair value loss on investments in equity instruments designated as at FVTOCI	- 0.2	- 0.5	- 0.5	- 0.5
Income tax related to items that will not be reclassified (expense (-), income (+))	- 40.4	- 12.4	- 58.5	32.9
Items that will not be reclassified to profit or loss	**92.4**	**63.5**	**146.6**	**- 82.0**
Foreign exchange differences	28.1	60.8	31.8	63.1
Foreign exchange differences outside profit or loss	28.2	59.9	31.9	62.2
Reclassification	- 0.1	1.0	- 0.1	1.0
Cash flow hedges	65.6	66.0	61.7	53.9
Changes in the fair value	67.0	54.1	64.5	3.4
Reclassification	- 1.4	11.9	- 2.8	50.5
Other comprehensive income of investments accounted for using the equity method that may be reclassified	5.6	4.4	8.4	- 23.3
Income tax related to items that may be reclassified (expense (-), income (+))	- 13.1	- 13.6	- 12.5	- 22.1
Items that may be reclassified to profit or loss	**86.2**	**117.6**	**89.4**	**71.6**
Other comprehensive income	**178.6**	**181.1**	**236.0**	**- 10.4**
Total comprehensive income	**- 142.8**	**- 526.7**	**- 471.9**	**- 1,508.5**
attributable to shareholders of TUI AG	- 166.7	- 520.0	- 498.6	- 1,498.1
attributable to non-controlling interest	23.9	- 6.7	26.7	- 10.4

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

€ million	Notes	31 Mar 2022	30 Sep 2021
Assets			
Goodwill	(9)	3,019.2	2,993.1
Other intangible assets		502.1	498.6
Property, plant and equipment	(10)	3,201.2	3,159.3
Right-of-use assets	(11)	2,936.7	3,009.2
Investments in joint ventures and associates		609.8	640.5
Trade and other receivables	(12), (21)	161.4	308.7
Derivative financial instruments	(21)	15.1	8.9
Other financial assets	(13), (21)	10.3	12.3
Touristic payments on account		114.8	107.6
Other non-financial assets		234.5	183.4
Income tax assets		-	9.6
Deferred tax assets		383.6	291.1
Non-current assets		**11,188.7**	**11,222.3**
Inventories		50.1	42.8
Trade and other receivables	(12), (21)	820.0	471.6
Derivative financial instruments	(21)	121.2	53.4
Other financial assets	(13), (21)	113.8	12.1
Touristic payments on account		697.9	508.6
Other non-financial assets		154.8	106.7
Income tax assets		69.5	57.7
Cash and cash equivalents	(21)	1,522.6	1,583.9
Assets held for sale	(14)	-	96.5
Current assets		**3,549.9**	**2,933.3**
Total assets		**14,738.7**	**14,155.7**

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

€ million	Notes	31 Mar 2022	30 Sep 2021
Equity and liabilities			
Subscribed capital		1,622.9	1,099.4
Capital reserves		5,832.5	5,249.6
Revenue reserves		- 9,023.9	- 8,525.7
Silent participation		1,091.0	1,091.0
Equity before non-controlling interest		**- 477.5**	**- 1,085.8**
Non-controlling interest		694.1	667.3
Equity	(20)	**216.6**	**- 418.4**
Pension provisions and similar obligations	(15)	742.4	901.9
Other provisions		675.7	763.6
Non-current provisions		**1,418.0**	**1,665.5**
Financial liabilities	(16), (21)	2,113.7	3,036.1
Lease liabilities	(17)	2,455.9	2,606.1
Derivative financial instruments	(21)	4.2	10.9
Other financial liabilities	(18), (21)	2.8	5.9
Other non-financial liabilities		175.1	206.3
Income tax liabilities		15.5	56.4
Deferred tax liabilities		70.0	123.3
Non-current liabilities		**4,837.2**	**6,045.1**
Non-current provisions and liabilities		**6,255.2**	**7,710.5**
Pension provisions and similar obligations	(15)	33.7	33.2
Other provisions		552.5	539.5
Current provisions		**586.2**	**572.7**
Financial liabilities	(16), (21)	312.7	284.6
Lease liabilities	(17)	690.1	623.3
Trade payables	(21)	1,832.8	2,052.4
Derivative financial instruments	(21)	37.7	12.9
Other financial liabilities	(18), (21)	150.8	313.0
Touristic advance payments received	(19)	4,003.1	2,379.4
Other non-financial liabilities		493.9	518.0
Income tax liabilities		159.6	56.7
Current liabilities		**7,680.7**	**6,240.3**
Liabilities related to assets held for sale		-	50.6
Current provisions and liabilities		**8,266.9**	**6,863.6**
Total equity, liabilities and provisions		**14,738.7**	**14,155.7**

Unaudited condensed consolidated Statement of Changes in Equity of TUI AG as of 31 Mar 2022

€ million	Subscribed capital	Capital reserves	Revenue reserves	Silent participation	Equity before non-controlling interest	Non-controlling interest	Total
Balance as at 30 Sep 2020	**1,509.4**	**4,211.0**	**- 6,168.8**	**-**	**- 448.4**	**666.5**	**218.1**
Dividends	-	-	-	-	-	- 0.1	- 0.1
Share-based payment schemes	-	-	0.5	-	0.5	-	0.5
Issuance of bonds with warrant and convertible bonds	-	34.5	-	-	34.5	-	34.5
Capital increase	509.0	25.9	-	920.0	1,454.9	-	1,454.9
Capital reduction	- 919.0	919.0	-	-	-	-	-
Other	-	-	- 6.9	-	- 6.9	-	- 6.9
Group loss for the year	**-**	**-**	**- 1,474.8**	**-**	**- 1,474.8**	**- 23.3**	**- 1,498.1**
Foreign exchange differences	-	-	50.2	-	50.2	12.9	63.1
Financial assets at FVTOCI	-	-	- 0.5	-	- 0.5	-	- 0.5
Cash flow hedges	-	-	53.9	-	53.9	-	53.9
Remeasurements of defined benefit obligations and related fund assets	-	-	- 144.3	-	- 144.3	-	- 144.3
Other comprehensive income of investments accounted for using the equity method	-	-	6.7	-	6.7	-	6.7
Taxes attributable to other comprehensive income	-	-	10.8	-	10.8	-	10.8
Other comprehensive income	**-**	**-**	**- 23.2**	**-**	**- 23.2**	**12.9**	**- 10.3**
Total comprehensive income	-	-	- 1,498.0	-	- 1,498.0	- 10.4	- 1,508.4
Balance as at 31 Mar 2021	**1,099.4**	**5,190.4**	**- 7,673.2**	**920.0**	**- 463.4**	**656.0**	**192.6**
Balance as at 30 Sep 2021	**1,099.4**	**5,249.6**	**- 8,525.7**	**1,091.0**	**- 1,085.7**	**667.3**	**- 418.4**
Dividends	-	-	-	-	-	0.1	0.1
Share-based payment schemes	-	-	0.3	-	0.3	-	0.3
Capital increase	523.5	582.9	-	-	1,106.4	-	1,106.4
Group profit/loss for the year	**-**	**-**	**- 720.0**	**-**	**- 720.0**	**12.1**	**- 707.9**
Foreign exchange differences	-	-	17.2	-	17.2	14.6	31.8
Financial assets at FVTOCI	-	-	- 0.5	-	- 0.5	-	- 0.5
Cash flow hedges	-	-	61.7	-	61.7	-	61.7
Remeasurements of defined benefit obligations and related fund assets	-	-	205.6	-	205.6	-	205.6
Other comprehensive income of investments accounted for using the equity method	-	-	8.4	-	8.4	-	8.4
Taxes attributable to other comprehensive income	-	-	- 71.0	-	- 71.0	-	- 71.0
Other comprehensive income	**-**	**-**	**221.4**	**-**	**221.4**	**14.6**	**236.0**
Total comprehensive income	-	-	- 498.6	-	- 498.6	26.7	- 471.9
Balance as at 31 Mar 2022	**1,622.9**	**5,832.5**	**- 9,023.9**	**1,091.0**	**- 477.5**	**694.1**	**216.6**

