Prospectus

under the simplified disclosure regime for secondary issuances pursuant to Art. 14 of Regulation (EU) 2017/1129 and Annex 3 and Annex 12 of Delegated Regulation (EU) 2019/980
dated 6 October 2021 and valid until the commencement of trading of the new shares on the Regulated Market of the Hanover Stock Exchange which is expected to take place on 2 November 2021
for the public offering in Germany of

523,520,778 new ordinary registered shares with no par value
from a capital increase against cash contributions from the Company's authorized capital 2021/I and authorized capital 2021/II with subscription rights for existing shareholders resolved by the executive board of the Company (*Vorstand*) on 6 October 2021, with approval of the supervisory board of the Company (*Aufsichtsrat*) of the same date

and

for the admission to the regulated market of the Hanover Stock Exchange of
523,520,778 new ordinary registered shares with no par value

and

for the inclusion in the Open Market segment of the Frankfurt Stock Exchange of
523,520,778 new ordinary registered shares with no par value

—each such share with a notional value (the proportionate amount of the share capital attributable to each share) of €1.00—

International Securities Identification Number (ISIN) DE000TUAG000
German Securities Identification Number (*Wertpapier-Kennnummer*, WKN) TUAG00
Ticker symbol: TUI

of

TUI AG
Berlin and Hanover, Germany

Joint Global Coordinators and Joint Bookrunners

Barclays	BofA Securities	Citigroup
Deutsche Bank		HSBC

Joint Bookrunners

COMMERZBANK	Landesbank Baden-Württemberg	Natixis

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Summary

A. Introduction and warnings

A.1. The prospectus of which this summary is an integral part relates to an offering of shares (as more fully described below, the "**New Shares**") of TUI AG (the "**Company**"). The Company's legal entity identifier ("**LEI**") is 529900SL2WSPV293B552. The international securities identification number ("**ISIN**") of the New Shares is DE000TUAG000.

A.2. In this summary, the terms "**TUI**", "**Group**", "**we**", "**us**" and "**our**" refer to the Company together with its consolidated subsidiaries.

A.3. The address of the Company is: Karl-Wiechert-Allee 4, 30625 Hanover, Germany. Our telephone number is +49 (511) 566-00. Our website is www.tuigroup.com. Information on our website is not part of this prospectus.

A.4. The New Shares will be offered by Barclays Bank Ireland PLC, One Molesworth Street, Dublin 2, D02 RF29, Ireland, LEI: 2G5BKIC2CB69PRJH1W31, telephone +353 (0)1 4283859 ("**Barclays**"); BofA Securities Europe SA, 51 rue La Boétie, 75008 Paris, France, LEI: 549300FH0WJAPEHTIQ77, telephone +33 (0) 1 8770 0000 ("**BofA Securities**"); Citigroup Global Markets Europe AG, Reuterweg 16, 60323 Frankfurt am Main, Germany, LEI: 6TJCK1B7E7UTXP528Y04, telephone +49 (0)69 13660 ("**Citigroup**"); Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Germany, LEI: 7LTWFZYICNSX8D621K86, telephone +49 (0)69 91000 ("**Deutsche Bank**"); HSBC Trinkaus & Burkhardt AG, Königsallee 21/23, 40212 Düsseldorf, Germany, LEI: JUNT405OW8OY5GN4DX16, telephone +49 (0)211 910-0 ("**HSBC**"), COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany LEI: 851WYGNLUQLFZBSYGB56, telephone +49 (0)69 1 36 20 ("**COMMERZBANK**"), Landesbank Baden-Württemberg, Am Hauptbahnhof 2, 70173 Stuttgart, Germany, LEI: B81CK4ESI35472RHJ606, telephone +49 (0)711 127 0 ("**Landesbank Baden-Württemberg**") and Natixis, 30 avenue Pierre Mendès France, 75103 Paris, France, LEI: KX1WK48MPD4Y2NCUIZ63, telephone +33 1 58 19 43 00 ("**Natixis**") and the Company. Deutsche Bank will act as the listing agent (in this capacity, the "**Listing Agent**"), and, together with the Company, will apply for the admission to trading of the New Shares on the regulated market segment (*regulierter Markt*) of the Hanover Stock Exchange ("**HSE**") and the inclusion on the Open Market segment of the Frankfurt Stock Exchange (the "**FSE**").

A.5. The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht)* ("**BaFin**"), Marie-Curie-Str. 24-28, 60439 Frankfurt am Main, Germany, telephone +49 (228) 4108-0, as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**"), approved this prospectus on 6 October 2021. For purposes of the UK Admission (as defined below), a separate prospectus is expected to be approved on the same day by the UK Financial Conduct Authority ("**FCA**") as this prospectus, after the withdrawal of the United Kingdom from the European Union, can no longer be notified to the FCA pursuant to the Prospectus Regulation.

A.6. You should read this summary as an introduction to the prospectus. Any decision to invest in the New Shares should be based on a consideration of the prospectus as a whole. An investment in the New Shares involves risk. You could lose all or part of your invested capital.

A.7. If you bring a claim relating to the information contained in this prospectus before a court, you might, under national law, have to bear the costs of translating the prospectus before legal proceedings are initiated.

A.8. Civil liability attaches only to those persons who have assumed responsibility for the contents of this summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the prospectus, or where it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in the New Shares.

B. Key information on the issuer

B.1. *Who is the issuer of the securities?*

Domicile and legal form. The Company is a stock corporation (*Aktiengesellschaft*) under German law. Its registered offices are in Hanover and Berlin, Germany. The Company is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hanover, Germany, under number HRB 6580 as well as the commercial register of the district court of Berlin-Charlottenburg, Germany under HRB 321 (together the "**Commercial Registers**"). The Company's LEI is 529900SL2WSPV293B552.

Principal activities. We are a tourism group comprising tour operators, travel agencies and online portals, airlines, hotels and cruise liners.

Major shareholders. The following table shows our shareholders that, as at the date of this prospectus, have an interest in the Company's capital or voting rights which is notifiable under German law.

	Before Offering		After Offering	
Shareholder	Shares	%	Shares[1]	%[1]
Unifirm Limited[2]	351,805,964	32.00	519,332,613	32.00
JPMorgan Chase & Co.[3]	60,006,295	5.46[4]	88,580,721	5.46
The Goldman Sachs Group, Inc.[5]	55,983,920	5.09[6]	82,642,929	5.09

	Before Offering		After Offering	
Shareholder	**Shares**	**%**	**Shares**[1]	**%**[1]
Riu Hotels S.A.[7]	39,018,916	3.55	57,599,352	3.55

(1) Assumes that each major shareholder shown above exercises all its subscription rights, with respect to Unifirm Limited ("**Unifirm**") under its commitments under the Commitment Agreement (as defined below).

(2) Unifirm, to the knowledge of the Company, is owned 65% by KN-Holding Limited Liability Company, whose ultimate owners are Kirill and Nikita Mordashov, sons of Alexey Mordashov, who is a member of the Company's Supervisory Board. The remaining 35% of Unifirm is indirectly owned by Alexey Mordashov through Severgroup Limited Liability Company and Rayglow Limited. We have been informed that Alexey, Kirill and Nikita Mordashov have entered into a shareholders' agreement as a result of which each is deemed to be ultimate beneficial owner of Unifirm's 32.00% stake in the Company.

(3) Directly held by J.P. Morgan Securities plc, J.P. Morgan Securities LLC, JPMorgan Chase Bank and National Association which are ultimately controlled by JPMorgan Chase & Co.

(4) Thereof 0.17% attributed to shares and 5.29% held through instruments before the Offering and 0.17% and 5.29%, respectively, after the Offering (assuming subscription rights for shares held via instruments may be exercised in full).

(5) Directly held by Goldman Sachs Asset Management L.P., Goldman, Sachs & Co. Wertpapier GmbH, Goldman Sachs International Bank, Goldman Sachs & Co. LLC and Goldman Sachs International which are ultimately controlled by the Goldman Sachs Group, Inc.

(6) Thereof 0.07% attributed to shares and 5.02% held through instruments before the Offering and 0.07% and 5.02%, respectively, after the Offering (assuming subscription rights for shares held via instruments may be exercised in full).

(7) Riu Hotels S.A. is controlled by SARANJA S.L., which holds 100% of the shares in Riu Hotels S.A. and is controlled by Luis Riu and Carmen Riu.

As of the date of this Prospectus, the Company is controlled by Unifirm within the meaning of section 29 para. 2 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*). The restrictions imposed by German law, in particular the Stock Corporation Act (*Aktiengesetz*) on the possibility of a controlling shareholder exercising undue influence, have been complied with by Unifirm and the Company. The Company's articles of association do not contain any special regulations to ensure that such influence is not abused.

Key managing directors. Our key managing directors are the members of our executive board (*Vorstand,* "**Executive Board**"). These are: Friedrich Joussen, Chief Executive Officer (*Vorstandsvorsitzender*); David Burling, CEO Markets & Airlines; Sebastian Ebel, CFO; Sybille Reiß, CHRO, Labour Director; Peter Krueger, CSO; and Frank Rosenberger, CIO, Future Markets.

Auditors. Our auditors are Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hanover, Germany ("**Deloitte**").

B.2. *What is the key financial information regarding the issuer?*

We have derived the selected financial information shown below from our audited consolidated financial statements as at and for the fiscal year ended 30 September 2020 ("**Fiscal 2020**") prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**") and the supplementary requirements of section 315e German Commercial Code, which include comparative financial information for the fiscal year ended 30 September 2019 ("**Fiscal 2019**") (the "**Audited Consolidated Financial Statements**") as well as the unaudited condensed consolidated interim financial statements as at and for the nine-month period ended 30 June 2021 (the "**Nine-Month Period 2021**"), which include comparative financial information for the nine-month period ended 30 June 2020 (the "**Nine-Month Period 2020**") which were prepared in accordance with IFRS on interim financial reporting (IAS 34) (the "**Unaudited Condensed Consolidated Interim Financial Statements**"). Deloitte have audited and issued an unqualified audit opinion on our Audited Consolidated Financial Statements. The Unaudited Condensed Consolidated Interim Financial Statements have not been audited but reviewed by Deloitte and Deloitte issued a review report.

Where financial information is labeled "audited" in the tables in the summary of this prospectus, this information was taken from the Audited Consolidated Financial Statements. The label "unaudited" is used in tables in the summary of this prospectus to indicate financial information that was taken from the Unaudited Condensed Consolidated Interim Financial Statements, or from our accounting records or internal management reporting systems or has been calculated based on figures from the above-mentioned sources.

We have applied IFRS 16 (Leases) since 1 October 2019. The adoption of IFRS 16 changes the way we record lease obligations on our statement of financial position, and the effect those obligations have on our income statement and cash flow statements. In adopting IFRS 16, we have made use of the "modified retrospective" approach. Under this transition method, we have not restated the comparative figures for Fiscal 2019. Instead, we recognised the cumulative effect of the transition in retained earnings as at 1 October 2019. As a result, lease-related amounts for Fiscal 2020 may not be fully comparable with those for Fiscal 2019.

Selected information from the consolidated income statement

	Nine-Month Period		Fiscal	
	2020	**2021**	**2019**[1]	**2020**
	(unaudited)		*(audited, except otherwise noted)*	
	(€ million)			
Revenue	**6,710.4**	**1,365.9**	**18,928.1**	**7,943.7**

	Nine-Month Period		Fiscal	
	2020	2021	2019[1]	2020
	(unaudited)		*(audited, except otherwise noted)*	
	(€ million)			
Cost of sales	7,968.7	2,642.4	17,489.4	9,926.1
Gross loss / profit	**(1,258.3)**	**(1,276.4)**	**1,438.7**	**(1,982.4)**
Administrative expenses	731.1	604.2	987.1	1,017.3
Further income[2]	8.1	(180.1)	438.5	381.9
Further expenses[3]	386.5	329.8	198.4	585.6
Earnings before income taxes	**(2,367.7)**	**(2,390.7)**	**691.6**	**(3,203.3)**
Income taxes	(43.1)	47.3	159.6	(64.2)
Group loss / profit	**(2,324.7)**	**(2,438.0)**	**532.1**	**(3,139.1)**
Of which: attributable to shareholders of TUI AG	(2,342.8)	(2,409.6)	416.4	(3,148.4)

(1) Figures extracted or derived from the comparative figures for Fiscal 2019 included in the Audited Consolidated Financial Statements which were adjusted to reflect changes to the method we use to record IT expenses and cost of sales and the finalisation of accounting for acquisitions. Comparative figures for Fiscal 2019 were not restated as a result of the adoption of IFRS 16 on 1 October 2019 and therefore, the lease-related amounts for Fiscal 2020 are not fully comparable with those for Fiscal 2019.

(2) Unaudited. Consists of other income, financial income and share of result of joint ventures and associates / share of result of investments accounted for using the equity method and impairment (+) / reversals of impairment (-) of net investments in joint ventures and associates.

(3) Unaudited. Consists of other expenses, impairment (+) / reversals of impairment (-) of financial assets, financial expenses and impairment of goodwill.

Selected information from the consolidated statement of financial position

	30 June	30 September	
	2021	2019[1]	2020
	(unaudited)	*(audited)*	
	(€ million)		
Non-current assets	11,314.2	11,947.9	12,647.8
Current assets	3,321.7	4,270.2	2,693.4
Total assets	**14,635.9**	**16,218.1**	**15,341.1**
Equity before non-controlling interest	(1,174.9)	3,454.2	(448.4)
Equity	(524.7)	4,165.6	218.1
Non-current provisions and liabilities	8,977.2	4,740.9	8,803.7
Current provisions and liabilities	6,183.5	7,311.6	6,319.3
Total equity, provisions and liabilities	**14,635.9**	**16,218.1**	**15,341.1**

(1) Figures extracted or derived from the comparative figures for Fiscal 2019 included in the Audited Consolidated Financial Statements. Comparative figures for Fiscal 2019 were not restated as a result of the adoption of IFRS 16 on 1 October 2019 and therefore, the lease-related amounts for Fiscal 2020 are not fully comparable with those for Fiscal 2019.

Selected information from the consolidated cash flow statement

	Nine-Month Period		Fiscal	
	2020	2021	2019[1]	2020
	(unaudited)		*(audited)*	
	(€ million)			
Cash inflow (outflow) from operating activities	(1,959.0)	(1,089.4)	1,114.9	(2,771.9)
Cash inflow (outflow) from investing activities	(39.9)	125.4	(1,141.4)	161.8
Cash inflow (outflow) from financing activities	2,303.9	1,228.3	(763.8)	2,112.5

(1) Figures extracted or derived from the comparative figures for Fiscal 2019 included in the Audited Consolidated Financial Statements. Comparative figures for Fiscal 2019 were not restated as a result of the adoption of IFRS 16 on 1 October 2019 and therefore, the lease-related amounts for Fiscal 2020 are not fully comparable with those for Fiscal 2019.

B.3. *What are the key risks that are specific to the issuer?*

The risk factors set forth in this section B.3., together with those set forth below under section C.3., describe the 15 risks that are key risks specific to the Company as of the date of this prospectus, taking into account the negative impact they could have on us and the probability of their occurrence.

Risks related to our business and industry:

- The COVID-19 outbreak has had material adverse consequences for our revenue and profitability, cash flow and liquidity, plans and goals, and share price. We expect that the pandemic will continue to have a significant effect on our business and industry over at least the short term.
- A repeated resurgence of COVID-19 after the virus had begun to subside, as well as renewed countermeasures by authorities, have extended the effects of the pandemic and reversed the limited recovery that had been made in our results of operations, in our industry and in the economy in general; we cannot predict when further outbreaks of COVID-19 or new variants may occur.

- Various macroeconomic factors may adversely affect our business by diminishing customer ability or willingness to spend money on our holidays.
- Our business will suffer if we cannot adapt to changes in customer behaviour and preferences.
- Political instability, natural catastrophes, accidents and other events outside our control may reduce customer demand and otherwise unfavourably affect our business.
- Significant competition in the European tourism industry could lead to reduced prices or to a loss of customers.
- Excess capacity in our aircraft, hotels and cruise ships can affect us adversely.
- The Group's vertically-integrated business model means it is disproportionately impacted by a decline in revenues.
- Corporate restructuring projects and cost saving actions may not be successful or may take longer and be more expensive than anticipated.
- European and national restrictions on airline ownership could result in the loss of the Group's airline operating and route licenses, force us to divest our airline businesses or result in other adverse effects.

Risks related to our financial profile:

- Our substantial leverage and debt service obligations could materially adversely affect our business, financial condition or results of operations.
- Although the Group, taking into account the net proceeds from the Offering, has sufficient working capital for its present requirements, that is, for at least twelve months following the date of this prospectus, the Company's potential inability to comply with the financial covenants under the Syndicated Facilities Agreement could result in a working capital shortfall after such twelve-month period, in November 2022.

C. Key information on the securities

C.1. *What are the main features of the securities?*

Type, Class, Par Value and ISIN. The New Shares are ordinary registered shares, each with a notional value (the proportionate amount of the share capital attributable to each share) of €1.00. The ISIN of the New Shares is DE000TUAG000.

Currency of Issue and Number of Shares. Our shares are denominated in euro. At the date of this prospectus, we have 1,099,393,634 shares outstanding. All shares are fully paid in. After the Offering we will have 1,622,914,412 shares outstanding.

Voting Rights. Each New Share carries one vote at the Company's general shareholders' meeting. There are no restrictions on voting rights.

Dividend Rights. The New Shares carry full dividend rights from 1 October 2020 and for all subsequent financial years. Shareholders participate in any dividend paid in proportion to their notional share in the share capital.

Rights upon Liquidation. The New Shares participate in any liquidation proceeds in proportion to their notional share in the share capital of the Company.

Seniority. The New Shares rank equally with all other shares of their class in the event of insolvency. They rank junior to all our liabilities.

Transferability. The New Shares are freely transferable.

Dividends and Dividend Policy. The terms of financings that we have received as emergency state aid relating to the COVID-19 pandemic as well as the terms of the Silent Participation being part of the Stabilisation Package, effectively prohibit us from paying dividends as long as amounts under these financings remain outstanding. Even if we return to profitability, the Company will be unable to pay dividends while these instruments remain outstanding. Consequently, we will not pay a dividend for the fiscal year 2021.

C.2. *Where will the securities be traded?*

Applications will be made for the New Shares to be admitted to trading on the regulated market segment of the HSE and to be included and admitted to trading in the Open Market segment of the Frankfurt Stock Exchange (the "**FSE**"). Applications will also be made to the FCA for the New Shares to be admitted to the premium listing segment of the Official List of the FCA and to trading on the Main Market for listed securities of the London Stock Exchange.

The existing shares of the Company are, and the New Shares are expected to be, listed and admitted to trading:

- under the symbol "TUI" in the form of depositary interests, or DIs ("**DIs**"), through the CREST system, on the premium listing segment of the Official List of the FCA on the Main Market of the London Stock Exchange; and
- under the symbol "TUI" on the regulated market segment (*regulierter Markt*) of the HSE.

The existing shares of the Company are, and the New Shares are expected to be, included and admitted to trading under the symbol "TUI1" on the Open Market segment of the FSE with trading over its Xetra electronic trading platform ("**Xetra**").

