TUI GROUP
INTERIM REPORT Q1 2022

1 OCTOBER 2021 – 31 DECEMBER 2021

Content

INTERIM MANAGEMENT REPORT

Q1 2022 Summary

- Group revenue of €2.4bn, up €1.9bn on the prior year (Q1 2021: €0.5bn), reflecting the more open travel environment enabled by the successful roll-out of vaccinations during calendar year 2021. Around 40% of this increase in revenue was driven by Markets & Airlines Central Region, with our Continental European markets benefitting from the earlier easing of travel restrictions by the EU, resulting in a higher level of confidence in short-term departures.
- 67% of Q1 2019 capacity were operated in Q1 2022, in line with expectations.
- 2.3m customers departed in the quarter, an increase of 1.7m customers versus the prior year, resulting in an average load factor for the quarter of 79% (Q1 2021: Load factor 70%).
- Q1 Group underlying EBITDA almost break-even at €65.4m loss, improving €392.2m versus prior year (Q1 2021: €457.6m loss).
- Q1 Group underlying EBIT loss of €273.6m, an improvement of €402.2m versus prior year (Q1 2021: €675.8m loss), with Hotels & Resorts delivering a second sequential positive quarter since the start of the pandemic.
- Global Realignment Programme on track, with ~25% of ~€400m p.a. target cost savings to be delivered in financial year 2022 (~€240m already delivered in financial year 2021, with remainder to be delivered by financial year 2023).
- Credit rating upgrades from Moody's to B3 and S&P to B- in October 2021.
- Strong liquidity position of €3.3bn[1] as of 3 February 2022, reflecting our strict cost discipline, lower working capital swing as anticipated (compared to Q1 2019 normalised quarter, unaffected by COVID-19), and €1.1bn proceeds from recent capital increase.
- First step in handing back government funding - ~€0.7bn planned on 1 April 2022

[1] Available liquidity defined as unrestricted cash plus committed lines including financing packages

TUI Group - financial highlights

€ million		Q1 2022	Q1 2021	Var. %	Var. % at constant currency
Revenue		**2,369.2**	**468.1**	**+ 406.1**	**+ 398.0**
Underlying EBIT[1]					
Hotels & Resorts		61.1	- 95.6	n. a.	n. a.
Cruises		- 31.7	- 98.4	+ 67.7	+ 69.5
TUI Musement		- 12.7	- 32.6	+ 61.0	+ 61.0
Holiday Experiences		16.7	- 226.6	n. a.	n. a.
Northern Region		- 171.7	- 197.3	+ 13.0	+ 17.8
Central Region		- 55.0	- 149.4	+ 63.2	+ 63.0
Western Region		- 32.4	- 76.5	+ 57.7	+ 57.1
Markets & Airlines		- 259.0	- 423.1	+ 38.8	+ 40.9
All other segments		- 31.3	- 26.0	- 20.2	- 17.7
TUI Group		**- 273.6**	**- 675.8**	**+ 59.5**	**+ 61.0**
EBIT[1]		**- 271.4**	**- 698.1**	**+ 61.1**	
Underlying EBITDA		**- 65.4**	**- 457.6**	**+ 85.7**	
EBITDA[2]		**- 55.5**	**- 474.8**	**+ 88.3**	
Group loss		- 386.5	- 790.3	+ 51.1	
Earnings per share	€	- 0.27	- 1.32	+ 79.5	
Net capex and investment		53.4	- 47.1	n. a.	
Equity ratio (31 Dec)[3]	%	2.5	-5	+ 7.5	
Net financial position (31 Dec)		- 5,069.6	- 7,177.0	+ 29.4	
Employees (31 Dec)		43,162	37,081	+ 16.4	

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 December 2021.

[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

- 6.0m bookings[1] across Winter 2021/22 and Summer 2022, with an acceleration in bookings since the start of the new year, as confidence in international travel improves.
- Winter 2021/22 bookings[1] have slowed to 58% of Winter 2018/19 levels mainly due to Omicron-related amendments in late November and December 2021, with Q2 departures currently more subdued. We expect short-term bookings to continue and at present, we expect winter capacity to be between low and mid-range of assumed range of 60% to 80% (of Winter 2018/19 levels).
- Summer 2022 bookings[1] are 72% of Summer 2019 levels. Booking patterns overall have been relatively stable despite Omicron, with recent bookings trending in the same pattern as January 2019, albeit at reduced volume levels at this point.
- Following the removal of testing requirements in the UK, we have seen a step-up in booking activity, with UK Summer 2022 bookings currently up 19% on Summer 2019.
- Combined with the improving confidence in departure, lifting of restrictions and later booking profile, our Summer 2022 capacity assumption is for close to 2019 summer levels.
- ASPs[1] for both seasons holding up strongly compared to 2018/19 programmes, driven by a higher mix of packages and reflective of the robust appetite for leisure travel (Winter 2021/22: +15%, Summer 2022: +22%).
- Hotels & Resorts – As evident in Q4 as well as the quarter under review where we have returned to positive underlying EBITs, we have seen a clear demand for our hotels with improving occupancies across our diversified portfolio. We expect this positive trend to continue developing into the Summer 2022, with the short-term booking profile likely to continue also.
- Cruises – Coming into the new calendar year, we have seen itinerary amendments across our three brands, due to various port closures and increasing incidence rates affecting our planned itineraries in the Middle East and in the Caribbean. For all three cruises brands, we will likely see a challenging first half as a result with the short-term booking profile expected to continue into the Summer. However H2 2022 and 2023 bookings are all currently at higher rates compared to booking positions as of Q1 2019.
- TUI Musement – The number the Excursions, Activities and Tours (EATs) sold in the first quarter are already ahead of both Q1 2021 and (pre-COVID-19) Q1 2019, reflecting firstly the more open travel environment and secondly the successful integration of Musement. The integration of Musement has increased both product inventory and the number of destinations offered on our digital platform, and with the wider reopening of travel, we have begun resuming our growth plans for this segment which remains highly fragmented and largely offline. We expect EATs to develop beyond the capacity assumptions of our Markets & Airlines Winter 2021/22 and Summer 2022, as third-party sales return, in line with a wider reopening across our global destinations.

[1] Bookings up to 30 January 2022 compared to 2019 programmes (undistorted by COVID-19) and relate to all customers whether risk or non-risk

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).

The programme is on track to deliver a further 25% of our targeted savings in financial year 2022 and remains on track to deliver the full programme benefits by end of financial year 2023.

Net debt

Q1 2022 net debt position of €5.1bn is in line with 2021 year-end position. The Q1 position includes proceeds from our capital increase of €1.1bn and reflects our improved operating result combined with the expected lower seasonal Q1 working capital outflow of €937m, demonstrating our continuous focus on cost and cash discipline.

Completion of capital increase of €1.1bn

We successfully completed a second capital increase in November 2021. The gross issue proceeds totalled around €1.1bn. The Group's share capital increased nominally by €523.5m to €1.623bn.

Strategic priorities

Ongoing priorities – we will continue with our disciplined cash management, drive operating effectiveness, whilst maximising opportunities to de-lever and continue our debt reduction in order to return to a solid and healthy balance sheet.

Our growth opportunities will be driven by the expansion of our tours & activities segment, 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 should 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 benefit from the strong rebound in the leisure industry.

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.

Report on changes in expected development

It remains difficult to forecast the further course of the pandemic and its impact on customer behavior. 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.

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

➩ See also TUI Group Annual Report 2021 page 50 et seqq.