Unaudited condensed consolidated Cash Flow Statement of TUI AG for the period from 1 Oct 2021 to 31 Mar 2022

€ million	Notes	**H1 2022**	H1 2021
Group loss		- 707.9	- 1,498.1
Depreciation, amortisation and impairment (+) / write-backs (-)		429.0	467.3
Other non-cash expenses (+) / income (-)		28.8	127.8
Interest expenses		269.4	251.4
Dividends from joint ventures and associates		0.1	10.0
Profit (-) / loss (+) from disposals of non-current assets		- 26.5	- 3.1
Increase (-) / decrease (+) in inventories		- 8.0	4.4
Increase (-) / decrease (+) in receivables and other assets		- 396.2	540.2
Increase (+) / decrease (-) in provisions		- 127.1	- 235.7
Increase (+) / decrease (-) in liabilities (excl. financial liabilities)		978.2	- 1,140.1
Cash inflow / cash outflow from operating activities	(24)	**439.8**	**- 1,476.0**
Payments received from disposals of property, plant and equipment and intangible assets		63.4	228.1
Payments received/made from disposals of consolidated companies (less disposals of cash and cash equivalents due to divestments)		- 2.2	31.3
Payments received/made from disposals of other non-current assets		- 23.6	23.5
Payments made for investments in property, plant and equipment and intangible assets		- 174.1	- 150.0
Payments made for investments in consolidated companies (less cash and cash equivalents received due to acquisitions)		-	- 0.7
Payments made for investments in other non-current assets		-	- 22.2
Cash inflow / cash outflow from investing activities	(24)	**- 136.5**	**110.0**
Payments received from capital increase by issuing new shares		1,106.4	-
Payments received from capital increase and from equity component of the bond with warrants issued		-	1,489.4
Payments received from the issuance of employee shares		-	- 0.5
Payments received from the raising of financial liabilities		18.3	844.2
Payments made for redemption of loans and financial liabilities		- 1,007.9	- 314.1
Payments made for principal of lease liabilities		- 306.4	- 290.6
Interest paid		- 173.9	- 217.2
Cash inflow / cash outflow from financing activities	(24)	**- 363.6**	**1,511.2**
Net change in cash and cash equivalents		**- 60.3**	**145.3**
Development of cash and cash equivalents	(24)		
Cash and cash equivalents at beginning of period		**1,586.1**	**1,233.1**
Change in cash and cash equivalents due to exchange rate fluctuations		- 3.2	21.4
Net change in cash and cash equivalents		- 60.3	145.3
Cash and cash equivalents at end of period		**1,522.6**	**1,399.7**

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 2021 to 31 March 2022. The Interim Financial Statements are prepared in euros. Unless stated otherwise, all amounts are stated in million euros (€m).

The Interim Financial Statements were approved for publication by the Executive Board of TUI AG on 10 May 2022.

Accounting principles

Declaration of compliance

The consolidated interim financial report for the period ended 31 March 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 2021. 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 March 2022 was €3.9bn (as at 30 September 2021 €5.0bn).

Net debt

€ million	31 Mar 2022	30 Sept 2021	Var. %
Financial debt	- 2,426.5	- 3,320.8	- 26.9
Lease liabilities	- 3,146.0	- 3,229.4	- 2.6
Cash and cash equivalents	1,522.6	1,583.9	- 3.9
Short-term interest-bearing investments	113.8	12.1	+ 840.5
Net debt	**-3,936.0**	**-4,954.2**	**- 20.6**

The global travel restrictions to contain COVID-19 have had a continuous negative impact on the Group's earnings and liquidity development since the end of March 2020. To cover the resulting liquidity needs, the Group has carried out various financing measures in the financial years 2020 and 2021, which, in addition to a capital increase, the use of the banking and capital markets and cash inflows from the sale of assets, also include financing measures from the Federal Republic of Germany in the form of a KfW credit line totalling €2.85bn, an option bond from the Economic Stabilisation Fund (WSF) totalling €150m and two silent participations from the WSF totalling €1.091bn. In the IFRS consolidated financial statements, the silent participations are – with the exception of €11.3m accumulated interest – reported as equity due to their nature and are therefore not included in the Group's net debt. The financing measures are described in detail in the annual reports for the past two financial years.

With the entry of the new shares in the commercial register on 28 October 2021 and final settlement with the participating banks on 2 November 2021, TUI AG successfully completed another capital increase. The gross issue proceeds totalled around €1.1bn. The Group's share capital increased nominally by €523.5m to €1.623bn.

As at 31 March 2022, TUI Group's credit facilities comprised the following

- €1.75bn credit line from 20 private banks (incl. €215m guarantee line)
- €1.8bn KfW credit line from the first financing package
- €1.05bn KfW credit line from the second financing package
- €0.17bn KfW credit line and private banks.

As at 31 March 2022, TUI Group's revolving credit facilities totalled €4.8bn. For regulatory reasons due to Brexit, the credit line of a British bank (around €80m liquid funds and €25m guarantee line) cannot be extended beyond summer 2022. The remaining credit lines of €4.7bn have a term until summer 2024.

With regard to the KfW credit lines, it was also agreed that TUI AG would use 50% of individual cash inflows exceeding €50m by 20 July 2022, but not exceeding €700m, for example from capital measures or disposals of assets or companies, to reduce the financing granted to TUI AG to bridge the effects of COVID-19. In accordance with this agreement, TUI AG returned the unused credit facility of €170m after the balance sheet date on 1 April 2022. In addition, the volume of unused credit commitments under the KfW credit line as at 31 March 2022 was reduced by €413.7m. Finally, 913 of the 1,500 warrant bonds issued to WSF were redeemed. A purchase price of €91.3m plus accrued interest and early repayment penalties of €7.2m was paid for these.