C.3. *What are the key risks attached to the securities?*

- The terms of certain instruments we have received as emergency state aid in reaction to the COVID-19 pandemic, as well as the terms of the Silent Participation being part of the Stabilisation Package, effectively prohibit us from distributing dividends. Even if we return to profitability, the Company will be unable to pay dividends while these instruments remain outstanding. Any future state assistance we receive may impose similar terms.
- The holdings of shareholders who do not participate in the Offering will be significantly diluted, i.e., the value of their shares and their control rights will be negatively impacted.
- If the Offering is not consummated or if TUI's share price declines sharply, the Subscription Rights (as defined below) will expire or become worthless.

D. Key information on the offer of securities to the public and admission to trading on a regulated market

D.1. *Under which conditions and timetable can I invest in this security?*

The Offering. The Offering consists of 523,520,778 New Shares which will be offered to the Company's shareholders for subscription at a ratio of 10:21 (i.e., offer for the subscription of 10 New Shares per 21 Existing Shares). The New Shares originate from the capital increase against cash contribution from the Company's authorized capital 2021/I and authorized capital 2021/II resolved by the Executive Board on 6 October 2021, with approval of the supervisory board of the Company (*Aufsichtsrat*) of the same date, increasing the Company's registered share capital from €1,099,393,634.00 by €523,520,778.00 to €1,622,914,412.00 (the "**Capital Increase**"), with direct subscription rights for the existing shareholder Unifirm and indirect subscription rights (together the "**Subscription Rights**") for all other existing shareholders of the Company, each such share representing a notional value of €1.00 and carrying full dividend rights from 1 October 2020.

The New Shares will be offered:

- In a subscription offer (*Bezugsangebot*) to existing shareholders by way of (i) a public offering in Germany and the UK, (ii) private placements in the United States to qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and (iii) private placements to eligible investors outside the United States in reliance on Regulation S under the Securities Act (the "**Subscription Offer**"); and
- New Shares not subscribed for in the Subscription Offer (the "**Rump Shares**") in private placements to eligible or qualified investors in certain other jurisdictions (the "**Rump Placement**", and, together with the Subscription Offer, the "**Offering**").

Existing shareholders, other than Unifirm, can exercise their Subscription Rights to the New Shares during the subscription period from and including 8 October 2021 up to and including 26 October 2021 (the "**Subscription Period**") through their respective depositary bank. The subscription price per New Share to be paid by existing shareholders is €2.15 (the "**Subscription Price"**).

Barclays, BofA Securities, Citigroup, Deutsche Bank and HSBC (together the "**Joint Global Coordinators**") will act as joint global coordinators, joint bookrunners and underwriters and COMMERZBANK, Landesbank Baden-Württemberg and Natixis (together the "**Joint Bookrunners**" and, together with the Joint Global Coordinators, the "**Underwriters**") will act as joint bookrunners and underwriters for the Offering, in each case pursuant to an underwriting agreement between the Company, the Joint Global Coordinators and the Joint Bookrunners entered into on 6 October 2021 (the "**Underwriting Agreement**"). Merrill Lynch International, 2 King Edward Street, London EC1A 1HQ, and Barclays Bank PLC, 5 The North Colonnade, Canary Wharf, London E14 4BB, in each case pursuant to a sponsor agreement between the Company and them entered into on 6 October 2021, are acting as joint sponsors (the "**Sponsors**") under the UK Listing Rules with respect to the approval of the prospectus by the FCA and applications for the UK Admission (as defined below). Deutsche Bank (in this capacity, the "**Subscription Agent**") will act as subscription agent (*Bezugsstelle*) for the Subscription Offer and as the Listing Agent for the admission of the New Shares to the HSE. The Subscription Price must be paid on 26 October 2021 at the latest.

Unifirm has undertaken to the Company to exercise all Subscription Rights attributable to its shareholding at the Subscription Price and to subscribe directly these New Shares under the commitment agreement entered into with the Company on 6 October 2021 (the "**Commitment Agreement**"). For the remainder of the Capital Increase, the Underwriters have agreed pursuant to the terms of the Underwriting Agreement to underwrite any Rump Shares that will not be sold in the Rump Placement ("**Unplaced Rump Shares**") at the Subscription Price. The underwriting is subject to terms and conditions in line with market practice.

The Subscription Rights are fully transferable, but it should be noted that it is not possible to migrate a Subscription Right between the UK and Germany. The definitive number of Rump Shares available for sale will be determined after the Subscription Period expires.

Timetable. The following is a summary timetable showing key expected dates for the Offering:

6 October 2021	Approval of this prospectus by BaFin and approval of the UK prospectus by the FCA
6 October 2021	Publication of this prospectus and the UK prospectus
7 October 2021	International transfers of shares in the Company between the CREST system in the UK and the Clearstream system in Germany paused from close of business
7 October 2021	Subscription Offer published
8 October 2021	Subscription Period begins; Subscription Rights trading on HSE and FSE begins
11 October 2021	Record date for Subscription Rights entitlements
12 October 2021	DI Pre-Emptive Rights (pre-emptive subscription rights to acquire additional DIs, the **DI Pre-Emptive Rights**") Subscription Period begins; DI Pre-Emptive Rights begin trading on a multilateral trading facility of the London Stock Exchange International transfers of shares in the Company between the CREST system in the UK and the Clearstream system in Germany resume from open of business
21 October 2021	Subscription Rights and DI Pre-Emptive Rights cease trading
26 October 2021	Subscription Period and DI Pre-Emptive Rights Subscription Period end
27 October 2021	Rump Placement, if any
2 November 2021	Commencement of trading in the New Shares Settlement of New Shares with shareholders and investors

Dilution. Investors who acquire New Shares in the Offering will experience an immediate dilution in value of approximately €1.80 per share (corresponding to 83.5%).

Expenses. We expect to incur expenses of approximately €26.1 million in connection with the Offering. Investors will not be charged any expenses.

Admission to Trading. The Company, together with the Listing Agent, will apply for the admission to trading of the New Shares on the regulated market segment (*regulierter Markt*) of the HSE and the inclusion on the Open Market segment of the FSE. The applications for admission to trading of the New Shares on the HSE and inclusion of the New Shares in the Open Market segment of the FSE will be filed on or about 27 October 2021. On or about 26 October 2021, applications will also be made to the FCA for the New Shares to be admitted to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's Main Market for listed securities (together, the "**UK Admission**"). The admissions to trading of the New Shares on the HSE and the Open Market segment of the FSE are expected to become effective on or about 29 October 2021. The admission to trading of the New Shares on the London Stock Exchange is expected to become effective on or about 2 November 2021.

D.2. ***Who is the offeror and the person asking for admission to trading?***

Offerors. Barclays Bank Ireland PLC, a public limited company with its registered seat in One Molesworth Street, Dublin 2, D02 RF29, Ireland, incorporated in and operating under the laws of Ireland; BofA Securities Europe SA, a stock corporation with its registered seat in 51 rue La Boétie, 75008 Paris, France, incorporated in and operating under the laws of France; Citigroup Global Markets Europe AG, a stock corporation with its registered seat in Reuterweg 16, 60323 Frankfurt am Main, Germany incorporated in and operating under the laws of Germany; Deutsche Bank Aktiengesellschaft, a stock corporation with its registered seat in Taunusanlage 12, 60325 Frankfurt am Main, Germany, incorporated in and operating under the laws of Germany; HSBC Trinkaus & Burkhardt AG a stock corporation with its registered seat in Königsallee 21/23, 40212 Düsseldorf, Germany, incorporated in and operating under the laws of Germany; COMMERZBANK Aktiengesellschaft a stock corporation with its registered seat in Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany, incorporated in and operating under the laws of Germany; Landesbank Baden-Württemberg a corporation established under public law with its registered seat in Am Hauptbahnhof 2, 70173 Stuttgart, Germany, incorporated in and operating under the laws of Germany; Natixis, a stock corporation with its registered seat in 30 avenue Pierre Mendès France, 75103 Paris, France, incorporated in and operating under the laws of France; and TUI AG, a stock corporation with its registered seat in Berlin and Hanover, Germany, incorporated in and operating under the laws of Germany.

Person asking for Admission to Trading. The Company, together with the Listing Agent, will apply for the admission to trading on the HSE and the inclusion on the Open Market of the FSE.

D.3. ***Why is this prospectus being produced?***

Reasons for the Offering and the Admission to Trading. The principal purpose of the Offering is to repay indebtedness and to improve our capital and liquidity position.

Proceeds. Assuming the sale of all New Shares at the Subscription Price of €2.15, we would generate gross proceeds of €1,125,569,672.70. After deduction of Offering-related expenses, we would receive estimated net proceeds of about €1,099.5 million.

Use of Proceeds. The Company intends to use the net proceeds of the Offering to reduce interest costs and net debt by reducing current drawings (i) first, under the €2.850 billion revolving credit facility made available by KfW as state lender (the "**KfW Facility**"), under which as at 4 October 2021, the latest practicable date prior to the date of this prospectus, the Company had drawn €375.0 million, and (ii) second, under the €1.535 billion revolving credit facility for cash drawings made available by 20 commercial banks (the "**Cash Facility**"), under which as at 4 October 2021, the latest practicable date prior to the date of this prospectus, the Company had drawn €1,486.5 million. As a result, taking into account the expected net proceeds of the Offering of around €1,099.5 million, the current drawings under the KfW Facility would be reduced by €375.0 million to zero and the current drawings under the Cash Facility would be reduced by the remaining net proceeds of €724.5 million to €762.0 million. At the same time such reduction will improve the Group's financial headroom over the upcoming Winter 2021/22 season with respect to potential further drawings under the KfW Facility and Cash Facility, enabling it to navigate any remaining near term uncertainty in the travel industry as a result of the continuing impact of the COVID-19 pandemic.

Underwriting. Pursuant to the Underwriting Agreement and the Sponsor Agreement, the Underwriters have agreed to:

- offer the New Shares not directly subscribed for by Unifirm to the existing shareholders (other than Unifirm) in the Subscription Offer and thereafter to offer any Rump Shares in the Rump Placement;
- to underwrite any remaining Unplaced Rump Shares and to subscribe for all New Shares at the end of the Subscription Period; and
- the Company is obliged to pay the Underwriters a base fee of 2.25% of the gross proceeds of the Offering (excluding the gross proceeds from the direct subscription by Unifirm) and a discretionary fee of up to 0.50% of the gross proceeds of the Offering (excluding the gross proceeds from the direct subscription by Unifirm) which will be split between the Underwriters according to the respective underwriting quota set out in the Underwriting Agreement. Furthermore, pursuant to a sponsors' agreement each of the Sponsors have agreed to act as sponsors under the UK Listing Rules with respect to the approval of the Prospectus and applications for UK admission and the Company is obliged to pay each of the two Sponsors a fee of €1.0 million. In addition, the Company will pay to Deutsche Bank for its services as subscription agent a fee of €50,000.00. The maximum commissions to be paid by the Company to the Underwriters amount to approximately €23.1 million.

Pursuant to the Commitment Agreement Unifirm has agreed with the Company to exercise all Subscription Rights attributable to its shareholding as at the date of this Prospectus.

Lock-up Undertakings. In the Underwriting Agreement, the Company has further agreed that, for a period of 90 days after the settlement of the Capital Increase, it will not, except as agreed between the Company and the WSF, KfW or any other state entity in connection with further state aid measures:

- carry out any capital increase;
- issue any convertible bonds, exchangeable bonds or other securities which are convertible, exchangeable, exercisable into, or otherwise give the right to subscribe for or acquire its ordinary shares, whether directly or indirectly; or
- enter into any swap or other agreement, arrangement or transaction that transfers, confers or allots, in whole or in part, directly or indirectly, any of the economic consequences of the ownership of its shares (whether any such swap, agreement, arrangement or transaction is to be settled by delivery of ordinary shares, cash or otherwise) without the prior written consent of the Joint Global Coordinators on behalf of the Underwriters.

Most Material Conflicts of Interest Pertaining to the Offering: None.

German Translation of the Summary – Zusammenfassung

A. Einleitung mit Warnhinweisen

A.1. Dieser Prospekt, dessen wesentlicher Bestandteil diese Zusammenfassung ist, bezieht sich auf ein Angebot von Aktien (dazu näher unten, die „**Neuen Aktien**") der TUI AG (die „**Gesellschaft**"). Die Rechtsträgererkennung („**LEI**") der Gesellschaft lautet 529900SL2WSPV293B552. Die internationale Wertpapier-Identifikationsnummer („**ISIN**") der Neuen Aktien lautet DE000TUAG000.

A.2. Die Begriffe „**TUI**", „**Gruppe**" „**wir**", „**uns**" und „**unser**" beziehen sich innerhalb dieser Zusammenfassung auf die Gesellschaft zusammen mit ihren Tochtergesellschaften.

A.3. Die Geschäftsadresse der Gesellschaft lautet: Karl-Wiechert-Allee 4, 30625 Hannover, Deutschland. Unsere Telefonnummer lautet +49 (511) 566-00. Unsere Website ist www.tuigroup.com. Informationen auf unserer Website sind nicht Bestandteil dieses Prospekts.

A.4. Die Neuen Aktien werden von der Barclays Bank Ireland PLC, One Molesworth Street, Dublin 2, D02 RF29, Irland, LEI: 2G5BKIC2CB69PRJH1W31, Telefonnummer +353 (0)1 4283859 (**"Barclays"**); von BofA Securities Europe SA, 51 rue La Boétie, 75008 Paris, Frankreich, LEI: 549300FH0WJAPEHTIQ77, Telefonnummer +33 (0) 1 8770 0000 (**"BofA Securities"**); von der Citigroup Global Markets Europe AG, Reuterweg 16, 60323 Frankfurt am Main, Deutschland, LEI: 6TJCK1B7E7UTXP528Y04, Telefonnummer +49 (0)69 13660 ("**Citigroup**"); von der Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Deutschland, LEI: 7LTWFZYICNSX8D621K86, Telefonnummer: +49 (0)69 91000 (**"Deutsche Bank"**); von der HSBC Trinkaus & Burkhardt AG, Königsallee 21/23, 40212 Düsseldorf, Deutschland, LEI: JUNT405OW8OY5GN4DX16, Telefonnummer +49 (0)211 910-0 ("**HSBC**"), COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Deutschland LEI: 851WYGNLUQLFZBSYGB56, Telefon +49 (0)69 1 36 20 ("**COMMERZBANK**"), Landesbank Baden-Württemberg, Am Hauptbahnhof 2, 70173 Stuttgart, Deutschland, LEI: B81CK4ESI35472RHJ606, Telefon +49 (0)711 127-0 ("**Landesbank Baden-Württemberg**") and Natixis, 30 avenue Pierre Mendès France, 75103 Paris, Frankreich, LEI: KX1WK48MPD4Y2NCUIZ63, Telefon +33 1 58 19 43 00 ("**Natixis**") sowie von der Gesellschaft angeboten. Deutsche Bank wird als Listing Agent (in dieser Funktion, der "**Listing Agent**") agieren und, zusammen mit der Gesellschaft, die Zulassung der Neuen Aktien zum Handel im regulierten Markt der Niedersächsischen Börse zu Hannover (die „**HSE**") und der Einbeziehung im Freiverkehr der Frankfurter Wertpapierbörse (die „**FSE**") beantragen.

A.5. Die Bundesanstalt für Finanzdienstleistungsaufsicht („**BaFin**"), Marie-Curie-Str. 24-28, 60439 Frankfurt am Main, Deutschland, Telefonnummer +49 (228) 4108-0, hat diesen Prospekt am 6. Oktober 2021 als zuständige Behörde gem. der Verordnung (EU) 2017/1129 des Europäischen Parlaments und des Rates vom 14. Juni 2017 (die „**Prospektverordnung**") gebilligt. Für die Zwecke der UK Zulassung (wie nachstehend definiert) wird voraussichtlich am selben Tag ein separater Prospekt von der britischen Finanzaufsichtsbehörde („**FCA**") gebilligt werden, da der Prospekt nach dem Austritt des Vereinigten Königreichs aus der Europäischen Union unter der Prospektverordnung nicht mehr an die FCA notifiziert werden kann.

A.6. Diese Zusammenfassung sollten Sie als Einleitung zu diesem Prospekt verstehen. Jede Entscheidung, in die Neuen Aktien zu investieren, sollte unter Berücksichtigung des gesamten Prospekts erfolgen. Eine Investition in die Neuen Aktien birgt Risiken. Sie könnten das gesamte investierte Kapital oder einen Teil davon verlieren.

A.7. Für den Fall, dass von Ihnen als Kläger vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnten Sie nach nationalem Recht die Kosten für die Übersetzung dieses Prospekts zu tragen haben.

A.8. Nur diejenigen Personen haften zivilrechtlich, die für diese Zusammenfassung samt etwaigen Übersetzungen die Verantwortung übernommen haben. Dies gilt jedoch nur für den Fall, dass diese Zusammenfassung, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, irreführend, unrichtig oder widersprüchlich ist oder dass sie, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, nicht die Basisinformationen vermittelt, die in Bezug auf Investitionen in Neue Aktien für die Investoren eine Entscheidungshilfe darstellen würden.

B. Basisinformationen über den Emittenten

B.1. ***Wer ist der Emittent der Wertpapiere?***

Geschäftssitz und Rechtsform. Die Gesellschaft ist eine Aktiengesellschaft nach deutschem Recht. Sie hat ihren Sitz in Hannover und Berlin, Deutschland. Die Gesellschaft ist im Handelsregister des Amtsgerichts Hannover, Deutschland, unter der Nummer HRB 6580 eingetragen. Zudem ist sie unter der Nummer HRB 321 in dem Handelsregister des Amtsgerichts Berlin-Charlottenburg, Deutschland, eingetragen (zusammen das „**Handelsregister**"). Die LEI der Gesellschaft lautet 529900SL2WSPV293B552.

Haupttätigkeiten. Wir sind ein Tourismus-Konzern, der Reiseveranstalter, Reisebüros sowie Online-Portale, Fluggesellschaften, Hotels und Kreuzfahrtschiffe beinhaltet.

Hauptanteilseigner: Die folgende Tabelle zeigt unsere Aktionäre, die zum Zeitpunkt dieses Prospekts einen nach deutschem Recht meldepflichtigen Anteil am Kapital oder Stimmrechte an der Gesellschaft halten.

	Vor dem Angebot		Nach dem Angebot	
Aktionär	**Aktien**	**%**	**Aktien**[1]	**%**[1]
Unifirm Limited[2]	351.805.964	32,00	519.332.613	32,00
JPMorgan Chase & Co.[3]	60.006.295	5,46[4]	88.580.721	5,46
The Goldman Sachs Group, Inc.[5]	55.983.920	5,09[6]	82.642.929	5,09
Riu Hotels S.A.[7]	39.018.916	3,55	57.599.352	3,55

(1) Unterstellt, dass jeder der oben aufgeführten Hauptaktionäre alle seine Bezugsrechte ausübt, in Bezug auf Unifirm Limited („**Unifirm**") gemäß ihrer Verpflichtung unter der Verpflichtungsvereinbarung (wie nachfolgend definiert).

