Half Year Financial Report

1 October 2022 – 31 March 2023

Content

This Interim Financial Report of the TUI Group was prepared for the reporting period from 1 October 2022 to 31 March 2023.

Interim Management Report

Summary

Q2 2023 underlying EBIT of €-242.4m delivering a strong improvement year-on-year (Q2 2022: €-329.9m) with the strong booking momentum continuing into the Summer seasons. Successful completion of €1.8bn capital increase in April

- Successful completion of capital increase with gross proceeds of €1.8bn following Q2 close[1]. This enables full repayment of WSF state aid and reduction in the size of KfW RCF to €1.1bn and is a significant measure to restore our balance sheet strength and has led to a first improvement of our credit rating, with S&P upgrading to B with a positive outlook.
- 2.4m customers enjoyed a holiday with us in the quarter, an increase of 0.6m customers versus the prior year and 88% of Q2 2019 customer levels on a like for like basis[2]. As a result, average load factor for the quarter was 93% (Q2 2022: Load factor 85%).
- Group revenue of €3.2bn, improved significantly across our segments by a total of €1.0bn against the prior year (Q2 2022: €2.1bn), reflecting the strength of demand for our products in a restriction free travel environment with Group revenue above pre-pandemic levels at improved prices (Q2 2019: €3.1bn).
- Q2 Group underlying EBIT at €-242.4m, up by €87.5m and €181m on a comparable basis[3] (Q2 2022: €-329.9m loss), with the Group results almost back to 2019 levels.
    - Hotels & Resorts continued its strong performance reporting a fourth consecutive quarter above 2019 levels and significantly up year-on-year, driven by good operational performances across our key brands.
    - The recovery in Cruises continues with the segment achieving a fourth positive quarter since the start of the pandemic. As a result, the business recorded a strong improvement against last year boosted by higher volumes as well as improved occupancies with a full fleet able to operate again within a restriction free environment.
    - Markets & Airlines operational growth continued in the quarter generated by higher ASPs and volumes. Results were well ahead of last year on a comparable basis excluding the positive benefits in the prior year of state aid in Germany and the impact of ineffective hedge positions.
- Net debt of €-4.2bn as of 31 March 2023 excludes the impact of the capital increase in April 2023 (31 March 2022: €-3.9bn). If retrospectively, net debt is adjusted at 31 March 2023 to include these proceeds[4], net debt reduces to €-3.1bn.
- A total of 12.9m bookings[5] have been taken across the Winter and Summer seasons with ~4.2m bookings added since our Q1 2023 Interim Report. Winter 2022/23 closed out in line with expectations with ASPs well ahead.
- Easter bookings confirmed the strong customer demand across all our markets. To date bookings for Summer 2023 are significantly up at +13% on prior year accompanied by higher ASPs. Summer 2023 volumes in the last six weeks remains strong and are ahead of 2019 levels at +6% accompanied by higher ASPs emphasising the strength of customer demand and underlining the popularity of our product offering. In the UK, which is currently 64% sold, bookings are in line with the prior season and +10% versus pre-pandemic levels again accompanied by higher ASPs.
- Given the latest positive booking trends, we are confident in our Summer 2023 capacity assumption of being close to normalised 2019 Summer levels.

[1] For details please refer to page 29
[2] Excluding businesses sold and discontinued since 2019
[3] Reverse out of Q2 2022 benefit €50m COVID cost compensation from the German state, and €43m hedging ineffectiveness
[4] Net debt less €1bn redemption of drawn credit lines and €0.1bn bond with warrant
[5] Bookings up to 30 April 2023 relate to all customers whether risk or non-risk and includes amendments and voucher re-bookings

- During the quarter we have continued to translate our Sustainability Agenda into actions across our businesses to shape a more sustainable future for tourism. In airlines, we have a new agreement in place with Shell on sustainable aviation fuel to promote production and supply of sustainable aviation fuel (SAF). TUI Cruises introduced a new sustainability strategy with the ambition to offer their first climate-neutral cruises in 2030. In Hotels & Resorts, we launched the Green Building Guidelines to drive emission reductions for construction and refurbishment projects.
- Based on the strong booking momentum which is continuing into the Summer season, we reconfirm our expectations to increase underlying EBIT significantly for financial year 2023[1].

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

Sustainability as opportunity

- For TUI Group, sustainability covering all three areas of economic, environmental and social sustainability is a fundamental management principle and a cornerstone of our strategy for continually enhancing the value of our company. We firmly believe that sustainable development is critical to long-term economic success. Together with our many partners around the world, we are actively committed to shaping a more sustainable future for tourism.
- We have near-term targets set for airline, cruises and hotels, to reduce emissions in line with the latest climate science. These 2030 targets were validated by the Science Based Targets initiative (SBTi) and published in our Q1 Interim Report in February 2023. Emission reduction roadmaps have been developed for each business area and progress made during the quarter, including:
  - In Airlines, a new collaboration agreement has been signed with Shell to promote the production and supply of sustainable aviation fuel (SAF), a key tool to further reduce the carbon footprint of air transport, these fuels will be produced from circular raw materials that do not compete with food resources.
  - TUI Cruises has launched it's new sustainability strategy in its 15th anniversary year as a company. The strategy is aligned with the Sustainability Agenda and covers brands Mein Schiff and Hapag-Lloyd Cruises. Strategic fields include climate protection, destination responsibility and sustainable business transformation. The ambition is to offer the first climate-neutral cruises by 2030.
  - TUI Hotels & Resorts has published new Green Building Guidelines for its hotels and TUI's hotel partners. The guidelines include valuable environmental advice and measures for construction and refurbishment projects – an important toolkit for reducing emissions across hotels. We aim to achieve zero emissions in our TUI Blue Montafon hotel in Austria by the end of 2023 with further hotels to follow in Austria and Spain in 2024.
  - Within our destinations we have launched a new eco-mobility project to create low emission transport options. This includes e-bike options in Rhodes for our destination reps.

TUI Group - financial highlights

€ million		Q2 2023	Q2 2022 adjusted	Var. %	H1 2023	H1 2022 adjusted	Var. %	Var. % at constant currency
Revenue		**3,152.9**	**2,128.4**	**+ 48.1**	**6,903.4**	**4,497.6**	**+ 53.5**	**+ 55.2**
Underlying EBIT[1]								
Hotels & Resorts		78.0	23.7	+ 229.5	149.7	84.8	+ 76.5	+ 80.3
Cruises		14.8	- 73.5	n. a.	15.0	- 105.3	n. a.	n. a.
TUI Musement		- 12.7	- 18.2	+ 30.2	- 26.2	- 31.5	+ 16.8	+ 24.9
Holiday Experiences		80.1	- 68.1	n. a.	138.4	- 51.9	n. a.	n. a.
Northern Region		- 147.5	- 180.9	+ 18.5	- 269.5	- 352.6	+ 23.6	+ 17.5
Central Region		- 102.1	- 24.2	- 321.4	- 131.1	- 82.8	- 58.5	- 60.6
Western Region		- 59.2	- 57.0	- 3.9	- 102.9	- 89.4	- 15.1	- 17.9
Markets & Airlines		- 308.5	- 262.2	- 17.7	- 503.2	- 524.7	+ 4.1	- 0.8
All other segments		- 13.9	0.4	n. a.	- 30.6	- 26.8	- 14.1	- 14.3
TUI Group		**- 242.4**	**- 329.9**	**+ 26.5**	**- 395.3**	**- 603.5**	**+ 34.5**	**+ 31.1**
EBIT[1]		**- 247.6**	**- 343.1**	**+ 27.8**	**- 406.3**	**- 614.5**	**+ 33.9**	
Underlying EBITDA		**- 42.9**	**- 123.1**	**+ 65.1**	**15.3**	**-188.4**	**n. a.**	
EBITDA[2]		**- 42.7**	**- 130.0**	**+ 67.1**	**15.3**	**- 185.5**	**n. a.**	
Group loss		- 326.2	- 321.4	- 1.5	- 558.0	- 707.9	+ 21.2	
Earnings per share[3]	€	- 1.26	- 1.23	- 2.4	- 2.15	- 2.74	+ 21.5	
Net capex and investment		68.9	83.3	- 17.3	217.8	136.7	+ 59.4	
Equity ratio (31 Mar)[4]	%				- 6.1	1.5	- 7.6	
Net debt (31 Mar)					- 4,196.4	- 3,936.0	- 6.6	
Employee (31 Mar)					53,961	46,123	+ 17.0	

Differences may occur due to rounding.

[1] We define the EBIT in underlying EBIT as earnings before interest, income taxes and result of the measurement of the Group's interest hedges. For further details please see page 17.

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

[3] Earnings per share for all periods presented were adjusted for the impact of the 10-for-1 reverse stock split in February 2023 as well as the impact of the subscription rights issued in the capital increase in March 2023.

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

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

The present Half-Year Financial Report 2023 is based on TUI Group's reporting structure set out in the Consolidated Financial Statements of TUI AG as at 30 September 2022. See TUI Group Annual Report 2022 from page 27. Due to the re-segmentation of Future Markets from All other segments to Hotels & Resorts, TUI Musement and Central Region in the current financial year, previous year's figures have been adjusted.

- H1 2023 Group revenue of €6.9bn was up €2.4bn versus previous year (H1 2022: €4.5bn). The Group's H1 2023 operating loss (underlying EBIT) of €-395.3m improved by €208.2m compared to previous year (H1 2022: €-603.5m).

Trading update – Strong booking momentum continues for Summer 2023 with capacity expected to be close to normalised levels

Markets & Airlines

- 12.9m bookings[1] have been taken across Winter 2022/23 and Summer 2023 with ~4.2m bookings added since our Q1 2023 Interim Report, as the strong booking momentum continues.
- Summer 2023 volumes in the last six weeks remain strong and are up 6% on 2019 levels accompanied by higher ASPs emphasising the strength of customer demand and underlining the popularity of our product offering.

Winter 2022/23

- 4.7m bookings were taken for the season with 0.6m added since our Q1 2023 update.
- The Winter 2022/23 programme closed with bookings significantly up at 133% of prior season levels and 88% of Winter 2018/19.
- ASP held up strongly, +10% higher than the prior Winter season and ahead of the +8% year-on-year improvement we published at Q1 2023. Compared to Winter 2018/19, ASP was up +29%.
- In general bookings in the European market are not back to Winter 2018/2019 levels but we continue to outperform with UK Winter bookings returning to pre-pandemic levels at significantly higher ASPs.
- Egypt and Cape Verde have grown in popularity with bookings up +22% and +3% vs. Winter 2018/19 respectively.

Trading Markets & Airlines Summer season[1]

Variation in % versus	2022 Summer 2023	2022 last 6 weeks	2019 Summer 2023
Bookings[2]	+ 13	- 1	- 4
ASP	+ 5 // + 8[3]	+ 8	+ 26

Summer 2023

- Easter bookings confirmed the strong customer demand across all our markets and indications for the Summer season remain positive. 8.3m bookings have been taken to date, 3.6m more than at our Q1 2023 update. 55% of the programme sold which is +2%pts ahead of Summer 2022 and broadly in line with Summer 2019.
- Bookings for Summer 2023 are significantly up +13% year-on-year and at 96% (+ 7%pts since Q1 2023) of pre-pandemic levels.
- Against Summer 2022, ASP is up +5% and thus notably higher than the +2% comparison we published at Q1 2023. On a like-for-like basis, ASP is up +8% against the prior season, excluding Summer 2022 re-bookings rolled-forward from previous seasons. This increase highlights customers' continued willingness to prioritise spend on travel and experiences. Compared to Summer 2019, ASP remains significantly up at +26%.
- In the last six weeks, booking momentum has remained strong, +6% ahead of the Summer 2019 comparison reconfirming the positive and encouraging trends for this Summer.
- Spain, Greece and Turkey continue to be popular Summer destinations for our customers.
- The UK market continues to be the most advanced sold at 64%. Bookings are in line with the prior season and +10% versus pre-pandemic levels again accompanied by higher ASPs.
- Given the latest positive booking trends, we are confident in our Summer 2023 capacity assumption of being close to normalised 2019 Summer levels.

[1] Depending on the source market, Summer season starts in April or May and ends in September, October or November.
[2] Bookings up to 30 April 2023 relate to all customers whether risk or non-risk and include amendments and voucher re-bookings
[3] Excludes UK Summer 2022 re-bookings rolled over from previous season, some of which included a rebooking incentive

Holiday Experiences

Trading Holiday Experiences

	H2 2023[1]
Variation in % versus	H2 2022
Hotels & Resorts[2]	
Available bed nights[3]	+ 5
Occupancy %[4]	+ 3 % points
Cruises	
Available passenger cruise days[5]	- 1
Occupancy %[6]	+ 22 % points
TUI Musement	
Experiences sold	+ mid-double digit %

- Hotels & Resorts – Number of available bed nights for H2[2] is ahead of prior year at +5% and slightly ahead of our Q1 Update. Booked occupancy is up year-on-year at +3%pts for H2. Average daily rates are +8% ahead year-on-year for H2 driven mainly by Riu. Key destinations in H2 are Turkey, the Caribbean, the Balearics, Greece, the Canaries and Cape Verde.
- Cruises – Our three brands continue to operate a full fleet of in total sixteen ships. H2 available passenger cruise days are however slightly behind at -1%[1] due to the current refurbishment of Mein Schiff Herz after its transfer from TUI Cruises to Marella and before it returns to service at the beginning of June for the summer season. Booked occupancy rates are up +22%pts for H2, developing, for many Cruises, close to the peaks last seen in 2019. 2023 booked ticket rates for many cruises are above pre-pandemic levels.
- TUI Musement – Our Tours and Activities business continues its expansion investing into growth while returning to 2019 profitability. The segment benefits from our integrated model with a global product offering in cities as well as sun and beach locations, and growth of third-party sales through the TUI Musement platform. The transfer business, providing support to our guests in their destination, is expected to develop in line with our Markets & Airlines capacity assumptions in 2023. Sales to date for our Experiences business, providing excursions, activities and tickets, are up mid-double digit percent for H2[1]. The significant growth in Experiences is driven by the enlarged product offering especially online and our diversified distribution via TUI, B2C and B2B.