Structure and strategy of TUI Group

Reporting structure

The present Interim Report for Q1 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	Q1 2022	Q1 2021	Var. %
Hotels & Resorts	198.3	56.5	+ 251.0
Cruises	34.2	0.6	n. a.
TUI Musement	66.3	10.5	+ 531.4
Holiday Experiences	298.8	67.5	+ 342.7
Northern Region	652.2	107.0	+ 509.5
Central Region	985.1	213.2	+ 362.1
Western Region	416.1	74.1	+ 461.5
Markets & Airlines	2,053.4	394.3	+ 420.8
All other segments	17.0	6.3	+ 169.8
TUI Group	**2,369.2**	**468.1**	**+ 406.1**
TUI Group (at constant currency)	**2,331.0**	**468.1**	**+ 398.0**

Underlying EBIT

€ million	Q1 2022	Q1 2021	Var. %
Hotels & Resorts	61.1	- 95.6	n. a.
Cruises	- 31.7	- 98.4	+ 67.8
TUI Musement	- 12.7	- 32.6	+ 61.0
Holiday Experiences	16.7	- 226.6	n. a.
Northern Region	- 171.7	- 197.3	+ 13.0
Central Region	- 55.0	- 149.4	+ 63.2
Western Region	- 32.4	- 76.5	+ 57.6
Markets & Airlines	- 259.0	- 423.1	+ 38.8
All other segments	- 31.3	- 26.0	- 20.4
TUI Group	**- 273.6**	**- 675.8**	**+ 59.5**

EBIT

€ million	Q1 2022	Q1 2021	Var. %
Hotels & Resorts	82.4	- 95.7	n. a.
Cruises	- 31.7	- 98.4	+ 67.8
TUI Musement	- 14.6	- 34.3	+ 57.4
Holiday Experiences	36.1	- 228.4	n. a.
Northern Region	- 175.6	- 201.2	+ 12.7
Central Region	- 64.0	- 159.8	+ 59.9
Western Region	- 33.2	- 79.5	+ 58.2
Markets & Airlines	- 272.8	- 440.6	+ 38.1
All other segments	- 34.7	- 29.1	- 19.2
TUI Group	**- 271.4**	**- 698.1**	**+ 61.1**

Segmental performance

Holiday Experiences

€ million	Q1 2022	Q1 2021	Var. %
Revenue	298.8	67.5	+ 342.7
Underlying EBIT	16.7	- 226.6	n. a.
Underlying EBIT at constant currency	17.4	- 226.6	n. a.

Hotels & Resorts

€ million	Q1 2022	Q1 2021	Var. %
Total revenue[1]	282.8	93.6	+ 202.1
Revenue	198.3	56.5	+ 251.0
Underlying EBIT	61.1	- 95.6	n. a.
Underlying EBIT at constant currency	60.0	- 95.6	n. a.
Capacity hotels total[2] ('000)	**8,595**	**5,176**	**+ 66.0**
Riu	3,431	2,496	+ 37.4
Robinson	729	364	+ 100.4
Blue Diamond	1,323	873	+ 51.6
Occupancy rate hotels total[3] (in %, variance in % points)	**64**	**43**	**+ 21**
Riu	69	46	+ 23
Robinson	63	48	+ 15
Blue Diamond	74	42	+ 32
Average revenue per bed hotels total[4] (in €)	**72**	**60**	**+ 19.9**
Riu	66	53	+ 24.2
Robinson	101	89	+ 13.0
Blue Diamond	119	91	+ 30.8

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

We operated 8.6m available bednights (capacity[2]) in the quarter, an increase of 3.4m available bednights versus the prior year (Q1 2021: 5.2m), and back to almost normalised levels (Q1 2019: 9.1m). The 8.6m available bednights reflect the improved travel environment versus the prior year, as well as the usual winter seasonality. Good operational performances were delivered across our diversified destinations, returning the segment to a second quarterly positive underlying EBIT since the start of the pandemic.

In an environment of changing travel restrictions across many different destinations, our diversified portfolio enabled us to optimise demand from non-source market countries. Customers from the US for example were able to travel more openly to the Caribbean and in destinations such as Mexico, we were able to benefit from domestic customers vacationing. This in combination with our ability to direct our Market & Airlines customers to our own capacity first, demonstrates more than ever the advantage of our integrated and diversified business model.

Our hotels across the Caribbean were able to deliver average occupancy rates of 76% as a result, with Mexico in particular achieving 85% average occupancy in the first quarter. Our hotels in the Canaries remained the most popular destination for our European customers during this winter period, achieving average occupancy of 79%. Other popular destinations in the quarter were Turkey, Egypt and Cape Verde.

Overall occupancy rate increased 21%pts to 64% for the segment, reflecting the reasons above, driven in particular by the Caribbean and Spanish destinations. Average daily rate increased by 20% to €72.

Underlying EBIT profit of €61.1m is up €156.7m versus prior year, reflecting the more open travel environment across our multiple destinations with Riu delivering strong performances in their core Caribbean and Spanish markets.

Cruises

€ million	Q1 2022	Q1 2021	Var. %
Revenue[1]	34.2	0.6	n. a.
Underlying EBIT	- 31.7	- 98.4	+ 67.8
Underlying EBIT at constant currency	- 30.0	- 98.4	+ 69.5
Occupancy (in %, variance in % points)			
TUI Cruises	53	35	+ 18
Hapag-Lloyd Cruises	50	37	+ 13
Marella Cruises	48	-	n. a.
Passenger days ('000)			
TUI Cruises	695	177	+ 291.7
Hapag-Lloyd Cruises	74	13	+ 464.9
Marella Cruises	182	-	n. a.
Average daily rates[3] (in €)			
TUI Cruises	155	118	+ 31.6
Hapag-Lloyd Cruises	624	434	+ 43.9
Marella Cruises (in £)	142	-	n. a.

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

[2] Per day and passenger

Our Cruises segment consisting of TUI Cruises, Hapag-Lloyd Cruises and Marella Cruises operated 14 ships out of 16 ships in the first quarter, in line with their winter plans (Q1 2021: five ships operated).

TUI Cruises operated six ships out of its seven-ship fleet in Q1 2022. Average daily rate of €155, up 32% versus prior year (Q1 2021: €118 and three ships operated), reflecting the resumption of cruises in the Canaries, the Caribbean and United Arab Emirates versus the shorter average duration “Blue Cruises” operated in the prior year. Occupancy of the operated fleet was 53%, increasing 18%pts on the prior year (Q1 2021: 35%) with the latter end of the quarter impacted by both short-term Omicron-related amendments and the early curtailment of Mein Schiff 6 due to rising incidence rates.

Hapag-Lloyd Cruises average daily rate across its full fleet of five ships was €624, up 44% versus prior year (Q1 2021: €434 and two ships operated) reflecting the resumption of Around The World itineraries as well as trips to Antarctica and the United Arab Emirates. Occupancy of the full fleet was 50% increasing 13%pts on prior year (Q1 2021: 37%), with the latter end of the quarter impacted by both short-term Omicron-related amendments and the early curtailment of two ships due to rising incidence rates.

Marella Cruises operated three ships out of its four-ship fleet in Q1, delivering average daily rate of £142 and occupancy of 48% versus a previous Q1 which saw operations suspended in line with UK government travel advice. Similar to TUI Cruises and Hapag-Lloyd Cruises, Marella also saw short-term amendments for November and December 2021 departures.

TUI Cruises and Hapag-Lloyd Cruises delivered a €66.7m improvement in underlying EBIT versus the prior year. The improvement reflects the wider resumption of operations compared to limited ‘Blue Cruises’ itineraries in Q1 2021, as well as a government grant of €20m recognised in Q1 2022, with the prior year including a €20m impairment charge. Marella delivered an underlying EBIT in line with Q1 2021, due to a more subdued environment in UK, which was further limited by disruption costs arising from a Spanish labour strike, delaying the return of Explorer from dry dock in December 2021.

TUI Musement

€ million	Q1 2022	Q1 2021	Var. %
Total revenue[1]	100.2	15.6	+ 542.3
Revenue	66.3	10.5	+ 531.4
Underlying EBIT	- 12.7	- 32.6	+ 61.0
Underlying EBIT at constant currency	- 12.7	- 32.6	+ 61.0

[1] Total revenue includes intra-Group revenue.

1.1m excursions, activities and tours sold in the quarter, an increase of 1m from 109k in Q1 2021 reflecting the more open travel environment across our destinations versus the prior year, with sales delivered through our Markets & Airlines division and direct through our Musement platform.

This resumption in activities reflects the first steps in resuming our growth plans for the segment, which remains highly fragmented and largely offline. Underpinning our growth plans, we will continue to accelerate and enhance our digital transformation, combining self-service digital capabilities with physical presence in core markets to ensure we remain guest centric throughout all channels.

Underlying EBIT improved by €19.9m year-on-year as a result, up from the €32.6m underlying loss in the prior year.