(2) Unifirm befindet sich nach Kenntnis der Gesellschaft zu 65% im Besitz der KN-Holding Limited Liability Company, deren eigentliche Eigentümer Kirill und Nikita Mordashov, bei denen es sich um Söhne von Alexey Mordashov, einem Mitglied des Aufsichtsrats der Gesellschaft, handelt, sind. Die restlichen 35% der Unifirm befinden sich indirekt über die Severgroup Limited Liability Company und Rayglow Limited im Besitz von Alexey Mordashov. Wir wurden darüber informiert, dass Alexey, Kirill und Nikita Mordashov eine Aktionärsvereinbarung geschlossen haben, mit dem Ergebnis, dass jeder als wirtschaftlicher Eigentümer von Unifirm's Anteil in der Gesellschaft von 32,00% angesehen wird.

(3) Direkt gehalten von J.P. Morgan Securities plc, J.P. Morgan Securities LLC, JPMorgan Chase Bank und National Association, die von JPMorgan Chase & Co. kontrolliert werden.

(4) Davon 0,17% durch Aktien und 5,29% durch Instrumente gehalten vor dem Angebot und 0,17% bzw. 5,29% nach dem Angebot (unter der Annahme, dass die Bezugsrechte für die über Instrumente gehaltenen Aktien vollständig ausgeübt werden können).

(5) Direkt gehalten von Goldman Sachs Asset Management L.P., Goldman, Sachs & Co. Wertpapier GmbH, Goldman Sachs International Bank, Goldman Sachs & Co. LLC und Goldman Sachs International, die von The Goldman Sachs Group, Inc. kontrolliert werden.

(6) Davon 0,07% durch Aktien und 5,02% durch Instrumente gehalten vor dem Angebot und 0,07% bzw. 5,02% nach dem Angebot (unter der Annahme, dass die Bezugsrechte für die über Instrumente gehaltenen Aktien vollständig ausgeübt werden können).

(7) Riu Hotels S.A. wird von SARANJA S.L. kontrolliert, die 51% der Anteile an Riu Hotels S.A. hält und von Luis Riu und Carmen Riu kontrolliert wird.

Zum Datum dieses Prospekts wird die Gesellschaft durch Unifirm im Sinne von § 29 Abs. 2 des Wertpapiererwerbs- und Übernahmegesetzes kontrolliert. Die im deutschen Recht, insbesondere im Aktiengesetz, vorgesehenen Beschränkungen hinsichtlich der Möglichkeit eines beherrschenden Aktionärs, unzulässigerweise beherrschenden Einfluss auszuüben, sind von Unifirm und der Gesellschaft eingehalten worden. Die Satzung der Gesellschaft enthält keine speziellen Vorschriften, die sicherstellen, dass ein solcher Einfluss nicht missbraucht wird.

Geschäftsleitung. Unsere Geschäftsleitung setzt sich aus den Mitgliedern unseres Vorstands zusammen („**Vorstand**"). Diese sind Friedrich Joussen, Vorstandsvorsitzender; David Burling, CEO Markets & Airlines; Sebastian Ebel, CFO; Sybille Reiß, CHRO, Arbeitsdirektorin; Peter Krueger, CSO und Frank Rosenberger, CIO, Future Markets.

Abschlussprüfer. Unser Abschlussprüfer ist die Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hannover, Deutschland („**Deloitte**").

B.2. ***Welches sind die wesentlichen Finanzinformationen über den Emittenten?***

Die nachfolgend dargestellten ausgewählten Finanzinformationen basieren auf dem geprüften Konzernabschluss zum und für das am 30. September 2020 endende Geschäftsjahr („**Geschäftsjahr 2020**"), der in Übereinstimmung mit den International Financial Reporting Standards, wie sie in der Europäischen Union anzuwenden sind („**IFRS**"), und den ergänzenden Vorschriften des § 315 lit. e HGB erstellt wurde und vergleichende Finanzinformationen für das am 30. September 2019 endende Geschäftsjahr („**Geschäftsjahr 2019**") enthält (der „**Geprüfte Konzernabschluss**") sowie dem ungeprüften verkürzten Konzernzwischenabschluss für den zum 30. Juni 2021 endenden Neunmonatszeitraum („**Neunmonatszeitraum 2021**"), der Vergleichsinformationen für den zum 30. Juni 2020 endenden Neunmonatszeitraum enthält („**Neunmonatszeitraum 2020**"), der in Übereinstimmung mit den IFRS zur Zwischenberichterstattung (IAS 34) erstellt wurde (der „**Ungeprüfte Verkürzte Konzernzwischenabschluss**"). Der Geprüfte Konzernabschluss wurde von Deloitte geprüft und es wurde ein uneingeschränkter Bestätigungsvermerk erteilt. Der Ungeprüfte Verkürzte Konzernzwischenabschluss wurde nicht geprüft, sondern einer prüferischen Durchsicht durch Deloitte unterzogen, und Deloitte hat eine Bescheinigung nach prüferischer Durchsicht erteilt.

Soweit Finanzinformationen in den Tabellen in der Zusammenfassung dieses Prospekts als „geprüft" gekennzeichnet sind, wurden diese Informationen dem Geprüften Konzernabschluss entnommen. Die Bezeichnung „ungeprüft" in den Tabellen in der Zusammenfassung dieses Prospekts weist auf Finanzinformationen hin, die dem Ungeprüften Verkürzten Konzernzwischenabschluss oder unseren Buchhaltungsunterlagen oder internen Management-Berichtssystemen entnommen wurden oder die auf der Grundlage von Zahlen aus den oben genannten Quellen berechnet wurden.

Wir wenden IFRS 16 (Leasingverhältnisse) seit dem 1. Oktober 2019 an. Die Anwendung von IFRS 16 ändert die Art und Weise, wie wir Leasingverpflichtungen in unserer Bilanz ausweisen und deren Auswirkungen auf unsere Gewinn- und Verlustrechnung sowie unsere Kapitalflussrechnung. Bei der Einführung von IFRS 16 haben wir den „modifizierten retrospektiven" Ansatz angewandt. Im Rahmen dieser Übergangsmethode haben wir die Vergleichszahlen für das Geschäftsjahr 2019 nicht angepasst. Stattdessen weisen wir den kumulativen Effekt des Übergangs in den Gewinnrücklagen zum 1. Oktober 2019 aus. Des Weiteren sind diese Beträge für das Geschäftsjahr 2020 nicht vollständig mit den Beträgen des Geschäftsjahres 2019 vergleichbar.

Ausgewählte Informationen aus der Konzern-Gewinn- und Verlustrechnung

	Neunmonatszeitraum		**Geschäftsjahr**	
	2020	**2021**	**2019**[1]	**2020**
	(ungeprüft)		*(geprüft, sofern nicht anders angegeben)*	
	(€ Millionen)			
Umsatzerlöse	**6.710,4**	**1.365,9**	**18.928,1**	**7.943,7**
Umsatzkosten	7.968,7	2.642,4	17.489,4	9.926,1
Bruttoverlust / -gewinn	**(1.258,3)**	**(1.276,4)**	**1.438,7**	**(1.982,4)**
Verwaltungsaufwendungen	731,1	604,2	987,1	1.017,3

Weitere Erträge[2]	8,1	(180,1)	438,5	381,9
Weitere Aufwendungen[3]	386,5	329,8	198,4	585,6
Ergebnis vor Ertragsteuern	**(2.367,7)**	**(2.390,7)**	**691,6**	**(3.203,3)**
Steuern vom Einkommen und vom Ertrag	(43,1)	47,3	159,6	(64,2)
Konzernverlust / gewinn	**(2.324,7)**	**(2.438,0)**	**532,1**	**(3.139,1)**
Davon: Anteil der Aktionäre der TUI AG am Konzerngewinn (-verlust)	(2.342,8)	(2.409,6)	416,4	(3.148,4)

(1) Im Geprüften Konzernabschluss enthaltene oder daraus abgeleitete Vergleichszahlen des Geschäftsjahres 2019, die angepasst wurden an Ausweisänderungen für IT-Kosten und Umsatzkosten und an die Finalisierung von Kaufpreisallokationen. Die Vergleichszahlen für das Geschäftsjahr 2019 wurden aufgrund der Erstanwendung von IFRS 16 zum 1. Oktober 2019 nicht angepasst und infolgedessen sind die leasingbezogenen Beträge für das Geschäftsjahr 2020 nicht vollständig mit den Beträgen des Geschäftsjahres 2019 vergleichbar.

(2) Ungeprüft. Bestehend aus sonstigen Erträgen, Finanzerträgen, Ergebnis aus nach der Equity-Methode bewerteten Unternehmen und Wertminderungen(+)/-aufholungen (-) auf Nettoinvestitionen in nach der Equity-Methode bilanzierten Unternehmen.

(3) Ungeprüft. Bestehend aus anderen Aufwendungen, Wertminderungsaufwendungen auf finanzielle Vermögenswerte, Finanzaufwendungen sowie Wertminderungs-/aufholungsaufwendungen auf Firmenwerte/Geschäftswerte.

Ausgewählte Informationen aus der Konzernbilanz

	30. Juni	**30. September**	
	2021	**2019[1]**	**2020**
	(ungeprüft)	*(geprüft)*	
		(€ Millionen)	
Langfristige Vermögenswerte	11.314,2	11.947,9	12.647,8
Kurzfristige Vermögenswerte	3.321,7	4.270,2	2.693,4
Gesamtvermögen	**14.635,9**	**16.218,1**	**15.341,1**
Eigenkapital vor nicht beherrschenden Anteilen	(1.174,9)	3.454,2	(448,4)
Eigenkapital	(524,7)	4.165,6	218,1
Langfristige Rückstellungen und Verbindlichkeiten	8.977,2	4.740,9	8.803,7
Kurzfristige Rückstellungen und Verbindlichkeiten	6.183,5	7.311,6	6.319,3
Eigenkapital, Rückstellungen und Verbindlichkeiten	**14.635,9**	**16.218,1**	**15.341,1**

(1) Im Geprüften Konzernabschluss enthaltene oder daraus abgeleitete Vergleichszahlen des Geschäftsjahres 2019. Die Vergleichszahlen für das Geschäftsjahr 2019 wurden aufgrund der Erstanwendung von IFRS 16 zum 1. Oktober 2019 nicht angepasst und infolgedessen sind die leasingbezogenen Beträge für das Geschäftsjahr 2020 nicht vollständig mit den Beträgen des Geschäftsjahres 2019 vergleichbar.

Ausgewählte Informationen aus der Konzern-Kapitalflussrechnung

	Neunmonatszeitraum		**Geschäftsjahr**	
	2020	**2021**	**2019[1]**	**2020**
	(ungeprüft)		*(geprüft)*	
		(€ Millionen)		
Mittelzufluss / -abfluss aus der laufenden Geschäftstätigkeit	(1.959,0)	(1.089,4)	1.114,9	(2.771,9)
Mittelzufluss / -abfluss aus der Investitionstätigkeit	(39,9)	125,4	(1.141,4)	161,8
Mittelzufluss / -abfluss aus der Finanzierungstätigkeit	2.303,9	1.228,3	(763,8)	2.112,5

(1) Im Geprüften Konzernabschluss enthaltene oder daraus abgeleitete Vergleichszahlen des Geschäftsjahres 2019. Die Vergleichszahlen für das Geschäftsjahr 2019 wurden aufgrund der Erstanwendung von IFRS 16 zum 1. Oktober 2019 nicht angepasst und infolgedessen sind die leasingbezogenen Beträge für das Geschäftsjahr 2020 nicht vollständig mit den Beträgen des Geschäftsjahres 2019 vergleichbar.

B.3. ***Welches sind die zentralen Risiken, die für den Emittenten spezifisch sind?***

Die in diesem Abschnitt B.3. dargelegten Risikofaktoren beschreiben zusammen mit den nachstehend unter Abschnitt C.3. genannten Risiken die 15 Risiken, die zum Zeitpunkt der Erstellung dieses Prospekts die zentralen Risiken und für die Gesellschaft spezifisch sind, wobei die negativen Auswirkungen, die sie auf uns haben könnten und die Wahrscheinlichkeit ihres Eintretens, berücksichtigt werden.

Risiken im Zusammenhang mit unserem Geschäft und unserer Branche:

- Der Ausbruch von COVID-19 hatte erhebliche negative Folgen für unseren Umsatz und die Rentabilität, den Cashflow und die Liquidität, die Pläne und Ziele sowie für den Aktienkurs. Wir gehen davon aus, dass die Pandemie zumindest kurzfristig weiterhin erhebliche Auswirkungen auf unser Geschäft und unsere Branche haben wird.
- Ein wiederholtes Wiederaufleben von COVID-19 nach einem vorübergehenden Abklingen der Pandemie sowie erneute Gegenmaßnahmen der Behörden haben die Auswirkungen der Pandemie verlängert und die begrenzte Erholung unserer Betriebsergebnisse, unseres Geschäftsfeldes und der Wirtschaft im Allgemeinen rückgängig gemacht; wir können nicht voraussagen, wenn weitere Ausbrüche von COVID-19 oder neue Varianten auftreten.
- Verschiedene makroökonomische Faktoren könnten negative Auswirkungen auf unser Geschäft haben, indem sie die Fähigkeit oder die Bereitschaft der Verbraucher reduzieren, Geld für unsere Reisen auszugeben.
- Unser Geschäft wird darunter leiden, wenn wir uns nicht an Veränderungen im Kundenverhalten und an Präferenzen der Kunden anpassen können.
- Politische Instabilität, Naturkatastrophen, Unfälle und andere Ereignisse, die außerhalb unserer Kontrolle liegen, können die Kundennachfrage möglicherweise verringern und sich somit ungünstig auf unser Geschäft auswirken.

- Erheblicher Wettbewerb in der europäischen Tourismusindustrie könnte zu Preissenkungen oder zum Verlust von Kunden führen.
- Überkapazitäten in unseren Flugzeugen, Hotels und Kreuzfahrtschiffen können sich nachteilig auf uns auswirken.
- Das vertikal integrierte Geschäftsmodell der Unternehmensgruppe bedeutet, dass dieses unverhältnismäßig stark von einem Rückgang der Einnahmen betroffen ist.
- Projekte zur Unternehmensrestrukturierung und Kostensenkungsmaßnahmen könnten nicht erfolgreich sein oder länger dauern und teurer sein als erwartet.
- Europäische und nationale Beschränkungen für das Halten von Anteilen an Fluggesellschaften könnten zum Verlust der Betriebs- und Streckenlizenzen der Gruppe führen, uns zwingen, unsere Fluggesellschaften zu veräußern, oder andere nachteilige Auswirkungen zur Folge haben.

Risiken in Bezug auf unser Finanzprofil:

- Unsere beträchtliche Fremdfinanzierungs- und Schuldendienstverpflichtungen könnten unser Geschäft, unsere Finanzlage oder unser Betriebsergebnis erheblich nachteilig beeinflussen.
- Obwohl die Gruppe unter Berücksichtigung des Nettoerlöses aus dem Angebot über ausreichendes Geschäftskapital für ihren derzeitigen Bedarf, d.h. für mindestens zwölf Monate nach dem Datum dieses Prospekts, verfügt, könnte eine etwaig mangelnde Fähigkeit der Gesellschaft, ihrer Verpflichtung zur Einhaltung von Finanzkennzahlen unter dem Konsortialkreditvertrag nachzukommen, nach dieser Zwölfmonatsperiode im November 2022 zu einem Geschäftskapitaldefizit führen.

C. Basisinformationen über die Wertpapiere

C.1. *Welches sind die wichtigsten Merkmale der Wertpapiere?*

Art, Gattung, Nennbetrag und ISIN. Die Neuen Aktien sind Namensaktien mit einem rechnerischen Nennbetrag (der anteilige Betrag am Grundkapital von jeder Aktie) von jeweils €1,00. Die ISIN der Neuen Aktien lautet DE000TUAG000.

Währung und Anzahl der Aktien. Unsere Aktien sind in Euro denominiert. Zum Zeitpunkt dieses Prospekts haben wir 1.099.393.634 Aktien ausstehend. Alle Aktien sind vollständig eingezahlt. Nach Durchführung der Kapitalerhöhung werden 1.622.914.412 Aktien ausgegeben sein.

Stimmrechte. Jede Neue Aktie berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft. Es bestehen keine Stimmrechtsbeschränkungen.

Gewinnberechtigung. Die Neuen Aktien sind ab dem 1. Oktober 2020 und für alle nachfolgenden Geschäftsjahre voll gewinnberechtigt. Aktionäre werden bei Dividendenzahlungen entsprechend ihres anteiligen Betrags am Grundkapital beteiligt.

Rechte bei Liquidation. Die Neuen Aktien werden am Liquidationserlös entsprechend ihres anteiligen Betrags am Grundkapital der Gesellschaft beteiligt.

Rang. Die Neuen Aktien sind im Fall der Insolvenz gegenüber allen übrigen Aktien derselben Gattung gleichrangig. Sie sind gegenüber sämtlichen Verbindlichkeiten der Gesellschaft nachrangig.

Übertragbarkeit. Die Neuen Aktien sind frei übertragbar.

Dividenden und Dividendenpolitik. Die Bedingungen unserer Finanzierungen sowie der Stillen Einlage als Teil des Stabilisierungspakets, die wir als staatliche Nothilfe im Zusammenhang mit der COVID-19-Pandemie erhalten haben, erlauben es uns grundsätzlich nicht, eine Dividende zu zahlen, solange die Beträge aus diesen Finanzierungen ausstehen. Selbst wenn wir wieder zur Profitabilität zurückkehren, können wir keine Dividende zahlen, solange diese Instrumente ausstehend sind. Infolgedessen werden wir für das Geschäftsjahr 2021 keine Dividende ausschütten.

C.2. *Wo werden die Wertpapiere gehandelt?*

Es werden Anträge auf Zulassung der Neuen Aktien zum Handel im regulierten Markt an der HSE und auf Einbeziehung und Zulassung zum Handel im Open Market der Frankfurter Wertpapierbörse („**FSE**“) gestellt. Es wird darüber hinaus ein Antrag bei der FCA gestellt werden, damit die Neuen Aktien zum Premium-Listing-Segment der Official List und zum Handel am Hauptmarkt für börsennotierte Wertpapiere der Londoner Wertpapierbörse zugelassen werden.

Die bestehenden Aktien der Gesellschaft sind und die Neuen Aktien werden voraussichtlich zugelassen und gehandelt:

- unter dem Symbol „TUI" in der Form von Depositary Interest, oder DIs, mittels des CREST Systems im Premium Listing Segment der Official List der FCA am Haupthandelsplatz der Londoner Wertpapierbörse; und
- unter dem Symbol „TUI" im regulierten Markt der HSE.

Die bestehenden Aktien der Gesellschaft sind und die Neuen Aktien werden voraussichtlich einbezogen und gehandelt unter dem Symbol „TUI1" im Freiverkehr der FSE mit dem Handel über die elektronische Handelsplattform Xetra („**Xetra**").

C.3. *Welches sind die zentralen Risiken, die für die Wertpapiere spezifisch sind?*

- Die Bedingungen bestimmter Instrumente, die wir als staatliche Nothilfe als Reaktion auf die COVID-19 Pandemie erhalten haben, als auch die Bedingungen der Stillen Einlagen als Teil des Stabilisierungspaketes, verbieten uns effektiv die Ausschüttung von Dividenden. Selbst wenn wir zur Rentabilität zurückkehren, werden wir nicht in der Lage sein, Dividenden auszuschütten, solange diese Instrumente ausstehen. Jede künftige staatliche Hilfe, die wir erhalten, kann ähnliche Bedingungen auferlegen.