After 20 July 2022, 50% of individual specific cash inflows exceeding €50m must be used to reduce the financing granted to TUI AG to bridge the effects of COVID-19; there is no maximum limit.

TUI AG's €1.75bn 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 will only be resumed in September 2022. In addition, higher limits will be applied on the first two cut-off dates before normalised limits have to be complied with from September 2023.

Currently, TUI Group continues to be affected by the negative financial impact of the COVID-19 pandemic.

Although the number of COVID-19 cases remained high, in particular due to the rapid spread of the Omicron variant, contact restriction measures and travel restrictions were gradually eased in most countries in the first months of the calendar year. TUI Group's operating business recorded good demand during Q2 2022. The booking momentum in our key markets was largely unaffected by Russia's war of aggression on our European neighbour Ukraine.

From the Executive Board's perspective, despite the existing risks, the TUI Group currently has and will continue to have sufficient funds, resulting from both borrowings and operating cash flows, to meet its payment obligations and to ensure the going concern of the company accordingly in the foreseeable future. In this context, the Executive Board assumes that the credit lines expiring in summer 2024 will be refinanced. Therefore, as at 31 March 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. The Executive Board does not consider the remaining risk with regard to a further pandemic/war-related change in booking behaviour as a going concern risk. In its assessment, the Executive Board assumes that booking figures will gradually recover in the remainder of the 2022 financial year and that volumes in the summer of 2022 will settle approximately close to the level of the summer of 2019. For the 2023 financial year, it is expected that booking behaviour in the 2023 financial year will largely correspond to the pre-pandemic level. In this regard, the Board assumes that travel behaviour will not be affected by further long-term closures and lockdowns or by the impact of Russia's war of aggression on Ukraine. Nevertheless, customer bookings may deteriorate due to new pandemic or war-related travel restrictions, insufficient vaccination coverage against the COVID-19 virus in the individual countries and virus variants for which there is insufficient vaccination protection, thus affecting TUI Group's performance.

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 2021. The positive booking momentum has remained largely unaffected by Russia’s war of aggression against Ukraine. TUI therefore continues to expect bookings for Summer 2022 to approach the level of Summer 2019. However, the war has resulted in an increase in jet fuel costs, impacting the results delivered by the Northern Region, Western Region and Central Region segments. There is the risk that jet fuel prices will remain high. H1 2022 was a challenging period for the Cruises segment. This segment was more strongly impacted by measures to restrict the spread of COVID-19. Cruises recovery is expected to be slower with short-term bookings continuing to represent a large share of overall bookings. The increase in bunker oil might impact the results additionally. Hotels & Resorts remains largely unaffected by the war in Ukraine.

Taking account, in particular, of the above-mentioned factors, a risk assessment was performed for the Group’s assets to identify any indications of impairment as at 31 March 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 March 2022 are materially consistent with those followed in preparing the annual consolidated financial statements for the financial year ended 30 September 2021, 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.

Newly applied standards

Since the beginning of financial year 2022, 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 2022

Standard	Applicable from	Amendments	Impact on financial statements
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform (Phase 2)	1 Jan 2021	The amendments relate to the provision of relief from potential consequences arising from the reform of interbank offered rates (IBORs) such as LIBOR on companies' financial reporting. They address issues that affect financial reporting when an existing interest rate benchmark is actually replaced by an alternative interest rate benchmark as a result of the interest rate benchmark reform.	Not material.

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 March 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 2021	**272**	**18**	**27**
Additions	-	-	-
Disposals	2	-	-
Sale	1	-	-
Merger	1	-	-
Change in ownership stake	-	-	-
Number at 31 Mar 2022	**270**	**18**	**27**

* excl. TUI AG

Acquisitions – Divestments

Acquisitions in the period under review

In H1 2022, no companies were acquired.

No acquisitions were made after the reporting date.

Acquisitions of the prior financial year

In financial year 2021, no companies were acquired under IFRS 3.

Divestments

On 16 July 2021, a contract was signed with Grupotel S.A., a joint venture of TUI Group, to sell Nordotel S.A., a fully consolidated entity within the Hotels & Resorts segment. Accordingly, the assets and liabilities of the disposal group were classified as ‘held for sale’ in August 2021. The disposal transaction was completed on 5 October 2021. The first purchase price payment of €50.0m was made on 21 September 2021. Additional deferred purchase price payments of €10.2m and €20.4m are due one and two years, respectively, after the closing of the transaction, taking account of final purchase price adjustments. The divestment of the stakes taking currency effects into account generated a preliminary profit of €22.0m, reported within Other income.

Condensed balance sheet of 'Nordotel S.A.' divestment as at 5 Oct 2021

€ million	
Assets	
Property, plant and equipment and intangible assets	65.7
Other non-current assets	26.8
Trade receivables	21.2
Other current assets	0.7
Cash and cash equivalents	2.2
	116.6

€ million	
Provisions and liabilities	
Trade payables	21.2
Touristic advance payments received	4.9
Other current liabilities	31.4
	57.5

Notes to the unaudited condensed consolidated Income Statement

As a result of the partial easing of global travel restrictions, TUI Group was able to increase its business volume compared with H1 2021. Nevertheless, the development of revenue and earnings in the first six months of the financial year 2022 continued to be significantly impacted by the measures to contain the spread of COVID-19. TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months, however this period the impact is less evident due to the COVID-19 pandemic.

(1) Revenue

In the first six months of the financial year 2022, consolidated revenue increased by €3.8bn year-on-year to €4.5bn.

External revenue allocated by destinations for the period from 1 Oct 2021 to 31 Mar 2022

€ million	Spain (incl. Canary Islands)	Other European destinations	Caribbean, Mexico, USA & Canada	North Africa & Turkey	Rest of Africa, Ind. Ocean, Asia	Other countries	**H1 2022 Revenues from contracts with customers**	Other	**H1 2022 Total**
Hotels & Resorts	153.2	23.2	110.1	14.3	78.5	-	379.3	-	379.3
Cruises	35.8	3.3	36.3	-	-	0.1	75.5	-	75.5
TUI Musement	27.6	40.0	34.3	5.1	13.1	8.8	128.9	-	128.8
Holiday experiences	216.6	66.5	180.7	19.4	91.6	8.9	583.7	-	583.6
Northern Region	490.8	350.3	383.4	90.9	172.0	9.0	1,496.4	3.8	1,500.2
Central Region	506.5	373.3	149.3	260.1	314.1	0.9	1,604.2	0.5	1,604.7
Western Region	336.1	122.2	211.2	47.2	61.6	2.9	781.2	1.0	782.2
Markets & Airlines	1,333.4	845.8	743.9	398.2	547.7	12.8	3,881.8	5.3	3,887.1
All other segments	11.7	3.9	0.5	-	8.7	2.0	26.8	-	26.9
Total	**1,561.7**	**916.2**	**925.1**	**417.6**	**648.0**	**23.7**	**4,492.3**	**5.3**	**4,497.6**