Online distribution was 34% (Q1 2021: 40%) 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	Q1 2022	Q1 2021	Var. %
Revenue	2,053.4	394.3	+ 420.8
Underlying EBIT	- 259.0	- 423.1	+ 38.8
Underlying EBIT at constant currency	- 250.1	- 423.1	+ 40.9
Direct distribution mix[1] (in %, variance in % points)	75	77	- 2
Online mix[2] (in %, variance in % points)	52	56	- 4
Customers ('000)	2,255	525	+ 329.3

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

[2] Share of online sales

As already covered, Q1 2022 saw a more open travel environment versus the prior year, with October 2021 in particular benefiting from the Summer momentum. The latter end of the quarter however saw a level of Omicron-related amendments. A total of 2.3m customers departed in the quarter, an increase of 1.7m customers versus Q1 2021, which has been enabled by the successful roll-out of vaccinations across both our markets and destinations. Average load factor of 79% was achieved for the quarter (Q1 2021: 70%).

Underlying EBIT loss for the segment improved by €164.1m to €259.0m loss (Q1 2021: €423.1m loss) reflecting the 67% capacity (compared to Q1 2019) operated over the period, a vast improvement on the previous year which saw our operations largely suspended due to travel restrictions. The result includes €34m net cost impact from hedging ineffectiveness, as well as savings delivered by our Global Realignment Programme across all markets.

Northern Region

€ million	Q1 2022	Q1 2021	Var. %
Revenue	652.2	107.0	+ 509.5
Underlying EBIT	- 171.7	- 197.3	+ 13.0
Underlying EBIT at constant currency	- 162.1	- 197.3	+ 17.8
Direct distribution mix[1] (in %, variance in % points)	94	93	+ 1
Online mix[2] (in %, variance in % points)	73	76	- 3
Customers ('000)	665	114	+ 485.0

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

Northern Region saw a steady increase in customer volumes particularly in October and December with 665k guests departing overall in the quarter, versus 114k customers in Q1 2021.

Underlying EBIT improved by €25.6m to €171.7m loss as a result of the operational development, including savings delivered through our Global Realignment Programme. Comparatively to our other regions, the overall loss of €172m reflects the higher operational leverage for the UK, with departure volumes, although improving, still limited and overall sentiment around testing requirements and changing restrictions holding back a wider recovery.

Central Region

€ million	Q1 2022	Q1 2021	Var. %
Revenue	985.1	213.2	+ 362.1
Underlying EBIT	- 55.0	- 149.4	+ 63.2
Underlying EBIT at constant currency	- 55.3	- 149.4	+ 63.0
Direct distribution mix[1] (in %, variance in % points)	56	64	- 8
Online mix[2] (in %, variance in % points)	30	37	- 7
Customers ('000)	917	246	+ 273.7

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

Central Region saw 917k customers depart, an improvement of 671k customer versus prior year (Q1 2021: 246k), the strongest increase across our markets. The region continued in a similar theme to Summer 2021 (Q4 2021) with our Continental European markets benefitting from the earlier easing of travel restrictions by the EU, resulting in a higher level of confidence in short-term departures.

Underlying EBIT improved by €94.4m to a €55.0m loss as a result of the positive operational development, including savings delivered through our Global Realignment Programme.

Western Region

€ million	Q1 2022	Q1 2021	Var. %
Revenue	416.1	74.1	+ 461.5
Underlying EBIT	- 32.4	- 76.5	+ 57.6
Underlying EBIT at constant currency	- 32.8	- 76.5	+ 57.1
Direct distribution mix[1] (in %, variance in % points)	82	85	- 3
Online mix[2] (in %, variance in % points)	63	69	- 6
Customers ('000)	673	166	+ 305.0

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

Western Region saw 673k customers depart, an improvement of half a million customers versus the prior year (Q1 2021: 166k), benefitting from the same factors as the Central Region.

Underlying EBIT improved by €44.1m to €32.4m loss, nearing break-even as a result of the positive operational development. The result includes savings delivered through our Global Realignment Programme.

All other segments

€ million	Q1 2022	Q1 2021	Var. %
Revenue	17.0	6.3	+ 169.8
Underlying EBIT	- 31.3	- 26.0	- 20.4
Underlying EBIT at constant currency)	- 30.6	- 26.0	- 17.7

Underlying EBIT loss of €31.3m, broadly in line with prior year.

Financial position and net assets

Cash Flow / Net capex and investments / Net debt

As a result of the partial easing of global travel restrictions, TUI Group was able to increase its business volume year-on-year. Nevertheless, TUI Group's operating cash flow continued to be impacted by the COVID-19 pandemic in the period under review.

In October 2021, TUI AG carried out a capital increase. This resulted in an inflow of €1,106.5m after deduction of borrowing costs.

At €964.6m, the cash outflow from operating activities increased by €228.1m compared to previous year.

The net debt as of 31 December 2021 decreased by €2,107.4m to €5,069.6m year-on-year and is in line with 2021 year-end position.

Net debt

€ million	31 Dec 2021	31 Dec 2020	Var. %
Financial debt	- 3,576.6	- 5,167.3	+ 30.8
Lease liabilities	- 3,260.2	- 3,275.1	+ 0.5
Cash and cash equivalents	1,649.3	1,250.5	+ 31.9
Short-term interest-bearing investments	117.8	14.8	+ 695.9
Net debt	**-5,069.6**	**-7,177.0**	**+ 29.4**

Net capex and investments

€ million	Q1 2022	Q1 2021	Var. %
Cash gross capex			
Hotels & Resorts	22.0	33.7	- 34.7
Cruises	21.5	7.9	+ 172.2
TUI Musement	3.5	2.8	+ 25.0
Holiday Experiences	47.0	44.4	+ 5.9
Northern Region	4.9	5.9	- 16.9
Central Region	0.5	0.9	- 44.4
Western Region	1.2	2.0	- 40.0
Markets & Airlines*	10.3	12.0	- 14.2
All other segments	25.6	12.9	+ 98.4
TUI Group	**82.9**	**69.3**	**+ 19.6**
Net pre delivery payments on aircraft	- 46.4	0.3	n. a.
Financial investments	-	0.5	n. a.
Divestments	16.9	- 117.2	n. a.
Net capex and investments	**53.4**	**- 47.1**	**n. a.**

* Including €3.7m for Q1 2022 (previous year: €3.2m) cash gross capex of the aircraft leasing companies, which are allocated to Markets & Airlines as a whole, but not to the individual segments Northern Region, Central Region and Western Region.

Cash gross capex in Q1 2022 was 19.6% higher year-on-year. This increase was mainly due to dock periods at Marella Cruises and Group IT investments. Net capex and investments of €53.4m increased by €100.5m year-on-year. The divestments related mainly to the sale and lease back of aircraft. 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 Kreuzfahrten to our joint venture TUI Cruises.

Assets and liabilities

€ million	31 Dez 2021	30 Sep 2021	Var. %
Non-current assets	11,261.1	11,222.3	+ 0.3
Current assets	3,161.8	2,933.3	+ 7.8
Total assets	**14,422.9**	**14,155.7**	**+ 1.9**
Equity	359.1	- 418.4	n. a.
Provisions	2,174.4	2,238.2	- 2.9
Financial liabilities	3,576.6	3,320.8	+ 7.7
Other liabilities	8,312.8	9,015.2	- 7.8
Total equity, liabilities and provisions	**14,422.9**	**14,155.7**	**+ 1.9**

Comments on the 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 the prior-year quarter. Nevertheless, the development of revenue and earnings in Q1 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 Q1 2022, consolidated revenue increased by €1.9bn year-on-year to €2.4bn.

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

€ million	**Q1 2022**	Q1 2021	Var. %
Revenue	2,369.2	468.1	+406.1
Cost of sales	2,472.4	880.1	+180.9
Gross loss	**- 103.2**	**- 412.0**	+75.0
Administrative expenses	201.7	193.1	+4.5
Other income	26.2	5.8	+351.7
Other expenses	0.9	6.0	- 85.0
Impairment (+) / Reversal of impairment (-) of financial assets	- 4.3	- 9.6	+55.2
Financial income	20.8	36.1	- 42.4
Financial expense	147.8	143.5	+3.0
Share of result of investments accounted for using the equity method	- 2.3	- 103.9	+97.8
Earnings before income taxes	**- 404.5**	**- 806.9**	+49.9
Income taxes (expense (+), income (-))	- 17.9	- 16.6	- 7.8
Group loss	**- 386.5**	**- 790.3**	+51.1
Group loss attributable to shareholders of TUI AG	- 384.3	- 780.1	+50.7
Group loss attributable to non-controlling interest	- 2.3	- 10.1	+77.2

Alternative performance measures

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

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

Reconciliation to underlying EBIT

€ million	**Q1 2022**	Q1 2021	Var. %
Earnings before income taxes	**- 404.5**	**- 806.9**	**+49.9**
plus: Net interest expenses (excluding expense / income from measurement of interest hedges)	131.6	102.2	+28.8
plus / less: (Expenses) income from measurement of interest hedges	1.5	6.6	- 77.3
EBIT	**- 271.4**	**- 698.1**	**+61.1**
Adjustments:			
plus: Separately disclosed items	- 9.3	14.2	
plus: Expense from purchase price allocation	7.1	8.1	
Underlying EBIT	**- 273.6**	**- 675.8**	**+59.5**

The TUI Group's operating loss adjusted for special items increased by €402.2m to €273.6m in Q1 2022.