- Die Bestände der Aktionäre, die sich nicht an dem Angebot beteiligen, werden erheblich verwässert, d.h. der Wert ihrer Aktien und ihre Kontrollrechte werden negativ beeinflusst.
- Wird das Angebot nicht vollzogen oder sinkt der Kurs der TUI Aktie stark ab, verfallen die Bezugsrechte (wie untenstehend definiert) oder werden wertlos.

D. Basisinformationen über das öffentliche Angebot von Wertpapieren und die Zulassung zum Handel an einem geregelten Markt

D.1. ***Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?***

Das Angebot. Das Angebot besteht aus 523.520.778 Neuen Aktien, die den Aktionären der Gesellschaft im Verhältnis von 10:21 zum Bezug angeboten werden (d.h. Angebot von 10 Neuen Aktien entfallend auf 21 Bestehende Aktien). Die Neuen Aktien stammen aus der Kapitalerhöhung gegen Bareinlage aus dem genehmigtem Kapital 2021/I und genehmigten Kapital 2021/II der Gesellschaft, die vom Vorstand der Gesellschaft am 6. Oktober 2021, mit Zustimmung des Aufsichtsrats vom gleichen Tag, beschlossen wurde, um das eingetragene Grundkapital der Gesellschaft von €1.099.393.634,00 um €523.520.778,00 auf €1.622.914.412,00 zu erhöhen (die „**Kapitalerhöhung**"). Die Kapitalerhöhung wird hinsichtlich des bestehenden Aktionärs Unifirm als unmittelbare Bezugsrechtsemission, hinsichtlich aller übrigen bestehenden Aktionäre als mittelbare Bezugsrechtsemission (die gewährten Bezugsrechte zusammen die „**Bezugsrechte**") durchgeführt. Jede Neue Aktie wird einen rechnerischen Nennbetrag von €1,00 haben und ab dem 1. Oktober 2020 mit vollen Dividendenrechten ausgestattet sein.

Die Neuen Aktien werden angeboten:

- In einem Bezugsangebot den bestehenden Aktionären in Wege (i) eines öffentlichen Angebots in Deutschland und im Vereinigten Königreich, (ii) in Privatplatzierungen in den Vereinigten Staaten an qualifizierte institutionelle Käufer gemäß der Definition in Rule 144A des Securities Act (der „**Securities Act**") und (iii) in Privatplatzierungen an qualifizierte Investoren außerhalb der Vereinigten Staaten unter Berufung auf Regulation S des Securities Act (das „**Bezugsangebot**"); und,
- Neue Aktien, die nicht im Bezugsangebot bezogen wurden (die „**Restaktien**"), in einer Privatplatzierung an berechtigte oder qualifizierte Anleger in bestimmten anderen Gerichtsbarkeiten (die „**Rump-Platzierung**", zusammen mit dem Bezugsangebot, das „**Angebot**") angeboten.

Die bestehenden Aktionäre außer Unifirm können ihre Bezugsrechte auf die angebotenen Neuen Aktien während der Bezugsfrist vom 8. Oktober 2021 bis zum 26. Oktober 2021 einschließlich (die „**Bezugsfrist**") über ihre jeweilige Depotbank ausüben. Der Bezugspreis je Neuer Aktie, der von den bestehenden Aktionären gezahlt werden muss, beträgt €2,15 (der „**Bezugspreis**").

Barclays, BofA Securities, Citigroup, Deutsche Bank und HSBC (zusammen die „**Joint Global Coordinators**") werden als Joint Global Coordinators, gemeinsame Bookrunner und Konsortialbanken und COMMERZBANK; Landesbank Baden-Württemberg und Natixis (zusammen die „**Joint Bookrunners**", und zusammen mit den Joint Global Coordinators, die „**Konsortialbanken**") werden als gemeinsame Bookrunner und Konsortialbanken für das Angebot fungieren, jeweils gemäß eines Übernahmevertrags zwischen der Gesellschaft, den Joint Global Coordinators und den Joint Bookrunners, der am 6. Oktober 2021 abgeschlossen wurde (der „**Übernahmevertrag**"). Merrill Lynch International, 2 King Edward Street, London EC1A 1HQ, und Barclays Bank PLC, 5 The North Colonnade, Canary Wharf, London E14 4BB, jeweils gemäß dem zwischen der Gesellschaft und ihnen am 6. Oktober 2021 geschlossenen Sponsor-Vertrag, fungieren als gemeinsame Sponsoren (die "**Sponsoren**") gemäß den UK Listing Rules in Bezug auf die Genehmigung des Prospekts durch die FCA und die Anträge auf UK-Zulassung (wie nachstehend definiert). Deutsche Bank wird als Bezugsstelle (in dieser Eigenschaft die „**Bezugsstelle**") für das Bezugsangebot fungieren und als Listing Agent für die Zulassung der Neuen Aktien an der HSE. Der Bezugspreis muss spätestens am 26. Oktober 2021 bezahlt werden.

Unifirm hat sich unter gewissen Bedingungen gemäß der am 6. Oktober 2021 mit der Gesellschaft geschlossenen Verpflichtungsvereinbarung (die „**Verpflichtungsvereinbarung**") gegenüber der Gesellschaft verpflichtet, alle ihre Bezugsrechte zum Bezugspreis auszuüben und die darauf entfallenden Neuen Aktien unmittelbar zu zeichnen. Für den Rest der Kapitalerhöhung haben sich die Konsortialbanken unter den Bedingungen des Übernahmevertrags verpflichtet, alle Restaktien, die nicht im Zuge der Rump-Platzierung verkauft wurden (die „**Unplatzierten Restaktien**") zum Bezugspreis zu übernehmen. Die Übernahme erfolgt zu marktüblichen Bedingungen und Konditionen.

Die Bezugsrechte sind frei übertragbar. Es ist jedoch zu beachten, dass es nicht möglich ist, ein Bezugsrecht zwischen dem Vereinigten Königreich und Deutschland zu übertragen. Die endgültige Anzahl der zum Verkauf verfügbaren Restaktien wird nach Ablauf der Bezugsfrist feststehen.

Zeitplan. Nachstehend folgt eine Zusammenfassung des Zeitplans mit den wichtigsten erwarteten Daten für das Bezugsangebot:

6. Oktober 2021	Billigung dieses Prospekts durch die BaFin und Billigung des UK Prospekts durch die FCA
6. Oktober 2021	Veröffentlichung dieses Prospekts und des UK Prospekts
7. Oktober 2021	Internationale Transfers von Aktien der Gesellschaft zwischen dem CREST System in UK und dem Clearstream System in Deutschland pausiert ab Geschäftsschluss
7. Oktober 2021	Veröffentlichung des Bezugsangebots
8. Oktober 2021	Beginn der Bezugsfrist und des Bezugsrechtshandels an der HSE und FSE
11. Oktober 2021	Stichtag für die Bezugsrechtsberechtigung

12. Oktober 2021	Beginn der Bezugsfrist für DI-Bezugsrechte (Bezugsrechte zum Erwerb zusätzlicher DIs, die „**DI-Bezugsrechte**"); Beginn des Handels der DI-Bezugsrechte an einem multilateralen Handelssystem der LSE Internationale Transfers von Aktien der Gesellschaft zwischen dem CREST System in UK und dem Clearstream System in Deutschland wieder aufgenommen ab Geschäftsbeginn
21. Oktober 2021	Einstellung des Handels der Bezugsrechte und DI-Bezugsrechte
26. Oktober 2021	Ende der Bezugsfrist und der Bezugsfrist der DI-Bezugsrechte
27. Oktober 2021	Privatplatzierung etwaig verbliebener Restaktien
2. November 2021	Handelsaufnahme der Neuen Aktien Lieferung der Neuen Aktien an die Aktionäre und Investoren

Verwässerung. Investoren, die im Rahmen des Angebots die Neuen Aktien erwerben, werden einer sofortigen Verwässerung im Wert von etwa €1,80 pro Aktie (entsprechend 83,5%) unterliegen.

Kosten. Wir gehen davon aus, dass im Zusammenhang mit dem Angebot Kosten in Höhe von etwa €26,1 Millionen anfallen werden. Den Anlegern werden keine Kosten in Rechnung gestellt.

Zulassung zum Handel. Die Gesellschaft wird, gemeinsam mit dem Listing Agent, die Zulassung der Neuen Aktien zum Handel im regulierten Markt an der HSE und die Einbeziehung in den Open Market der FSE beantragen. Die Anträge auf Zulassung der Neuen Aktien zum Handel an der HSE sowie auf Einbeziehung der Neuen Aktien in den Open Market der FSE werden am oder um den 27. Oktober 2021 gestellt. Am oder um den 26. Oktober 2021 werden auch Anträge bei der FCA gestellt, damit die Neuen Aktien zum Premium-Listing-Segment der Official List und zum Handel am Hauptmarkt für börsennotierte Wertpapiere der Londoner Börse zugelassen werden (die „**UK Zulassung**"). Die Zulassung der Neuen Aktien zum Handel an der HSE und am Open Market der FSE wird voraussichtlich am oder um den 29. Oktober 2021 erfolgen. Die Zulassung der Neuen Aktien zum Handel an der London Stock Exchange wird voraussichtlich am oder um den 2. November 2021 erfolgen.

D.2. *Wer ist der Anbieter und die die Zulassung zum Handel beantragende Person?*

Anbieter. Barclays Bank Ireland PLC, öffentliche Gesellschaft mit beschränkter Haftung mit eingetragenem Sitz in One Molesworth Street, Dublin 2, D02 RF29, Irland, eingetragen und tätig nach dem Recht von Irland; BofA Securities Europe SA, Aktiengesellschaft mit eingetragenem Sitz in 51 rue La Boétie, 75008 Paris, Frankreich, eingetragen und tätig nach französischem Recht; Citigroup Global Markets Europe AG, Aktiengesellschaft mit eingetragenem Sitz in Reuterweg 16, 60323 Frankfurt am Main, Deutschland, eingetragen und tätig nach deutschem Recht; Deutsche Bank AG, Aktiengesellschaft mit eingetragenem Sitz in Taunusanlage 12, 60325 Frankfurt am Main, Deutschland, eingetragen und tätig nach deutschem Recht; HSBC Trinkaus & Burkhardt AG, Aktiengesellschaft mit eingetragenem Sitz in Königsallee 21/23, 40212 Düsseldorf, Deutschland, eingetragen und tätig nach deutschem Recht; COMMERZBANK Aktiengesellschaft, Aktiengesellschaft mit eingetragenem Sitz in Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Deutschland, eingetragen und tätig nach deutschem Recht; Landesbank Baden-Württemberg, rechtsfähige Anstalt des öffentlichen Rechts mit eingetragenem Sitz in Am Hauptbahnhof 2, 70173 Stuttgart, Deutschland, eingetragen und tätig nach deutschem Recht; Natixis, Aktiengesellschaft mit eingetragenem Sitz in 30 avenue Pierre Mendès France, 75103 Paris, Frankreich, eingetragen und tätig nach französischem Recht; sowie TUI AG, eine nach deutschem Recht gegründete und tätige Aktiengesellschaft mit Sitz in Berlin und Hannover, Deutschland.

Zulassungsantragssteller. Die Gesellschaft wird, zusammen mit dem Listing Agent, die Zulassung zum Handel an der HSE und die Einbeziehung in den Freiverkehr der FSE beantragen.

D.3. *Weshalb wird der Prospekt erstellt?*

Gründe für das Angebot und die Zulassung zum Handel. Der Hauptzweck des Angebots ist, Schulden zurückzuzahlen und unsere Kapital- und Liquiditätsposition zu stärken.

Erlöse. Unter der Annahme des Verkaufs aller Neuen Aktien zum Bezugspreis von €2,15 würden wir einen Bruttoerlös von €1.125.569.672,70 erzielen. Nach Abzug der Kosten im Zusammenhang mit dem Angebot würden wir einen geschätzten Nettoerlös von etwa €1.099,5 Millionen erhalten.

Zweckbestimmung der Erlöse. Die Gesellschaft beabsichtigt, die Nettoerlöse aus dem Angebot zur Reduzierung von Zinskosten und Nettoverschuldung zu verwenden, indem die derzeitigen Inanspruchnahmen (i) erstens, der revolvierenden Kreditfazilität in Höhe von €2,850 Mrd., die von der KfW als staatlichem Kreditgeber zur Verfügung gestellt wurde (die „**KfW-Fazilität**"), unter der die Gesellschaft zum 4. Oktober 2021, dem letzten praktikablen Datum vor dem Datum dieses Prospekts, €375,0 Mio. in Anspruch genommen hatte, und (ii) zweitens, der revolvierenden Kreditfazilität in Höhe von €1,535 Mrd. für Barziehungen, die von 20 Kreditinstituten zur Verfügung gestellt wurde (die „**Barfazilität**") und unter der die Gesellschaft zum 4. Oktober 2021, dem letzten praktikablen Datum vor dem Datum dieses Prospekts, €1.486,5 Mio. in Anspruch genommen hatte, reduziert werden. Dadurch würden sich unter Berücksichtigung der erwarteten Netterlöse aus dem Angebot in Höhe von ca. €1.099,5 Mio. die derzeitige Inanspruchnahme der KfW-Fazilität um €375,0 Mio. auf Null und die derzeitige Inanspruchnahme der Barfazilität um die verbleibenden Nettoerlöse von €724,5 Mio. auf €762,0 Mio. reduzieren. Zudem wird diese Reduzierung den finanziellen Spielraum der Gruppe in der kommenden Winter 2021/22 Saison im Hinblick auf mögliche weitere Inanspruchnahmen der KfW-Fazilität und Barfazilität verbessern und sie dadurch in die Lage versetzen, auf verbleibende kurzfristige Unsicherheiten in der Reisebranche aufgrund der andauernden Auswirkungen der COVID-19 Pandemie zu reagieren.

Übernahme. Nach dem Übernahmevertrag und dem Sponsorvertrag sind die Konsortialbanken verpflichtet:

- die Neuen Aktien, die nicht unmittelbar von Unifirm gezeichnet werden, den bestehenden Aktionären zum Bezug anzubieten und danach alle Restaktien in der Rump-Platzierung anzubieten; und
- die übrigen Unplatzierten Restaktien zu übernehmen und die Neuen Aktien am Ende der Bezugsfrist zu zeichnen; und
- die Gesellschaft ist verpflichtet, den Konsortialbanken eine Basisgebühr von 2,25% der Bruttoerlöse (ausschließlich der Bruttoerlöse aus der direkten Zeichnung durch Unifirm) sowie eine freiwillige Gebühr von bis zu 0,50% der Bruttoerlöse (ausschließlich der Bruttoerlöse aus der direkten Zeichnung durch Unifirm) zu zahlen, die zwischen den Konsortialbanken entsprechend der jeweiligen im Übernahmevertrag enthaltenen Zeichnungsquote aufgeteilt werden. Darüber hinaus ist die Gesellschaft, gemäß des Sponsorvertrags, in dem sich die Sponsoren bereit erklärt haben, im Rahmen der britischen Börsenzulassungsregeln bei der Billigung des Prospekts und den Anträgen auf Zulassung im Vereinigten Königreich als Sponsoren aufzutreten, verpflichtet, an jeden der beiden Sponsoren eine Gebühr von €1,0 Mio. zu zahlen. Zusätzlich wird die Gesellschaft der Deutschen Bank für ihre Tätigkeit als Bezugsstelle eine Gebühr von €50.000,00 zahlen. Die maximale Gesamtgebühr, die von der Gesellschaft an die Konsortialbanken zahlbar sein kann, beträgt circa €23,1 Mio.

Nach der Verpflichtungsvereinbarung hat Unifirm mit der Gesellschaft vereinbart, die ihr zum Datum dieses Prospekts zuzurechnenden Bezugsrechte vollständig auszuüben.

Lock-up Verpflichtungen. Im Übernahmevertrag hat sich die Gesellschaft ferner verpflichtet, für einen Zeitraum von 90 Tagen nach der Abwicklung der Kapitalerhöhung, es sei denn, wie zwischen der Gesellschaft und dem WSF, der KfW oder einer anderen staatlichen Stelle vereinbart:

- keine Kapitalerhöhung durchzuführen oder
- keine Wandelschuldverschreibungen, Umtauschanleihen oder andere Wertpapiere auszugeben, die wandelbar, umtauschbar, ausübbar sind in, oder anderweitig das Recht auf die Zeichnung oder den Erwerb von Stammaktien verleihen, sei es direkt oder indirekt; oder
- keinen Swap oder eine andere Vereinbarung, Absprache oder Transaktion abzuschließen, durch die die wirtschaftlichen Folgen des Eigentums der Aktien ganz oder teilweise, direkt oder indirekt übertragen, verliehen oder zugeteilt werden (unabhängig davon, ob ein solcher Swap, eine solche Vereinbarung, Absprache oder Transaktion durch die Lieferung von Stammaktien, mit Bargeld oder auf andere Weise beglichen werden soll), ohne vorherige schriftliche Zustimmung durch die Joint Global Coordinators im Namen der Konsortialbanken.

Wesentliche Interessenkonflikte im Zusammenhang mit dem Angebot. Keine.

1. Risk Factors

An investment in the shares being offered in this prospectus (the "**New Shares**") involves risk. Before you make any investment decision regarding the New Shares, you should carefully consider the risks described in this section.

The following discussion is divided into three categories:

- ***Risks related to our business and industry*** discusses risks specific to our group that arise from our business operations or from the wider tourism industry in which we operate.
- ***Risks related to our financial profile*** discusses risks relating to our financial management or our financing structure, including our debt financing.
- ***Risks related to the shares and the admission to trading*** discusses risks relating to an investment in the New Shares.

The risk factors we present in this prospectus are limited to risks that are specific to the Company or its shares and are material for making an informed investment decision. We have assessed the materiality of the risk factors based on the probability of their occurrence and the expected magnitude of their negative impact. If any of these risks materializes, you could lose all or part of your investment.

The risk factors in each category describe the risks that we believe, at the date of this prospectus, to be the most material risks affecting us in that category and are presented in order of materiality, taking into account the negative impact on the Company and the probability of their occurrence.

In this risk factors discussion, the terms "**TUI**", "**Group**", "**we**", "**us**" and "**our**" refer to TUI AG together with its consolidated subsidiaries. The term "**Company**" refers to TUI AG as issuer of the New Shares.

1.1. Risks related to our business and industry

1.1.1. The COVID-19 outbreak has had material adverse consequences for our revenue and profitability, cash flow and liquidity, plans and goals, and share price. We expect that the pandemic will continue to have a significant effect on our business and industry over at least the short term.

Since late 2019, when the first cases of COVID-19 were reported in China, the outbreak rapidly spread and grew globally, including throughout Europe and, by 11 March 2020, was declared a pandemic by the World Health Organisation. In response to the COVID-19 pandemic, many governments around the world have implemented, and continue to implement, a variety of measures targeting a reduction in the spread of COVID-19, including travel restrictions and bans, instructions to residents to practice social distancing, quarantine advisories, shelter-in-place orders and required closures of non-essential businesses. Individuals' ability to travel has been curtailed through border closures, mandated travel restrictions and limited operations of hotels and airlines, and may be further limited through additional voluntary or mandated closures of travel-related businesses.