[1] H2 corresponds to the summer half-year und covers April to September. 2023 trading data as of 30 April 2023
[2] 2023 trading data as of 30 April 2023 excluding Blue Diamond
[3] Number of hotel days open multiplied by beds available in the hotel (Group owned and leased hotels)
[4] Occupied beds divided by available beds (Group owned and lease hotels)
[5] Number of operating days multiplied by berths available on the operated ships
[6] Achieved passenger cruise days divided by available passenger cruise days

Net debt

Net debt of €-4.2bn as of 31 March 2023 excludes the impact of the capital increase in April 2023 (31 March 2022: €-3.9bn). If retrospectively, net-debt is adjusted at 31 March 2023 to include the proceeds[7], net debt reduces to €3.1bn.

[7] Net debt less €1bn redemption of drawn credit lines and €0.1bn bond with warrant

Strategic priorities
The TUI Group's strategy outlined in the Annual Report 2022[1] and at our FY2022 results presentation, will be continued in the current financial year.

TUI's strategy aims to deliver growth in both Holiday Experiences and Markets & Airlines, embedded in one central customer ecosystem, underpinned by our sustainability agenda and our people. Our Holiday Experiences business strategy focuses on asset-right growth in differentiated content and expanding the customer base with multi-channel distribution. Having accelerated our strategic transformation of Markets & Airlines during the pandemic, and fully implemented our Global Realignment Programme, our business strategy is now focused on profitable growth. This will be achieved by offering more product choice, growing our customer ecosystem into untapped segments, and increasing customer value. This includes increasing the volume and proportion of dynamically sourced packages, as well as significantly increasing our component offer in accommodation only and flight only.

We also aim to further improve our cash position focusing on optimising working capital and cash from operations and maintaining disciplined capital expenditure through by asset right growth. In April 2023, we successfully completed a €1.8bn rights issue, facilitating the full repayment of the remaining state aid instruments granted by the German Economic Stabilization Fund (WSF) and enabling a significant reduction in the size of our KfW credits lines as well as a repayment of current drawings under our credit lines in the same magnitude. This is a significant measure to restore our balance sheet strength as well as reducing net interest and has led to a first improvement in our credit rating, with S&P upgrading to B with a positive outlook.

FY23 Assumptions[2] – Based on the strong booking momentum, which is continuing into the Summer season, we confirm our expectations for financial year 2023 that underlying EBIT will increase significantly.

Mid-term ambitions - We have a clear strategy to accelerate profitable market growth with new customer segments and more product sales. Our mid-term 2025/26 ambitions are for underlying EBIT to significantly build on €1.2bn[3]. We have a target to return to a gross leverage ratio[4] of well below 3.0x and aim to return to a credit rating in line with the pre-pandemic rating of BB / Ba territory.

[1] Details on our strategy see TUI Group Annual Report 2022 from page 23
[2] Based on constant currency. In view of the effects from the war in Ukraine, the assumption for underlying EBIT is subject to considerable uncertainty. Amongst others, the greatest area of uncertainty will be the impact on consumer confidence, should there be further cost inflation volatility and/or an escalation of the war in Ukraine
[3] FY19 underlying EBIT of €893m including €293m Boeing Max cost impact
[4] Defined as as gross debt (Financial liabilities incl. lease liabilities and net pension obligation) divided by reported EBITDA

Report on changes in expected development

We re-confirm our expectation set out in the Annual Report 2022 for a significant increase in TUI Group's underlying EBIT in financial year 2023[5] compared with 2022.

We have updated the following expectations for financial year 2023 described in the Annual Report 2022 as follows:

For financial year 2023, we now expect a net negative effect from adjustments in a range of €40m to €60m (previously €60m to €80m).

Against the backdrop of the net cash inflows from the capital increase completed in April 2023 and the repayments to the German Economic Stabilisation Fund (WSF), we now expect the Group's net debt to be around €2.4bn at the end of financial year 2023 (previously broadly stable).

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

[5] Based on constant currency

Consolidated earnings

Revenue

€ million	Q2 2023	Q2 2022 adjusted	Var. %	H1 2023	H1 2022 adjusted	Var. %
Hotels & Resorts	218.3	181.0	+ 20.6	429.2	379.3	+ 13.2
Cruises	141.9	41.3	+ 243.2	257.1	75.5	+ 240.5
TUI Musement	130.3	68.1	+ 91.3	290.0	145.6	+ 99.2
Holiday Experiences	490.5	290.4	+ 68.9	976.4	600.4	+ 62.6
Northern Region	1,191.5	847.9	+ 40.5	2,534.6	1,500.2	+ 69.0
Central Region	990.8	622.0	+ 59.3	2,375.9	1,610.8	+ 47.5
Western Region	477.7	366.2	+ 30.5	1,012.6	782.2	+ 29.4
Markets & Airlines	2,660.1	1,836.1	+ 44.9	5,923.2	3,893.2	+ 52.1
All other segments	2.3	1.9	+ 22.7	3.9	4.0	- 2.9
TUI Group	**3,152.9**	**2,128.4**	**+ 48.1**	**6,903.4**	**4,497.6**	**+ 53.5**
TUI Group (at constant currency)	**3,210.2**	**2,128.4**	**+ 50.8**	**6,982.3**	**4,497.6**	**+ 55.2**

Underlying EBIT

€ million	Q2 2023	Q2 2022 adjusted	Var. %	H1 2023	H1 2022 adjusted	Var. %
Hotels & Resorts	78.0	23.7	+ 229.5	149.7	84.8	+ 76.5
Cruises	14.8	- 73.5	n. a.	15.0	- 105.3	n. a.
TUI Musement	- 12.7	- 18.2	+ 30.2	- 26.2	- 31.5	+ 16.8
Holiday Experiences	80.1	- 68.1	n. a.	138.4	- 51.9	n. a.
Northern Region	- 147.5	- 180.9	+ 18.5	- 269.5	- 352.6	+ 23.6
Central Region	- 102.1	- 24.2	- 321.4	- 131.1	- 82.8	- 58.5
Western Region	- 59.2	- 57.0	- 3.9	- 102.9	- 89.4	- 15.1
Markets & Airlines	- 308.5	- 262.2	- 17.7	- 503.2	- 524.7	+ 4.1
All other segments	- 13.9	0.4	n. a.	- 30.6	- 26.8	- 14.1
TUI Group	**- 242.4**	**- 329.9**	**+ 26.5**	**- 395.3**	**- 603.5**	**+ 34.5**

EBIT

€ million	Q2 2023	Q2 2022 adjusted	Var. %	H1 2023	H1 2022 adjusted	Var. %
Hotels & Resorts	78.2	24.3	+ 221.4	149.2	106.8	+ 39.8
Cruises	14.8	- 73.5	n. a.	15.0	- 105.3	n. a.
TUI Musement	- 14.5	- 20.1	+ 27.8	- 28.5	- 35.3	+ 19.4
Holiday Experiences	78.5	- 69.3	n. a.	135.7	- 33.8	n. a.
Northern Region	- 148.6	- 185.2	+ 19.7	- 274.4	- 360.7	+ 23.9
Central Region	- 102.5	- 32.5	- 216.0	- 131.5	- 100.1	- 31.4
Western Region	- 60.1	- 57.5	- 4.5	- 102.8	- 90.7	- 13.3
Markets & Airlines	- 311.0	- 275.2	- 13.0	- 508.2	- 551.5	+ 7.9
All other segments	- 15.1	1.4	n. a.	- 33.8	- 29.1	- 15.9
TUI Group	**- 247.6**	**- 343.1**	**+ 27.8**	**- 406.3**	**- 614.5**	**+ 33.9**

Segmental performance

Holiday Experiences

€ million	**Q2 2023**	Q2 2022 adjusted	Var. %	**H1 2023**	H1 2022 adjusted	Var. %
Revenue	490.5	290.4	+ 68.9	976.4	600.4	+ 62.6
Underlying EBIT	80.1	- 68.1	n. a.	138.4	- 51.9	n. a.
Underlying EBIT at constant currency	83.0	- 68.1	n. a.	143.8	- 51.9	n. a.

Hotels & Resorts

€ million	**Q2 2023**	Q2 2022 adjusted	Var. %	**H1 2023**	H1 2022 adjusted	Var. %
Total revenue[1]	358.2	241.8	+ 48.2	742.9	524.6	+ 41.6
Revenue	218.3	181.0	+ 20.6	429.2	379.3	+ 13.2
Underlying EBIT	78.0	23.7	+ 229.5	149.7	84.8	+ 76.5
Underlying EBIT at constant currency	79.3	23.7	+ 234.9	152.9	84.8	+ 80.3
Available bed nights[2] ('000)	**7,018**	**6,935**	**+ 1.2**	**15,565**	**15,530**	**+ 0.2**
Riu	3,188	3,059	+ 4.2	6,412	6,490	- 1.2
Robinson	647	592	+ 9.3	1,471	1,321	+ 11.4
Blue Diamond	1,601	1,343	+ 19.2	2,963	2,667	+ 11.1
Occupancy[3] (%, variance in % points)	**83**	**65**	**+ 18**	**79**	**64**	**+ 15**
Riu	93	73	+ 20	89	71	+ 18
Robinson	67	51	+ 16	68	58	+ 10
Blue Diamond	87	78	+ 9	86	76	+ 10
Average daily rate[4] (€)	**100**	**86**	**+ 16.3**	**92**	**78**	**+ 18.5**
Riu	83	71	+ 16.1	80	68	+ 17.2
Robinson	112	115	- 2.3	106	106	- 0.6
Blue Diamond	165	143	+ 15.3	159	132	+ 20.8

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

[1] Total revenue includes intra-Group revenue

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

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

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

H1 2023 total revenue in our Hotels & Resorts segment increased to €742.9m, up €218.4m year-on-year (H1 2022: €524.6m). H1 underlying EBIT for the segment of €149.7m improved by €64.9m year-on-year (H1 2022: €84.8m).

Q2 2023 total revenue for the segment grew to €358.2m, an increase of €116.5m year-on-year (Q2 2022: €241.8m) supported by the restriction free travel environment across our wide portfolio of destinations. As a result Q2 underlying EBIT of €78.0m, increased by €54.4m year-on-year (Q2 2022: €23.7m) achieving a fourth consecutive quarter above 2019 levels underlining the strong recovery of this segment post pandemic. Results were driven by good operational performances across the hotels businesses, with higher occupancies and rates in a stronger trading environment. Riu in particular, contributed to the improvement, with the Caribbean, Canaries and Cape Verde key destinations.

In the Q2 period, we operated 7.0m available bednights (capacity), slightly up by 1% on Q2 2022. The overall occupancy rate for the segment increased across all businesses by a total of 18%pts year-on-year to 83%, driven in particular by the Caribbean and Spanish destinations. Our hotels across the Caribbean delivered average occupancy rates of 92%, with Mexico being our most popular destination achieving 93% average occupancy in the second quarter. Our hotels in the Canaries also saw high demand during this winter period, achieving average occupancy of 86%. Other key destinations in the quarter were Egypt and Cape Verde.

Q2 2023 average daily rate in the segment rose by 16% year-on-year to €100 with rates in particular in the Caribbean higher. Riu's average daily rate increased by 16% to €83 (Q2 2022: €71) and Blue Diamond's average daily rate increased by 15% to €165 (Q2 2022: €143). Robinson achieved an average daily rate of €112, broadly in line with prior year (Q2 2022: €115).

Future content growth in our Hotels & Resorts segment, will be delivered both through our well-known hotel brands in existing and new destinations, as well as introducing new brands to complement our portfolio. This growth will be achieved in accordance with an asset-right strategy. During the quarter we already announced further growth plans within TUI Blue, one of our TUI signature hotel brands focused on experienced orientated lifestyle travellers. The expansion, starting in Summer 2023, will see 14 new openings across four continents during the next two years with new destinations such as China, Senegal, Cambodia and Curaçao. The expansion is driven by international partnerships in which TUI Blue hotels are operated either under management contracts or by franchisees.

Cruises

€ million	Q2 2023	Q2 2022	Var. %	H1 2023	H1 2022	Var. %
Revenue[1]	141.9	41.3	+ 243.2	257.1	75.5	+ 240.5
Underlying EBIT	14.8	- 73.5	n. a.	15.0	- 105.3	n. a.
Underlying EBIT at constant currency	14.6	- 73.5	n. a.	14.6	- 105.3	n. a.
Available passenger cruise days[2] ('000)						
Mein Schiff	1,600	1,140	+ 40.3	3,223	2,441	+ 32.1
Hapag-Lloyd Cruises	145	103	+ 41.3	294	251	+ 16.9
Marella Cruises	645	364	+ 77.3	1,258	742	+ 69.6
Occupancy[3] (%, variance in % points)						
Mein Schiff	93	51	+ 42	91	52	+ 39
Hapag-Lloyd Cruises	67	29	+ 38	66	39	+ 27
Marella Cruises	95	53	+ 42	93	51	+ 42
Average daily rate (€)						
Mein Schiff[4]	136	138	- 1.5	137	147	- 6.5
Hapag-Lloyd Cruises[4]	780	606	+ 28.7	725	640	+ 13.2
Marella Cruises[5] (in £)	181	156	+ 16.4	170	149	+ 14.5

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

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

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

[4] Ticket revenue divided by achieved passenger cruise days

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

The Cruises segment comprises the joint venture TUI Cruises in Germany, which operates cruise ships under the brands Mein Schiff and Hapag-Lloyd Cruises, and Marella Cruises in UK. The segment operated a full fleet of 16 ships in the second quarter whilst in Q2 2022 operations were more limited and only gradually ramped up as COVID-19 restrictions were eased.