External revenue allocated by destinations for the period from 1 Oct 2020 to 31 Mar 2021

€ million	Spain (incl. Canary Islands)	Other European destinations	Caribbean, Mexico, USA & Canada	North Africa & Turkey	Rest of Africa, Ind. Ocean, Asia	Other countries	**H1 2021 Revenues from contracts with customers**	Other	**H1 2021 Total**
Hotels & Resorts	32.8	8.7	29.4	2.3	10.5	0.3	84.0	-	83.9
Cruises	0.2	1.2	0.1	-	-	-	1.5	-	1.5
TUI Musement	2.6	8.8	3.1	0.2	3.9	-	18.6	-	18.6
Holiday experiences	35.6	18.7	32.6	2.5	14.4	0.3	104.1	-	104.0
Northern Region	14.4	84.7	43.4	3.0	12.1	0.5	158.1	1.0	159.1
Central Region	74.7	135.7	19.2	27.4	73.8	6.3	337.1	0.3	337.4
Western Region	24.3	39.4	27.4	9.2	1.2	0.1	101.6	0.5	102.1
Markets & Airlines	113.4	259.8	90.0	39.6	87.1	6.9	596.8	1.8	598.6
All other segments	0.2	3.6	0.3	-	8.8	0.7	13.6	-	13.6
Total	**149.2**	**282.1**	**122.9**	**42.1**	**110.3**	**7.9**	**714.5**	**1.8**	**716.3**

(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 211.8% to €4.7bn in H1 2022.

Government Grants

€ million	**H1 2022**	H1 2021
Cost of Sales	58.3	84.6
Administrative expenses	31.1	46.1
Total	**89.4**	**130.7**

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. The resumption of travel activity in Summer 2021 led to a decrease in government grants. In the second quarter of the financial year TUI received predominantly grants for fixed costs which are granted with a time lag from the months affected by travel restrictions.

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

Administrative expenses

€ million	H1 2022	H1 2021
Staff costs	271.6	275.0
Rental and leasing expenses	6.9	7.2
Depreciation, amortisation and impairment	39.2	44.8
Others	59.3	60.8
Total	**377.0**	**387.7**

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

Staff costs

€ million	H1 2022	H1 2021
Wages and salaries	781.9	579.9
Social security contributions, pension costs and benefits	178.6	161.3
Total	**960.5**	**741.2**

Depreciation/amortisation/impairment

€ million	H1 2022	H1 2021
Depreciation and amortisation of other intangible assets, property, plant and equipment and right-of-use assets	431.1	444.5
Impairment of other intangible assets, property, plant and equipment and right-of-use assets	3.1	32.9
Total	**434.2**	**477.4**

In H1 2022, reversals of impairment losses of €5.2m were recognized, all recorded in cost of sales (H1 2021 €10.3m). €2.9m of the impairments were presented within cost of sales (H1 2021 €29.3m). Of the impairments losses of the previous year €14.0m correspond to right-of-use assets, €18.6m relate to property, plant and equipment, and €0.3m to other intangible assets.

(3) Other income

In H1 2022 other income reflects €22.0m from the disposal of Nordotel S.A., plus the sale of aircraft assets. In the prior year, this item had primarily included income from the sale of aircraft assets and the disposal of a joint venture.

(4) Other expenses

In the previous year, losses from the disposal of aircraft assets and the result from the sale of TUI Group companies were presented in other expenses.

(5) Financial income and financial expenses

The decrease in the net financial result from €-229.1 m in the first six months of the previous year to €-255.4m in the current financial year is mainly the result of higher interest expenses as well as exchange rate changes on lease liabilities in accordance with IFRS 16.

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

Share of result of investments accounted for using the equity method

€ million	**H1 2022**	H1 2021
Hotels & Resorts	22.1	- 47.1
Cruises	- 38.2	- 94.2
TUI Musement	2.3	- 2.2
Holiday Experiences	- 13.8	- 143.5
Northern Region	- 20.7	- 12.5
Central Region	- 1.1	- 1.2
Western Region	-	-
Markets & Airlines	- 21.8	- 13.7
All other segments	-	-
Total	**- 35.6**	**- 157.2**

The result improved in comparison to the first six months of the prior year due to the resumption of the business.

(7) Income taxes

The tax income arising in the first six months of the financial year 2022 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 €12.5m (H1 2021 €21.4m loss).

Notes to the unaudited condensed consolidated Statement of Financial Position

(9) Goodwill

Goodwill increased by €26.1m to €3,019.2m 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 Mar 2022**	30 Sep 2021
Northern Region	1,245.5	1,224.6
Central Region	502.0	501.7
Western Region	412.3	412.3
Riu	343.1	343.1
Marella Cruises	300.1	295.2
TUI Musement	169.7	170.3
Other	46.5	45.9
Total	**3,019.2**	**2,993.1**

As at March 31, 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 2021 property, plant and equipment increased by €41.9m to €3,201.2m. Additions of €136.1m included €53.8m of acquisitions in the Hotel & Resorts segment. The construction of a new hotel in Mexico, the refurbishment and extension of a hotel in Zanzibar and the renovation of hotels in Spain and Cape Verde led to additions by the Riu Group totalling €43.8m. Further additions of €28.1m were attributable to payments on account to carry out maintenance work on cruise ships. The purchase of an aircraft in the amount of €25.4m and of aircraft spare parts in the amount of €10.6m resulted in further additions. 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 €16.9m. Furthermore property, plant and equipment increased by €54.5m due to foreign exchange translation.

On the other hand, disposals of €54.4m led to a reduction of property, plant and equipment. The decrease is mainly caused by sale and leaseback transactions for new aircraft and led to a disposal of advance payments for future delivery of aircraft (€49.3m). As a result of the lease transactions the new aircraft are reported as additions to Right-of-use assets (for details please refer to the section 'Right-of-use-assets'). Depreciation and amortisation of €114.3m led to a further decrease in property, plant and equipment.

(11) Right-of-use assets

Compared to 30 September 2021 Right-of-use assets decreased by €72.5m to €2,936.7m. Depreciation charged of €251.5m 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 €16.9m (in this context, we refer to the section 'Property, plant and equipment').

Contrarily, additions totalled €97.3m, of which €90.1m was attributable to the delivery of four new aircraft which were purchased and then sold and leased back. Furthermore foreign exchange translation led to an increase in Right-of-use assets of €64.8m. Modifications and reassessment of existing lease contracts increased the Right-of-use assets by €33.1m. The increase is mainly due to contract extensions related to hotel leases (€11.6m), leased aircraft (€9.8m) and leased travel agencies (€8.0m).