Although some countries and regions have eased some of the measures implemented to contain the COVID-19 pandemic, those measures together with the ensuing economic conditions have resulted in a material decrease in consumer spending and an unprecedented decline in travel and consumer demand for related activities and services. Our financial results and prospects are almost entirely dependent on the sale of such travel and travel-related services. We suspended all flight, cruise and hotel operations for a period of approximately 13 weeks in fiscal year ending 30 September 2020 ("**Fiscal 2020**"), and were able to begin a partial resumption of operations only in mid-June 2020, with even those partial resumptions being scaled back in the autumn of 2020 as a second wave of the COVID-19 pandemic made its way through Europe. As a result, the pandemic has had, and we expect that it will continue to have, a significant negative impact on our business, financial condition, results of operations, cash flows and liquidity position.

To date the COVID-19 pandemic has caused us to lose revenue and has imposed significant costs. These losses and costs result from many factors, including:

- reduced demand for vacations and cruises;
- guest compensation;
- itinerary modifications, redeployments and cancellations;
- travel restrictions and advisories,
- the unavailability of destinations and ports; and
- costs to return our passengers and certain staff and crew members to their home destinations.

During Fiscal 2020, our revenue decreased by 58.0% compared to the prior fiscal year. Our Underlying EBIT (IAS 17) for Fiscal 2020 decreased to a loss of €3,032.8 million from a profit of €893.5 million in the fiscal year ending 30 September 2019 ("**Fiscal 2019**"). Furthermore, during the nine-month period ended 30 June 2021 (the "**Nine-Month Period 2021**"), our revenue decreased by 79.6% compared to the prior nine-month period ended 30 June 2020 (the "**Nine-Month Period 2020**"). Our Underlying EBIT (IFRS 16) for the Nine-Month Period 2021 decreased to a loss of €1,978.6 million from a loss of €1,966.9 million for the Nine-Month Period 2020. We attribute these decreases primarily or entirely to the COVID-19 crisis. In Fiscal 2020 and the Nine-Month Period 2021 we incurred significant costs directly related to the outbreak, including refunds to customers cancelling their holidays and costs for the repatriation of customers from destinations abroad.

We will continue to incur COVID-19 related costs as we implement further public health protocols in order to restart our operations. In addition, our industry may be subject to enhanced health and safety requirements in the future which may be costly and take a significant amount of time to implement across our business.

We expect the COVID-19 pandemic and its effects to continue to have a significant adverse impact on our business for the duration of the pandemic and during the expected subsequent economic recovery, which could be an extended period of time. The extent of the effects of the COVID-19 pandemic on our business, results of operations, cash flows, liquidity and growth prospects is highly uncertain and will ultimately depend on future developments. These include:

- the severity, extent and duration of the global pandemic and its impact on the travel industry and consumer spending more broadly;
- actions taken by national, state and local governments to contain the virus or treat its impact, including travel restrictions and bans, requirements of a negative test for the Coronavirus for entry into a country, required closures of non-essential businesses and aid and economic stimulus efforts;
- the effect of the changes in hiring levels;
- the health and productivity of management and our employees;
- the impact on our contracts and relationships with our partners, such as travel agencies, suppliers and other vendors;

- the speed and extent of the expected recovery across the broader travel ecosystem; and
- the duration, timing and severity of the impact on customer spending, including any economic recession resulting from the pandemic.

In addition to its direct financial and operational effects, the COVID-19 pandemic has interfered with our ability to fully implement the strategy we adopted prior to the outbreak. Under this strategy, we aim to grow our integrated model both by further developing our product offering and by strengthening our digital customer acquisition capabilities. We expect that we will not be able to resume working towards full implementation of this strategy until the crisis has passed. We cannot foresee if or when we will be able to resume implementing our strategy. Aspects of our strategy may no longer be optimally suited to the post-pandemic business environment in the tourism industry. We may prove unable to adapt our strategy to a post-COVID-19 world. See also "*1.1.4 Our business will suffer if we cannot adapt to changes in customer behaviour and preferences*".

Assuming travel advisories and restrictions will eventually be lifted, demand for our services may afterwards remain weak for a significant length of time. We cannot predict if and when each of our brands will return to pre-pandemic levels of demand or pricing.

Our ability to attract and retain customers and staff depends, in part, upon the perception and reputation of the Group and our brands and the public's concerns regarding the health and safety of leisure travel generally, including on aircraft and cruise ships as well as in hotels. Actual or perceived risk of infection, or a public perception that we are not adequately enforcing preventive public-health measures such as mask wearing, could have an adverse effect on the public's perception of the Group, which could harm our reputation and business.

Moreover, we cannot predict the impact that COVID-19 will have on our partners, such as our joint venture partners, third-party owners of our properties, third-party service providers, travel agencies, suppliers and other vendors. In particular, if our partners are unable to maintain the properties and service indebtedness, our results of operations and reputation could suffer. Financing difficulties and significant declines in revenues across the industry make it more likely that our partners could declare bankruptcy or face other difficulties with their lenders. Bankruptcies, sales or foreclosures involving our or our partners' properties could, in some cases, result in the termination of our management or franchise contracts and eliminate our anticipated income and cash flows, which would negatively affect our results of operations. Partners with financial difficulties may be unable or unwilling to pay us amounts that we are entitled to on a timely basis or at all.

Current and ongoing economic conditions also could affect our ability to enter into management and franchise contracts with potential partners, who may be unable to obtain financing or face other delays in developing projects. As a result, some projects in our development pipeline may not enter our system when we anticipate, or at all, and new projects may enter our pipeline at a slower rate than in the past, thereby negatively affecting our overall growth. Likewise, if we or our partners are unable to access capital to make physical improvements to our properties, the quality of our properties may suffer, which may negatively impact our reputation and business.

In July 2020, the European Union ("**EU**") agreed an emergency financial assistance package intended to mitigate the effects of the COVID-19 pandemic on its economy. The package includes €390 billion in grants intended for the member states most severely affected by the pandemic as well as a further €360 billion in low-interest loans. We cannot foresee whether these measures will succeed in materially improving the economies of those member states and of the EU as a whole.

1.1.2. A repeated resurgence of COVID-19 after the virus had begun to subside, as well as renewed countermeasures by authorities, have extended the effects of the pandemic and reversed the limited recovery that had been made in our results of operations, in our industry and in the economy in general. We cannot predict when further outbreaks of COVID-19 or new variants may occur.

As the number of cases of COVID-19 decreased in most European markets in early summer 2020, many of the lockdowns, travel restrictions and other countermeasures intended to contain the pandemic and reduce infection rates were gradually lifted or relaxed. On 15 June 2020, we resumed partial operations in our source markets, primarily to destinations in Europe. Group hotels partially resumed operations at the beginning of July 2020. By late July, however, resurgences of new infections began on a regional or local basis. In consequence, authorities reimposed certain restrictions that had previously been lifted or relaxed. By early autumn 2020 it was generally accepted that a so-called “second wave” was occurring: an increase in case numbers and infection rates not only in isolated regions but across large areas that previously seemed to have contained the pandemic and begun to emerge from the crisis. As a result, existing restrictions in previously affected regions were extended and travel restrictions, lockdowns and other measures that had previously been lifted were reimposed.

In the course of the COVID-19 pandemic, several mutant variations of the coronavirus emerged (such mutant variations that have emerged and will emerge, the “**Coronavirus Variants**”). It cannot be ruled out that people who were infected with the original variant or received a vaccine based on it are less well protected against infection with any of the Coronavirus Variants because the neutralizing antibodies produced by the immune system are less effective against the modified virus. Furthermore, there is concern that certain Coronavirus Variants may be more transmissible than previous strains. As of the date of this prospectus, no firm conclusion can be made on the aforementioned concerns. There is a general possibility that vaccines will be less effective against certain Coronavirus Variants. The emergence of new Coronavirus Variants is difficult to predict and localize. Following the emergence of new Coronavirus Variants, many governments in Europe (including but not limited to those of the UK, Germany, France and Italy) and elsewhere may impose new travel restrictions, which may lead to preventing all or substantially all incoming passengers from the country of the first occurrence or detection of a new Coronavirus Variants entering their territories or cancelling incoming flights from such countries.

After certain restrictions were eased in several European countries, a majority of countries experienced another sharp increase in infection rates in the first quarter of 2021, forcing a renewed shutdown of public life and the introduction or tightening of restrictions on travel and requirements for returning travellers.

We cannot predict when this or further additional waves of infections, including the emergence of the Coronavirus Variants, will subside or when the vaccination programs will be successful. Nor can we predict how long the specific countermeasures that regional or national authorities have since imposed or reimposed in an effort to contain and reverse the resurgence will remain in place, or whether they might be replaced by or supplemented with even stricter measures. Certain countries in which vaccination programs are showing success, have nevertheless introduced restrictions on travel abroad which continue to change on a regular basis, such as the "traffic light" system implemented in the United Kingdom imposing re-entry restrictions, in particular quarantine and testing requirements, for a large proportion of countries, which could result in discouraging customers from travelling. Several governments have begun to consider factors such as the rates of hospitalization, mortality and utilization of intensive care units when taking decisions in connection with the containment of the COVID-19 pandemic. However, we cannot predict with certainty how such considerations will affect travel restrictions. Both the direct effects of further waves of infections and the indirect consequences of new or extended countermeasures have had and could continue to have a severe and negative effect on the economy generally, on the tourism industry and on our business. Such indirect effect could continue to have a negative impact on consumer confidence generally and, as a result, economic consequences for consumer spending. Of specific relevance to our business, diminished consumer confidence has already impacted customers' bookings for summer 2021 season ("**Summer 2021**") and could lead to continued reduced willingness of potential customers to travel in full summer season and beyond even where travel is feasible. Customers willing and able to travel may tend to book holidays on shorter notice, which reduces both the visibility of our near-term business and the availability of customer deposits. In addition, we face the risk that customers cancel existing bookings which may result in obligations to refund any payments that have already been made.

In addition, this prospectus contains forecasts regarding market data, growth rates, economic performance, and other developments in the travel industry. We derived this information from third-party sources. The COVID-19 pandemic is ongoing and, as shown by the emergence of the Coronavirus Variants, continues to develop; accordingly, its end cannot be predicted: As a result, those sources may not fully reflect the current and potential ultimate impact of the pandemic on the economy, society and markets in which we operate. Their forecasts are subject to a degree of uncertainty. If they prove incorrect, then our own forecasts, as well as plans and assumptions we have made on the basis of those studies, may also be incorrect, and we will then be unable to achieve benefits or avoid harms as planned on the basis of those forecasts.

In November 2020, pharmaceutical companies began to report promising results from clinical studies of vaccines against the Coronavirus. Beginning in December 2020, certain vaccines have been approved for use in various jurisdictions, including the EU and the UK, and have begun to be administered. However, vaccination campaigns started slowly in some cases and continue to face significant challenges. For example, even though logistical challenges have mostly been overcome in European countries, there has subsequently been a temporary halt in some countries to vaccinations using a particular manufacturer's vaccine, and restricted use in other countries, because there were indications that the vaccine might, in certain cases, be linked to dangerous side effects. In addition, the delivery of another vaccine to the EU was postponed as safety concerns have arisen. While the vaccination campaign in the UK has progressed and initial steps to withdraw lockdown-related measures have been implemented or announced, this is not the case in all European countries. Moreover, the vaccination campaign in certain populations is in some cases much less advanced. There is no guarantee that the administration of the vaccines to a sufficiently large percentage of the population will have a significant effect on the pandemic or that this will occur in the sufficiently near future to contribute meaningfully to the willingness of potential customers to purchase holidays from us and ability to travel to holiday destinations in the near future. There is no assurance that currently unforeseen problems that reduce or negate the public health value of the vaccines, such as new Coronavirus Variants or unexpected and negative side effects, will not subsequently emerge.

We expect that further waves of infections and related countermeasures against them will continue to adversely affect the tourism industry both in the source markets in which we sell products and services to customers and in affected destination markets.

1.1.3. Various macroeconomic factors may adversely affect our business by diminishing customer ability or willingness to spend money on our holidays.

A number of macroeconomic factors have an impact on the tourism industry and on our Group specifically. Economic conditions in our source markets are a major driver of demand for our travel services and holidays. Spending on leisure travel and tourism is discretionary and, as a consequence, these effects can impact demand. Adverse developments such as recession, increasing unemployment rates, or increases in interest rates, direct or indirect taxes, or the cost of living could reduce consumers' disposable income and therefore cause significant reduction in demand for travel and tourism as consumers reduce or eliminate their spending on travel, or opt for alternative, lower-cost substitutes. Events and developments outside the economic sphere, such as social or political unrest, war, terrorist acts and other hostilities, natural catastrophes and outbreaks of disease have had, and may in the future have, in addition to their direct negative effects discussed elsewhere in this section, indirect and strongly negative effects on the economy.

Negative developments in Europe, in particular, can harm our business and operating results. We generated an aggregate 93.3% and 89.5% of our revenue in Europe in Fiscal 2020 and the Nine-Month Period 2021, respectively. Even where adverse economic developments have not affected potential customers personally, concern over possible future impacts such as unemployment or reduced income can lessen consumer confidence, driving down demand for discretionary goods and services such as tourism.

The COVID-19 pandemic has had serious adverse economic consequences, including declining economic growth, numerous business insolvencies, and significantly increased unemployment, resulting in decreased per capita income and disposable income. Europe, in particular, has been severely affected by the pandemic. Virtually no part of the continent has escaped unscathed, and the virus and its consequences have had a very serious and adverse effect on major European economies, including our major source markets such as Germany and the UK, as well as Italy, France and Spain.

We have no assurance that emergency measures by national governments or supranational organisations will successfully mitigate the economic impact of COVID-19. Even where such measures succeed in macroeconomic terms, they may still have other consequences that reduce discretionary spending by individuals and businesses and, consequently, the demand for tourism. For example, businesses receiving emergency state aid may be required to reduce the scale of their operations, leading to significant numbers of redundancies.

Furthermore, even if economic and operating conditions for our business improve, we cannot predict the long-term effects of the pandemic on our business or the travel industry as a whole. If the travel industry is fundamentally changed by the COVID-19 pandemic in ways that are detrimental to our operating model, our business may continue to be adversely affected even as the broader global economy recovers.

See also "*1.1.1 The COVID-19 outbreak has had material adverse consequences for our revenue and profitability, cash flow and liquidity, plans and goals, and share price. We expect that the pandemic will continue to have a significant effect on our business and industry over at least the short term*".

In late 2009, a number of countries within the Eurozone underwent sovereign debt crises. The crisis created the risk of contagion to other, more fiscally stable, countries, particularly France and Germany. The crisis itself as well as the austerity measures adopted in response caused uncertainty about the stability and overall standing of the European Monetary Union. Although its severity appears to have abated somewhat over recent years, concerns that the Eurozone sovereign debt crisis could re-emerge have been heightened by the macroeconomic effects of the COVID-19 pandemic.

Re-emergence of the sovereign debt crisis could lead to the reintroduction of national currencies in one or more Eurozone countries or the abandonment of the euro, which could materially adversely affect our businesses. Additionally, any such re-emergence could trigger the unwinding of other aspects of European integration that have benefited our businesses.

1.1.4. Our business will suffer if we cannot adapt to changes in customer behaviour and preferences.

To succeed, we must introduce and expand products and services that meet customer demands and preferences. These preferences can change rapidly and unpredictably. Public perception about the safety or desirability of various forms of travel could also lead to changed patterns for international and national leisure activities that may affect the demand for our products.

COVID-19 could substantially change our customers' demands, including with respect to a heightened sensitivity to cleanliness and hygiene standards and social distancing measures. For example, outbreaks of COVID-19 on ships of some of our competitors, and the resulting illness and, in some cases, loss of life have subjected cruises generally to negative publicity. This publicity could have a long term impact on the appeal of cruises, which would diminish demand for vacations on our ships. The pandemic could also increase the popularity of "solo" holidays, in which vacationers travel by automobile or leisure vehicle and stay in rented houses or apartments or at campsites, compared to travel by airplane or cruise ship and stays in hotels or at resorts.

Holiday bookings could be reduced if destination countries impose the requirement of a vaccination passport to enter the country. In addition, customers could be discouraged from travelling outside their country by continuing or newly introduced restrictions on travel, such as mandatory quarantine and/or testing requirements ahead or after the vacation. The United Kingdom has introduced a "traffic light" system that imposes re-entry restrictions for a large proportion of countries. Similar regulations exist or are expected to be implemented in other jurisdictions.

Factors other than COVID-19 can also drive changing customer behaviour and preferences. We expect that these factors will continue to affect our business even in the absence of COVID-19 or similar widespread virus or disease outbreaks. For example, bad weather at any of our destinations, or unseasonably warm weather in our source markets, could reduce demand for travel to our "sun and beach" destinations, which are important contributors to our revenue. Customers may also reduce travel by aircraft or cruise ships if they believe these modes of travel are harmful to the environment.

We must also understand and anticipate customer behaviour, which changes over time and may vary from market to market. In recent years for example, customers have increasingly tended to book holidays nearer the time of travel than was traditionally the case. This trend has been and may be further intensified in the future by COVID-19 due to reduced visibility on ability to travel in the near term and the possibility of having to self-quarantine on return from holiday destinations. This change in booking behaviour makes it more difficult for us to engage in seasonal planning and adjust capacity to react to short-term changes in customer demand and could have a significant impact on our working capital.

If our products and services fail to attract and retain customers, or if we fail adapt to changing customer demands and preferences, we could suffer deceased revenue, loss of market share and a diminished reputation.

1.1.5. Political instability, natural catastrophes, accidents and other events outside our control may reduce customer demand and otherwise unfavourably affect our business.

Events outside our control can have a material effect on our business. These events may include:

- geopolitical events, such as political instability, social unrest, civil war, international conflicts, failing governments and terrorist attacks

- natural events, such as the COVID-19 pandemic and other outbreaks of virus or disease, climate change (including any resulting rise in sea levels) and other natural catastrophes, and
- operational events, such as accidents and incidents involving our aircraft, cruise ships, hotels or other travel products and services.

Any of these events can have a powerful effect on travellers' perception of the risk involved in booking holidays with us, which can translate into reduced demand and a decrease in revenue.

Because we operate worldwide, both domestic and international geopolitical events could adversely affect demand for our products and services. For example, political instability and terrorist events in recent years in Turkey, Egypt, Tunisia and other North African countries and the related travel warnings and restrictions imposed by various governments have had a significant impact on customer demand for holidays in these destinations. In some cases, we have incurred substantial costs to repatriate customers at short notice.

Events in our source markets, destination countries or elsewhere can lead to travel bans and restrictions. They can also dampen existing and potential customers' desire for travel. These factors have included:

- pandemics, epidemics and other public health crises, including not only the current COVID-19 pandemic but also outbreaks such as the Zika epidemic in South and Central America in 2015-2016 and the Ebola epidemic in Western Africa in 2014;
- aircraft and maritime disasters such as the 2015 crash of Germanwings flight 9525, the 2014 shooting down of Malaysia Airlines flight 17 over the Ukraine; and the 2012 grounding of the *Costa Concordia* off the Italian coast;
- ongoing armed conflict in Syria, Ukraine and elsewhere;
- ash clouds generated by volcanic eruptions, such as the 2010 eruption of Eyjafjallajökull in Iceland, which caused massive disruptions to air traffic over Europe and beyond for up to a month;
- adverse or extreme weather conditions such as hurricanes, floods and typhoons, or wildfires (such as those experienced in certain areas of Southern Europe in Summer 2021); and
- grounding of all Boeing 737 MAX aircraft, including the 16 aircraft in our fleet, by the U.S. FAA and the European Aviation Safety Agency, or EASA, in March 2019.