➪ For further details on the separately disclosed items see page 42 in the Notes of this Interim Report.

Key figures of income statement

€ million	**Q1 2022**	Q1 2021	Var. %
EBITDAR	**- 51.5**	**- 472.4**	+ 89.1
Operating rental expenses	- 4.0	- 2.4	- 66.7
EBITDA	**- 55.5**	**- 474.8**	+ 88.3
Depreciation/amortisation less reversals of depreciation*	- 215.9	- 223.3	+ 3.3
EBIT	**- 271.4**	**- 698.1**	+ 61.1
Income/Expense from the measurement of interest hedges	1.5	6.6	- 77.3
Net interest expense (excluding expense/income from measurement of interest hedges)	131.6	102.2	+ 28.8
EBT	**- 404.5**	**- 806.9**	+ 49.9

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

Other segment indicators

Underlying EBITDA

€ million	Q1 2022	Q1 2021	Var. %
Hotels & Resorts	107.0	- 41.5	n. a.
Cruises	- 15.0	- 83.6	+ 82.1
TUI Musement	- 6.8	- 26.8	+ 74.6
Holiday Experiences	85.1	- 152.0	n. a.
Northern Region	- 96.5	- 120.8	+ 20.1
Central Region	- 27.1	- 119.7	+ 77.4
Western Region	3.0	- 40.4	n. a.
Markets & Airlines	- 120.6	- 281.0	+ 57.1
All other segments	- 30.0	- 24.7	- 21.5
TUI Group	**- 65.4**	**- 457.6**	**+ 85.7**

EBITDA

€ million	Q1 2022	Q1 2021	Var. %
Hotels & Resorts	128.3	- 41.6	n. a.
Cruises	- 15.0	- 83.7	+ 82.1
TUI Musement	- 7.0	- 26.5	+ 73.6
Holiday Experiences	106.3	- 151.8	n. a.
Northern Region	- 97.1	- 123.8	+ 21.6
Central Region	- 34.6	- 129.8	+ 73.3
Western Region	3.0	- 41.7	n. a.
Markets & Airlines	- 128.6	- 295.3	+ 56.5
All other segments	- 33.2	- 27.8	- 19.4
TUI Group	**- 55.5**	**- 474.8**	**+ 88.3**

Employees

	31 Dec 2021	31 Dec 2020	Var. %
Hotels & Resorts	15,456	9,297	+ 66.2
Cruises*	56	57	- 1.8
TUI Musement	4,687	3,362	+ 39.4
Holiday Experiences	20,199	12,716	+ 58.8
Northern Region	8,668	8,877	- 2.4
Central Region	7,344	8,336	- 11.9
Western Region	4,609	4,795	- 3.9
Markets & Airlines	20,621	22,008	- 6.3
All other segments	2,342	2,357	- 0.6
Total	**43,162**	**37,081**	**+ 16.4**

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

Corporate Governance

Composition of the Boards

The composition of TUI AG's Boards has not changed in Q1 2022:

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

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.

After a significant decline in the number of COVID-19 cases in summer 2021, many countries again recorded a significant increase in infections since Q1 2022, in particular due to the rapid spread of the Omicron variant. As a result, contact restriction measures have been tightened again in the affected countries. Due to the associated ongoing changes in travel restrictions, it is still not foreseeable when the TUI Group's travel programme can be fully resumed. In particular, it is not possible at this stage (7 February 2022) to reliably predict how vaccination rates against the COVID-19 virus will develop in the individual countries, whether new variants of the virus will emerge and when medication for treating COVID-19 disease will be available. However, it is now foreseeable that sufficient vaccines will be available in our key source markets and destinations to ensure a continued recovery in travel in the financial year 2022.

With the customer deposits received for the coming seasons, the funds from the financing measures taken in the financial year 2021 (capital increase in January 2021 and the convertible bond placed in April), the cash inflow from the sale of RIU Hotels S.A., the extension of the revolving credit facilities including the further suspension of the review of the financial covenants and the further capital increase in October 2021, the Executive Board believes that, despite the existing risks, TUI Group currently has sufficient funds, and will continue to have sufficient funds in the future, resulting both from the borrowing and from expected operating cash flows, to meet its payment obligations and to continue as a going concern in the foreseeable future. In this context, the Executive Board assumes that the credit lines expiring in summer 2024 will be refinanced. Therefore, as at 31 December 2021, the Executive Board has not identified 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-related change in booking behaviour to be a threat to the Group's continued existence. In its assessment, the Executive Board assumes that the booking figures will gradually recover in the financial year 2022 and that the volumes in the summer of 2022 will settle at approximately the level of the summer of 2019. For the financial year 2023, it is expected that booking behaviour in the financial 2023 year will largely correspond to the pre-pandemic level. The Executive Board assumes that there will be no further long-term closures and lockdowns that could affect travel behaviour. Nevertheless, customer bookings may deteriorate due to new 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 cashflow) 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 Dec 2021

€ million	Notes	**Q1 2022**	Q1 2021
Revenue	(1)	2,369.2	468.1
Cost of sales	(2)	2,472.4	880.1
Gross loss		**- 103.2**	**- 412.0**
Administrative expenses	(2)	201.7	193.1
Other income	(3)	26.2	5.8
Other expenses	(4)	0.9	6.0
Impairment (+) / Reversal of impairment (-) of financial assets	(21)	- 4.3	- 9.6
Financial income	(5)	20.8	36.1
Financial expense	(5)	147.8	143.5
Share of result of investments accounted for using the equity method	(6)	- 2.3	- 103.9
Earnings before income taxes		**- 404.5**	**- 806.9**
Income taxes (expense (+), income (-))	(7)	- 17.9	- 16.6
Group loss		**- 386.5**	**- 790.3**
Group loss attributable to shareholders of TUI AG		- 384.3	- 780.1
Group loss attributable to non-controlling interest	(8)	- 2.3	- 10.1

Earnings per share

€	**Q1 2022**	Q1 2021
Basic and diluted loss / earnings per share	- 0.27	- 1.32

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

€ million	Q1 2022	Q1 2021
Group loss	**- 386.5**	**- 790.3**
Remeasurements of defined benefit obligations and related fund assets	72.6	- 205.2
Other comprehensive income of investments accounted for using the equity method that will not be reclassified	-	14.4
Fair value loss on investments in equity instruments designated as at FVTOCI	- 0.3	-
Income tax related to items that will not be reclassified (expense (-), income (+))	- 18.1	45.3
Items that will not be reclassified to profit or loss	**54.2**	**- 145.5**
Foreign exchange differences	3.7	2.3
Foreign exchange differences outside profit or loss	3.7	2.3
Cash flow hedges	- 3.9	- 12.1
Changes in the fair value	- 2.5	- 50.7
Reclassification	- 1.4	38.6
Other comprehensive income of investments accounted for using the equity method that may be reclassified	2.8	- 27.7
Changes in the measurement outside profit or loss	2.8	- 27.7
Income tax related to items that may be reclassified (expense (-), income (+))	0.6	- 8.5
Items that may be reclassified to profit or loss	**3.2**	**- 46.0**
Other comprehensive income	**57.4**	**- 191.5**
Total comprehensive income	**- 329.1**	**- 981.8**
attributable to shareholders of TUI AG	- 331.9	- 978.1
attributable to non-controlling interest	2.8	- 3.7

Unaudited condensed consolidated Statement of Financial Position of TUI AG as at 31 Dec 2021