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

(12) Trade and other receivables

In the first quarter of the current financial year the reorganisation of insolvency protection for package tours became effective in Germany. Accordingly the liquid funds which were provided by TUI to the former insolvency protection fund were returned. Partially offsetting this, receivables from deferred purchase price payments were recognised relating to the disposal of Nordotel S.A. .

The increase in the current trade and other receivables is related to the resumption of travel activity and increased bookings.

(13) Other financial assets

The increase of other financial assets relates to short-term financial investments, which were issued to secure advance payments from customers.

(14) Assets held for sale

As at 31 March 2022, no assets were classified as held for sale. During the period under review, there were no reclassifications to assets held for sale.

As at the end of the prior financial year, assets classified as held for sale exclusively consisted of assets of the Nor-dotel disposal group in the Hotels & Resorts segment worth €96.5m as well as the associated liabilities of €50.6m. The sale of this disposal group was completed in October 2021. In this context, please refer to the section 'Divest-ments'.

(15) Pension provisions and similar obligations

The pension provisions for unfunded plans and plans with underfunding decreased by €159.0m to €776.1m compared to the end of the previous financial year.

The overfunding of funded pension plans reported in other non-financial assets increased by €88.0m to €225.1m compared to 30 September 2021.

This development is attributable in particular to remeasurement effects due to significantly increased interest rate levels in the UK and the Eurozone.

(16) Financial liabilities

Non-current financial liabilities decreased by €922.4m to €2,113.7m compared to 30 September 2021. This decrease was primarily attributable to a decrease in liabilities to banks of €853.1m as well as on a contractually agreed prior repurchase of 913 partial option bonds on 1 April 2022.

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 €4.6bn at 31 March 2022. In April 2022, the volume of the at 31 March 2022 unused loan commitments under the separate KfW credit line within this syndicated revolving credit facility was reduced by €413.7m.

In addition, there has been a separate syndicated revolving credit facility of €170.0m. This credit facility was fully returned in April 2022.

At 31 March 2022, the amounts drawn under the revolving credit facilities totalled €955.6m (30 September 2021 €1,852.9m).

Current financial liabilities increased by €28.1m to €312.7m at 31 March 2022 compared to €284.6m at 30 September 2021. The increase is mainly due to the early repurchase of 913 partial option bonds of the €150m bond with warrants issued to WSF as of 1 April 2022, which increased current financial liabilities by €98.5m. Of this amount, €91.3m is accounted for by the nominal value of the partial option bonds and €7.2m by interest and early repayment penalties. The remaining 587 partial bonds shown under non-current financial liabilities are not affected by the early repurchase, nor are the approx. 58.7m call options on TUI shares, which are legally and financially separated from the warrant bond. The increase in current financial liabilities is partly offset by a decline in liabilities to banks.

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

(17) Lease liabilities

Compared to 30 September 2021 the lease liabilities decreased by €83.4m to €3,146.0m. Payments of €378.3 led to a decline in lease liabilities. Partially offsetting this, additions from newly leased contracts led to an increase in lease liabilities of €106.0m, of which €98.3m relate to the addition of four new aircraft. Furthermore, lease liabilities increased by €78.1m due to foreign exchange translation and by €78.1m due to interest charges. Changes and remeasurements of existing leases resulted in an increase in lease liabilities of €32.8m.

(18) Other financial liabilities

The other financial liabilities include touristic advance payments received for tours cancelled because of COVID-19 restrictions of €44.8m (as at 30 September 2021 €204.6m), for which immediate cash refund options exist and which have to be repaid shortly if the customer opts for payment. Please see the following section for more details.

(19) Touristic advance payments received

Apart from the immediate cash refund option in certain jurisdictions, TUI Group offers its customers voucher/refund credits for trips cancelled because of the COVID-19 crisis. If these voucher/refund credits are not used for future bookings within a specified period, the customer is entitled to a refund of the voucher value. The entitlement to a refund of the voucher value represents a financial liability. Due to the high level of uncertainty regarding the further development of the COVID-19 crisis and customer behavior, it is not possible for TUI Group to reliably estimate the extent of utilization of the voucher/refund credits for future bookings. As at 31 March 2022 the touristic advance payments received include no advance payments (as at 30 September 2021 €2.4m) for cancelled trips for which customers have received voucher/refund credits which may have to be refunded after a certain period of time.

(20) Changes in equity

Overall, equity increased by €635.0m when compared to 30 September 2021, from €-418.4m to €216.6m.

In October 2021, TUI AG carried out a capital increase for cash. 523.5m shares were issued. The Company's subscribed capital increased due to the capital increase in the nominal amount of €1.00 per share by €523.5m.

The capital reserve increased by €582.9m in total. The change results from an increase related to the premium of the capital increase in the amount of €609.3m and a decrease due to offsetting of expenses incurred from capital measures in the amount of €26.4m. The expenses from capital measures were incurred mainly in connection with the capital increase.

In the first six months of the financial year 2022, TUI AG paid no dividend (previous year: no dividend).

TUI Group's loss in the first six months of the financial year 2022 is attributable to the significant seasonal swing in tourism and to measures to contain the spread of COVID-19.

The proportion of gains and losses from hedging instruments for effective hedging of future cash flows includes an amount of €61.7m (pre-tax) carried under other comprehensive income in equity outside profit and loss (previous year €53.9m).

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

(21) Financial instruments

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

		Category according to IFRS 9				
€ million	**Carrying amount**	At amortised cost	Fair value with no effect on profit and loss without recycling	Fair value with no effect on profit and loss with recycling	Fair value through profit and loss	Fair value of financial instruments
Assets						
Trade receivables and other receivables						
thereof instruments within the scope of IFRS 9	971.7	834.1	-	-	137.6	973.0
thereof instruments within the scope of IFRS 16	9.7	-	-	-	-	10.0
Derivative financial instruments						
Hedging transactions	50.1	-	-	50.1	-	50.1
Other derivative financial instruments	86.2	-	-	-	86.2	86.2
Other financial assets	124.1	113.8	9.3	-	1.0	123.6
Cash and cash equivalents	1,522.6	1,522.6	-	-	-	1,522.6
Liabilities						
Financial liabilities	2,426.4	2,426.4	-	-	-	2,386.4
Trade payables	1,832.8	1,832.8	-	-	-	1,832.8
Derivative financial instruments						
Hedging transactions	8.5	-	-	8.5	-	8.5
Other derivative financial instruments	33.4	-	-	-	33.4	33.4
Other financial liabilities	153.6	153.6	-	-	-	153.6

Carrying amounts and fair values according to classes and measurement categories according to IFRS 9 as at 30 Sep 2021