Moreover, hotels and airlines have in recent years been the subject of terrorist attacks, notably in Tunisia, India, Spain, Egypt, Russia, Turkey and Sri Lanka. In particular, in June 2015 we suffered a terrorist attack at the Riu Imperial Marhaba Hotel at Port El Kantaoui, a beachfront tourist complex near Sousse, Tunisia. In this attack, a gunman killed 38 people and wounded a further 39. Furthermore, cruise ship piracy has occurred in the Gulf of Aden.

In addition to events that affect large groups, we are also exposed to risk from accidents and incidents involving individuals. These could include "slip and fall" accidents at our sites, food poisoning at dining facilities, and injuries sustained during guest activities and excursions.

Any accident, incident or technical issue involving our aircraft, cruise ships, hotels or other travel products and services could create a public perception that our products, services or destinations are unsafe. Unfavourable media coverage following such an accident, incident or technical issue could exacerbate this impact. As a result, our reputation could suffer and demand for our products and services could decrease. Moreover, potential customers could also lose confidence in the tourism industry generally, including our Group, even if such incidents involved aircraft, cruise ships, hotel or facilities of other companies.

An accident or incident involving damage to or the destruction of one of our aircraft or cruise ships would result in temporary or permanent loss of the aircraft or ship from service and the need to repair or replace it. Such events could also give rise to claims for compensation from injured passengers and the survivors of deceased passengers.

The operation of cruise ships and airplanes carries an inherent risk of loss. Factors that can result in loss include:

- adverse or extreme weather conditions such as hurricanes, floods and typhoons, or wildfires;
- aviation and maritime disasters;
- oil spills and other environmental mishaps;
- mechanical failure, collisions and human error; and
- war, terrorism, piracy, political action, civil unrest and insurrection.

All of these factors are external events outside our control. Any of them may lead to loss of life or property, loss of revenue or increased costs, and a reduction in customer spending on holidays and leisure travel products. They may also lead to prolonged business interruptions as well as to substantial claims by customers for accommodation, alternative travel, repatriation or medical treatment. In addition, the frequency and severity of natural disasters may increase due to climate change.

1.1.6. *Significant competition in the European tourism industry could lead to reduced prices or to a loss of customers.*

We face significant competition in our core European tourism markets.

Spending on travel and tourism is discretionary and price sensitive as well as competitive. Even aside from the impact of the COVID-19 pandemic on discretionary spending, the economic outlook remains uncertain with various markets at different points in the economic cycle. Furthermore, in recent years there has been an emergence of successful substitute business models, such as web-based travel and hotel portals, that allow end users to combine the individual elements of a holiday trip on their own and book them separately.

Some of our competitors focusing on offering the separate components of a travel package, such as flights, hotels, accommodation or leisure activities, that customers can themselves integrate into a package. Other competitors, operating primarily over the internet, offer only one or a few of these components, with customers integrating a package from the offerings of multiple providers. Historically, we focused primarily on integrated holiday packages. This approach enabled us to maximise our vertical integration and, as a result, efficiently tap our aircraft, hotel and cruise line capacities. More recently, we, like some competitors, have also begun marketing separate travel components, which may result in a reduced ability for us to maximise efficiencies. In addition, we could lose customers or be forced to reduce prices due to the increased price transparency these competitors have created.

Prior to the outbreak of the COVID-19 pandemic, the tourism industry has in recent years experienced a substantial increase in travel and tourism businesses focused on online distribution, such as Expedia and Booking.com. These businesses typically have lower cost structures than traditional retail travel businesses. In some cases, they may have offerings more favourable to ours for both travellers and suppliers, in terms of pricing, connectivity and supply breadth. This development has resulted in increased competition and, in certain cases, overcapacity. Both these developments have driven down selling prices and may continue to do so.

We also face increasing competition from online portal and search companies, such as Google, as well as metasearch sites, such as Trivago and Kayak. These sites aggregate travel search results across supplier, online travel and other websites. Metasearch companies and search engines may redirect potential customers to competitors' websites. In addition, some search companies charge us each time a user accesses our website through their search engine, even if the user does not purchase our products or services. If a substantial number of users access our websites through these search engines but do not purchase our products or services, our expenses could increase, reducing our profit margin.

Additionally, search engine companies have shown increasing interest to diversify into the online travel channel, as evidenced by recent technological innovations and proposed and actual acquisitions by companies such as Google or Microsoft. Many search engine companies have achieved significant brand recognition based on their historical operations. If they begin selling travel products, they could ultimately become our direct competitors, leveraging their brand recognition to win market share and capture customers who might otherwise have booked their travel with TUI.

Low-cost airlines have further exacerbated pressure to reduce prices. On many routes, these airlines compete successfully against charter airlines, including our own, that offer the flight component of vacation packages. If we cannot maintain a competitive cost structure compared to these low-cost carriers, we may be unable to offer competitive prices to customers for package holidays involving flights on our aircraft. As a consequence, we could in turn suffer loss of customers to other businesses, such as hotels at holiday destinations.

Our cruise line business also faces intense competition. The customers we target in the luxury cruise market can choose from a very wide range of travel and vacation options. If these customers consider other vacation and travel options – for example, luxury hotels – as more attractive than ours, our cruise business would suffer. We also face competition in our budget and premium cruise submarkets from newly built ships joining the market. The new ships have increased capacity in these submarkets, exacerbating pricing pressure.

1.1.7. Excess capacity in our aircraft, hotels and cruise ships can affect us adversely.

Our success depends on the optimal utilisation of resources. These resources include the aircraft, hotels and cruise ships that we own and aircraft, hotel and cruise ship capacities that we lease, or are committed to lease, on a long-term basis. The COVID-19 pandemic has severely impacted the demand in respect of each of these resources and it is unforeseeable when, if at all, utilisation rates will return to pre-pandemic levels.

In addition to the declines associated with the COVID-19 pandemic, a decline in demand for TUI Group's travel products offered by its tour operators and multi-channel distribution network could therefore lead to excess capacity with respect to TUI Group's aircraft, hotels and cruise ships.

Furthermore, a key aspect of TUI Group's strategy is to increase top-line growth through increasing unique and branded product content in both hotels and cruises. Implementing this strategy requires us to invest in both of these areas. We cannot assure you that this investment will result in the enhanced returns we expect. Furthermore, this investment could increase the risk of excess capacity.

Assuming that the cruise segment recovers from the significant harm it suffered as a result of the COVID-19 crisis, the expansion of our cruise ship fleet could lead to overcapacity in the market and, in particular, to cannibalisation of bookings for older ships. These developments could lead to write-offs and higher than expected restructuring costs.

To the extent that we purchase additional capacity from third parties, we are able to make capacity adjustments only to the extent that our contracts with those third parties permit.

1.1.8. The Group's vertically-integrated business model means it is disproportionately impacted by a decline in revenues.

We operate a vertically-integrated business model, which means that we own and operate the majority of our airplanes and hotels. In addition, 12 of our 16 cruise ships are owned by TUI Cruises, a joint venture in which we hold a 50% interest. Prior to our July 2020 transfer of former subsidiary Hapag-Lloyd Cruises to TUI Cruises, we directly owned or leased nine of our then 16 cruise ships. A high proportion of the Group's operating overheads and certain other costs, such as lease payments and labour, therefore remain relatively constant even if there is a decline in revenues. This is because the expenses of owning and operating airplanes, hotels and cruise ships are not significantly reduced if occupancy and use decline, particularly in the short term. Our fixed and semi-variable costs represented a substantial proportion of our cost base in Fiscal 2019 and include long-term lease obligations, business rates and service charges, amongst others.

Therefore, a decline in revenues, whether as a result of macro-economic factors or specific events like pandemics (including COVID-19), terrorist attacks, natural disasters or wars, has a disproportionately adverse effect on us compared to competitors who operate franchise or other asset-light models, where a significant proportion of operational costs would fall on franchisees or other third-parties. Due to our large ownership interests and freehold or long-term leasehold of our cruise ships, airplanes and hotels, we are likely to be less impacted than other vertically-integrated competitors who lease the majority of their airplanes, cruise ships or hotels and therefore have to pay rent. Nonetheless, a decline in our revenue may have a disproportionately material adverse effect on our business, financial condition, results of operations and prospects relative to other companies operating in the same sector.

1.1.9. Corporate restructuring projects and cost saving actions may not be successful or may take longer and be more expensive than anticipated.

We periodically undertake restructuring projects to make operations more efficient and/or reduce our cost base. There is an inherent risk with any large restructuring program that it requires a significant amount of management time and thus may affect or impair the ability of our management team to run our business effectively until completion of the restructuring. Any such restructuring program may take longer than expected, or difficulties relating to its implementation may arise and there can be no assurance that the actual cost of a restructuring program will not exceed our cost estimates. Furthermore, we may not be able to retain personnel with the appropriate skill-set for the tasks associated with the implementation of a restructuring program, which could materially impair the restructuring.

In particular, in August 2020 we announced our Global Realignment Programme in response to the COVID-19 pandemic, as one of our self-help measures to address group-wide costs with a target of permanently saving more than €300 million. Projects announced and underway across core functions, Markets & Airlines and TUI Musement (formerly Destination Experiences) are already expected to deliver close to the €300 million target savings and we have therefore increased our target to €400 million per annum. We incurred restructuring costs of approximately €379 million in Fiscal 2020, while we incurred net restructuring expenses of €36 million in the Nine-Month Period 2021, including income of €53 million from the reversal of restructuring provisions no longer required in Central Region due to the lower than expected reduction in fleet size at TUIfly. We expect to incur restructuring charges of approximately €70 million in fiscal year ending 30 September 2021 ("**Fiscal 2021**") and approximately €40 million in fiscal year ending 30 September 2022 ("**Fiscal 2022**") in connection with the Global Restructuring Programme. The Global Restructuring Programme delivered initial benefits in

Fiscal 2020 and in the Nine-Month Period 2021 and we expect to achieve 50% of our targeted savings by the end of Fiscal 2021 and full benefits by fiscal year ending 30 September 2023 ("**Fiscal 2023**"). We cannot assure you that the programme will deliver the benefits we expect, or do so to the schedule we expect. Nor can we assure you that the associated restructuring costs will remain within our estimates. The Global Realignment Programme is a key element of our strategy to address the effects of the COVID-19 pandemic and return to a normalised level of business from Fiscal 2022 onwards. If it cannot deliver the expected benefits at the expected cost, we may not be able to achieve our plans for return to normal operations and growth in the time we expect.

1.1.10. European and national restrictions on airline ownership could result in the loss of the Group's airline operating and route licenses, force us to divest our airline businesses or result in other adverse effects.

European and national restrictions on airline ownership could result in the loss of our airline operating and route licenses and, consequently, force us to divest the Group's airline business or result in other adverse effects on our airline business. The Company owns and controls the shareholdings of four air carriers in four EU member states as well as one airline in the United Kingdom. In the European countries in which our airlines operate, an air carrier is permitted to operate airline services only if it is majority owned, and effectively controlled, by one or more member states of the European Economic Area or their nationals. The carrier must be able to prove this at any time. Failure to do so may result in withdrawal of, or a refusal to issue, the carrier's operating license or route licenses. In addition, there may be national ownership restrictions applicable to the granting of route licenses to our airlines.

The Company believes that it is still majority owned and controlled by nationals of the EEA and, thus, continues to meet the requirements of Regulation (EC) No. 1008/2008 on common rules for the operation of air services in the Community of 24 September 2008 (the "**Airline Operations Regulation**"). However, there is a risk that the competent national aviation authorities and/or the EU Commission challenge the Company's assessment and might reach the conclusion that the Company ceased to meet the requirements of the Airline Operations Regulation. The post-Brexit transition period ended on 31 December 2020 without a final agreement between the EU and the UK or extraordinary interim agreements on intergovernmental level for the airline business. Both sides have agreed to discuss a possible liberalisation of the requirement described in the paragraph above in the coming months. This development could result in the withdrawal of our airline operation licenses by the relevant national aviation authorities.

No mechanism is currently in place to prevent the majority of the Company's shares at any time from being held by non-EEA nationals. The Company's charter does not contain provisions, such as for the disenfranchisement of non-EEA shareholders, that operate automatically to ensure compliance with the ownership requirements. An authorisation of the executive board of the Company (*Vorstand*; the "**Executive Board**") to request non-EEA shareholders to sell their shares, to disenfranchise non-EEA shareholders or to issue new shares to EEA nationals for the purpose of maintaining the Group's airline operating and route licenses could only be given if the Company were within the scope of the German Aviation Compliance Documenting Act (*Luftverkehrsnachweissicherungsgesetz*; "**LuftNaSiG**"). This would require the Company to qualify as an "air carrier company" pursuant to the LuftNaSiG and the applicable EU law provisions; that is, the Company itself would have to possess operating and route licenses and corresponding air traffic rights.

In order to prevent the risk of a withdrawal of airline operation licenses the Company is assessing possible options, should they be required, to restructure its airline activities in such a way that they are compliant with regard to the "ownership & control" requirements under the applicable mandatory law. We cannot assure you that any measures we might take to be compliant with ownership requirements, including an issuance of additional share capital to EEA nationals only on a non-preemptive basis, would be successful.

1.1.11. Our branding strategy creates the risk that damage to our reputation in one part of our business could harm other parts of our business operating under the same or a related brand.

Intellectual property – primarily, our brand names, trademarks and service marks – are important to our business. We operate under a number of individual brands as well as our group-wide umbrella TUI brand. This strategic reliance on our brands places us at risk if those brands and our reputation are damaged. Negative events affecting individual components of the tourism value chain, such as bad publicity about individual tour operators, hotel companies, airlines or cruise lines, could damage reputation of our Group as a whole.

Our brands, image and reputation constitute a significant part of our value proposition. Our success over the years has largely depended on our ability to develop our brands and image as a, in our opinion, world leading tourism group. Travelers expect high quality travel products and services at competitive prices. Negative events could lead to customer complaints and damage our reputation and brands. In addition to reports of COVID-19 outbreaks aboard our aircraft or ships or at our destinations, such events could include:

- poor quality of products and services, provided by our third-party travel suppliers that we offer under our brands;
- failure to meet customers' expectations;
- failure to reimburse for unsatisfactory products or services; or
- the exchange of customer complaints or negative reviews on social network websites.

In addition, our image could suffer if an accident occurs on charter flights we have sold.

Negative publicity in respect of the response of tourism companies to holiday cancellations, and of airlines to customers' inability to lawfully travel for non-essential purposes, could also cause our branding and public image to suffer. The COVID-19 pandemic has caused disruptions across a wide variety of consumer transactions. Consumers, in turn, have registered complaints about the ways some companies have responded to these disruptions. In the UK, the Competition and Markets Authority, or CMA, has announced investigations of business responses to customers across a number of industries, including tourism and air travel. Regarding package travel organisers, since March 2020, the CMA has received over 23,000 consumer complaints, primarily related to handling of holidays cancelled because of the pandemic. They included claims that customers were not informed of their full rights under these circumstances, were charged cancellation fees when the law entitles them to a full refund, or were forced to accept vouchers instead of a cash refund. We agreed with the CMA to pay by the end of September 2020 any outstanding refund requests for customers whose package holidays were cancelled as a result of the COVID-19 pandemic. The CMA has since stated its intention to commence court action against other providers of package holidays, if similar concerns regarding the issue of refunds are not remedied by those businesses. In May 2021, we also undertook to the CMA that we would improve the display of information related to travellers' refund rights in certain package travel contracts and customer communications. However, the CMA has in parallel issued an open letter to the package travel sector, setting out its expectations with regards the offer and communication of refunds to customers. Reports of improper responses by us or other tourism providers may taint public perception of the TUI Group and of our industry in general, making customers less likely to book their holidays with us. We cannot assure you that we will successfully maintain and enhance consumer awareness of our brands. Even if we do succeed, our efforts may not be cost-effective. As new media and technologies, such as social media and smartphones, continue to evolve rapidly, we will need to allocate additional funds to promote our brands through these channels. If we cannot adapt our brand strategy, we may lose market share.

More generally, we cannot assure you that the trademark, copyright, and trade secret laws and the confidentiality agreements we use to protect our trademarks, brand names, website domain names and content and proprietary technologies will provide adequate protection. Moreover, not all of our intellectual property can be protected by registration. It is possible for someone else to copy or otherwise obtain and use our proprietary technology or content without our permission or to develop similar technologies independently. Effective trademark, copyright, patent and trade secret protection may not be available in every country in which we operate, and policing unauthorised use of our proprietary information is difficult and expensive. Unauthorised third-party misuse of our trademarks could result in loss of sales and damage to our reputation.

1.1.12. *Our business depends on IT systems.*

Our business, especially in its yield management activities and in the provision of central administration, depends heavily on IT systems. Our tourism business, reservation systems and administrative operations rely on the continuous functioning of our IT systems for sales through travel agents and direct sales of vacations and travel services to customers over the internet. We also depend on the continuous functioning of our IT systems for the dynamic customisation of holiday packages.

Our strategy focuses on digital customer acquisition. For example, TUI has launched a new online travel agency platform in six markets complementary to its existing businesses, currently focusing in particular on the accommodation only market, metasearch business and flight combined offerings based on airline partnerships. We aim to drive as many new customers as possible into our own hotels and to cross-sell our own products. We believe that our customer relationship management (CRM) systems are set to support such a digital up- and cross-selling. Outages or significant failure to smoothly implement such systems, disruption or cyber-breach may delay our implementation of such digital platforms or disrupt our growth in digital customer acquisition and may thus have material adverse effects on our revenues and results of operations.

IT systems are vulnerable to disruptions, damage, power outages, hacking attacks, acts of terrorism or sabotage, computer viruses, fires and other events, and programming errors. These dangers cannot be entirely avoided. We cannot assure you that our systems experience efficient and uninterrupted operation.

TUI Group is also vulnerable to rapid changes in technology. Our business may suffer if we do not:

- keep up with the latest IT developments,
- address legacy inefficiencies and complexities of our existing IT infrastructure,
- protect our systems from cyber related attacks,
- protect personal customer data that we store and transmit,
- ensure continuity of service for critical IT systems, or
- execute our IT strategy and developments in line with customer expectations.

1.1.13. *We are vulnerable to rising fuel costs and changes in the type of fuel we are permitted to use.*

Fuel costs constitute a significant proportion of the operating costs of our aircraft and cruise ships. Both the cost and availability of fuel are subject to economic and political factors that are beyond our control. Increases in fuel costs usually lead to increases in holiday prices. In response to rising fuel prices, TUI Group may need to impose fuel surcharges on short, medium and long-haul flights. These increased prices and additional charges could reduce demand for TUI Group's travel products.