H1 2023 Cruises revenue only includes Marella Cruises, as TUI Cruises is accounted for using the equity method. Revenue grew to €257.1m, a significant improvement of €181.6m year-on-year (H1 2022: €75.5m). H1 2023 underlying EBIT for the segment (including the equity result of TUI Cruises) was €15.0m, up €120.2m year-on-year (H1 2022: €-105.3m loss).

Q2 2023 revenue reflecting Marella Cruises solely, increased to €141.9m, up €100.5m year-on-year (Q2 2022: €41.3m). As a result, Q2 2023 underlying EBIT for the segment (including the equity result of TUI Cruises), was €14.8m, an improvement of €88.3m (Q2 2022: €-73.5m loss) with both TUI Cruises and Marella contributing to the positive development boosted by increased volumes as well as higher occupancies. The Cruises business continues to recover post pandemic and this is now the fourth consecutive positive quarter for the segment with TUI Cruises achieving Q2 2023 EAT (earnings after tax) of €18m.

Mein Schiff – Mein Schiff operated their full fleet of seven ships against a more limited programme in the previous year where only six ships were able to return to operation by the end of the quarter as COVID-19 measures were gradually lifted. The brand offered itineraries to the Canaries, the Caribbean and around the world with Asian itineraries resuming in Winter 2022/23 for the first time since the pandemic. Occupancy of the operated fleet in Q2 2023 was 93% as a result (Q2 2022: 51%) demonstrating the strong demand for our German language, premium all-inclusive product. At €136, the average daily rate was close to pre-pandemic levels (Q2 2019: €146) and virtually in line with prior year at -1% (Q2 2022: €138).

Hapag-Lloyd Cruises – Hapag-Lloyd Cruises, our luxury and expeditions brand, offering itineraries around the world as well as voyages to Antarctica. The brand operated all five ships in Q2 2023 against a more limited programme in the prior year. Q2 average daily rate was €780, well above pre-pandemic levels (Q2 2019: €680), and with an increase of 29% on prior year (Q2 2022: €606). Q2 occupancy of the fleet was 67% (Q2 2022: 29%), underlining the popularity of these cruise post pandemic.

Marella Cruises – Our UK cruise brand offered itineraries to the Caribbean and the Canaries in Q2 operating all four ships against a partial fleet deployment in Q2 2022. The business achieved an average daily rate of £181 up 16.4% year-on-year (Q2 2022: £156) and above the pre-pandemic level of £154. Occupancy was at 95%, versus a prior year Q2 of 53% benefiting from an improved trading environment.

TUI Musement

€ million	Q2 2023	Q2 2022 adjusted	Var. %	H1 2023	H1 2022 adjusted	Var. %
Total revenue[1]	176.1	97.9	+ 79.8	400.3	209.3	+ 91.3
Revenue	130.3	68.1	+ 91.3	290.0	145.6	+ 99.2
Underlying EBIT	- 12.7	- 18.2	+ 30.2	- 26.2	- 31.5	+ 16.8
Underlying EBIT at constant currency	- 10.9	- 18.2	+ 40.2	- 23.6	- 31.5	+ 24.9

[1] Total revenue includes intra-Group revenue

In TUI Musement, our Tours and Activities business, H1 2023 revenue of €290.0m, was up €144.4m year-on-year (H1 2022: €145.6m). H1 underlying EBIT loss of €-26.2m was an improvement against prior year (H1 2022: €-31.5m loss).

Q2 2023 revenue of €130.3m, was up €62.2m year-on-year (Q2 2022: €68.1m), with an underlying EBIT loss of €-12.7m reduced by €5.5m against prior year (Q2 2022: €-18.2m loss). The improvement reflects the advantage of our integrated model and growth of third-party sales through the TUI Musement platform. The business continues to accelerate its B2C offering driving growth of Experiences sales directly to the consumer as part of the strategic development of this segment. In doing so, we continue to drive and enhance our digital transformation to enrich the customer experience throughout all channels and providing support and expertise in resort both in person and through our dedicated TUI App.

During the quarter, TUI Musement benefited from increased guest transfers due to a higher number of tour operator guests, providing 3.4m transfers in the destinations against 2.5m in the same quarter last year as the trading environment returned to normal across our global destinations. In addition, 1.3m Experiences were sold, up 0.7m year-on-year (Q2 2022: 0.7m) highlighting the significant expansion of our business in this segment.

Markets & Airlines

€ million	Q2 2023	Q2 2022 adjusted	Var. %	H1 2023	H1 2022 adjusted	Var. %
Revenue	2,660.1	1,836.1	+ 44.9	5,923.2	3,893.2	+ 52.1
Underlying EBIT	- 308.5	- 262.2	- 17.7	- 503.2	- 524.7	+ 4.1
Underlying EBIT at constant currency	- 323.7	- 262.2	- 23.5	- 528.7	- 524.7	- 0.8
Direct distribution mix[1] (in %, variance in % points)	76	80	- 4	75	77	- 2
Online mix[2] (in %, variance in % points)	52	57	- 5	52	55	- 3
Customers ('000)	2,439	1,872	+ 30.3	5,743	4,146	+ 38.5

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

[2] Share of online sales

H1 2023 revenue of €5,923.2m, was up €2,030.0m year-on-year (H1 2022: €3,893.2m). H1 underlying EBIT reflected the usual winter seasonal loss for the sector of €-503.2m which however, was an improvement of €21.6m year-on-year (H1 2022: €-524.7m loss).

Q2 2023 revenue of €2,660.1m, increased €824.0m year-on-year (Q2 2022: €1,836.1m). The Q2 underlying EBIT loss of €-308.5m was €-46.4m lower year-on-year (Q2 2022: €-262.2m loss). Prior year Q2 included a €43m benefit from ineffective hedges and also €50m state compensation within Central Region for loss of business in the course of the pandemic. Excluding these effects, Q2 2023 results were up €47m year-on-year driven by higher prices and a restriction free trading environment with good demand for our wide and varied product offering. Traditional short- and medium haul destinations such as the Canaries and Egypt were again popular destinations for our customers, with long-haul destinations such as Mexico and the Dominican Republic also in good demand. However, the overall segment continued to be impacted by inflationary pressures especially on energy as well as exchange rate volatility.

A total of 2,439k customers departed in Q2 2023, an increase of 567k customers versus Q2 2022.

Northern Region

€ million	Q2 2023	Q2 2022	Var. %	H1 2023	H1 2022	Var. %
Revenue	1,191.5	847.9	+ 40.5	2,534.6	1,500.2	+ 69.0
Underlying EBIT	- 147.5	- 180.9	+ 18.5	- 269.5	- 352.6	+ 23.6
Underlying EBIT at constant currency	- 161.5	- 180.9	+ 10.7	- 290.8	- 352.6	+ 17.5
Direct distribution mix[1] (in %, variance in % points)	92	93	- 1	93	94	- 1
Online mix[2] (in %, variance in % points)	67	69	- 2	68	71	- 3
Customers ('000)	945	752	+ 25.7	2,153	1,417	+ 52.0

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

[2] Share of online sales

H1 2023 revenue of €2,534.6m, which was up €1,034.5m year-on-year (H1 2022: €1,500.2m). H1 underlying EBIT loss for the region of €-269.5m improved by €83.1m year-on-year (H1 2022: €-352.6m loss).

Northern Region reported Q2 2023 revenue of €1,191.5m, which was up €343.6m year-on-year (Q2 2022: €847.9m). Q2 2023 underlying EBIT loss for the region of €-147.5m improved by €33.4m year-on-year (Q2 2022: €-180.9m loss) whereby Q2 2022 included a benefit of €16m from ineffective hedges. On a comparable basis, results in the segment were significantly up by €50m driven by strong customer demand resulting in higher volumes and prices.

Q2 2023 customer volumes increased by 25.7% to 945k versus 752k guests in Q2 2022 underlining the market recovery. Online distribution remained strong at 67%, which was down 2%pts against prior year (Q2 2022: 69%) but at pre-pandemic levels (Q2 2019: 67%). The comparison against last year is however limited due to lower volumes and longer retail shop closures resulting from the COVID-19 restrictions last year. Direct distribution was at 92% broadly in line with prior year (Q2 2022: 93%) and at pre-pandemic levels (Q2 2019: 92%).

Central Region

€ million	Q2 2023	Q2 2022 adjusted	Var. %	H1 2023	H1 2022 adjusted	Var. %
Revenue	990.8	622.0	+ 59.3	2,375.9	1,610.8	+ 47.5
Underlying EBIT	- 102.1	- 24.2	- 321.4	- 131.1	- 82.8	- 58.5
Underlying EBIT at constant currency	- 102.4	- 24.2	- 322.7	- 132.9	- 82.8	- 60.6
Direct distribution mix[1] (in %, variance in % points)	55	58	- 3	54	57	- 3
Online mix[2] (in %, variance in % points)	30	33	- 3	29	31	- 2
Customers ('000)	829	538	+ 54.1	2,061	1,475	+ 39.8

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

[2] Share of online sales

H1 2023 revenue of €2,375.9m, was up €765.0m year-on-year (H1 2022: €1,610.8m) with an underlying EBIT loss for the region of €-131.1m, up €48.4m against last year (H1 2022: €-82.8m loss).

Q2 2023 revenue of €990.8m, improved €368.8m year-on-year (Q2 2022: €622.0m) whilst the underlying EBIT loss for the region of €-102.1m, was €77.9m higher year-on-year (Q2 2022: €-24.2m loss). Results in the prior year quarter included a €30m benefit from ineffective hedges. In addition, prior year included the benefit of a €50m state compensation for loss of business in the course of the pandemic. Excluding these effects, Q2 results were up €3m year on year. The improvement in operational performance was generated by higher volumes and prices in Germany.

Customer volumes increased by 54.1% to 829k versus prior year (previous year 538k) following a more restrictive trading environment in Q2 2022. Online distribution for Central Region reached 30%, down 3%pts against prior year whereby comparison is limited due to lower volumes and longer retail shop closures due to the COVID-19 restrictions last year. Against pre-pandemic levels, online distribution was up by 10%pts (Q2 2019: 20%) emphasising the significant development of our online offering in this region in line with consumer demand. Direct distribution was down 3%pts to 55% against Q2 2022 of 58% but ahead versus pre-pandemic levels (Q2 2019: 48%).

Western Region

€ million	**Q2 2023**	Q2 2022	Var. %	**H1 2023**	H1 2022	Var. %
Revenue	477.7	366.2	+ 30.5	1,012.6	782.2	+ 29.4
Underlying EBIT	- 59.2	- 57.0	- 3.9	- 102.9	- 89.4	- 15.1
Underlying EBIT at constant currency	- 60.1	- 57.0	- 5.3	- 105.4	- 89.4	- 17.9
Direct distribution mix[1] (in %, variance in % points)	77	82	- 5	78	82	- 4
Online mix[2] (in %, variance in % points)	59	64	- 5	61	63	- 2
Customers ('000)	665	582	+ 14.3	1,528	1,255	+ 21.8

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

[2] Share of online sales

In Western Region H1 2023 revenue of €1,012.6m, rose €230.4m year-on-year (H1 2022: €782.2m). H1 underlying EBIT loss of €-102.9m, decreased by €13.5m year-on-year (H1 2022: €-89.4m loss).

Q2 2023 revenue of €477.7m, was up €111.5m year-on-year (Q2 2022: €366.2m). Q2 underlying EBIT loss of €-59.2m, decreased by €2.2m year-on-year (Q2 2022: €-57.0m loss). Despite improving volumes in the region year-on-year, results in the segment were slightly lower impacted by higher airline operating costs and the ongoing effect of flight disruptions in Schiphol airport.

Customer volumes increased by 14.3% to 665k guests year-on-year (Q2 2022: 582k). Online distribution for region stood at 59%, 5%pt below prior year but virtually in line with pre-pandemic levels (Q2 2019: 60 %). Direct distribution was down 5%pts to 77% versus last year (Q2 2022: 82%) but in line with pre-pandemic levels (Q2 2019: 77%).

All other segments

€ million	**Q2 2023**	Q2 2022 adjusted	Var. %	**H1 2023**	H1 2022 adjusted	Var. %
Revenue	2.3	1.9	+ 22.7	3.9	4.0	- 2.9
Underlying EBIT	- 13.9	0.4	n. a.	- 30.6	- 26.8	- 14.1
Underlying EBIT at constant currency)	- 13.9	0.4	n. a.	- 30.6	- 26.8	- 14.3

H1 2023 underlying EBIT loss of €-30.6m, increased €3.8m year-on-year (H1 2022: €-26.8m loss) and Q2 2023 underlying EBIT loss of €-13.9m, increased by €-14.3m year-on-year (Q2 2022: €0.4m).

Financial position and net assets

Cash Flow / Net capex and investments / Net debt

In the first half-year of financial year 2023, TUI Group's business volume was significantly higher than in H1 2022, which was still impacted by measures to contain the spread of COVID-19. TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months.

TUI Group's operating cash outflow in H1 2023 of €284.4m increased by €724.2m compared to previous year, due to an increase in supplier payments as a result of higher business volumes in the previous Summer, in addition to slightly lower December bookings received in H1 2023.

Net debt position as at 31 March 2023 of €-4.2bn was up €260.4m compared to previous year level (31 March 2022: €-3.9bn).