€ million	Notes	31 Dec 2021	30 Sep 2021
Assets			
Goodwill	(9)	3,032.5	2,993.1
Other intangible assets		503.4	498.6
Property, plant and equipment	(10)	3,141.9	3,159.3
Right-of-use assets	(11)	3,041.8	3,009.2
Investments in joint ventures and associates		646.2	640.5
Trade and other receivables	(12), (21)	239.9	308.7
Derivative financial instruments	(21)	8.9	8.9
Other financial assets	(13), (21)	11.2	12.3
Touristic payments on account		105.2	107.6
Other non-financial assets		240.0	183.4
Income tax assets		9.6	9.6
Deferred tax assets		280.4	291.1
Non-current assets		**11,261.1**	**11,222.3**
Inventories		42.6	42.8
Trade and other receivables	(12), (21)	642.3	471.6
Derivative financial instruments	(21)	38.2	53.4
Other financial assets	(13), (21)	117.8	12.1
Touristic payments on account		539.0	508.6
Other non-financial assets		96.9	106.7
Income tax assets		35.8	57.7
Cash and cash equivalents	(20)	1,649.3	1,583.9
Assets held for sale	(14)	-	96.5
Current assets		**3,161.8**	**2,933.3**
Total assets		**14,422.9**	**14,155.7**

Unaudited condensed consolidated Statement of Financial Position of TUI AG as at 31 Dec 2021

€ million	Notes	31 Dec 2021	30 Sep 2021
Equity and liabilities			
Subscribed capital		1,622.9	1,099.4
Capital reserves		5,832.5	5,249.6
Revenue reserves		- 8,857.3	- 8,525.7
Silent participation		1,091.0	1,091.0
Equity before non-controlling interest		**- 310.8**	**- 1,085.8**
Non-controlling interest		669.9	667.3
Equity	(20)	**359.1**	**- 418.4**
Pension provisions and similar obligations	(15)	845.6	901.9
Other provisions		775.4	763.6
Non-current provisions		**1,621.0**	**1,665.5**
Financial liabilities	(16), (21)	3,337.0	3,036.1
Lease liabilities	(17)	2,608.7	2,606.1
Derivative financial instruments	(21)	7.6	10.9
Other financial liabilities	(18), (21)	22.6	5.9
Other non-financial liabilities		193.0	206.3
Income tax liabilities		93.7	56.4
Deferred tax liabilities		60.3	123.3
Non-current liabilities		**6,323.0**	**6,045.1**
Non-current provisions and liabilities		**7,944.0**	**7,710.5**
Pension provisions and similar obligations	(15)	33.6	33.2
Other provisions		519.8	539.5
Current provisions		**553.4**	**572.7**
Financial liabilities	(16), (21)	239.6	284.6
Lease liabilities	(17)	651.4	623.3
Trade payables	(21)	1,638.9	2,052.4
Derivative financial instruments	(21)	40.8	12.9
Other financial liabilities	(18), (20)	189.0	313.0
Touristic advance payments received	(19)	2,294.7	2,379.4
Other non-financial liabilities		458.2	518.0
Income tax liabilities		53.7	56.7
Current liabilities		**5,566.4**	**6,240.3**
Liabilities related to assets held for sale		-	50.6
Current provisions and liabilities		**6,119.8**	**6,863.6**
Total equity, liabilities and provisions		**14,422.9**	**14,155.7**

Unaudited condensed consolidated Statement of Changes in Equity of TUI AG for the period from 1 Oct 2021 to 31 Dec 2021

€ million	Subscribed capital	Capital reserves	Revenue reserves	Silent participation	Equity before non-controlling interest	Non-controlling interest	**Total**
Balance as at 30 Sep 2021	**1,099.4**	**5,249.6**	**- 8,525.7**	**1,091.0**	**- 1,085.8**	**667.3**	**- 418.4**
Share-based payment schemes	-	-	0.2	-	0.2	-	0.2
Capital increase	523.5	583.0	-	-	1,106.5	-	1,106.5
Group loss	**-**	**-**	**- 384.3**	**-**	**- 384.3**	**- 2.3**	**- 386.6**
Foreign exchange differences	-	-	- 1.2	-	- 1.2	5.0	3.8
Financial assets at FVTOCI	-	-	- 0.3	-	- 0.3	-	- 0.3
Cash Flow Hedges	-	-	- 3.9	-	- 3.9	-	- 3.9
Remeasurements of defined benefit obligations and related fund assets	-	-	72.6	-	72.6	-	72.6
Other comprehensive income of investments accounted for using the equity method	-	-	2.8	-	2.8	-	2.8
Taxes attributable to other comprehensive income	-	-	- 17.5	-	- 17.5	-	- 17.5
Other comprehensive income	**-**	**-**	**52.5**	**-**	**52.5**	**5.0**	**57.5**
Total comprehensive income	-	-	- 331.8	-	- 331.8	2.7	- 329.1
Balance as at 31 Dec 2021	**1,622.9**	**5,832.5**	**- 8,857.3**	**1,091.0**	**- 310.8**	**669.9**	**359.1**

Unaudited condensed consolidated Statement of Changes in Equity of TUI AG for the period from 1 Oct 2020 to 31 Dec 2020

€ 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	-	-	0.1	-	0.1	-	0.1
Issue of bonds with warrant	-	34.5	-	-	34.5	-	34.5
Group loss	**-**	**-**	**- 780.2**	**-**	**- 780.2**	**- 10.1**	**- 790.3**
Foreign exchange differences	-	-	- 4.1	-	- 4.1	6.5	2.4
Cash Flow Hedges	-	-	- 12.1	-	- 12.1	-	- 12.1
Remeasurements of defined benefit obligations and related fund assets	-	-	- 205.2	-	- 205.2	-	- 205.2
Other comprehensive income of investments accounted for using the equity method	-	-	- 13.3	-	- 13.3	-	- 13.3
Taxes attributable to other comprehensive income	-	-	36.8	-	36.8	-	36.8
Other comprehensive income	**-**	**-**	**- 197.9**	**-**	**- 197.9**	**6.5**	**- 191.4**
Total comprehensive income	-	-	- 978.1	-	- 978.1	- 3.6	- 981.7
Balance as at 31 Dec 2020	**1,509.4**	**4,245.5**	**- 7,146.8**	**-**	**- 1,391.9**	**662.8**	**- 729.1**

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

€ million	Notes	**Q1 2022**	Q1 2021
Group loss		- 386.5	- 790.3
Depreciation, amortisation and impairment (+) / write-backs (-)		216.0	223.4
Other non-cash expenses (+) / income (-)		9.8	115.1
Interest expenses		138.8	140.1
Dividends from joint ventures and associates		0.1	5.2
Profit (-) / loss (+) from disposals of non-current assets		- 24.5	0.2
Increase (-) / decrease (+) in inventories		0.2	4.9
Increase (-) / decrease (+) in receivables and other assets		- 87.7	471.9
Increase (+) / decrease (-) in provisions		- 53.2	- 128.7
Increase (+) / decrease (-) in liabilities (excl. financial liabilities)		- 777.3	- 778.3
Cash inflow / cash outflow from operating activities	(24)	**- 964.6**	**- 736.5**
Payments received from disposals of property, plant and equipment and intangible assets		58.5	86.3
Payments received/made from disposals of consolidated companies (less disposals of cash and cash equivalents due to divestments)		- 2.2	30.9
Payments received/made from disposals of other non-current assets		- 23.6	0.4
Payments made for investments in property, plant and equipment and intangible assets		- 85.8	- 69.6
Cash inflow / cash outflow from investing activities	(24)	**- 53.2**	**48.0**
Payments received from capital increase by issuing new shares		1,106.5	-
Payments received from capital increase through equity component of the bond with warrants issued		-	34.5
Payments made for acquisition of own shares		-	- 0.5
Payments received from the raising of financial liabilities		284.8	924.9
Payments made for redemption of loans and financial liabilities		- 77.9	- 3.9
Payments made for principal of lease liabilities		- 141.8	- 130.9
Interest paid		- 94.4	- 108.5
Cash inflow / cash outflow from financing activities	(24)	**1,077.2**	**715.5**
Net change in cash and cash equivalents		**59.4**	**27.1**
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		3.8	- 9.6
Net change in cash and cash equivalents		59.4	27.1
Cash and cash equivalents at end of period		**1,649.3**	**1,250.5**

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 December 2021. 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 7 February 2022.

Accounting principles

Declaration of compliance

The consolidated interim financial report for the period ended 31 December 2021 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 and borrowings from banks. TUI Group's net debt (financial debt plus lease liabilities less cash and cash equivalents and less short-term interest-bearing cash investments) as of 31 December 2021 was €5.1bn (as at 30 September 2021 €5.0bn).