Since the COVID-19 crisis began, a majority of our banking partners have restricted or suspended our trading lines with them, largely due to the increased mark-to-market exposure created by the significant fall in fuel prices. This has made it more difficult for us to hedge fuel costs. Currently, we have held positive discussions with hedging counterparties, some of which have indicated that they may soon be in a position to re-open limited trading lines. However, there is no assurance that trading lines will in fact be re-openened. If this situation persists, we may be unable to fully hedge our fuel exposures from the 2021 summer season onwards. If that is the case, our ability to manage fuel costs and mitigate against fuel price fluctuations will be reduced, and or exposure to fuel price fluctuations will increase. We cannot assure you that any measures we may take to mitigate the negative consequences of our reduced hedging or the inability to hedge fuel or foreign exchange exposures, such as use of flex pricing in markets where it is possible to do so, will be effective in protecting our margins.

We have fully hedged jet fuel for the remainder of Summer 2021. Such hedges against movements in fuel prices that we enter into cannot completely mitigate this risk. Furthermore, hedges create risks of their own. We are subject to a general credit risk as counterparties to hedging transactions may default on their obligations. In addition, even hedges that seek to stabilise fuel price fluctuations can have negative effects, as they may also cause us to forgo the benefits of favourable movements in the price of fuel. For example, as of 30 September 2020, as a result of low fuel prices we had $335 million of cash-out for settlement payments related to over hedging, which we believe could be exacerbated by further decreases in demand as a result of the COVID-19 pandemic. Although the proportion of forecast fuel requirements we have hedged is currently relatively low, and there is therefore a low risk of being in an similarly over-hedged position, this absence of an extensive hedge position creates a risk that if fuel prices were to rise in the future, we may be unable to pass on those additional fuel costs to customers.

In addition, future regulatory requirements, in particular with regard to our cruise ships, could require us to use more expensive types of fuel and could increase the cost of our holiday prices. For example, as of January 2020, the International Convention for the Prevention of Pollution from Ships (MARPOL) adopted by the International Maritime Organization sets a global limit on fuel sulphur content of 0.5% (reduced from the previous 3.5% global limit).

1.1.14. Our activities in foreign markets involve country-specific risks, particularly in jurisdictions with less developed economies or legal systems than those of Western Europe.

We have existing operations in emerging markets such as China and India. We also plan to expand operations or entry into selected new markets if attractive opportunities arise. We are therefore likely to be increasingly active in countries with lower levels of political, legal and economic stability and with different cultural values compared to Western Europe.

Operations in emerging markets may increase the difficulties we face in developing, managing and staffing global operations as a result of distance, language and cultural differences and the complexities of implementing standardised processes and quality management globally. Our global operations expose us to a variety of risks over which we have little influence, any of which could adversely affect our business. These risks tend to be higher in emerging markets and developing nations, which may have legal, regulatory and commercial standards different to, and in some case less developed than, those in our Western European home markets. These risks include:

- political, social, economic, financial or market instability,

- insufficient anti-corruption controls,
- insufficiently developed and differentiated legal and administrative systems,
- inability to enforce contractual rights and collect receivables through foreign legal systems,
- foreign investment and loan restrictions,
- limits on the repatriation of funds, and
- trade restrictions, economic sanctions, or expropriations.

In particular, the conflict between Ukraine and Russia, and the imposition by the United States and the EU of economic sanctions targeting certain Russian individuals and entities, may affect our operations in Russia.

1.1.15. *The Group could experience significant disruption to its operations and is exposed to increases in charges, fees or other costs as a result of its dependence on third-party service and facility providers.*

We depend on third parties to provide essential services and infrastructures. These third-party providers include:

- IT service providers
- hotel operators,
- other airlines,
- suppliers of aircraft services,
- aircraft manufacturers,
- tours and activity providers,
- third-party agents,
- airport operators, and
- cruise terminals.

The efficiency, timeliness and quality of contract performance by third-party providers are largely beyond our control. We cannot assure you that the services they provide will be satisfactory or meet our required quality levels.

The third-party services and facilities we rely on in conducting our business may become restricted, be temporarily halted, cease permanently or become unavailable on commercially acceptable terms. For example, a carrier might cease air operations as a result of financial difficulties or insolvency, technical problems or strikes. If the airframes or engines of aircraft we receive do not meet expected performance or quality standards, including with respect to fuel efficiency, safety and reliability, we could face higher financing and operating costs than planned. For instance, in March 2019, the U.S. FAA and the European Aviation Safety Agency, or EASA, grounded all Boeing 737 MAX aircraft, resulting in a temporay suspension of production of new aircrafts by Boeing. In addition to any direct adverse effects such developments could have on our operations and finances, they could also erode customers' confidence in our ability to offer reliable services. For example, even after the full return of 737 MAX to service, it remains possible that some potential customers may be unwilling to fly on the aircraft.

These adverse effects could also occur as a result of the loss or expiration of contracts with third-party service or facility providers or our inability to negotiate replacement contracts with other service providers at comparable rates, or to enter into such contracts in any new markets we seek to access. Third-party suppliers may attempt to increase the prices they demand for goods or services. We may be unable to prevent the imposition of higher prices, particularly where the choice of suppliers of a given good or service, or in a given geographic market, is limited. When prices increase, we may be unable to pass the price increase on to customers. In that event, our operating expenses would increase, reducing profitability.

In addition, some of the measures that we have taken to mitigate the effects of the COVID-19 pandemic on our business may harm third party service providers and other business partners. For example, in one of our earliest countermeasures against the financial effects of the pandemic, we invoked *force majeure* clauses in contracts with third-party hoteliers to cancel capacity or postpone payments. In November 2020, media reported criticism of these measures by a number of hoteliers, particularly in Greece, who claimed that their loss of contract revenue from TUI was harming them financially. It is possible that some of these third-party providers may become insolvent through the direct and indirect effects of the pandemic, including loss of business from us. It may be difficult or impossible for us to replace those providers in their specific markets. Our relationship with providers who emerge from the crisis successfully may be damaged, and we cannot assure you that we will be able to restore them. As a result, even measures that we take because we believe they are an essential part of our action plan against the crisis could have an indirect negative effect on our business.

In the past, third-party contractors have attempted to reduce the commissions they pay to us. When these attempts succeed, they reduce our revenue if we cannot offset the reductions by increasing sales volume. We cannot assure you that we will be able to do so.

1.1.16. *We operate in regulated industries. Regulation may limit our operational flexibility, while non-compliance with regulations could lead to legal or regulatory sanctions.*

The industries in which we operate, including tour operating, airlines, hotels and cruise lines, are heavily regulated within the countries that we are present in. In addition to the ownership restrictions affecting our airlines and the limitation of emission of greenhouse gases, regulated areas include:

- the provision of tourism services and associated consumer protection,
- our airlines' requirement to hold operating licenses,
- compliance with security regulations,
- the availability of take-off and landing slots for our airlines,
- air travel passenger rights,
- environmental regulations affecting our airlines, cruise ships and hotels,
- sanctions imposed by national and international authorities, such as the U.S. Treasury Department's Office of Foreign Assets Control, or OFAC, with respect to activities or transactions with certain countries, governments, entities and individuals,
- rules and requirements, and in particular financial undertakings, imposed by the International Air Transport Association, or IATA, as a prerequisite for selling flight tickets of airlines that are IATA members, and
- the need for permits to build and operate cruise ships, hotels and resorts.

Applicable regulations could be extended to include further environmental, consumer protection or other areas of regulation. Additionally, our industry may be subject to enhanced health and safety requirements in the future due to the COVID-19 pandemic. Compliance with new or revised regulations, or new or changed interpretations or enforcement of existing regulations may impose significant costs on us and limit the flexibility of our business practices. Should we fail to comply with certain regulations, a significant part of our business could be adversely affected. On the other hand, the various regulatory regimes to which our international operations subject us may conflict, so that compliance with the regulatory requirements in one jurisdiction may create regulatory issues in another.

We typically require customers to pre-pay a portion of the price of their holiday at the time they make their booking, paying the remainder shortly before their departure date. We cannot assure you that courts or authorities in our source markets will not restrict our ability to charge prepayments. In addition, in response to events such as the insolvency of Thomas Cook, regulators may in future require us to segregate prepayments by customers as restricted cash. Either development would reduce our available cash position. In April 2021, the Civil Aviation Authority launched a consultation on potential changes to the Air Travel Organiser's License ("**ATOL**") regime in respect of the use of customer monies for the funding of an ATOL holder's operations. The options considered include a segregation of funds, meaning that any customer prepayment would become restricted cash.

In addition, regulatory authorities have relatively broad discretion to grant, renew and revoke licenses and approvals and to implement regulations. Accordingly, such regulatory authorities could prevent or temporarily suspend us from carrying on some or all of our activities or otherwise penalise us if our practices were found not to comply with applicable regulatory or licensing requirements or any interpretation of such requirements by the regulatory authority.

1.1.17. *Uncertainty relating to certain regulatory aspects as a result of Brexit subjects us to risk.*

Under the terms of the EU Withdrawal Agreement, the UK withdrew from membership of the EU – popularly referred to as "Brexit" – on 31 January 2020 and entered into a transition period that expired on 31 December 2020. The trade and cooperation agreement between the EU and the UK provisionally entered into force on 1 January 2021. Brexit has had, and continues to have, serious and negative consequences on continental Europe. The UK formally ceased to be an EU member state on 31 January 2020. In Fiscal 2019, for example, the UK's contribution to our total external revenue of €18.9 billion was, at €6.0 billion, the largest from any of our single-country geographical markets.

In addition to general macroeconomic risks, Brexit may expose us to severe operational and regulatory risk. Our primary area of concern is the continuity of our flight operations within the EU. We may be unable to continue to operate intra-EU flights. See "*—European and national restrictions on airline ownership could result in the loss of the Group's airline operating and route licenses, force us to divest our airline businesses or result in other adverse effects*" below.

The uncertainty in 2020 about a final, post-transition period settlement with the EU, including as to whether the UK and the EU could reach a comprehensive trade agreement and, if so, what its terms would be, has caused significant disruption of businesses and financial markets. This uncertainty has damaged the UK and regional economies. Among other things, the decline of sterling increases the cost to UK residents of vacations in economies that use the euro, including popular destinations in the Mediterranean. As final regulations of certain areas are still subject to successful negotiations between the EU and the UK, some uncertainty remains and there is no guarantee that such uncertainty will again cause disruption of businesses and financial markets.

Even after the UK and the EU agreed on mutually beneficial arrangements that enable us to operate our business substantially unchanged, ongoing uncertainty regarding certain areas and legal matters relating to Brexit is likely to continue exercising an adverse economic and political influence.

1.1.18. We may be exposed to risks associated with the limitation of greenhouse gas emissions and related trading schemes for allowances introduced by regulation or legislative instruments.

We are subject to various regulatory provisions intended to reduce emissions of greenhouse gases such as carbon dioxide ("**CO_2**"). These provisions are stringent, and we expect that their stringency will increase over the near to medium term.

Since 2012, emissions from all flights from, to and within the EEA are included in the EU emissions trading system ("**EU ETS**"). The EU ETS is a cap and trade system that requires businesses operating aircraft routes within, to or from the EU to measure their carbon dioxide emissions and account for those emissions by surrendering credits. Following the end of the Brexit-related transition period, the UK has introduced its own emissions trading scheme ("**UK ETS**"), which applies from 1 January 2021 and is modelled on the EU ETS. The UK ETS applies to aircraft operators operating above applicable thresholds and covers UK domestic flights and flights departing from the UK to Gibraltar, the EEA and offshore installations.

In October 2016, the International Civil Aviation Organization ("**ICAO**") adopted the Carbon Offsetting and Reduction Scheme for International Aviation ("**CORSIA**"), in order to monitor, report and offset annual CO_2 emissions from international civil aviation that exceed 2020 levels. Unlike the EU ETS, which is a "cap and trade" program that sets an upper limit for the total amount of emissions, CORSIA is an "offsetting scheme" under which total emissions may increase, but must be compensated by offsets. To compensate for CO_2 emissions above 2020 levels in international aviation and achieve carbon-neutral growth over time, emitters would purchase emissions units.

As of the date of this prospectus, the EU imposes a system for monitoring, reporting and verification ("**MRV**") of carbon emissions by ships. The EU's MRV system does not currently use a cap and trade system like that of the EU ETS. It is possible, however, that the EU will extend the EU ETS, or a similar system, to shipping.

The EU has already announced its intention to gradually reduce the credits available under the EU ETS. If credits are reduced, operating costs will increase even for airlines that hold their emissions stable, as the credits threshold will be reached earlier.

Given increasing levels of concern about climate change, greenhouse gas emissions and environmental matters generally among both governments and the public at large, we expect that environmental regulations will, as a general trend, increase in stringency. As of the date of this prospectus, however, we cannot predict how, or how quickly, these regulations may become stricter. Nor can we predict the precise ways in which new and stricter regulation will affect our business. Any such regulatory requirements, however, could limit our operational flexibility, increase our administrative burden and impose new and significant costs.

1.1.19. TUI Group may face environmental risks from both its divested businesses and the businesses it currently operates.

Environmental, health and safety risks with respect to our current tourism business particularly arise in connection with our aircraft and cruise shipping operations, but may also occur in connection with its hotel business.

Divested or abandoned former business fields, such as logistics, trading, energy, mining and other industrial businesses, involved the use, processing, extraction, storage or transportation of substances that are harmful to health and the environment or other activities that may potentially be harmful to health or the environment. As a consequence, we may, under indemnity agreements or otherwise, be subject to continuing environmental or health and safety liabilities that arise from these divested or abandoned businesses, many of which are or were active in the heavy industry sector.

We may also be liable for clean-up costs of contaminated sites (*Sanierung von Altlasten*) which might have been caused by our former industrial operations (for example, by metallurgical plants) and for potential restoration costs for unstable mine shafts in connection with our former mining activities.

1.1.20. *We are exposed to risks in connection with joint ventures and other associated companies.*

We conduct our business in part through joint ventures and associated companies in which we hold a non-controlling interest. We use joint ventures especially in our hotel business, the largest of which in connection with the operation of the Riu branded hotels. On 27 May 2021 TUI entered into a memorandum of understanding in relation to the disposal of its 49% stake in Riu Hotels S.A. ("**Riu Hotels**") to SARANJA S.L. ("**Saranja**"), which then held the remaining 51% in Riu Hotels S.A. (the "**RIU Transaction**"). The RIU Transaction closed on 31 July 2021. Following the Signing of the MoU, the parties agreed that the rights and obligations under the MoU shall be assigned from Saranja to Riu Hotels, and hence lead to an acquisition of own shares by Riu Hotels. As a result, Riu Hotels holds 49% of its own shares previously held by the Company and, as a consequence, RIU group holds 100% of the ownership of 19 hotel properties which are operated under the RIU Hotels & Resorts brand as well as two more hotels that are currently under development. SARANJA S.L. is currently the sole shareholder of Riu Hotels S.A. holding 100% of its shares. However, the core of the long-standing strategic hotel partnership between Riu and TUI continues to be the 50:50 joint venture RIUSA II S.A. ("**RIUSA II**"), a fully-consolidated company through which the Company operates the Riu branded hotels. RIUSA II is not impacted by the transaction and will continue to manage and distribute all Riu branded hotels and resorts worldwide – including the 21 properties that were transferred to the RIU group in accordance with the terms of the RIU Transaction. Other significant joint ventures are TUI Cruises and Sunwing Travel Group, a vertically integrated travel company that encompasses tour operators, an airline and retail travel agencies.

Historically, the dividends we receive from our joint ventures and associated companies have represented the major portion of their cash contribution to us. The following table shows the dividend payments received from joint ventures and associated companies in the periods indicated:

	Nine-Month Period		**Fiscal**	
	2020	**2021**	**2019**	**2020**
	(€ million)			
TUI Cruises	--	--	170.0	--
Riu Hotels	--	--	34.3	--
Sunwing	--	--	3.2	--
Other	7.0	13.4	37.1	7.1
Total	**7.0**	**13.4**	**244.6**	**7.1**

In July 2020, we completed the transfer of our former subsidiary Hapag-Lloyd Cruises to TUI Cruises. Assuming a post-COVID-19 recovery of the cruise industry, therefore, we expect that the importance of the TUI Cruises joint venture to the Group's business and earnings will increase significantly in future periods, thereby also increasing our exposure to joint venture-related risks.

The COVID-19 pandemic has had deleterious effects on our material joint ventures similar to those it has had on the Group directly. The pandemic immediately and significantly reduced the ability of these joint ventures to generate earnings, part of which they could distribute to us in the form of dividends. We expect that dividends contributed by joint ventures will remain reduced to nil or significantly diminished at least over the short to medium term. We cannot predict whether or when the negative impact of the pandemic on dividends received from joint ventures will be reversed.

Sunwing Travel Group (in which TUI holds a 49% economic stake and 25% of the voting rights) is currently reviewing its strategic options regarding its US and Canadian tour operating as well as the Canadian airline businesses (together the "**Sunwing Strategic Review Perimeter**"). This strategic review may result in a potential closure, refinancing, disposal or merger transaction of the Sunwing Strategic Review Perimeter. Currently, these considerations have not yet led to definitive decisions with respect to any of the aforementioned measures. However, as of the date of this prospectus, it is expected that a potential decision point on these strategic options may be triggered in October 2021 or later as part of an operating license review process by a local regulator. Such review process may lead to a temporary suspension or definitive withdrawal of critical operating licenses of the Sunwing Strategic Review Perimeter, or may subject the Sunwing Strategic Review Perimeter to significant penalties or claims, and significantly affect Sunwing Travel Group's ability to conduct its US and Canadian tour operating as well as its Canadian airline businesses, which in turn, may ultimately lead to an insolvency of the Sunwing Strategic Review Perimeter. Any of these measures or potential outcomes would be expected to only have a moderate net impact on TUI Group level.

Our ability to fully exploit the strategic potential in markets in which we operate through joint ventures or associated companies would be impaired if we were unable to agree with joint venture partners or joint shareholders, some of which are also significant shareholders of the Company, on strategy and implementation. The interests of our joint venture partners or joint shareholders could conflict with our interests or the interests of the Company's shareholders.

In addition, joint venture partners or joint shareholders could under certain conditions terminate contractual relationships, exercise option rights to acquire or sell interests in our joint ventures or otherwise influence the day-to-day business of our joint ventures or other associated companies. For example, the Company entered into a joint venture agreement with Hotel Obelisco S.A., a company wholly owned by the Riu family and incorporated in Mallorca, Spain ("**Obelisco**") with respect to RIUSA II, a fully-consolidated company through which the Company operates the RIU branded hotels. The Company granted Obelisco the right to acquire up to 100% of the Company's interest in RIUSA II (the "**RIUSA II Call Acquisition Right**") if, among other events, any shareholder, or group of shareholders, obtains shares in the Company which allows such shareholder(s) to control the Company's General Shareholders' Meetings (to be calculated using the average majorities of shareholders in the Company's General Shareholders' Meetings over the last three years) (the "**RIUSA II Change of Control Event**"). If the RIUSA II Call Acquisition Right is exercised, the value of the shares will be determined by an internationally recognized accounting firm. As a result of the low shareholder attendance at the shareholders' meeting of the Company held on 25 March 2021, a RIUSA II Change of Control Event has been triggered due to Unifirm's 32.00% shareholding in the Company and, consequently, the RIUSA II Call Acquisition Right may be executed in 2021, 2022 and 2023. Obelisco has granted a waiver for the execution of the RIUSA II Call Acquisition Right in 2021. However, a waiver is still subject to successful negotiations between the Company and Obelisco for a potential execution of the RIUSA II Call Acquisition right in 2022 and 2023. There is no assurance that Obelisco will grant such waiver and as a consequence, we might be obligated to transfer our shareholding in RIUSA II to Obelisco, which would materially adversely affect our earnings, as RIUSA II recorded a profit of €225.6 million in Fiscal 2019 and we currently hold 50% of the shares of RIUSA II. Moreover, we could be subjected to fiduciary obligations to joint venture partners or joint shareholders, which could prevent or impede our ability to unilaterally expand in a business area in which such a joint venture or associated company operates.