Net debt

€ million	**31 Mar 2023**	31 Mar 2022	Var. %
Financial debt	2,994.1	2,426.5	+ 23.4
Lease liabilities	2,834.5	3,146.0	- 9.9
Cash and cash equivalents	1,575.9	1,522.6	+ 3.5
Short-term interest-bearing investments	56.3	113.8	- 50.5
Net debt	**-4,196.4**	**-3,936.0**	**+ 6.6**

Net capex and investments

€ million	**Q2 2023**	Q2 2022 adjusted	Var. %	**H1 2023**	H1 2022 adjusted	Var. %
Cash gross capex						
Hotels & Resorts	62.0	34.0	+ 82.4	133.4	56.0	+ 138.2
Cruises	15.7	6.8	+ 130.9	43.7	28.3	+ 54.4
TUI Musement	7.7	6.3	+ 22.2	13.0	11.1	+ 17.1
Holiday Experiences	85.4	47.1	+ 81.3	190.1	95.4	+ 99.3
Northern Region	5.5	6.5	- 15.4	11.1	12.8	- 13.3
Central Region	4.2	4.0	+ 5.0	6.2	5.1	+ 21.6
Western Region	7.3	1.5	+ 386.7	11.6	3.3	+ 251.5
Markets & Airlines*	16.2	13.4	+ 20.9	49.5	23.9	+ 107.1
All other segments	33.9	25.9	+ 30.9	65.4	50.0	+ 30.8
TUI Group	**135.5**	**86.4**	**+ 56.8**	**305.0**	**169.3**	**+ 80.2**
Net pre delivery payments on aircraft	- 24.0	1.8	n. a.	35.0	- 44.6	n. a.
Financial investments	-	-	-	0.3	-	n. a.
Divestments	- 42.6	- 4.9	- 769.4	- 122.4	12.0	n. a.
Net capex and investments	**68.9**	**83.3**	**- 17.3**	**217.8**	**136.7**	**+ 59.3**

* Including €-0.8m for Q2 2023 (Q2 2023: €1.4m) and €20.6m for H1 2023 (H1 2022: €2.7m) cash gross capex of the aircraft leasing companies, which are allocated to Markets & Airlines as a whole, but not to the individual segments Northern Region, Central Region and Western Region.

Cash gross capex in H1 2023 was €135.7m higher year-on-year. This increase was due, amongst others, to higher investments in Hotels & Resorts, the airline sector and at Marella for the refurbishment of Mein Schiff Herz prior to its commissioning for the UK market. Net capex and investments of €217.8m increased by €81.1m year-on-year. The divestments include an inflow of €71m from the sale of the stakes in RIU Hotels S.A. in financial year 2021.

Assets and liabilities

€ million	31 Mar 2023	30 Sep 2023	Var. %
Non-current assets	11,212.2	11,351.7	- 1.2
Current assets	3,881.3	3,903.8	- 0.6
Total assets	**15,093.4**	**15,255.5**	**- 1.1**
Equity	- 921.1	645.7	n. a.
Provisions	1,773.9	1,897.4	- 6.5
Financial liabilities	2,994.1	2,051.3	+ 46.0
Other liabilities	11,246.5	10,661.0	+ 5.5
Total equity, liabilities and provisions	**15,093.4**	**15,255.5**	**- 1.1**

Comments on the consolidated income statement

In the first half of financial year 2023, TUI Group's business volume was significantly higher than in H1 2022, which was still impacted by measures to contain the spread of COVID-19. TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months.

In H1 2023, consolidated revenue increased by €2.4bn year-on-year to €6.9bn.

Unaudited condensed consolidated Income Statement of TUI AG for the period from 1 Oct 2022 to 31 Mar 2023

€ million	Q2 2023	Q2 2022	Var. %	H1 2023	H1 2022	Var. %
Revenue	3,152.9	2,128.4	+48.1	6,903.4	4,497.6	+53.5
Cost of sales	3,228.5	2,262.0	+42.7	6,889.8	4,734.4	+45.5
Gross profit / loss	**- 75.6**	**- 133.6**	+43.4	**13.7**	**- 236.9**	**n. a.**
Administrative expenses	250.7	175.3	+43.0	493.4	377.0	+30.9
Other income	5.7	4.6	+23.9	11.7	30.8	- 62.0
Other expenses	- 1.1	0.7	n. a.	4.7	1.6	+193.8
Impairment (+) / Reversal of impairment (-) of financial assets	2.7	- 0.2	n. a.	3.5	- 4.5	n. a.
Financial income	19.9	5.1	+290.2	38.3	25.9	+47.9
Financial expense	152.4	133.5	+14.2	284.9	281.3	+1.3
Share of result of investments accounted for using the equity method	78.4	- 33.3	n. a.	74.0	- 35.6	n. a.
Earnings before income taxes	**- 376.3**	**- 466.5**	+19.3	**- 648.8**	**- 871.0**	**+25.5**
Income taxes (expense (+), income (-))	- 50.0	- 145.1	+65.5	- 90.8	- 163.1	+44.3
Group loss	**- 326.2**	**- 321.4**	- 1.5	**- 558.0**	**- 707.9**	**+21.2**
Group loss attributable to shareholders of TUI AG	- 364.3	- 335.7	- 8.5	- 620.4	- 720.0	+13.8
Group profit / loss attributable to non-controlling interest	38.1	14.4	+164.6	62.4	12.1	+415.7

Alternative performance measures

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

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

Reconciliation to underlying EBIT

€ million	**Q2 2023**	Q2 2022	Var. %	**H1 2023**	H1 2022	Var. %
Earnings before income taxes	**- 376.3**	**- 466.5**	**+19.3**	**- 648.8**	**- 871.0**	**+25.5**
plus: Net interest expenses (excluding expense / income from measurement of interest hedges)	122.6	122.2	+0.3	233.1	253.8	- 8.2
plus: (Income) expense from measurement of interest hedges	6.0	1.3	+361.5	9.5	2.7	+251.9
EBIT	**- 247.6**	**- 343.1**	**+27.8**	**- 406.3**	**- 614.5**	**+33.9**
Adjustments:						
less / plus: Separately disclosed items	- 1.0	6.0		- 1.7	- 3.3	
plus: Expense from purchase price allocation	6.3	7.2		12.7	14.3	
Underlying EBIT	**- 242.4**	**- 329.9**	**+26.5**	**- 395.3**	**- 603.5**	**+34.5**

The TUI Group's operating loss adjusted for special items decreased by €208.2m to €-395.3m in H1 2023.

➪ For further details on the separately disclosed items see page 46 in the Notes of this Half-Year Financial Report.

Key figures of income statement

€ million	**Q2 2023**	Q2 2022	Var. %	**H1 2022**	H1 2022	Var. %
EBITDAR	**- 29.1**	**- 122.6**	+ 76.2	**28.7**	**- 174.0**	n. a.
Operating rental expenses	- 13.6	- 7.4	- 83.1	- 13.4	- 11.5	- 16.9
EBITDA	**- 42.7**	**- 130.0**	+ 67.1	**15.3**	**- 185.5**	n. a.
Depreciation/amortisation less reversals of depreciation*	- 204.8	- 213.1	+ 3.9	- 421.5	- 429.0	+ 1.7
EBIT	**- 247.6**	**- 343.1**	+ 27.8	**- 406.3**	**- 614.5**	+ 33.9
Income/Expense from the measurement of interest hedges	6.0	1.3	+ 361.5	9.5	2.7	+ 251.9
Net interest expense (excluding expense/income from measurement of interest hedges)	122.6	122.2	+ 0.3	233.1	253.8	- 8.2
EBT	**- 376.3**	**- 466.5**	+ 19.4	**- 648.8**	**- 871.0**	+ 25.5

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

Other segment indicators

Underlying EBITDA

€ million	Q2 2023	Q2 2022 adjusted	Var. %	H1 2023	H1 2022 adjusted	Var. %
Hotels & Resorts	123.6	68.0	+ 81.9	245.3	175.0	+ 40.2
Cruises	33.0	- 55.5	n. a.	50.9	- 70.5	n. a.
TUI Musement	- 6.5	- 12.3	+ 47.2	- 13.9	- 19.6	+ 28.9
Holiday Experiences	150.1	0.2	n. a.	282.3	84.9	+ 232.5
Northern Region	- 73.6	- 105.5	+ 30.2	- 116.9	- 202.0	+ 42.1
Central Region	- 77.9	4.3	n. a.	- 81.3	- 26.1	- 212.0
Western Region	- 24.7	- 23.4	- 5.5	- 31.9	- 20.4	- 56.5
Markets & Airlines	- 175.8	- 124.6	- 41.1	- 229.6	- 248.4	+ 7.6
All other segments	- 17.2	1.3	n. a.	- 37.4	- 24.9	- 50.0
TUI Group	**- 42.9**	**- 123.1**	**+ 65.1**	**15.3**	**- 188.4**	**n. a.**

EBITDA

€ million	Q2 2023	Q2 2022 adjusted	Var. %	H1 2023	H1 2022 adjusted	Var. %
Hotels & Resorts	123.8	68.6	+ 80.4	244.8	196.9	+ 24.3
Cruises	33.0	- 55.5	n. a.	50.9	- 70.5	n. a.
TUI Musement	- 6.5	- 12.4	+ 47.6	- 12.6	- 19.8	+ 36.5
Holiday Experiences	150.3	0.8	n. a.	283.2	106.6	+ 165.6
Northern Region	- 71.9	- 106.3	+ 32.4	- 116.0	- 203.4	+ 43.0
Central Region	- 78.2	- 3.7	n. a.	- 81.5	- 41.6	- 95.7
Western Region	- 24.9	- 23.1	- 7.8	- 30.3	- 20.0	- 51.4
Markets & Airlines	- 174.6	- 133.1	- 31.2	- 227.3	- 265.0	+ 14.2
All other segments	- 18.4	2.3	n. a.	- 40.6	- 27.1	- 49.9
TUI Group	**- 42.7**	**- 130.0**	**+ 67.1**	**15.3**	**- 185.5**	**n. a.**

Employees

	31 Mar 2023	31 Mar 2022	Var. %
Hotels & Resorts	21,425	17,176	+ 24.7
Cruises*	77	61	+ 26.2
TUI Musement	7,906	5,468	+ 44.6
Holiday Experiences	29,408	22,705	+ 29.5
Northern Region	10,127	9,606	+ 5.4
Central Region	7,086	7,212	- 1.7
Western Region	5,152	4,609	+ 11.8
Markets & Airlines	22,365	21,427	+ 4.4
All other segments	2,188	1,991	+ 9.9
Total	**53,961**	**46,123**	**+ 17.0**

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

Corporate Governance

Composition of the Boards

In H1 2023 the composition of the Boards of TUI AG changed as follows:

Executive Board

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

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

In February 2023, the Supervisory Board appointed Peter Krueger as a member of the Executive Board for a further three years until the end of December 2026.

Supervisory Board

After Alexey Mordashov and Vladimir Lukin resigned from their offices in March 2022, Helena Murano and Christian Baier were appointed as Supervisory Board members of TUI AG by order of Hanover Local Court dated 31 May 2022. The Executive Board's applications for appointment by the Court were limited to the period until the next Annual General Meeting (AGM) in accordance with recommendation C.15, sentence 2 of the German Corporate Governance Code. Helena Murano and Christian Baier have now been elected by the AGM on 14 February 2023, as has Dr Dieter Zetsche, whose previous term of office ended at the close of this AGM. The terms of office end at the end of the AGM that resolves on the discharge of the Supervisory Board for the financial year ending on 30 September 2026, i.e. until 2027.

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

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

Risk and Opportunity Report

Successful management of existing and emerging risks is critical to the long-term success of our business and to the achievement of our strategic objectives.

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

➪ For details of risks and opportunities, see our Annual Report 2022, from page 34 and page 55

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

Contact restriction measures and travel restrictions were gradually eased in most countries in the first months of the calendar year 2022 and business was fully resumed in all segments. The booking momentum for the financial year 2023 remains encouraging. Based on past trends, the Executive Board expects capacity to be close to normalised 2019 levels in summer 2023.

From the Executive Board's perspective, despite the existing risks, TUI Group currently has and will continue to have sufficient funds, resulting from both borrowings and operating cash flows, to meet its payment obligations and to ensure the going concern of the company accordingly in the foreseeable future. In this context, the Executive Board assumes that the credit lines expiring in summer 2024 will be refinanced. Therefore, as at 31 March 2023, the Executive Board does not identify any material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The Executive Board does not see any risks that could jeopardise the company's existence and assumes that compliance with covenants as of 30 September 2023 and 31 March 2024 is not at risk.

Nevertheless, the general price increase in recent months and a resulting reduced private budget could dampen customer demand. In addition, a permanent increase in fuel costs as well as services, especially those that we purchase in US Dollar, could adversely affect the development.