€ million	Carrying amount	Category according to IFRS 9 At amortised cost	Fair value with no effect on profit and loss without recycling	Fair value with no effect on profit and loss with recycling	Fair value through profit and loss	Fair value of financial instruments
Assets						
Trade receivables and other receivables						
thereof instruments within the scope of IFRS 9	769.2	661.1	-	-	108.1	783.2
thereof instruments within the scope of IFRS 16	11.1	-	-	-	-	11.7
Derivative financial instruments						
Hedging transactions	4.5	-	-	4.5	-	4.5
Other derivative financial instruments	57.8	-	-	-	57.8	57.8
Other financial assets	24.4	12.1	10.3	-	2.0	24.4
Cash and cash equivalents	1,583.9	1,586.1	-	-	-	1,586.1
Liabilities						
Financial liabilities	3,320.7	3,320.8	-	-	-	3,359.7
Trade payables	2,052.4	2,071.9	-	-	-	2,071.9
Derivative financial instruments						
Hedging transactions	0.4	-	-	0.4	-	0.4
Other derivative financial instruments	23.4	-	-	-	23.4	23.4
Other financial liabilities	318.9	318.9	-	-	-	318.9

The amounts shown in the column ‘carrying amount’ (as shown in the balance sheet) in the tables above can differ from those in the other columns of a particular row since the latter includes all financial instruments incorporating those 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 in separate items. Further details on this can be found in the consolidated financial statements as of 30 September 2021.

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

In the period under review, the fair values of other current receivables and current liabilities to banks were determined in line with the past financial year, taking into account yield curves and the respective credit risk premium (credit spread) based on credit rating. Thus, as an adjustment to the current market conditions due to the implications of the COVID-19 pandemic to the business activities, the assumption that the carrying amount approximately corresponds to the fair value due to the short remaining term has been rejected.

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 counterparty-related changes in terms and expectations. In the case of cash and cash equivalents, current trade receivables, other financial assets, current trade payables and other financial liabilities the carrying amount approximates the fair value due to the short remaining term.

The COVID-19 pandemic significantly impacted business operations and the existing hedging strategy for currency risks and fuel price risks. Due to numerous travel restrictions and limitations in the past two financial years, the occurrence of numerous hedged underlying transactions could no longer be assessed as highly likely, causing a decline in fuel price and currency hedge requirements and therefore requiring the prospective termination of these hedges.

For the hedges affected, occurrence of the underlying transactions can no longer be expected for a future point in time, so that all accrued amounts from the change in the value of the relevant hedging instruments

were reclassified from cash flow hedge reserve (OCI) to the cost of sales in the income statement. Despite the significant increase in bookings, €-0.3m were reclassified from foreign currency hedges in the current financial year.
All future changes in the value of these de-designated hedges are taken to the cost of sales in the income statement through profit and loss and recognised as other derivative financial instruments from the date of the termination of the cash flow hedge accounting. At 31 March 2022 specific foreign currency hedges have been de-designated. The fair value of these reclassified hedging instruments totalled €+0.6m at a nominal volume of €98.5m.

Furthermore, the significant increase in TUI Group's credit risk had a direct impact on the retrospective hedge effectiveness test. As a result, fuel price, interest rate and currency hedges had to be de-designated as they no longer met the effectiveness requirements of IAS 39.

All future changes in the value of these de-designated fuel and foreign currency hedges are taken to the cost of sales, whilst interest rate hedges are recognised in the financial result, in the income statement through profit and loss, and recognised as other derivative financial instruments from the date of the termination of the cash flow hedge accounting. At 31 March 2022, the fair value of these reclassified fuel price hedges totalled €+72.7m at a nominal value of €112.9m, while the fair value of the interest rate hedges amounted to €-1.5m at a nominal volume of €352.4m and the fair value of foreign currency hedges totalled €+3.4m at a nominal volume of €93.7m.

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

€ million	Carrying amount of financial instruments Total	Fair Value
Financial assets		
at amortised cost	2,470.5	2,471.3
at fair value – recognised directly in equity without recycling	9.3	9.3
at fair value – through profit and loss	224.8	224.8
Financial liabilities		
at amortised cost	4,412.8	4,372.8
at fair value – through profit and loss	33.4	33.4

Aggregation according to measurement categories under IFRS 9 as at 30 Sep 2021

€ million	Carrying amount of financial instruments Total	Fair Value
Financial assets		
at amortised cost	2,259.3	2,381.4
at fair value – recognised directly in equity without recycling	10.3	10.3
at fair value – through profit and loss	167.9	167.9
Financial liabilities		
at amortised cost	5,711.6	5,750.5
at fair value – through profit and loss	23.4	23.4

Fair value measurement

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

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

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

€ million	Total	Level 1	Level 2	Level 3
		Fair value hierarchy		
Assets				
Other receivables	**137.6**	-	-	137.6
Other financial assets	**10.6**	-	-	10.6
Derivative financial instruments				
Hedging transactions	**50.1**	-	50.1	-
Other derivative financial instruments	**86.2**	-	86.2	-
Liabilities				
Derivative financial instruments				
Hedging transactions	**8.5**	-	8.5	-
Other derivative financial instruments	**33.4**	-	33.4	-

Hierarchy of financial instruments measured at fair value as of 30 Sep 2021

€ million	Total	Level 1	Level 2	Level 3
		Fair value hierarchy		
Assets				
Other receivables	**108.1**	-	-	108.1
Other financial assets	**12.3**	-	-	12.3
Derivative financial instruments				
Hedging transactions	**4.5**	-	4.5	-
Other derivative financial instruments	**57.8**	-	57.8	-
Liabilities				
Derivative financial instruments				
Hedging transactions	**0.4**	-	0.4	-
Other derivative financial instruments	**23.4**	-	23.4	-

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

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

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

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

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

The following specific valuation techniques are used to measure financial instruments:

- For 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 2020	**-**	**10.6**
Additions	108.1	-
sale	108.1	-
Disposals	-	- 0.1
sale	-	- 0.1
Total gains or losses for the period	-	- 0.1
recognised in other comprehensive income	-	- 0.1
Foreign currency effects	-	1.9
Balance as at 30 Sep 2021	**108.1**	**12.3**
Balance as at 1 Oct 2021	**108.1**	**12.3**
Additions	30.6	-
sale	30.6	-
Total gains or losses for the period	- 1.1	- 0.5
recognised through profit and loss	- 1.1	-
recognised in other comprehensive income	-	- 0.5
Foreign currency effects	-	- 1.5
Balance as at 31 Mar 2022	**137.6**	**10.3**

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 -4.2% and 26.2% (30 September 2021: -4.2% and 22.5%). The constant growth rate is 1% (30 September 2021: 1%). The weighted average cost of capital (WACC) is in a range between 9.1%-10.0% (30 September 2021: 8.8-9.9%). Due to materiality, no detailed figures have been provided. With the exception of the WACC, there is a positive correlation between the input factors and the fair value.