Net debt

€ million	31 Dec 2021	30 Sep 2021	Var. %
Financial debt	- 3,576.6	- 3,320.8	- 7.7
Lease liabilities	- 3,260.2	- 3,229.4	- 1.0
Cash and cash equivalents	1,649.3	1,583.9	+ 4.1
Short-term interest-bearing investments	117.8	12.1	+ 873.6
Net debt	**-5,069.6**	**-4,954.2**	**- 2.3**

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 exception of €11m 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.

TUI Group's current credit facilities comprise 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 (currently not all requirements for using the facility have been met yet as described below)

On 27 July 2021, TUI agreed with the bank consortium and KfW to extend TUI AG's revolving credit facility (RCF) and KfW credit line (both tranches) to summer 2024. TUI Group's revolving credit facilities currently total €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 so that thereafter the credit lines total €4.7bn. At the same time, the term of the loan facility of €170m was also agreed to the summer of 2024.

With the extension of 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, e.g. from capital measures or disposals of assets or companies, to first reduce the volume of the €170m loan facility and subsequently the KfW credit lines and repay them if utilised. The reduction is to be made for the first time on 1 April 2022. The cash inflows from the sale of Riu Hotels S.A. in financial year 2021 are excluded from this provision. After 20 July 2022, 50% of individual cash inflows in excess of €50m must be used; there is no maximum limit.

The credit facility of €170m has not been used at any time. Therefore, not all requirements for using the facility have been met yet, but this would be possible in the short term.

TUI AG's RCF and KfW credit line are subject to compliance with certain financial target values (covenants) for debt coverage and interest coverage, the review of which is carried out 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 is currently suspended. Already on 9 June 2021 and again upon extension of the credit lines, TUI AG's creditor banks agreed to a further suspension of the review of these covenants until the end of March 2022, so that the review will now 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.

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 of April 1, 2022 the KfW facility of €1.05bn will be reduced by around €505m and the previously unused credit facility of €0.17bn will be handed back, in particular due to the net proceeds from the capital increase.

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

After a significant decline in the number of COVID-19 cases in summer 2021, many countries again recorded a significant increase in infections since Q1 2022, in particular due to the rapid spread of the Omicron variant. As a result, contact restriction measures have been tightened again in the affected countries. Due to the associated ongoing changes in travel restrictions, it is still not foreseeable when TUI Group's travel programme can be fully resumed. In particular, it is not possible at this stage (7 February 2022) to reliably predict how vaccination rates against the COVID-19 virus will develop in the individual countries, whether new variants of the virus will emerge and when medication for treating COVID-19 disease will be available. However, it is now foreseeable that sufficient vaccines will be available in our key source markets and destinations to ensure a continued recovery in travel in the 2022 financial year.

With the customer deposits received for the coming seasons, the funds from the financing measures taken in the financial year 2021 (capital increase in January 2021 and the convertible bond placed in April), the cash inflow from the sale of Riu Hotels S.A., the extension of the revolving credit facilities including the further suspension of the review of the financial covenants and the further capital increase in October 2021, the Executive Board believes that, despite the existing risks, TUI Group currently has sufficient funds, and will continue to have sufficient funds in the future, resulting both from the borrowing and from expected operating cash flows, to meet its payment obligations and to continue as a going concern in the foreseeable future. In this context, the Executive Board assumes that the credit lines expiring in summer 2024 will be refinanced. Therefore, as at 31 December 2021, the Executive Board has not identified 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-related change in booking behaviour to be a threat to the Group's continued existence. In its assessment, the Executive Board assumes that the booking figures will gradually recover in the current 2022 financial year and that the volumes in the summer of 2022 will settle at approximately 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. The Executive Board assumes that there will be no further long-term closures and lockdowns that could affect travel behaviour. Nevertheless, customer bookings may deteriorate due to new 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. TUI therefore does not see any indication that the Group's assets may generally be impaired.

The accounting and measurement methods adopted in the preparation of the Interim Financial Statements as at 31 December 2021 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 December 2021 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 Dec 2021	**270**	**18**	**27**

* excl. TUI AG

Acquisitions – Divestments

Acquisitions in the period under review

In Q1 2022, no companies were acquired.

No acquisitions were made after the reporting date.

Acquisitions of the prior financial year

In the prior year, 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., fully consolidated 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 €10.0m and €20.0m are due one year or 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 €21.4m, carried in Other income.

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

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

€ 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 the prior-year quarter. Nevertheless, the development of revenue and earnings in the first three 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 three months of the financial year 2022, consolidated revenue increased by €1.9bn year-on-year to €2.4bn.

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

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

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

€ million	Spain (incl. Canary Islands)	Other European destinations	Caribbean, Mexico, USA & Canada	North Africa & Turkey	Rest of Africa, Ind. Ocean, Asia	Other countries	**Q1 2021 Revenues from contracts with customers**	Other	**Q1 2021 Total**
Hotels & Resorts	24.4	7.0	18.3	2.2	4.6	-	56.5	-	56.5
Cruises	-	0.6	-	-	-	-	0.6	-	0.6
TUI Musement	1.5	4.7	1.6	1.3	1.4	-	10.5	-	10.5
Holiday experiences	25.9	12.3	19.9	3.5	6.0	-	67.6	-	67.5
Northern Region	9.7	61.6	21.6	3.3	9.8	-	106.0	1.0	107.0
Central Region	62.8	110.4	3.0	27.5	9.2	-	212.9	0.3	213.2
Western Region	18.5	24.8	19.6	5.6	0.8	-	69.3	4.8	74.1
Markets & Airlines	91.0	196.8	44.2	36.4	19.8	-	388.2	6.1	394.3
All other segments	-	1.9	0.2	-	4.0	0.2	6.3	-	6.3
Total	**116.9**	**211.0**	**64.3**	**39.9**	**29.8**	**0.2**	**462.1**	**6.1**	**468.1**

(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 180.9% to €2.5bn in Q1 2022.

Government Grants

€ million	**Q1 2022**	Q1 2021
Cost of Sales	11.5	35.8
Administrative expenses	13.5	19.3
Total	**25.0**	**55.1**

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. The resumption of the travel activity in Summer 2021 which continiued in autumn 2021 as well led to a decrease in government grants.

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

Administrative expenses

€ million	Q1 2022	Q1 2021
Staff costs	135.8	135.0
Rental and leasing expenses	3.5	3.4
Depreciation, amortisation and impairment	21.0	20.6
Others	41.4	34.1
Total	**201.7**	**193.1**

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

Staff costs

€ million	Q1 2022	Q1 2021
Wages and salaries	394.3	323.3
thereof cost of sales	284.4	218.0
thereof administrative expenses	109.9	105.3
Social security contributions, pension costs and benefits	83.4	84.2
thereof cost of sales	57.5	54.5
thereof administrative expenses	25.9	29.7
Total	**477.7**	**407.5**

Depreciation/amortisation/impairment

€ million	Q1 2022	Q1 2021
Depreciation and amortisation of other intangible assets, property, plant and equipment and right-of-use assets	**218.6**	**225.5**
Impairment of other intangible assets, property, plant and equipment and right-of-use assets	2.2	-
Total	**220.8**	**225.5**

Reversals of impairment losses of €4.9m were recognized in cost of sales (Q1 2021 €2.2m).

(3) Other income

In Q1 2022 other income mainly results with €21.4m from the disposal of Nordotel S.A. and further from the sale of aircraft assets. In the prior year, this item had primarily included income from the sale of aircraft assets.

(4) Other expenses

In both the current and the prior financial years, other expenses comprise losses from the disposal of aircraft assets. In the prior year the result of the disposal of the group company MSN 1359 GmbH was presented in other expenses as well.

(5) Financial income and financial expenses

The decline in the net financial result from €-107.4m in the first three months of the previous year to €-127.0m in the current financial year is mainly the result of lower interest income; this decrease is partially offset by income from 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	Q1 2022	Q1 2021
Hotels & Resorts	7.0	- 24.8
Cruises	- 2.6	- 69.6
TUI Musement	1.0	- 1.5
Holiday Experiences	5.4	- 95.9
Northern Region	- 7.1	- 7.4
Central Region	- 0.6	- 0.6
Western Region	-	-
Markets & Airlines	- 7.7	- 8.0
All other segments	-	-
Total	**- 2.3**	**- 103.9**

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

(7) Income taxes

The tax income arising in the first quarter of 2022 is driven by the seasonality of the tourism business and the ongoing COVID-19 pandemic.