Unaudited condensed consolidated Interim Financial Statements

Unaudited condensed consolidated Income Statement of TUI AG for the period from 1 Oct 2022 to 31 Mar 2023

€ million	Notes	**Q2 2023**	Q2 2022	**H1 2023**	H1 2022
Revenue	(1)	3,152.9	2,128.4	6,903.4	4,497.6
Cost of sales	(2)	3,228.5	2,262.0	6,889.8	4,734.4
Gross profit / loss		**- 75.6**	**- 133.6**	**13.7**	**- 236.9**
Administrative expenses	(2)	250.7	175.3	493.4	377.0
Other income	(3)	5.7	4.6	11.7	30.8
Other expenses	(4)	- 1.1	0.7	4.7	1.6
Impairment (+) / Reversal of impairment (-) of financial assets	(20)	2.7	- 0.2	3.5	- 4.5
Financial income	(5)	19.9	5.1	38.3	25.9
Financial expense	(5)	152.4	133.5	284.9	281.3
Share of result of investments accounted for using the equity method	(6)	78.4	- 33.3	74.0	- 35.6
Earnings before income taxes		**- 376.3**	**- 466.5**	**- 648.8**	**- 871.0**
Income taxes (expense (+), income (-))	(7)	- 50.0	- 145.1	- 90.8	- 163.1
Group loss		**- 326.2**	**- 321.4**	**- 558.0**	**- 707.9**
Group loss attributable to shareholders of TUI AG		- 364.3	- 335.7	- 620.4	- 720.0
Group profit / loss attributable to non-controlling interest	(8)	38.1	14.4	62.4	12.1

Earnings per share

€	**Q2 2023**	Q2 2022	**H1 2023**	H1 2022
Basic and diluted loss / earnings per share*	- 1.26	- 1.23	- 2.15	- 2.74

* Earnings per share for all periods presented were adjusted for the impact of the 10-for-1 reverse stock split in February 2023 as well as the impact of the subscription rights issued in the capital increase in March 2023.

Unaudited condensed consolidated Statement of Comprehensive Income of TUI AG for the period from 1 Oct 2022 to 31 Mar 2023

€ million	Q2 2023	Q2 2022	H1 2023	H1 2022
Group loss	**- 326.2**	**- 321.4**	**- 558.0**	**- 707.9**
Remeasurements of defined benefit obligations and related fund assets	- 5.7	133.0	- 129.4	205.6
Fair value profit / loss on investments in equity instruments designated as at FVTOCI	22.6	- 0.2	23.7	- 0.5
Income tax related to items that will not be reclassified (expense (-), income (+))	2.0	- 40.4	32.9	- 58.5
Items that will not be reclassified to profit or loss	**18.8**	**92.4**	**- 72.9**	**146.6**
Foreign exchange differences	- 2.1	28.1	- 103.4	31.8
Foreign exchange differences outside profit or loss	- 2.1	28.2	- 103.4	31.9
Reclassification	-	- 0.1	-	- 0.1
Cash flow hedges	- 39.9	65.6	- 176.2	61.7
Changes in the fair value	- 53.4	67.0	- 169.7	64.5
Reclassification	13.5	- 1.4	- 6.5	- 2.8
Other comprehensive income of investments accounted for using the equity method that may be reclassified	- 5.6	5.6	- 6.6	8.4
Income tax related to items that may be reclassified (expense (-), income (+))	9.6	- 13.1	44.3	- 12.5
Items that may be reclassified to profit or loss	**- 38.0**	**86.2**	**- 241.8**	**89.4**
Other comprehensive income	**- 19.1**	**178.6**	**- 314.7**	**236.0**
Total comprehensive income	**- 345.4**	**- 142.8**	**- 872.7**	**- 471.9**
attributable to shareholders of TUI AG	- 396.6	- 166.7	- 927.4	- 498.6
attributable to non-controlling interest	51.2	23.9	54.7	26.7

Unaudited condensed consolidated Statement of Financial Position of TUI AG as at 31 Mar 2023

€ million	Notes	31 Mar 2023	30 Sep 2022
Assets			
Goodwill	(9)	2,954.9	2,970.6
Other intangible assets		541.7	507.6
Property, plant and equipment	(10)	3,480.0	3,400.9
Right-of-use assets	(11)	2,669.7	2,971.5
Investments in joint ventures and associates		804.0	785.4
Trade and other receivables	(12), (20)	119.3	131.6
Derivative financial instruments	(20)	2.9	26.6
Other financial assets	(20)	9.8	10.6
Touristic payments on account		139.2	138.0
Other non-financial assets		121.7	169.7
Income tax assets		17.2	17.2
Deferred tax assets		351.6	222.0
Non-current assets		**11,212.2**	**11,351.7**
Inventories		63.5	56.1
Trade and other receivables	(12), (20)	875.1	1,011.8
Derivative financial instruments	(20)	38.0	232.5
Other financial assets	(20)	56.3	85.8
Touristic payments on account		1,071.2	619.6
Other non-financial assets		145.2	135.4
Income tax assets		32.0	23.1
Cash and cash equivalents	(20)	1,575.9	1,736.9
Assets held for sale	(13)	24.0	2.7
Current assets		**3,881.3**	**3,903.8**
Total assets		**15,093.4**	**15,255.5**

Unaudited condensed consolidated Statement of Financial Position of TUI AG as at 31 Mar 2023

€ million	Notes	31 Mar 2023	30 Sep 2022
Equity and liabilities			
Subscribed capital		178.5	1,785.2
Capital reserves		7,658.0	6,085.9
Revenue reserves		- 9,599.7	- 8,432.7
Silent participation		-	420.0
Equity before non-controlling interest		**- 1,763.1**	**- 141.6**
Non-controlling interest		842.0	787.3
Equity	(19)	**- 921.1**	**645.7**
Pension provisions and similar obligations	(14)	592.4	568.2
Other provisions		762.0	755.0
Non-current provisions		**1,354.4**	**1,323.2**
Financial liabilities	(16), (20)	2,645.8	1,731.4
Lease liabilities	(17)	2,221.7	2,508.7
Derivative financial instruments	(20)	1.7	3.2
Other financial liabilities	(18), (20)	2.5	2.8
Other non-financial liabilities		244.0	165.2
Income tax liabilities		11.1	11.1
Deferred tax liabilities		56.4	121.2
Non-current liabilities		**5,183.5**	**4,543.8**
Non-current provisions and liabilities		**6,537.9**	**5,867.0**
Pension provisions and similar obligations	(14)	31.5	33.1
Other provisions		388.0	541.0
Current provisions		**419.4**	**574.2**
Liabilities from the repurchase of equity instruments	(15)	678.4	-
Financial liabilities	(16), (20)	348.4	319.9
Lease liabilities	(17)	612.9	698.8
Trade payables	(20)	2,013.7	3,316.5
Derivative financial instruments	(20)	160.0	57.5
Other financial liabilities	(18), (20)	120.6	174.6
Touristic advance payments received		4,598.2	2,998.9
Other non-financial liabilities		468.5	519.9
Income tax liabilities		56.4	82.3
Current liabilities		**9,057.2**	**8,168.6**
Current provisions and liabilities		**9,476.6**	**8,742.7**
Total equity, liabilities and provisions		**15,093.4**	**15,255.5**

Unaudited condensed consolidated Statement of Changes in Equity of TUI AG for the period from 1 Oct 2022 to 31 Mar 2023

€ million	Subscribed capital	Capital reserves	Revenue reserves	Silent participation	Equity before non-controlling interest	Non-controlling interest	**Total**
Balance as at 1 Oct 2021	**1,099.4**	**5,249.6**	**- 8,525.7**	**1,091.0**	**- 1,085.7**	**667.3**	**- 418.4**
Dividends	-	-	-	-	-	0.1	0.1
Share-based payment schemes	-	-	0.3	-	0.3	-	0.3
Capital increase	523.5	582.9	-	-	1,106.4	-	1,106.4
Group loss for the year	**-**	**-**	**- 720.0**	**-**	**- 720.0**	**12.1**	**- 707.9**
Foreign exchange differences	-	-	17.2	-	17.2	14.6	31.8
Financial assets at FVTOCI	-	-	- 0.5	-	- 0.5	-	- 0.5
Cash flow hedges	-	-	61.7	-	61.7	-	61.7
Remeasurements of defined benefit obligations and related fund assets	-	-	205.6	-	205.6	-	205.6
Other comprehensive income of investments accounted for using the equity method	-	-	8.4	-	8.4	-	8.4
Taxes attributable to other comprehensive income	-	-	- 71.0	-	- 71.0	-	- 71.0
Other comprehensive income	**-**	**-**	**221.4**	**-**	**221.4**	**14.6**	**236.0**
Total comprehensive income	-	-	- 498.6	-	- 498.6	26.7	- 471.9
Balance as at 31 Mar 2022	**1,622.9**	**5,832.5**	**- 9,023.9**	**1,091.0**	**- 477.5**	**694.1**	**216.6**
Balance as at 1 Oct 2022	**1,785.2**	**6,085.9**	**- 8,432.7**	**420.0**	**- 141.6**	**787.3**	**645.7**
Dividends	-	-	-	-	-	-	-
Coupon on silent participation	-	-	- 16.8	-	- 16.8	-	- 16.8
Capital reduction	- 1,606.7	1,606.7	-	-	-	-	-
WSF repurchase agreement	-	- 34.5	- 222.8	- 420.0	- 677.3	-	- 677.3
Group loss for the year	**-**	**-**	**- 620.4**	**-**	**- 620.4**	**62.4**	**- 558.0**
Foreign exchange differences	-	-	- 96.0	-	- 96.0	- 7.4	- 103.4
Financial assets at FVTOCI	-	-	23.7	-	23.7	-	23.7
Cash flow hedges	-	-	- 176.2	-	- 176.2	-	- 176.2
Remeasurements of defined benefit obligations and related fund assets	-	-	- 129.1	-	- 129.1	- 0.3	- 129.4
Other comprehensive income of investments accounted for using the equity method	-	-	- 6.6	-	- 6.6	-	- 6.6
Taxes attributable to other comprehensive income	-	-	77.2	-	77.2	-	77.2
Other comprehensive income	**-**	**-**	**- 307.0**	**-**	**- 307.0**	**- 7.7**	**- 314.7**
Total comprehensive income	-	-	- 927.4	-	- 927.4	54.7	- 872.7
Balance as at 31 Mar 2023	**178.5**	**7,658.0**	**- 9,599.7**	**-**	**- 1,763.1**	**842.0**	**- 921.1**

Unaudited condensed consolidated Cash Flow Statement of TUI AG for the period from 1 Oct 2022 to 31 Mar 2023

€ million	Notes	H1 2023	H1 2022
Group loss		- 558.0	- 707.9
Depreciation, amortisation and impairment (+) / write-backs (-)		421.5	429.0
Other non-cash expenses (+) / income (-)		- 62.3	28.8
Interest expenses		277.0	269.4
Dividends from joint ventures and associates		2.8	0.1
Profit (-) / loss (+) from disposals of non-current assets		- 6.6	- 26.5
Increase (-) / decrease (+) in inventories		- 7.7	- 8.0
Increase (-) / decrease (+) in receivables and other assets		- 47.9	- 396.2
Increase (+) / decrease (-) in provisions		- 231.0	- 127.1
Increase (+) / decrease (-) in liabilities (excl. financial liabilities)		- 72.2	978.2
Cash inflow / cash outflow from operating activities	(23)	**- 284.4**	**439.8**
Payments received from disposals of property, plant and equipment and intangible assets		74.1	63.4
Payments received/made from disposals of consolidated companies (less disposals of cash and cash equivalents due to divestments)		- 0.7	- 2.2
Payments received/made from disposals of other non-current assets		75.8	- 23.6
Payments made for investments in property, plant and equipment and intangible assets		- 364.8	- 174.1
Payments made for investments in other non-current assets		- 3.8	-
Cash inflow / cash outflow from investing activities	(23)	**- 219.4**	**- 136.5**
Payments received from capital increase by issuing new shares		-	1,106.4
Coupon on silent participation (dividends)		- 16.8	-
Payments received from the raising of financial liabilities		1,053.9	18.3
Payments made for redemption of loans and financial liabilities		- 91.7	- 1,007.9
Payments made for principal of lease liabilities		- 362.1	- 306.4
Interest paid		- 227.8	- 173.9
Cash inflow / cash outflow from financing activities	(23)	**355.6**	**- 363.6**
Net change in cash and cash equivalents		**- 148.2**	**- 60.3**
Development of cash and cash equivalents	(23)		
Cash and cash equivalents at beginning of period		**1,736.9**	**1,586.1**
Change in cash and cash equivalents due to exchange rate fluctuations		- 12.8	- 3.2
Net change in cash and cash equivalents		- 148.2	- 60.3
Cash and cash equivalents at end of period		**1,575.9**	**1,522.6**

Notes

General

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

The Interim Financial Statements cover the period from 1 October 2022 to 31 March 2023. The Interim Financial Statements are prepared in euros. Unless stated otherwise, all amounts are stated in million euros (€m). TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months.

The Interim Financial Statements were approved for publication by the Executive Board of TUI AG on 8 May 2023.

Accounting principles

Declaration of compliance

The consolidated interim financial report for the period ended 31 March 2023 comprise the Interim Financial Statements and the Interim Management Report in accordance with section 115 of the German Securities Trading Act (WpHG).

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

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

Going concern reporting in accordance with the UK Corporate Governance Code

The TUI Group covers its day-to-day working capital requirements through cash on hand, balances with and borrowings from banks. TUI Group's net debt (financial debt plus lease liabilities less cash and cash equivalents and less short-term interest-bearing cash investments) as of 31 March 2023 was €4.2bn (as at 30 September 2022 €3.4bn).

Net debt

€ million	**31 Mar 2023**	30 Sep 2022	Var. %
Financial debt	2,994.1	2,051.3	+ 46.0
Lease liabilities	2,834.5	3,207.5	- 11.6
Cash and cash equivalents	1,575.9	1,736.9	- 9.3
Short-term interest-bearing investments	56.3	85.8	- 34.4
Net debt	**-4,196.4**	**-3,436.2**	**+ 22.1**

The global travel restrictions to contain COVID-19 have had a continuous negative impact on the Group's earnings and liquidity development since the end of March 2020. Currently, TUI Group is only marginally effected by the negative financial impact of the COVID-19 pandemic.

To cover the resulting liquidity needs, the Group has carried out various financing measures in the financial years 2020 to 2022, which, in addition to three capital increases, the use of the banking and capital markets and cash inflows from the sale of assets, also include financing measures from the Federal Republic of Germany in the form of a KfW credit line initially totalling €2.85bn, an option bond from the German Economic Stabilisation Fund (WSF) totalling €150m and two silent participations from the WSF initially totalling €1.091bn.