The decrease of the fair values of the Other financial assets in Level 3 mainly results from an immaterial valuation effect in the amount of -€0.5m and foreign exchange rate effects in the amount of -€1.5m.

The Other receivables according to IFRS 9 in Level 3 at a carrying amount of €107.0m as at 31 March 2022 (as at 30 September 2021 €108.1m) 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 (0.02% to 0.70%, 30 September 2021: -0.33% to -0.22%). 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 years 2022 and 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 2022 or 2023, respectively, has to be achieved in order to generate a variable purchase price payment. If the 90% target is not met, no further purchase price payment will be made. The maximum purchase price payment totals €127.4m. Due to different expectations regarding target achievement, potential purchase price payments vary between €0 and €127.4m.

TUI expects the hotels concerned to deliver around 95% to 100% of cumulative gross operating profit in calendar year 2022 and around 100% to 105% in calendar year 2023. The current planning for the relevant hotels (input parameters) is regularly reviewed by the responsible accounting staff. In the period under review, within the scope of subsequent remeasurement a loss of €1.1m was recognised in the income statement in connection with the variable purchase price receivable from the sale of Riu Hotels S.A. due to the risk-adjusted discount rate.

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 €19.8m (as at 30 September 2021 €20m), while a reduction in gross operating profit of 10% would result in a change in the present value of €-95.0m (as at 30 September 2021 €-95.9m). An interest rate shift of +/-100 basis points would alter the present value of the purchase price receivable by €1.4m (as at 30 September 2021 €2.0m).

Other receivables in Level 3 in accordance with IFRS 9 include deferred purchase price receivables from the sale of Nordotel S.A. with a carrying amount of €30.6m at 31 March 2022, measured as a financial instrument at fair value through profit or loss. The deferred purchase price payments of €10.2m and €20.4m are due after one year and two years, respectively, following the closing of the transaction on 5 October 2021, taking account of final purchase price adjustments.

The cash flows of the final purchase price adjustments from the contractual claims arising from the underlying purchase contract exclusively depend on the delivery of balance sheet items defined in the purchase contract for net debt and working capital in the audited annual financial statements of Nordotel S.A. as per 30 September 2021 under Spanish law. The fair value is determined on the basis of an estimate of net debt and working capital, taking account of the contractual claims for additional payments in adjusted purchase price and an appropriate risk-adjusted discount rate (-0.27% to +0.37%).

Any deviation from the parameter results in a purchase price adjustment of the same amount. Sensitivity analysis shows that an interest rate shift of +/-100 basis points would alter the present value of the purchase price receivable by around €0.4m.

Effects on results

The effects of remeasuring of 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.

(22) Contingent liabilities

As at 31 March 2022, contingent liabilities amounted to €78.8m (as at 30 September 2021 €102.8m). They are mainly attributable to the granting of guarantees for the benefit of hotel and cruises activities and are reported at an amount representing the best estimate of the expenditure required to meet the potential obligation at the balance sheet date.

(23) Other financial commitments

Nominal values of other financial commitments

€ million	31 Mar 2022	30 Sep 2021
Order commitments in respect of capital expenditure	2,404.0	2,386.1
Other financial commitments	74.2	91.7
Total	**2,478.2**	**2,477.8**

As at 31 March 2022 order commitment in respect of capital expenditure increased by €17.9m as against 30 September 2021. The increase in obligations is attributed to the restart of the hotel development programme and due to the effects of foreign exchange for commitments denominated in non-functional currencies. The increase has largely been offset by delivery of aircraft in the period.

(24) 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 €63.5m to €1,522.6m.

In H1 2022, the cash inflow from operating activities totalled €439.8m (H1 2021 cash outflow of €1,476.0m), including an inflow of €2.8m (H1 2021 €3.6m) from interest payments. Income tax payments resulted in a cash outflow of €10.1m (H1 2021 €5.3m).

The total cash outflow from investing activities totalled €136.5m (H1 2021 cash inflow of €110.0m). This includes a cash outflow for capital expenditure on property, plant and equipment and intangibles of €174.1m. The Group recorded a cash inflow of €63.4m from the divestment of property, plant and equipment and intangible assets. A sales price adjustment for the sale of the stakes in Riu Hotels S.A., effected in the prior year, resulted in a cash outflow of €23.9m. A further €2.2m relates to cash balances leaving TUI Group in connection with the sale of Nordotel S.A. in the financial year under review. While the selling price had already been partly paid in the prior year, some payments are still due.

The cash outflow from financing activities totalled €-363.6m (H1 2021 cash inflow of €1,511.2m). TUI AG recorded a cash inflow of €1,106.4m from a capital increase in October 2021 after deduction of transaction costs. In the financial year under review, TUI AG decreased its syndicated credit facility by €900.0m. Other TUI Group companies took out loans worth €18.3m. A cash outflow of €414.4m resulted from the redemption of financial liabilities, including €306.4m for lease liabilities. Interest payments resulted in an outflow of €173.9m.

Moreover, cash and cash equivalents decreased by €-3.2m (H1 2021 €21.4m) due to changes in exchange rates.

At 31 March 2022, cash and cash equivalents of €447.4m were subject to restrictions (as at 30 September 2021 €509.0m).

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 €47.2m is deposited as a security within a bank account (as at 30 September 2021 €46.4m). TUI Group can only use that cash and cash equivalents if it provides alternative collateral.

Furthermore, an amount of €116.2m (as at 30 September 2021 €116.3m) was deposited with a Belgian subsidiary without acknowledgement of debt by the Belgian tax authorities in financial year 2013 in respect of long-standing litigation over VAT refunds for the years 2001 to 2011. The purpose was to suspend the accrual of interest for both parties. In order to collateralise a potential repayment, the Belgian government was granted a bank guarantee. Due to the bank guarantee, TUI's ability to dispose of the cash and cash equivalents is restricted.

The remaining €284.0 (as at 30 September 2021 €346.3m) subject to restrictions relate to cash and cash equivalents to be deposited due to statutory or regulatory requirements mainly in order to secure customer deposit and credit card payables.