(8) Group loss attributable to non-controlling interest

TUI Group’s result attributable to non-controlling interests is substantially a loss, primarily relating to RIUSA II Group at an amount of €2.2m (Q1 2021 €9.2m loss).

Notes to the unaudited condensed consolidated Statement of Financial Position

(9) Goodwill

Goodwill increased by €39.4m to €3,032.5m due to foreign exchange translation. The following table presents a breakdown of goodwill by cash generating unit (CGU) at carrying amounts.

Goodwill per cash generating unit

€ million	31 Dec 2021	30 Sep 2021
Northern Region	1,254.3	1,224.6
Central Region	502.0	501.7
Western Region	412.3	412.3
Riu	343.1	343.1
Marella Cruises	303.9	295.2
TUI Musement	170.7	170.3
Other	46.2	45.9
Total	**3,032.5**	**2,993.1**

There was no indication that led to an impairment test of the capitalised goodwill, as the assumptions made as at 30 September 2021 regarding the long-term development of the business have not changed substantially.

(10) Property, plant and equipment

Compared to 30 September 2021 property, plant and equipment declined by €17.4m to €3,141.9m. A decline of €51.9m was caused by the disposal 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 €56.4m led to a further decrease in property, plant and equipment.

The decline was partly offset by additions of €53.9m, of which €21.5m were attributable to payments on account to carry out maintenance work on cruise ships. Other additions of €20.5m relate to the Hotels & Resorts segment. Furthermore property, plant and equipment increased by €35.1m due to foreign exchange translation.

(11) Right-of-use assets

Compared to 30 September 2021 Right-of-use assets increased by €32.6m to €3,041.8m. Additions totalled €96.4m, of which €90.9m were attributable to the delivery of four aircraft which were purchased and then sold and leased back. In addition, the foreign exchange translation led to an increase of Right-of-use assets of €45.8m. Modifications and reassessment of existing lease contracts increased the Right-of-use assets by €15.4m. The increase is mainly due to contract extensions in the area of hotel leases (€8.1m) and leased travel agencies (€3.4m). Contrary, cumulative depreciation and amortisation of €128.2m led to a decrease in Right-of-use assets.

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 were returned. Contrary receivables from deferred purchase price payments were recognized relating to the disposal of Nordotel S.A. . The non-current trade and other receivables decreased by €68.7m in total.

The increase in the current trade and other receivables is related to the resumption of the 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 hedge advance payments from customers.

(14) Assets held for sale

As at 31 December 2021, no assets were classified as held for sale. In the course of 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 Nordotel 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 'Divestments'.

(15) Pension provisions and similar obligations

The pension provisions for unfunded plans and plans with underfunding decreased by €55.9m to €879.2m compared to the end of the previous financial year.

The overfunding of funded pension plans reported in other non-financial assets increased by €42.1m to €179.2m compared to 30 September 2021.

This development is attributable in particular to remeasurement effects due to a change in the interest rate level in the UK, which led to a positive development in assets for the plans in the UK that was stronger than the increase in the corresponding obligation from these plans.

(16) Financial liabilities

Non-current financial liabilities rose by €300.9m to €3,337.0m compared to 30 September 2021. This increase was primarily attributable to an increase in liabilities to banks of €297.5m.

The main financing instrument is a syndicated revolving credit facility (RCF) totalling €4.6bn between TUI AG and the existing banking syndicate or KfW, respectively, which has joined the banking syndicate in 2020.

In addition, there is a separate syndicated revolving credit facility of €170.0m.

As at 31 December 2021, the amounts drawn under the revolving credit facilities totalled €2,159.0m (as at 30 September 2021 €1,852.9m).

Current financial liabilities decreased by €45.0m to €239.6m as at 31 December 2021 compared to €284.6m as at 30 September 2021. The decrease is mainly due to a reduction in current liabilities to banks.

Following the capital increase in October 2021, WSF is now able to fully convert the Silent Participation I. In case of a full conversion TUI has a contingent payment obligation with respect to any accrued coupons. The coupon for the previous financial year was not paid at TUI's own discretion. The contingent financial liability for coupon payments in the event of a full conversion of the silent participation I by WSF was therefore adjusted through profit or loss as an expense. The nominal amount of silent participation I of €420m remains unaffected by this and continues to meet the IAS 32 criteria for recognition in equity.

For more details on the terms and conditions of the credit lines provided by KfW, 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 increased by €30.7m to €3,260.1m. Newly leased contracts led to an increase in lease liabilities of €104.3m, of which €98.3m mainly relate to the addition of four new aircraft. Furthermore, lease liabilities increased by €52.3m due to foreign exchange translation and by €38.9m due to interest charges. Changes and remeasurements of existing leases resulted in an increase in lease liabilities of €12.9m. An offsetting effects was caused by lease payments of €177.5m.

(18) Other financial liabilities

The other financial liabilities include touristic advance payments received for tours canceled because of COVID-19 restrictions of €107.3m (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 canceled 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 December 2021 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 €777.5m when compared to 30 September 2021, from €-418.4m to €359.1m.

In October 2021, TUI AG carried out a capital increase against cash contributions. 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 €583.0m 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 €26.3m. The expenses from capital measures were incurred in particular in connection with the capital increase.

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

TUI Group's loss in the first three months of the financial year 2022 is attributable to the COVID-19 crisis.

The proportion of gains and losses from hedging instruments for effective hedging of future cash flows includes an amount of €-3.9m (pre-tax) carried under other comprehensive income in equity outside profit and loss (previous year €-12.1m).

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 Dec 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 re-cycling	Fair value through profit and loss	Fair value of financial in-struments
Assets						
Trade receivables and other receivables						
thereof instruments within the scope of IFRS 9	872.0	734.4	-	-	137.6	875.7
thereof instruments within the scope of IFRS 16	10.2	-	-	-	-	10.6
Derivative financial instruments						
Hedging transactions	4.1	-	-	4.1	-	4.1
Other derivative financial instruments	43.0	-	-	-	43.0	43.0
Other financial assets	129.0	117.8	9.2	-	2.0	129.0
Cash and cash equivalents	1,649.3	1,649.3	-	-	-	1,649.3
Liabilities						
Financial liabilities	3,576.6	3,576.6	-	-	-	3,556.5
Trade payables	1,638.9	1,638.9	-	-	-	1,638.9
Derivative financial instruments						
Hedging transactions	18.9	-	-	18.9	-	18.9
Other derivative financial instruments	29.5	-	-	-	29.5	29.5
Other financial liabilities	211.6	211.6	-	-	-	211.6

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 re-cycling	Fair value through profit and loss	Fair value of financial in-struments
Assets						
Trade receivables and other receivables						
thereof instruments within the scope of IFRS 9	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 include all financial instruments. That is the latter columns include financial instruments which are part of disposal groups according to IFRS 5. In the balance sheet, financial instruments, which are part of a disposal group, are shown 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 financial year 2022, the fair values of other current receivables and current liabilities to banks were determined in line with the past financial year, taking into account yield curves and the respective credit risk premium (credit spread) based on credit rating. Thus, as an adjustment to the current market conditions due to the COVID-19 pandemic, 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 current market conditions arising from the COVID-19 pandemic have been taken into account for all financial instruments for which fair values have been calculated by adjusting the underlying parameters.

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 the occurrence of numerous hedged underlying transactions could no longer be assessed as highly likely, causing a rapid decline in fuel price and currency hedge requirements and therefore requiring the prospective termination of these hedges.

For the hedges affected, occurrence of the underlying transactions can no longer be expected for a future point in time, either, so that all accrued amounts from the change in the value of the hedging instruments were reclassified from cash flow hedge reserve (OCI) to the cost of sales in the income statement. As at 31 December 2021, no reclassifications were made from the cash flow hedge reserve to the cost of sales.
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. As at 31 December 2021 exclusively foreign currency hedges have been dedesignated. The fair value of these reclassified hedging instruments totalled €+0.5m at a nominal volume of €24.9m.

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

All future changes in the value of these de-designated 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. As at 31 December 2021, the fair value of these reclassified fuel price hedges totalled €+25.4m at a nominal value of €99.9m, while the fair value of the interest rate hedges amounted to €-6.7m at a nominal volume of €361.3m and the fair value of foreign currency hedges totalled €+3.7m at a nominal volume of €140.1m.