In financial year 2022, TUI reduced KfW's credit line to €2.1bn in various steps. In addition, 913 of the 1,500 bonds with warrants issued to WSF were redeemed and the Silent Participation II of the WSF of €671.0m was repaid in full ahead of schedule.

The financing measures are described in detail in the annual reports for the past three financial years.

As at 31 March 2023, TUI Group’s revolving credit facilities totalled €3.74bn. They have a term until summer 2024 and comprised the following

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

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

TUI AG’s €1.64bn credit line from private banks and KfW credit line are subject to compliance with certain financial target values (covenants) for debt coverage and interest coverage, the review of which is carried out on the basis of the last four reported quarters at the end of the financial year or the half-year of a financial year. Against the backdrop of the ongoing pressures from the COVID-19 pandemic, the review has only been resumed in September 2022 and TUI was in full compliance. In addition, higher limits are to be applied on the first two cut-off dates before normalised limits have to be complied with from September 2023.

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

In the interim financial statements as at 31 March 2023, Silent Participation I to be repurchased from WSF subject to receipt of the proceeds from the capital increase resolved on 24 March 2023 and the option rights are carried as liabilities in accordance with IAS 32.

In February 2023, TUI AG implemented the ten-for-one reverse stock split previously resolved by the 2023 AGM in accordance with the provisions of the Economic Stabilisation Acceleration Act. As a result, the Company's share capital declined from €1.785bn to around €179m. The corresponding reduction amount of around €1.606bn was transferred to the company's capital reserves.

In accordance with the repayment agreement with the WSF, the Executive Board of TUI AG resolved a capital increase with subscription rights of €1.8bn with the approval of the Supervisory Board on 24 March 2023. For the fully subscribed capital increase, 328,910,448 new shares were offered at a subscription ratio of 8:3 and a subscription price of €5.55. The subscription period for the new shares ended on 17 April 2023.

Following receipt of the proceeds from the capital increase on 24 April 2023, Silent Participation I and the around 56.8m warrants held by the WSF as well as the outstanding 587 of the 2020/2026 bonds with warrants were fully redeemed. For Silent Participation I and the 2023 coupon payable on it, a redemption price of €651.6m was paid. €30.8m were used for the repurchase of the warrants and further €61.9m for the early redemption of the 587 bonds with a nominal value of €58.7m, including accrued interest of €3.2m.

At the same time, the early repayment penalty for Silent Participation II of €5.7m, agreed with the WSF in April 2022, became due. TUI has thus terminated and repaid all stabilisation measures of the WSF.

In summary, the capital increase, the repurchase of Silent Participation I and the warrants, which are presented as repurchase of equity instruments on the balance sheet, and the repurchase of the bonds and the early repayment penalty, which are presented within current financial liabilities, have the following effects on the balance of equity and liabilities before capital increase and repurchase respectively:

Effect of the capital increase and repurchase

€ million	prior	Capital increase / Repurchase	afterwards
Subscribed capital	178.5	328.9	507.4
Capital reserves	7,658.0	1,432.4	9,090.4
Equity	**- 921.1**	**1,761.3**	**840.1**
Liabilities from the repurchase of equity instruments	682.4	- 682.4	-
Current financial liabilities	348.0	- 67.6	280.4

Moreover, TUI AG reduced the volume of the KfW credit facility from €2.1bn to €1.1bn following completion of the capital increase.

The capital increase and the substantial reduction in government financing enable a significant improvement in the TUI Group's credit ratios and reduce current interest costs, allowing TUI to focus on growth and further market recovery. In the wake of the capital increase and the resulting improvement in balance sheet ratios, the rating agency Standard & Poors raised TUI's credit rating from B- to B (outlook positive).

Contact restriction measures and travel restrictions were gradually eased in most countries in the first months of the calendar year 2022 and business was fully resumed in all segments. The booking momentum for the 2023 financial year remains encouraging. Based on past trends, the Executive Board expects capacity to almost reach pre-crisis levels in summer 2023.

From the Executive Board’s perspective TUI Group currently has and will continue to have sufficient funds, resulting from both borrowings and operating cash flows, to meet its payment obligations and to ensure the going concern of the company accordingly in the foreseeable future. In this context, the Executive Board assumes that the credit lines expiring in summer 2024 will be refinanced. Therefore, as at 31 March 2023, the Executive Board does not identify any material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern.

The Executive Board does not see risks that could jeopardise the company's existence and assumes that compliance with covenants as of 30 September 2023 and 31 March 2024 is not at risk.

Nevertheless, the general price increase in recent months and a resulting reduced private budget could dampen customer demand. In addition, a permanent increase in fuel costs as well as services, especially those that we purchase in USD, could adversely affect the development.

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 business and current trading for the summer programme have confirmed the business performance guidance provided by TUI at the end of financial year 2022. Additionally a risk assessment was performed for the Group's assets to identify any indications of impairment as at 31 March 2023. On the basis of that assessment, TUI does not see any indication that the Group's assets may generally be impaired.

The accounting and measurement methods adopted in the preparation of the Interim Financial Statements as at 31 March 2023 are materially consistent with those followed in preparing the annual consolidated financial statements for the financial year ended 30 September 2022, except for the initial application of new or amended standards, as outlined below.

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

Newly applied standards

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

Newly applied standards in financial year 2023

Standard	Applicable from	Amendments	Impact on financial statements
Amendments to IAS 37 Onerous Contracts	1 Jan 2022	The amendments specify which costs to include in assessing whether a contract is onerous. The amendments clarify that the cost of fulfilling a contract consists of the direct cost of the contract representing either the incremental costs of fulfilling the contract or an allocation of other costs that relate directly to fulfilling the contract.	No impacts to the H1 interim reporting. For the current financial year no material impacts are expected.
Amendments to IAS 16 Proceeds before Intended Use	1 Jan 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity has to recognise the proceeds from selling such items, and the cost of producing those items, in profit or loss.	No impacts.
Amendments to IFRS 3 Reference to the Conceptual Framework	1 Jan 2022	The amendments update a reference to the Conceptual Framework in IFRS 3 without changing the accounting requirements for business combinations.	No impacts.
Various amendments to IFRS (2018-2020)	1 Jan 2022	The amendments resulting from the Annual Improvements 2018-2020 Cycle include small amendments to IFRS 1, IFRS 9, IAS 41, and the Illustrative Examples accompanying IFRS 16.	No major impacts.

Key judgements, assumptions and estimates

Recognition, measurement and disclosure of the contingent settlement provision to repurchase own equity instruments
On 13 December 2022, an agreement was concluded with the WSF, entitling TUI to repurchase its own equity instruments 'Silent Participation I' with a nominal value of €420m and the approx. 58.7m warrants with a carrying amount of €34.5m, contingent on receiving the proceeds from a capital increase carried out for refinancing purposes. Upon occurrence of that condition, TUI has contractually committed to repurchasing the equity instruments held by the WSF as well as the 587 partial bonds with a nominal value of €58.7m, reported under financial liabilities, against payment of the repurchase price. Accounting for the agreement required judgements with respect to the recognition, measurement and presentation of the repurchase liability.

On 24 March 2023, the Executive Board resolved, with the consent of the Supervisory Board, to implement a capital increase by launching a rights issue from Authorized Capital 2022/1 and Authorized Capital 2022/2. Since that date, in our view, the occurrence or non-occurrence of the condition for the repurchase of own equity instruments has been beyond TUI's control. In accordance with IAS 32, a financial liability therefore had to be recognized as of 24 March 2023 at the present value of the repurchase amount of the equity instruments, and Silent Participation I and the warrants had to be reclassified from equity.

As the transaction has to be accounted for as a repurchase of own equity instruments in accordance with IAS 32, the repurchase liability had to be measured in equity prior to the reclassification of the carrying amounts of €454.5m. As a result, revenue reserves decreased by the difference versus the present value of the repurchase price of €222.8m as at 24 March 2023.

The nature of the repurchase liability is relevant for an understanding of TUI's net assets, financial position and results of operations as of 31 March 2023. The repurchase liability is material and differs in nature from TUI's other financial liabilities due to the mechanism of IAS 32.23 in combination with IAS 32.25. The repurchase is therefore presented separately as 'Liabilities from the repurchase of equity instruments'. In accordance with IAS 32.23, the carrying amount of the repurchase obligation in respect of Silent Participation I and the warrants needs would have been reclassified back to equity if TUI had not received the proceeds from the resolved capital increase of €1.8bn. The associated measure 'Capital increase for the purpose of terminating the WSF stabilisation measures' results in an increase in equity of around €1.8bn, the repayment of the repurchase liability and a reduction in net debt in the amount of the remaining part of the capital increase. The proceeds from the resolved capital increase must not yet be recognised in the balance sheet as of 31 March 2023.

Group of consolidated companies

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

The Interim Financial Statements as of 31 March 2023 comprised a total of 272 subsidiaries of TUI AG.

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

	Consolidated subsidiaries	Associates	Joint ventures
Number at 30 Sep 2022	**268**	**17**	**27**
Additions	4	-	-
Incorporation	2	-	-
Demerger	1	-	-
Acquisition	1	-	-
Disposals	-	-	-
Number at 31 Mar 2023	**272**	**17**	**27**

* excl. TUI AG

Acquisitions – Divestments

Acquisitions in the period under review

In H1 2023 one company was acquired which does not constitute a business. No acquisitions were made in the prior year and after the reporting date.

Divestments

In H1 2023, no companies were sold. After the reporting date the non-consolidated company Peakwork AG was sold. For further information please refer to the section 'assets held for sale'.

Notes to the unaudited condensed consolidated Income Statement

In the first six months of financial year 2023, TUI Group's business volume was significantly higher than in H1 2022 which was still impacted by measures to contain the spread of COVID-19. TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months.

(1) Revenue

In the first six months of the financial year 2023, consolidated revenue increased by €2.4bn year-on-year to €6.9bn.

External revenue allocated by destinations for the period from 1 Oct 2022 to 31 Mar 2023*

€ million	Spain (incl. Canary Islands)	Other European destinations	Caribbean, Mexico, USA & Canada	North Africa & Turkey	Rest of Africa, Ind. Ocean, Asia	Other countries	**H1 2023 Revenues from contracts with customers**	Other	**H1 2023 Total**
Hotels & Resorts	153.6	25.1	138.7	19.2	92.6	-	429.2	-	429.2
Cruises	97.2	72.0	87.8	-	-	-	257.1	-	257.1
TUI Musement	48.3	68.1	66.1	17.0	64.5	26.0	290.0	-	290.0
Holiday experiences	299.1	165.2	292.6	36.2	157.1	26.0	976.3	-	976.4
Northern Region	786.9	439.1	627.8	247.3	414.8	13.9	2,529.8	4.8	2,534.6
Central Region	702.8	397.1	204.7	496.0	570.2	3.6	2,374.4	1.5	2,375.9
Western Region	309.0	115.1	267.0	149.7	157.1	11.2	1,009.1	3.5	1,012.6
Markets & Airlines	1,798.7	951.3	1,099.5	893.0	1,142.1	28.7	5,913.3	9.8	5,923.2
All other segments	0.2	3.2	0.2	0.2	-	-	3.9	-	3.9
Total	**2,098.1**	**1,119.8**	**1,392.4**	**929.4**	**1,299.2**	**54.7**	**6,893.6**	**9.8**	**6,903.4**

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

€ million	Spain (incl. Canary Islands)	Other European destinations	Caribbean, Mexico, USA & Canada	North Africa & Turkey	Rest of Africa, Ind. Ocean, Asia	Other countries	**H1 2022 Revenues from contracts with customers (adjusted)**	Other	**H1 2022 Total**
Hotels & Resorts	153.2	23.2	110.1	14.3	78.5	-	379.3	-	379.3
Cruises	35.8	3.3	36.3	-	-	0.1	75.5	-	75.5
TUI Musement	39.3	40.1	32.3	5.1	19.8	9.0	145.6	-	145.6
Holiday experiences	228.3	66.6	178.7	19.4	98.3	9.1	600.4	-	600.4
Northern Region	490.8	350.3	383.4	90.9	172.0	9.0	1,496.4	3.8	1,500.2
Central Region	506.3	373.1	152.1	260.1	316.0	2.8	1,610.4	0.5	1,610.8
Western Region	336.1	122.2	211.2	47.2	61.6	2.9	781.2	1.0	782.2
Markets & Airlines	1,333.2	845.6	746.7	398.2	549.6	14.7	3,888.0	5.3	3,893.2
All other segments	0.1	3.7	0.2	-	-	-	4.0	-	4.0
Total	**1,561.6**	**915.9**	**925.6**	**417.6**	**647.9**	**23.8**	**4,492.4**	**5.3**	**4,497.6**

*Due to the re-segmentation of Future Markets from All other segments to Hotels & Resorts, TUI Musement and Central Region in the current financial year, previous periods have been adjusted.

(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 45.5% to €6.9bn in H1 2023.

Government Grants

€ million	**H1 2023**	H1 2022
Cost of Sales	0.1	58.3
Administrative expenses	0.6	31.1
Total	**0.7**	**89.4**

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

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

Administrative expenses

€ million	H1 2023	H1 2022
Staff costs	297.0	271.6
Rental and leasing expenses	8.3	6.9
Depreciation, amortisation and impairment	34.1	39.2
Others	153.9	59.2
Total	**493.4**	**377.0**

Administrative expenses increased due to the termination of state aid programmes as well as increased exchange rates.