(25) Reporting segments

Revenue by segment for the period from 1 Oct 2021 to 31 Mar 2022

€ million	External	Group	H1 2022 Total
Hotels & Resorts	379.3	145.3	524.6
Cruises	75.5	-	75.5
TUI Musement	128.8	63.8	192.6
Consolidation	-	- 2.0	- 2.0
Holiday Experiences	583.6	207.1	790.7
Northern Region	1,500.2	155.6	1,655.8
Central Region	1,604.7	38.3	1,643.0
Western Region	782.2	70.7	852.9
Consolidation	-	- 260.2	- 260.2
Markets & Airlines	3,887.1	4.4	3,891.5
All other segments	26.9	1.9	28.8
Consolidation	-	- 213.4	- 213.4
Total	**4,497.6**	**-**	**4,497.6**

Revenue by segment for the period from 1 Oct 2020 to 31 Mar 2021

€ million	External	Group	H1 2021 Total
Hotels & Resorts	83.9	62.9	146.8
Cruises	1.5	-	1.5
TUI Musement	18.6	6.8	25.4
Consolidation	-	- 0.5	- 0.5
Holiday Experiences	104.0	69.2	173.2
Northern Region	159.1	135.1	294.2
Central Region	337.4	41.0	378.4
Western Region	102.1	64.7	166.8
Consolidation	-	- 239.7	- 239.7
Markets & Airlines	598.6	1.1	599.7
All other segments	13.6	1.3	14.9
Consolidation	-	- 71.5	- 71.5
Total	**716.3**	**-**	**716.3**

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 H1 2022, underlying EBIT includes results of investments accounted for using the equity method of €-35.6m (H1 2021 €-157.2m), primarily generated within the sector Holiday Experiences.

Underlying EBIT by segment

€ million	H1 2022	H1 2021
Hotels & Resorts	84.8	- 198.3
Cruises	- 105.3	- 153.3
TUI Musement	- 29.5	- 62.0
Holiday Experiences	- 49.9	- 413.6
Northern Region	- 352.6	- 418.3
Central Region	- 75.7	- 272.0
Western Region	- 89.4	- 159.8
Markets & Airlines	- 517.7	- 850.1
All other segments	- 35.8	- 45.1
Total	**- 603.5**	**- 1,308.8**

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

€ million	H1 2022	H1 2021
Hotels & Resorts	-	17.3
Holiday Experiences	-	17.3
Northern Region	1.6	11.9
Central Region	1.3	3.4
Markets & Airlines	2.9	15.3
All other segments	0.2	0.3
Total	**3.1**	**32.9**

Reconciliation to underlying EBIT of TUI Group

€ million	H1 2022	H1 2021
Earnings before income taxes	**- 871.0**	**- 1,543.7**
plus: Net interest expenses (excluding expense / income from measurement of interest hedges)	253.8	239.6
plus / less: (Expenses) income from measurement of interest hedges	2.7	5.6
EBIT	**- 614.5**	**- 1,298.5**
Adjustments:		
plus: Separately disclosed items	- 3.3	- 26.4
plus: Expense from purchase price allocation	14.3	16.2
Underlying EBIT	**- 603.5**	**- 1,308.8**

Net income for the separately disclosed items of €3.3m in H1 2022 include income of €22m 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 and €2m from the reversal of an impairment on the Group's office building. In addition, restructuring expenses in the Central Region (€17m) and All Other Segments (€4m) segments were adjusted.

Net income for the separately disclosed items of €26.4m in H1 2021 include income of €53m from the reversal of restructuring provisions no longer required in the Central Region due to the lower than expected reduction in fleet size in TUIfly. In addition, restructuring expenses of €21m were incurred in TUI Musement (€1m), Northern Region (€13m, thereof UK €6m and Nordics €7m), Central Region (€3m), Western Region

(€3m) and All other segments (€1m). Furthermore, the loss from the sale of an investment in an aircraft asset company was adjusted in the Northern Region (€ 2 million) and Central Region (€ 1 million) as well as an expense from a subsequent purchase price adjustment in the amount of € 2 million in All other segments.

Expenses for purchase price allocations of €14.3m (previous year €16.2m) relate in particular to the scheduled amortization of intangible assets from acquisitions made in previous years.

(26) Related parties

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

As at 31 December 2021, Unifirm Ltd, Cyprus, held 34.0% of the shares in TUI AG (as at 30 September 2021 32.0%). Unifirm Ltd was indirectly controlled by Alexey Mordashov. TUI received voting rights notifications informing the company that a 4.1% stake in TUI AG had been transferred to Severgroup LLC, Russia, a company controlled by Alexey Mordashov, on 28 February 2022 via a number of share transfers, and that Alexey Mordashov had ceded control over Unifirm Limited which still holds 29,9% of the shares of TUI AG. The controlling company of Unifirm Ltd after completion of the transactions is Ondero Ltd, Virgin Islands. In a further regulatory notification TUI has been informed on 18 March 2022 that Marina Mordashova is the controlling shareholder of Ondero Ltd.

Moreover, the Federal Ministry for Economic Affairs and Climate Action has informed TUI that it has initiated an assessment procedure under the Foreign Trade and Payments Act to ascertain whether the reported transactions are effective. Until the conclusion of these proceedings the transactions are pending invalid and the voting rights of Unifirm Ltd may not be exercised.

Due to the EU sanctions imposed on 28 February 2022, Mr Mordashov does not have access to the shares in TUI AG controlled by him, the associated voting rights and economic benefits.

Mr Mordashov stepped down from TUI AG's Supervisory Board with immediate effect on 2 March 2022.

Accordingly Mr Mordashov and the companies controlled by him are no longer a related party to TUI AG. As Marina Mordashova cannot exercise voting rights she is not a related party.

On 4 March 2022 Mr Vladimir Lukin stepped down from TUI AG's Supervisory Board with immediate effect.

More detailed information on related parties is provided under section 51 in the Notes to the consolidated financial statements for 2021.

(27) Significant transactions after the balance sheet date

On 1 April 2022 TUI AG returned €675.0m of the financing measures it received to cover the impact of COVID-19 on its liquidity according to the provisions of the KfW credit line. Thereof €170.0m has been used for the cancellation of the never utilized loan facility of €200.0m which had already been reduced by €30.0m on 30 September 2021. In addition €413.7m of the KfW credit line was cancelled. The KfW credit line was not utilized as at 31 March 2022. Finally TUI AG repurchased 913 of the 1,500 bonds issued to WSF. The purchase price amounted to €91.3m plus accrued interest and acceleration fees of €7.2m.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year 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, 9 May 2022

Friedrich Joussen

David Burling

Sebastian Ebel

Peter Krueger

Sybille Reiss

Frank Rosenberger

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 2021 until 31 March 2022 of TUI AG, Berlin and Hanover, which are components of the half-year financial report pursuant to § 115 WpHG (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 report which has been prepared 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 express a conclusion 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 the interim Group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) as well as in supplementary compliance with the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review in compliance with professional standards such that we can preclude through critical evaluation, with limited assurance, that the condensed interim consolidated financial statements have not been prepared, in all 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 all 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 analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume 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, 9 May 2022

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Christoph B. Schenk German Public Auditor	Annika Deutsch German Public Auditor

Cautionary statement regarding forward-looking statements

The present Half-Year 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
Half-Year Financial Report H1 2022	11 May 2022
Quarterly Statement Q3 2022	10 August 2022
Annual Report 2022	December 2022

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This Half-Year Financial Report, the presentation slides and the video webcast for Q2 2022 (published on 11 May 2022) are available at the following link:
www.tuigroup.com/en-en/investors