Aggregation according to measurement categories under IFRS 9 as at 31 Dec 2021

€ million	Carrying amount of financial instruments Total	Fair Value
Financial assets		
at amortised cost	2,501.5	2,642.8
at fair value – recognised directly in equity without recycling	9.2	9.2
at fair value – through profit and loss	182.6	182.6
Financial liabilities		
at amortised cost	5,427.1	5,407.0
at fair value – through profit and loss	29.5	29.5

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 Dec 2021

€ million	Total	Fair value hierarchy Level 1	Level 2	Level 3
Assets				
Other receivables	**137.6**	-	-	137.6
Other financial assets	**11.2**	-	-	11.2
Derivative financial instruments				
Hedging transactions	**4.1**	-	4.1	-
Other derivative financial instruments	**43.0**	-	43.0	-
Liabilities				
Derivative financial instruments				
Hedging transactions	**18.9**	-	18.9	-
Other derivative financial instruments	**29.5**	-	29.5	-

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

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

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

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

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

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

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

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

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

Level 3 financial instruments

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

Financial assets measured at fair value in Level 3

€ million	Other receivables 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	29.5	-
sale	29.5	-
Total gains or losses for the period	-	- 0.3
recognised in other comprehensive income	-	- 0.3
Foreign currency effects	-	- 0.8
Balance as at 31 Dec 2021	**137.6**	**11.2**

Evaluation process

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

In principle, the unobservable input parameters relate to the following parameters; the (estimated) EBITDA margin is in a range between -4.2% and 22.5% (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 8.8%-9.9% (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 increase in the fair values of the Other financial in Level 3 mainly results from foreign exchange rate effects in the amount of -€0.8m.

The Other receivables according to IFRS 9 in Level 3 at a carrying amount of €108.1m as at 31 December 2021 (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 (-0.33% until -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. Its' maximum amount is limited. At least 90% of the target gross operating profit contractually agreed for 2022 or 2023, respectively, has to be achieved in order to generate a variable purchase price payment. If the 90% target is not met, no further purchase price payment will be made. The maximum purchase price payment totals €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, following subsequent valuation, no profits or losses were carried in the profit and loss statement in connection with the variable purchase price payment from the sale of Riu Hotels S.A.

A 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 around €20.0m, while a reduction in gross operating profit of 10% would result in a change in the present value of around -€95.9m. An interest rate shift of +/-100 basis points would alter the present value of the purchase price receivable by around €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 €29.5m as at 31 December 2021, measured as a financial instrument at fair value through profit or loss. The deferred purchase price payments of €10.0m and €20.0m are due one year or two years, respectively, after 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 (-0.40% to -0.21%).

Any deviation from the parameter results in a purchase price adjustment of the same amount. A sensitivity analysis shows that an interest rate shift of +/-100 basis points would alter the present value of the purchase price receivable by around €0.5m.

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 December 2021, contingent liabilities amounted to €91.6m (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 Dec 2021	30 Sep 2021
Order commitments in respect of capital expenditure	2,293.9	2,386.1
Other financial commitments	79.6	91.7
Total	**2,373.5**	**2,477.8**

As at 31 December 2021 order commitment in respect of capital expenditure declined by €92.2m as against 30 September 2021. The reduction in obligations is due to delivery of aircraft and has been partly off-set by foreign exchange effects for commitments denominated in non-functional currencies.

(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 increased by €63.2m to €1,649.3m.

In Q1 2022, the cash outflow from operating activities totalled €964.6m (Q1 2021 cash outflow of €736.5m), including an inflow of €1.3m (Q1 2021 €1.7m) from interest payments and dividends of €0.2m (Q1 2021 €5.3m). Income tax payments resulted in a cash outflow of €6.1m (Q1 2021 €8.5m).

The total cash outflow from investing activities amounts to €53.2m (Q1 2021 cash inflow of €48.0m). This includes a cash outflow for capital expenditure on property, plant and equipment and intangibles of €85.8m. The Group recorded a cash inflow of €58.5m from the divestment of property, plant and equipment and intangible assets. A purchase 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 cash outflow of €2.2m resulted from 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 inflow from financing activities totalled €1,077.2m (Q1 2021 cash inflow of €715.5m). TUI AG recorded a cash inflow of €1,106.5m from a capital increase in October 2021 after deduction of transaction costs. In the financial year under review, TUI AG increased its syndicated credit facility by €282.4m. Other TUI Group companies took out loans worth €2.4m. A cash outflow of €219.7m resulted from the redemption of financial liabilities, including €141.8m for lease liabilities. Interest payments resulted in an outflow of €94.4m.

Moreover, cash and cash equivalents increased by €3.8m (Q1 2021 €-9.6m) due to changes in exchange rates.

At 31 December 2021, cash and cash equivalents of €446.0m 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 €47.7m is deposited as 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 €116.3m (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 €282.0m (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 Dec 2021

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

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

€ million	External	Group	Q1 2021 Total
Hotels & Resorts	56.5	37.1	93.6
Cruises	0.6	-	0.6
TUI Musement	10.5	5.1	15.6
Holiday Experiences	67.5	42.3	109.8
Northern Region	107.0	70.1	177.1
Central Region	213.2	21.1	234.3
Western Region	74.1	33.2	107.3
Consolidation	-	- 123.6	- 123.6
Markets & Airlines	394.3	0.8	395.1
All other segments	6.3	0.2	6.5
Consolidation	-	- 43.3	- 43.3
Total	**468.1**	**-**	**468.1**

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 Q1 2022, underlying EBIT includes results of investments accounted for using the equity method of €-2.3m (Q1 2021 €-103.9m), primarily generated within the sector Holiday Experiences.

Underlying EBIT by segment

€ million	Q1 2022	Q1 2021
Hotels & Resorts	61.1	- 95.6
Cruises	- 31.7	- 98.4
TUI Musement	- 12.7	- 32.6
Holiday Experiences	16.7	- 226.6
Northern Region	- 171.7	- 197.3
Central Region	- 55.0	- 149.4
Western Region	- 32.4	- 76.5
Markets & Airlines	- 259.0	- 423.1
All other segments	- 31.3	- 26.0
Total	**- 273.6**	**- 675.8**

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

€ million	Q1 2022	Q1 2021
Holiday Experiences	-	-
Northern Region	0.5	-
Central Region	1.2	-
Western Region	0.3	-
Markets & Airlines	2.0	-
All other segments	0.2	-
Total	**2.2**	**-**

Reconciliation to underlying EBIT of TUI Group

€ million	Q1 2022	Q1 2021
Earnings before income taxes	**- 404.5**	**- 806.9**
plus: Net interest expenses (excluding expense / income from measurement of interest hedges)	131.6	102.2
plus / less: (Expenses) income from measurement of interest hedges	1.5	6.6
EBIT	**- 271.4**	**- 698.1**
Adjustments:		
plus: Separately disclosed items	- 9.3	14.2
plus: Expense from purchase price allocation	7.1	8.1
Underlying EBIT	**- 273.6**	**- 675.8**

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

Net expenses for the separately disclosed items of €14.2m in Q1 2021 include income of €2m from the reversal of provisions no longer required and other obligations in connection with restructuring measures in Northern Region as well as restructuring expenses in Central Region (€10m) and All Other Segments (€2m). In addition, the disposal loss from the sale of an investment in an aircraft asset company in Northern Region (€2m) and Western Region (€1m) and a negative disposal result in All other segments (€1m) were adjusted.

Expenses for purchase price allocations of €7.1m (previous year €8.1m) 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 Limited, Cyprus, held 34.0% of the shares in TUI AG (as at 30 September 2021 32.0%). Unifirm Limited is indirectly controlled by Alexei Mordashov, a member of TUI's Supervisory Board. More detailed information on related parties is provided under section 51 in the Notes to the consolidated financial statements for 2021.

RESPONSIBILITY STATEMENT

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

The Executive Board

Hanover, 7 February 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 until 31 December 2021 of TUI AG, Berlin and Hanover, which are components of the financial report pursuant to § 115 sec. 7 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, 7 February 2021

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Christoph B. Schenk
German Public Auditor

Annika Deutsch
German Public Auditor

Cautionary statement regarding forward-looking statements

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

Financial calendar

	Date
Annual General Meeting 2022	8 February 2022
Half-Year Financial Report H1 2022	May 2022
Quarterly Statement Q3 2022	August 2022

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This Interim Report, the presentation slides and the video webcast for Q1 2022 (published on 8 February 2022) are available at the following link:
www.tuigroup.com/en-en/investors