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

Staff costs

€ million	H1 2023	H1 2022
Wages and salaries	933.6	781.9
Social security contributions, pension costs and benefits	185.5	178.6
Total	**1,119.1**	**960.5**

Depreciation/amortisation/impairment

€ million	H1 2023	H1 2022
Depreciation and amortisation of other intangible assets, property, plant and equipment and right-of-use assets	417.6	431.1
Impairment of other intangible assets, property, plant and equipment and right-of-use assets	4.9	3.1
Total	**422.5**	**434.2**

The impairments of €4.9m were presented within cost of sales (H1 2022 €2.9m). In H1 2023 reversals of impairment losses of €1.0m were recognized in cost of sales (H1 2022 €5.2m).

(3) Other income

In the first six months of the financial year 2023 other income mainly includes €5.0m from the disposal of aircraft assets and €4.7m from the disposal of the Jet Set House (Crawley). In the prior year, other income reflects €22.0m from the disposal of Nordotel S.A., plus the sale of aircraft assets.

(4) Other expenses

In H1 2023 other expenses mainly results from the disposal of aircraft assets. In the previous year, there were no significant other expenses.

(5) Financial income and financial expenses

The improvement in the net financial result from €-255.3 m in the first six months of the previous year to €-246.6m in the current financial year is mainly the result of higher interest income.

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

Share of result of investments accounted for using the equity method

€ million	H1 2023	H1 2022
Hotels & Resorts	46.0	22.1
Cruises	26.0	- 38.2
TUI Musement	5.1	2.3
Holiday Experiences	77.1	- 13.8
Northern Region	- 3.4	- 20.7
Central Region	- 0.2	- 1.1
Western Region	0.3	-
Markets & Airlines	- 3.3	- 21.8
All other segments	0.2	-
Total	**74.0**	**- 35.6**

(7) Income taxes

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

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

TUI Group's result attributable to non-controlling interests is substantially a gain, primarily relating to RIUSA II Group at an amount of €61.3m (H1 2022 €12.5m profit).

Notes to the unaudited condensed consolidated Statement of Financial Position

(9) Goodwill

Goodwill decreased by €15.7m to €2,954.9m due to foreign exchange translation. The following table presents a breakdown of goodwill by cash generating unit (CGU) at carrying amounts.

Goodwill per cash generating unit

€ million	31 Mar 2023	30 Sep 2022
Northern Region	1,193.4	1,204.7
Central Region	502.3	502.5
Western Region	412.3	412.3
Riu	343.1	343.1
Marella Cruises	290.1	288.8
TUI Musement	167.0	171.4
Other	46.7	47.8
Total	**2,954.9**	**2,970.6**

As at 31 March 2023 a risk assessment of the capitalised goodwill was carried out based on updated information for the current financial year. As part of this assessment, there were no indications that led to a requirement to perform impairment testing of the capitalised goodwill. In this context, please refer to the section 'Accounting and measurement methods'.

(10) Property, plant and equipment

Compared to 30 September 2022 property, plant and equipment increased by €79.1m to €3,480.0m. Additions of €270.7m included €113.3m of acquisitions in the Hotels & Resorts segment. The construction of a new hotel on Mauritius, the acquisition of land on Jamaica and the renovation of hotels in Mexico and Cape Verde led to additions in the Riu Group totalling €100.3m. In addition, advance payments of €59.7m were made for the future delivery of additional aircraft. Additions to assets under construction of €34.2m and to payments on account of €8.6m relate to carry out maintenance work on cruise ships. Further additions related to the purchase of aircraft engines at €17.0m and of aircraft spare parts at €12.8m. The reclassification of four aircraft from right-of-use assets was the result of the exercise of existing purchase options and led to an increase in property, plant and equipment of €68.8m.

On the other hand, depreciation and amortisation of €127.2m led to a decrease in property, plant and equipment. Furthermore, plant and equipment decreased by €74.3m due to foreign exchange translation. In the first quarter, the sale of two aircraft engines led to a reclassification of €31.3m to assets held for sale. In this context, please refer to the section 'Assets held for sale'. Disposals of €28.6m led to a further reduction of property, plant and equipment and are mainly caused by the disposal of advance payments for future delivery of aircraft (€24.6m). Due to sale and leaseback transactions, the disposal of these advance payments led to the addition of right-of-use assets.

(11) Right-of-use assets

Compared to 30 September 2022 right-of-use assets decreased by €301.8m to €2,669.7m. Depreciation charged of €236.7m led to a decrease in right-of-use assets. Furthermore, the foreign exchange translation led to a decrease in right-of-use assets of €162.2m. The reclassification of four aircraft into property, plant and equipment led to a further reduction of right-of-use assets by €68.8m (in this context, we refer to the section 'Property, plant and equipment'). Disposals also reduced the right-of-use assets by €6.5m.

On the other hand, modifications and reassessments of existing lease contracts increased the right-of-use assets by €102.8m. The increase is mainly due to contract extensions related to leased aircraft (€73.3m), leased travel agencies (€13.4m) and hotel leases (€12.6). Furthermore, additions totalled €71.9m, of which €60.3m were attributable to the delivery of two new aircraft and two aircraft engines due to sale and leaseback transactions.

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

(12) Trade and other receivables

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

(13) Assets held for sale

As at 31 March 2023, the shares in the non-consolidated investment Peakwork AG with a value of €24.0m were classified as held for sale. The shares were sold in April 2023. The purchase price payment of €24.0m was made in April 2023.

During the period under review, two aircraft engines with a total value of €31.0m were classified as held for sale. The sale of the aircraft engines took place in February 2023.

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

(14) Pension provisions and similar obligations

The pension provisions for unfunded plans and underfunded plans increased by €22.6m to €623.9m compared to the end of the previous financial year.

The overfunding of funded pension plans reported in other non-financial assets decreased by €46.6m from €163.4m as at 30 September 2022 to €116.8m as at 31 March 2023.

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

(15) Liabilities from the repurchase of equity instruments

Liabilities from the repurchase of equity instruments relate to the contingent settlement provision to repay Silent Participation I held by the WSF and the approx. 58.7m warrants on TUI AG shares. As of 31 March 2023, the liability from the repurchase of equity instruments is carried at amortised cost of €678.4m. Please refer to section 'Key judgements, assumptions and estimates'.

(16) Financial liabilities

Non-current financial liabilities increased by €914.4m to €2,645.8m compared to 30 September 2022. This increase was primarily attributable to an increase in liabilities to banks related to credit lines with maturity in July 2024 of €880.9m.

The main financing instrument is a syndicated revolving credit facility (RCF) between TUI AG and the existing banking syndicate which from 2020, included the KfW. The volume of this revolving credit facility totals €3.555bn at 31 March 2023.

At 31 March 2023, the amounts drawn under the revolving credit facilities totalled €1,437.8m (30 September 2022 €562.0m).

Current financial liabilities increased by €28.5m to €348.4m at 31 March 2023 compared to €319.9m at 30 September 2022.

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

(17) Lease liabilities

Compared to 30 September 2022, the lease liabilities decreased by €372.9m to €2,834.6m. Payments of €441.8m led to a decline in lease liabilities. Furthermore, lease liabilities decreased by €194.4m due to foreign exchange translation. On the other hand, changes and remeasurements of existing leases resulted in an increase in lease liabilities of €98.5m, of which €73.2m mainly relate to lease extensions on aircraft. In addition, the lease liabilities increased by €85.1m due to interest charges. Furthermore, additions from newly leased contracts led to an increase in lease liabilities of €80.0m, of which €50.2m relate to the addition of two new aircraft and €18.4m to the addition of two aircraft engines.

(18) Other financial liabilities

The other financial liabilities include touristic advance payments received for tours cancelled because of COVID-19 restrictions of €13.2m (as at 30 September 2022 €16.7m), for which immediate cash refund options exist and which have to be repaid shortly if the customer opts for payment. Further obligations from COVID-19 related cancelled holidays do not exist.

(19) Changes in equity

Overall, equity decreased by €1,566.8m when compared to 30 September 2022, from €645.7m to €-921.1m.

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

In accordance with the Annual General Meeting resolution on 14 February 2023, TUI AG's share capital of €1,785.2m, divided into 1,785,205,853 no-par value registered shares with a proportionate amount of the share capital of €1.00 per no-par value share, was reduced by combining the shares in a ratio of 10:1. The capital stock was therefore reduced in February by €1,606.7m to €178.5m by means of a transfer to the capital reserve. The capital reserve increased accordingly by €1,606.7m.

With the resolution to carry out a rights issue in March 2023, Silent Participation I was revalued at its carrying amount of €420m and warrants issued to WSF were revalued at their carrying amount of €34.5m in equity at the present value of the repurchase price. The difference between the carrying amounts and the present values reduced retained earnings by €222.8m. Following their valuation, Silent Participation I and the warrants were reclassified to current liabilities as 'Liabilities from the repurchase of equity instruments'. For detailed explanations, please refer to section 'Key judgements, assumptions and estimates'.

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

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

The fair value profit of €23.7m on investments in equity instruments designated as at Fair value through other comprehensive income contains a write-up without effect on profit and loss in the amount of €23.2m for the shares of the non-consolidated investment Peakwork AG which was classified as held for sale as at 31 March 2023. For detailed explanations, please refer to section 'Assets held for sale'.

The proportion of gains and losses from hedging instruments for effective hedging of future cash flows includes an amount of €-176.2m (pre-tax) carried under other comprehensive income in equity outside profit and loss (previous year €61.7m).

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

(20) Financial instruments

Carrying amounts and fair values according to classes and measurement categories according to IFRS 9 as at 31 Mar 2023

		Category according to IFRS 9				
€ million	**Carrying amount**	At amortised cost	Fair value with no effect on profit and loss without recycling	Fair value with no effect on profit and loss with recycling	Fair value through profit and loss	Fair value of financial instruments
Assets						
Trade receivables and other receivables						
thereof instruments within the scope of IFRS 9	987.6	951.3	-	-	36.3	982.0
thereof instruments within the scope of IFRS 16	6.8	-	-	-	-	7.2
Derivative financial instruments						
Hedging transactions	17.9	-	-	17.9	-	17.9
Other derivative financial instruments	23.0	-	-	-	23.0	23.0
Other financial assets	66.1	56.3	8.9	-	0.9	62.9
Cash and cash equivalents	1,575.9	1,575.9	-	-	-	1,575.9
Liabilities						
Financial liabilities	2,994.2	2,994.2	-	-	-	2,734.1
Liabilities from the repurchase of equity instruments	678.4	678.4	-	-	-	674.1
Trade payables	2,013.7	2,013.7	-	-	-	2,013.7
Derivative financial instruments						
Hedging transactions	117.8	-	-	117.8	-	117.8
Other derivative financial instruments	43.9	-	-	-	43.9	43.9
Other financial liabilities	123.1	123.1	-	-	-	123.1

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

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

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

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

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

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

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

For all fuel price hedges contracted from 1 January 2023, the retrospective effectiveness will be determined, based on regression analysis. For fuel price hedges contracted until 31 December 2022, the dollar offset method will continue to be applied. This change in method allows hedge relationships to be presented more appropriately, so that as at 31 March 2023, no newly contracted fuel price hedges have to be de-designated. Furthermore, from 31 March 2023, the designation of the hedged item for foreign currency hedges will be evaluated on a seasonal basis, while in the previous periods it was done on a monthly basis. Due to the COVID-19 pandemic and its impact on the business operations of TUI, the seasonal consideration of the hedge ratio of foreign currency hedges was temporarily suspended. The resumption of seasonal consideration corresponds to the risk profile of the operational group companies for which these hedge instruments are contracted.
As at 31 March 2023, the fair value of these reclassified fuel price hedges totalled €-7.4m at a nominal volume of €135.7m, while the fair value of the interest rate hedges amounted to €+4.1m at a nominal volume of €237.9m and the fair value of foreign currency hedges totalled €+2.9m at a nominal volume of €36.9m.

Aggregation according to measurement categories under IFRS 9 as at 31 Mar 2023

€ million	Carrying amount of financial instruments Total	Fair Value
Financial assets		
at amortised cost	2,583.5	2,574.7
at fair value – recognised directly in equity without recycling	8.9	8.9
at fair value – through profit and loss	60.2	60.2
Financial liabilities		
at amortised cost	5,809.4	5,545.0
at fair value – through profit and loss	43.9	43.9

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

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

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

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

Hierarchy of financial instruments measured at fair value as at 31 Mar 2023

€ million	Total	Fair value hierarchy Level 1	Level 2	Level 3
Assets				
Other receivables	**36.3**	-	-	36.3
Other financial assets	**9.8**	-	-	9.8
Derivative financial instruments				
Hedging transactions	**17.9**	-	17.9	-
Other derivative financial instruments	**23.0**	-	23.0	-
Liabilities				
Derivative financial instruments				
Hedging transactions	**117.8**	-	117.8	-
Other derivative financial instruments	**43.9**	-	43.9	-

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

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

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

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

Level 1 financial instruments

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

Level 2 financial instruments

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

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

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

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

Level 3 financial instruments

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

Financial assets measured at fair value in Level 3

€ million	Other receivables IFRS9	Other financial assets IFRS 9
Balance as at 1 Oct 2021	**108.1**	**12.3**
Disposals	- 15.0	-
Total gains or losses for the period	13.4	- 1.4
recognised through profit and loss	13.4	- 0.1
recognised in other comprehensive income	-	- 1.3
Foreign currency effects	-	- 0.4
Balance as at 30 Sep 2022	**106.5**	**10.5**
Balance as at 1 Oct 2022	**106.5**	**10.5**
Disposals	- 70.7	- 24.0
payment	- 70.7	-
reclass to Assets Held For Sale	-	- 24.0
Total gains or losses for the period	0.5	23.7
recognised through profit and loss	0.5	-
recognised in other comprehensive income	-	23.7
Foreign currency effects	-	- 0.4
Balance as at 31 Mar 2023	**36.3**	**9.8**

Evaluation process

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

In principle, the unobservable input parameters relate to the following parameters: the (estimated) EBITDA margin is in a range between -5.9 % and 27.3 % (30 September 2022: 8.3 % and 24.0 %). The constant growth rate is 1 % (30 September 2022: 1 %). The weighted average cost of capital (WACC) is 10.6 % (30 September 2022: 9.5 %-11.3 %). Due to materiality, no detailed figures have been provided. With the exception of the WACC, there is a positive correlation between the input factors and the fair value.

The decrease of the fair values of the Other financial assets in Level 3 results from a valuation effect in the amount of €23,7m, the reclassification of shares in Peakwork AG to assets held for sale (€24.0m) and foreign exchange rate effects in the amount of €-0.4m.

The Other receivables according to IFRS 9 in Level 3 at a carrying amount of €36.3m as at 31 March 2023 (as at 30 September 2022 €106.5m) relate to a variable purchase price receivable from the sale of Riu Hotels S.A., carried as a financial instrument in the measurement category at fair value through profit and loss. The fair value is determined using a probability calculation for the future gross operating profit, taking account of contractual entitlements to an additional purchase price demand and an appropriate risk-adjusted discount rate (3.69 %, 30 September 2022: 1.99 to 2.87 %). Gross operating profit is defined as total revenue minus operating expenses. The cash flows from the contractual claims set out in the underlying Memorandum of Understanding depend solely on a number of contractually determined Riu hotels delivering the gross operating profit for calendar year 2023.

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

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

Sensitivity analysis shows that an increase in the hotels' gross operating profit of 10 % would result in a change in the present value of the additional purchase price receivable of €2.0m (as at 30 September 2022 €2.0m), while a reduction in gross operating profit of 10 % would result in a change in the present value of €-24.6m (as at 30 September 2022 €-24.4m). An interest rate shift of +/-100 basis points would alter the present value of the purchase price receivable by €0.4m (as at 30 September 2022 €0.5m).

Effects on results

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

(21) Contingent liabilities

As at 31 March 2023, contingent liabilities amounted to €85.4m (as at 30 September 2022 €93.5m). They are mainly attributable to the granting of guarantees for the benefit of hotel and cruises activities and the granting of guarantees for contingent liabilities from aircraft leasing agreements. The contingent liabilities are reported at an amount representing the best estimate of the expenditure required to meet the potential obligation at the balance sheet date.

(22) Other financial commitments

Nominal values of other financial commitments

€ million	31 Mar 2023	30 Sep 2022
Order commitments in respect of capital expenditure	2,204.8	2,291.4
Other financial commitments	130.6	129.2
Total	**2,335.4**	**2,420.6**

As at 31 March 2023 order commitments in respect of capital expenditure decreased by €86.6m as against 30 September 2022.

The decrease in order commitments is largely attributed to a decline in aircraft obligations. Delivery of aircraft and the effects of foreign exchange for order commitments denominated in non-functional currencies is to a greater extent partially offset by new aircraft orders undertaken in the period. In addition, new projects for hotel development were undertaken by Hotels & Resorts segment.

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

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

In the period under review, cash and cash equivalents decreased by €161.0m to €1,575.9m.

In H1 2023, the cash outflow from operating activities totalled €284.4m (H1 2022 cash outflow of €439.8m), including an inflow of €13.8m (H1 2022 €2.8m) from interest payments and €2.8m (H1 2022 €0.1m) from dividends received from companies measured at equity. Income tax payments resulted in a cash outflow of €50.4m (H1 2022 €10.1m).

The total cash outflow from investing activities totalled €219.4m (H1 2022 cash outflow of €136.5m). This amount included a cash outflow for capital expenditure on property, plant and equipment and intangibles of €364.8m. The Group recorded a cash inflow of €74.1m from the divestment of property, plant and equipment and intangible assets. TUI recorded a cash inflow of €70.7m from the earn-out payment in connection with sale of the stakes in Riu Hotels S.A. and €3.0m from the sale of Karisma Hotels Caribbean S.A., effected in financial year 2021. A cash inflow of €2.1m resulted from the sale of money market funds, €3.5m was spent on the purchase.

The cash inflow from financing activities totalled €355.6m (H1 2022 cash outflow of €363.6m).

In the financial year under review, TUI AG increased its syndicated credit facility by €878.8m. Other TUI Group companies took out loans worth €176.1m. A cash outflow of €453.7m resulted from the redemption of financial liabilities, including an amount of €362.1m for lease liabilities. Interest payments resulted in a cash outflow of €227.8m. TUI AG paid an amount of €16.8m as coupon on Silent Participation I of the German Economic Stabilisation Fund, carried as a dividend.

In addition, cash and cash equivalents decreased by €12.8m (H1 2022 increase by €3.2m) due to changes in exchange rates.

As at 31 March 2023 cash and cash equivalents worth €646.9m were subject to restrictions (as at 30 September 2022 €526.1m).

On 30 September 2016, TUI AG entered into a long-term agreement to close the gap between the obligations and the fund assets of defined benefit pension plans in the UK. At the balance sheet date, an amount of €67.6m was deposited as security within a bank account (as at 30 September 2022 €66.1m). TUI Group can only use this amount of cash and cash equivalents if it provides alternative collateral.

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

The remaining €463.2m (as at 30 September 2022 €343.9m) relate to cash and cash equivalents to be deposited due to statutory or regulatory requirements, mainly in order to secure customer deposits and credit card payables.

(24) Reporting segments

Revenue by segment for the period from 1 Oct 2022 to 31 Mar 2023*

€ million	External	Group	H1 2023 Total
Hotels & Resorts	429.2	313.7	742.9
Cruises	257.1	-	257.1
TUI Musement	290.0	110.3	400.3
Consolidation	-	- 0.2	- 0.2
Holiday Experiences	976.4	423.7	1,400.1
Northern Region	2,534.6	168.7	2,703.3
Central Region	2,375.9	41.0	2,416.9
Western Region	1,012.6	74.1	1,086.7
Consolidation	-	- 272.1	- 272.1
Markets & Airlines	5,923.2	11.6	5,934.8
All other segments	3.9	2.7	6.6
Consolidation	-	- 438.1	- 438.1
Total	**6,903.4**	**-**	**6,903.4**

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

€ million	External	Group	H1 2022 Total
Hotels & Resorts	379.3	145.3	524.6
Cruises	75.5	-	75.5
TUI Musement	145.6	63.7	209.3
Consolidation	-	- 2.0	- 2.0
Holiday Experiences	600.4	207.0	807.4
Northern Region	1,500.2	155.6	1,655.8
Central Region	1,610.8	38.3	1,649.1
Western Region	782.2	70.7	852.9
Consolidation	-	- 260.2	- 260.2
Markets & Airlines	3,893.2	4.4	3,897.6
All other segments	4.0	2.3	6.3
Consolidation	-	- 213.7	- 213.7
Total	**4,497.6**	**-**	**4,497.6**

*Due to the re-segmentation of Future Markets from All other segments to Hotels & Resorts, TUI Musement and Central Region in the current financial year, previous periods have been adjusted.

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 result from the measurement of the Group's interest rate hedging instruments. Impairment losses on goodwill are by definition included in EBIT.

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

In H1 2023, underlying EBIT includes results of investments accounted for using the equity method of €74.0m (H1 2022 €-35.6m). For a split up by segments, please refer to Note 6 'Share of result of investments accounted for using the equity method'.

Underlying EBIT by segment*

€ million	H1 2023	H1 2022
Hotels & Resorts	149.7	84.8
Cruises	15.0	- 105.3
TUI Musement	- 26.2	- 31.5
Holiday Experiences	138.4	- 51.9
Northern Region	- 269.5	- 352.6
Central Region	- 131.1	- 82.8
Western Region	- 102.9	- 89.4
Markets & Airlines	- 503.2	- 524.7
All other segments	- 30.6	- 26.8
Total	**- 395.3**	**- 603.5**

Due to the re-segmentation of Future Markets from All other segments to Hotels & Resorts, TUI Musement and Central Region in the current financial year, previous periods have been adjusted.

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

€ million	H1 2023	H1 2022
Hotels & Resorts	3.3	-
Holiday Experiences	3.3	-
Northern Region	1.6	1.6
Central Region	-	1.3
Western Region	-	-
Markets & Airlines	1.6	2.9
All other segments	-	0.2
Total	**4.9**	**3.1**

Reconciliation to underlying EBIT of TUI Group

€ million	H1 2023	H1 2022
Earnings before income taxes	**- 648.8**	**- 871.0**
plus: Net interest expenses (excluding expense / income from measurement of interest hedges)	233.1	253.8
plus: (Income) expense from measurement of interest hedges	9.5	2.7
EBIT	**- 406.3**	**- 614.5**
Adjustments:		
less: Separately disclosed items	- 1.7	- 3.3
plus: Expense from purchase price allocation	12.7	14.3
Underlying EBIT	**- 395.3**	**- 603.5**

Net income for separately disclosed items of €1.7m included €3m income from the release of restructuring provisions no longer needed in Northern Region, €2m income from the release of restructuring provisions no longer needed in Western Region and €1m release of restructuring provisions no longer needed in TUI Musement for the termination of the Tantur / TUI Russia business in the previous financial year, partly offset by €3m restructuring expenses in All Other Segments and €1m subsequent purchase price adjustments in the Hotels & Resorts segment.

Net income for the separately disclosed items of €3.3m in H1 2022 include income of €22m from the sale of the shares in Nordotel S.A, fully consolidated in the Hotels & Resorts segment, to Grupotel S.A., a joint venture of the TUI Group and €2m from the reversal of an impairment on the Group's office building. In addition, restructuring expenses in the Central Region (€17m) and All Other Segments (€4m) segments were adjusted.

Expenses for purchase price allocations of €12.7m (previous year €14.3m) relate in particular to the scheduled amortisation of intangible assets from acquisitions made in previous years.

(25) Related parties

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

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

(26) Significant transactions after the balance sheet date

The capital increase from authorised capital, resolved by the Executive Board of TUI AG on 24 March 2023, became effective on 19 April 2023 upon registration with the commercial registers of Berlin and Hanover. The issuance of 328,910,448 new shares with a proportionate amount of €1 of the share capital caused an increase in subscribed capital of €328.9m. The difference of €1,498.1m between that amount and the gross proceeds from the capital increase of €1,827.0m was transferred to the capital reserve. The ancillary costs of the capital increase, expected to amount to €65.7m, will be offset against the capital reserve.

Following receipt of the proceeds from the capital increase on 24 April 2023, Silent Participation I and the around 56.8m warrants held by the WSF as well as the outstanding 587 of the 2020/2026 bonds with warrants were fully redeemed. For Silent Participation I and the 2023 coupon payable on it, a redemption price of €651.6m was paid. €30.8m were used for the repurchase of the warrants and further €61.9m for the early redemption of the 587 bonds with a nominal value of €58.7m, including accrued interest of €3.2m.

At the same time, the early repayment penalty for Silent Participation II of €5.7m, agreed with the WSF in April 2022, became due. TUI has thus terminated and repaid all stabilisation measures of the WSF.

In summary, the capital increase, the repurchase of Silent Participation I and the warrants, which are presented as repurchase of equity instruments on the balance sheet, and the repurchase of the bonds and the early repayment penalty, which are presented within current financial liabilities, have the following effects on the balance of equity and liabilities before capital increase and repurchase respectively:

Effect of the capital increase and repurchase

€ million	prior	Capital increase / Repurchase	afterwards
Subscribed capital	178.5	328.9	507.4
Capital reserves	7,658.0	1,432.4	9,090.4
Equity	**- 921.1**	**1,761.3**	**840.1**
Liabilities from the repurchase of equity instruments	682.4	- 682.4	-
Current financial liabilities	348.0	- 67.6	280.4

Moreover, TUI AG reduced the volume of the KfW credit facility from €2.1bn to €1.1bn following completion of the capital increase.

With repurchase of the Silent Participation I and the warrants the terms and conditions related to them and which TUI AG has to comply with ceased. Accordingly after the repurchase the WSF is no longer a related party.

On 1 May 2023 the associate Sunwing Travel Group Inc., Canada, sold its tourism business in Canada and USA to the WestJet Group, Canada. The consideration comprised variable components and shares in WestJet Group. The determination of the fair value of these components have not been finalized yet.

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, 8 May 2023

Sebastian Ebel

David Burling

Mathias Kiep

Peter Krueger

Sybille Reiss

Review Report

To TUI AG, Berlin/Germany and Hanover/Germany

We have reviewed the condensed interim consolidated financial statements – comprising the condensed income statement, the condensed statement of comprehensive income, the condensed statement of financial position, the condensed statement of changes in equity, the condensed statement of cash flows as well as selected explanatory notes to the consolidated financial statements – and the interim Group management report for the period from 1 October 2022 until 31 March 2023 of TUI AG, Berlin and Hanover, which are part of the half-year financial report under § 115 WpHG (Wertpapierhandelsgesetz: German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, and of the interim Group management report in accordance with the requirements of the WpHG applicable to interim Group management reports is the responsibility of the entity's executive board. Our responsibility is to issue a review report on the condensed interim consolidated financial statements and on the interim Group management report based on our review.

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

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

Hanover/Germany, 9 May 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Annika Deutsch	Elmar Meier
German Public Auditor	German Public Auditor

Cautionary statement regarding forward-looking statements

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

Financial calendar

	Date
Half-Year Financial Report H1 2023	10 May 2023
Interim Financial Report Q3 2023	14 August 2023
Trading Update	September 2023
Annual Report 2023	December 2023

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