Important joint venture partners or key management personnel of our joint venture partners (in particular with respect to the hotel business) may also become restricted, temporarily or permanently unavailable or may permanently cease to operate (for example, as a result of financial difficulties, technical problems, strikes or personal incidents).

We cannot assure you that the compliance policies, procedures and programs we have established to ensure ethical and compliant joint venture business operations will successfully prevent our joint ventures from violating applicable laws or regulations. If such violations occur, we could be required to restructure or terminate them and our reputation could suffer.

See also "*1.2.—Risks relating to our financial profile—In connection with the COVID-19 crisis, we have received state aid in the form of the KfW Facility and the 2020 Bonds with Warrants. The terms of the documentation relating to the KfW Facility (included in the Syndicated Facilities Agreement) and the 2020 Bonds with Warrants (and the framework agreement (the Existing Framework Agreement) entered into in relation with the 2020 Bonds with Warrants) as well as the instruments comprising the Stabilisation Package place significant restrictions on us. The terms of the WSF Term Sheet relating to the Silent Participations place, and the final agreement relating to the Silent Participations will place, further significant restrictions on us. Any additional government disaster relief assistance related to COVID-19 could impose further significant limitations on our corporate activities and may not be on terms favourable to us.*"

1.1.21. We face risks associated with the restructuring of our business and ongoing obligations and liabilities in respect of divestments.

In the course of the restructuring of our tourism activities, we have made a number of significant disposals, most recently the disposal of Hapag-Lloyd Cruises at the beginning of the fourth quarter of Fiscal 2020 and the disposal of Riu Hotels which closed on 31 July 2021. As a result of these disposals, we have certain continuing obligations, liabilities and indemnities, in particular tax indemnities.

Furthermore, we have contingent liabilities resulting from guarantees of financial and non-financial obligations of companies that we have since divested and guarantees issued with respect to joint venture companies' external financial obligations. These contingent liabilities amounted to €142.5 million as of 30 June 2021. We may assume similar guarantees in relation to businesses that we divest in the future. The invocation of any of these obligations as well as claims that may arise in connection with such disposals, and any disposals which may be effected in the future, could require us to make substantial payments, reducing our liquidity.

In addition, future restructuring measures could be hindered if we do not find buyers at all or in time or achieve sufficient value.

1.1.22. Our success depends on our ability to retain key management and other key personnel.

The performance and results of our business depend upon the efforts and capabilities of the senior management team and other key personnel (including joint venture and other cooperation partners). Our success also depends on the ability to attract and retain a highly-skilled workforce. In particular, our strategic plans call for a significant increase in the digitalisation of our business. Competition for the expert IT personnel we will need to successfully implement this strategy is intense. Even if we successfully execute our digitalisation strategy, we will need to retrain and upskill our staff to use our new systems. We cannot assure you that we will be able to attract and retain the specialist personnel we need or to successfully retool our worldwide staff. Furthermore, we are subject to remuneration restrictions for the members of the Executive Board and management personnel of certain subsidiaries of the Group imposed by the stabilisation package signed on 4 January 2021, intended to enable the Company to improve its liquidity position, repay indebtedness and meet its general capital requirements (the "**Stabilisation Package**"). As competition for such personnel is intense, we face the risk that members of the Executive Board and management personnel of certain subsidiaries of the Group may depart from TUI as a result of such restrictions. In addition, it has been agreed with Mr. Joussen and Mr. Burling that as of 1 June 2022 they may unilaterally resign from their roles as members of the Executive Board with three months' notice with effect as of 30 September 2022, which could lead to considerable expertise and process knowledge being lost by us or access thereto being gained by our competitors. There can be no assurance that we are able to attract and recruit adequate replacements with the appropriate qualifications, in particular due to the aforementioned remuneration restrictions which may result in our inability to pay competitive remunerations.

1.1.23. Labour disturbances could disrupt our business.

With 46,518 employees around the world as of 30 June 2021, our relationships with employees, European and local works councils, trade unions and other employee representatives are important to our business. We cannot assure you that the good relationships we believe we have established with employees and their unions will continue to be amicable or that we will not be affected by strikes, work stoppages, sick-outs, unionisation efforts, or other types of conflict with labour unions or employees. We have in the past been affected by such industrial actions, in particular by a sick-out of TUIfly pilots in 2016.

Our operations also depend on workers employed by third parties. Industrial action or other labour unrest with respect to outside labour providers, such as the October 2018 strike be ground staff at Brussels International Airport, could prevent us from carrying out our operations according to our plans or needs.

1.1.24. Processing, storage, use and disclosure of personal data could give rise to liabilities.

In processing traveller transactions, we and certain of our third-party service providers collect, process, transmit and store large volumes of personal data.

Most of the data processed by the Group relates to individual customers and can include data categories such as names and home addresses of customers, credit card information, bank account data, and information contained in passports and other personal identification documents. Breaches of our security could therefore result in the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, this personal data transmitted, stored or otherwise processed by the Group.

The Group is subject to a number of laws and regulations relating to privacy and data protection, including the General Data Protection Regulation (Regulation (EU) 2016/679) (the "**EU GDPR**"), and the EU GDPR as retained into UK domestic law following the UK's withdrawal from the EU on 31 December 2020 (the "**UK GDPR**"). Regulators can impose significant monetary fines for violations of the EU GDPR and UK GDPR (and other data protection laws applicable to the Group), including in the event of a personal data breach. For example, non-compliance with the EU GDPR or UK GDPR may result in monetary penalties of up to 4 per cent of the Group's worldwide turnover in the preceding financial year.

In the event of regulatory action against a Group company following a violation of data protection law or regulation, the size of potential fines (such as in the event of personal data breach) and the Group's cost of providing its products and services, could result in changes to its business practices, and could prevent the Group from offering certain services in jurisdictions in which it operates. Although the Group has implemented contracts, policies and procedures designed to ensure compliance with applicable laws and regulations, there can be no assurance that its employees, contractors, partners, service providers or agents will not violate such laws and regulations or the Group's contracts, policies and procedures. Additionally, public perception and standards related to data protection can shift rapidly in ways that may affect the Group's reputation, or which may influence legislators and regulators to enact regulations and laws that may limit the Group's ability to provide certain services.

We could also be adversely affected if expanded domestic or international legislation or regulations require changes in our business practices, or if governing jurisdictions interpret or implement applicable data protection laws or regulations in ways that negatively affect our business. This risk could be increased if regulatory initiatives or requirements in the various jurisdictions where we operate result in conflicting legal requirements with respect to the processing of personal data. This is particularly true in jurisdictions where privacy laws or regulators take a broader view of how personal data is defined, or – in case of the EU – where member state regulators have different interpretations of EU GDPR or take different approaches to enforcement and the exercise of rights under EU GDPR, therefore subjecting the processing of such data to restrictions that may be obstructive to the Group's operations and the operations of its customers, partners and data providers.

1.1.25. Transferring personal data internationally could give rise to liabilities.

The Group is also subject to restrictions under data protection law in relation to the international transfer of personal data. For example, in order to transfer data outside of the EEA or UK to a non-adequate country, data protection law (including the EU GDPR or UK GDPR, as applicable) requires the relevant Group company (exporting data) to enter into an appropriate transfer mechanism with the relevant data importer. In the event a regulator or court imposes additional restrictions on such transfers, there may be operational interruption in the performance of services for customers and the internal processing of employee information by the Group, as well as increased regulatory liabilities.

For example, the decision by the Court of Justice of the European Union in *Data Protection Commissioner v Facebook Ireland and Maximillian Schrems* (Case C-311/18) in July 2020 ("**Schrems II**") invalidated the EU-US Privacy Shield, which previously facilitated certain EU-US and UK-US data transfers. Schrems II also made data transfers under standard contractual clauses ("**SCCs**") – the most commonly used mechanism for data transfers under EU GDPR and UK GDPR – more onerous for data exporters and importers. This is particularly the case for data transfers from the EU or UK to countries where the national laws provide for mass surveillance powers and insufficient judicial redress for individuals from the EU or UK. As a concurrent compliance measure, the Group is monitoring developments and guidance published by the European Commission and European Data Protection Board ("**EDPB**"), as well as assessing data transfers from the UK or EU to non-adequate jurisdictions on a case-by-case basis to consider whether additional safeguards are required (to supplement the existing SCCs) to ensure the transferred data is afforded a level of protection essentially equivalent to that guaranteed within the EU and UK.

The situation in relation to international data transfers from the EEA and UK continues to evolve and there is significant uncertainty as to how organisations can rely on SCCs and other transfer mechanisms to transfer data outside the UK and EEA to non-adequate jurisdictions. In June 2021, the EDPB published guidance on international transfers of personal data, and the European Commission published new SCCs which came into effect on 27 June 2021. Any organisations using SCCs for data transfers from the EEA, which we assume includes the Group, must use the new SCCs in any new agreements concluded from 27 September 2021. Organisations have an 18 month grace period from 27 June 2021 to remediate existing contracts by implementing the new SCCs (unless the processing of personal data has changed, in which case the agreement should be updated upon the change in processing). The implementation of new SCCs and compliance with new guidance on international transfers may result in additional expense and increased compliance risk.

Further, as the formal transition period following Brexit has ended (on 31 December 2020), UK data privacy regulation may diverge from EU laws in relation to the processing of personal data – though the EU GDPR and other EU privacy legislation in force in the UK (at 31 December 2020) has been retained substantively into UK law. To the extent UK data protection laws diverge from EU laws in the future, we may need to implement additional procedures and processes to comply with data privacy laws in the UK and/or EU, including to facilitate data transfers from the EU to the UK. The European Commission adopted an adequacy decision in respect of the UK on 28 June 2021, which permits the transfer of personal data from the European Union to the United Kingdom without further specific safeguards in place. This decision was granted in accordance with the procedure set out in the EU GDPR, on the basis that the UK offers an adequate level of protection for personal data, and runs in its current form for four years.

The UK government indicated in September 2021 an intention to reform UK data protection laws and has initiated a formal consultation process. Any changes to the UK data protection regime imposed by such reform may represent a divergence from the level of protection offered by the EU GDPR and would therefore risk the withdrawal of the adequacy decision granted by the European Commission in June 2021, as the UK may no longer be considered by the European Commission to offer sufficient protection for personal data for this to remain in place. If the adequacy decision were to be withdrawn as a consequence of any reform of UK data protection laws, the UK would become a third country for the purposes of EU data protection law and the Group may need to implement changes to our contractual, technical and operational procedures in order to carry out compliant data flows between the EU and UK. The Group has already prepared SCCs to facilitate EU-UK data transfers in the event the European Commission revokes the formal adequacy decision for the UK.

1.1.26. We are exposed to risks associated with payment fraud and online commerce security.

Secure internet transmission of confidential information is essential in maintaining customer and supplier confidence in our online platforms and distribution channels. Security breaches, whether instigated on our system or third-party internet-based systems, could significantly harm our business.

Individuals or groups may attempt to disrupt the availability, confidentiality, integrity and resilience of our IT systems. If they succeed, they could disrupt key operations, such as our booking systems, make it difficult to recover critical services, damage assets and compromise the integrity and security of both corporate and customer data. This could result in loss of trust from our customers, employees and other stakeholders, reputational damage, legal or regulatory proceedings and direct or indirect financial loss.

In particular, any disruption to or unavailability of our systems as a result of a cybersecurity incident could remove or severely curtail our ability to book vacations, hotel rooms, flights or cruises for our customers and could result in significant reputational damage to the TUI Group and our brands.

The cybersecurity threat continues to evolve globally in sophistication and potential significance, particularly in light of our growing digital footprint. We believe that the cybersecurity threat is likely to be heightened in the period while the COVID-19 pandemic persists.

Many of our commercial partners, including credit card companies, impose data security standards that we must meet. Historically, we have incurred substantial expense to protect against and remedy security breaches and their consequences. As a general tendency, our commercial partners are making their standards more stringent, and costs for implementation and compliance are increasing. Our efforts to meet these new and revised standards are likely to increase our costs, and we cannot assure you that we will succeed in meeting them.

Furthermore, we cannot assure you that our security measures will prevent security breaches. A party that is able to circumvent our security systems could misappropriate proprietary information or cause significant interruptions in our operations. Security breaches could also expose us to a risk of loss or litigation and possible liability. This could damage our reputation, causing customers and potential customers to lose confidence in our security and reducing their willingness to use our websites, resulting in reduced demand for our products and services.

We may be held liable for accepting fraudulent credit or debit cards or cheques as payment for transactions and are subject to other payment disputes with our customers for such sales. Risk of payment fraud may increase in the future, in particular as a result of increasing volumes of online payments. We may be unable to prevent or mitigate these risks.

If we are unable to prevent the use of fraudulent credit or debit cards or cheques, we could be liable to suppliers. Our revenue from such sales could also be subject to automatic charge backs related to fraudulent transactions from credit or debit card processing companies or demands from the relevant banks.

1.1.27. We are exposed to risk relating to sureties for potential financial obligations and to insurance. We may not be fully protected against damage, losses and certain liabilities under our insurance coverage, and our insurance premiums may increase.

We are obligated by various regulators, such as the UK Civil Aviation Authority, to provide security for certain potential financial obligations. Historically, we have covered these obligations both through corporate guarantees and through travel bonds and similar instruments provided by commercial banks and insurers. As a result of the effects of the COVID-19 pandemic, our credit ratings have declined. Surety providers may, therefore, impose more onerous conditions on the sureties they provide for us. Certain banks and surety providers have terminated or declined to renew existing travel bonds for the next season. If we are unable to provide security though sureties or corporate guarantees, we would need to post cash collateral to cover these obligations, reducing our cash position and increasing our need for liquidity.

Our decreased ratings may also make trade insurers unwilling to cover our trade payables. If we cannot obtain adequate trade insurance, our suppliers may be unwilling to sell to us on standard trade terms, such a 30- or 60-day payment cycle, instead demanding cash payment in advance.

More generally, we maintain insurance policies intended to protect us from losses arising from a variety of causes, including:

- loss of or damages to our assets e.g. caused by fire or natural catastrophes,
- claims for bodily injury and property damage caused by legal liability,
- health and accident of our employees,
- fire, collision, and liability arising out of the operation of our cruise ships,
- loss of, or damage to, and liabilities arising out of operating our aircrafts, and
- war, terrorist attacks, piracy, and political instability may be insured to a certain extend as well.

We cannot be certain that our current insurance policies are sufficient to cover all losses and damages that may be suffered from these types of events. Furthermore, we have no assurance that we will be able to renew or expand our current insurance policies on commercially reasonable terms.

1.1.28. Our legal relationships with customers are generally based on standard contracts and forms; any errors in the documentation could therefore affect a large number of customer relationships.

We maintain contractual relationships with a multitude of customers. The administration of these relationships requires the use of general terms and conditions as well as various standard contracts and forms with a large number of individual customers. As a result, ambiguities or errors in the formulation or application thereof may present a significant risk due to the large number of such documents executed. In light of circumstances that are constantly changing due to new laws and judicial decisions, as well as the increasing influence of European law on national law, it is possible that not all of our general terms and conditions, standard contracts and forms will comply at all times with currently applicable legislation in the EU or in other countries. Should problems of application or errors occur, or should individual provisions or entire contracts or agreements become or be held invalid, then, because of our use of standardised contracts and forms, this could affect numerous customer relationships and lead to significant adverse consequences.

1.1.29. We may not achieve our sustainable development targets.

We aim to reduce the environmental impact of our holidays. We may be unsuccessful in driving forecast environmental improvements across our operations. We may also be unable to influence destinations to manage tourism more sustainably, and our suppliers may fail to uphold sustainability standards. Any of these developments could result in a decline in stakeholder confidence, reputational damage, reduction in demand for our products and services and loss of competitive advantage. Furthermore, if we fall short of achieving our sustainable development targets and at the same time the objectives of the Paris Agreement are not met, sustained and long-term damage to certain of our current and future destinations could result.

1.2. Risks related to our financial profile

1.2.1. Our substantial leverage and debt service obligations could materially adversely affect our business, financial condition or results of operations.

We are highly leveraged and have significant debt service obligations. We expect that our substantial leverage will continue for the foreseeable future. Our strategy to improve our financial risk profile, in particular by reducing indebtedness, may be unsuccessful.

As at 30 June 2021, on an IFRS 16 basis, our total debt (defined as the sum of current and non-current financial liabilities and current and non-current lease liabilities) was €7,866.7 million and our net debt (which we defined as of that date as financial liabilities and lease liabilities less cash and cash equivalents and current short-term interest-bearing investments) was €6,348.7 million.

On 15 September 2014, the Company, as borrower, entered into a syndicated credit facilities agreement with, among others, the financial institutions named therein as original lenders and UniCredit Bank AG (previously UniCredit Luxembourg S.A.) as facility agent (as amended on 26 September 2014, 17 December 2015 and 20 July 2017, and as amended and restated on 8 April 2020, 13 August 2020 and 27 July 2021, the "**Syndicated Facilities Agreement**"). Prior to 8 April 2020, the Syndicated Facilities Agreement consisted of:

- a €1,535,000,000 revolving credit facility for cash drawings made available by twenty commercial banks (the "**Cash Facility**"); and
- a €215,000,000 letter of credit facility for issuing bonds, bank guarantees and letters of credit provided by commercial banks (the "**Bonding Facility**").

As part of our response to the effects of the COVID-19 pandemic on our business, we subsequently included an additional revolving credit facility for cash drawings under our Syndicated Facilities Agreement. In particular, in April 2020, KfW, as state lender, provided a revolving credit facility (the "**KfW Facility**", together with the Cash Facility and the Bond Facility, the "**Syndicated Facilities**") in an initial amount of €1,800,000,000 under the Syndicated Facilities Agreement and subsequently increased the KfW Facility by €1,050,000,000 (the "**KfW Increase Amount**") in August 2020 to a size of €2,850,000,000. The KfW Facility was provided under the KfW programme 855 – Direct Participation in Syndicated Financings (*Direktbeteiligung für Konsortialfinanzierung*) (the "**KfW Programme**") which forms part of a state aid programme set up in reaction to the COVID-19 pandemic.

Furthermore, we are subject to the risk that, over the longer term, we may be unable to generate sufficient cash flow to make scheduled payments on debt or may be unable to obtain sufficient funding to satisfy obligations to service or refinance the Group's debt.

The final maturity of the Syndicated Facilities was extended from 20 July 2022 to 19 July 2024. In each case, the availability period ends one month prior to that date.

Furthermore, the Company issued Schuldschein loans in the form of German-law promissory notes on 27 June 2018 in a total nominal amount of €425,000,000 with tenors of 5, 7 and 10 years and a blended interest rate of about 1.7% p.a. (the "**2018 Schuldschein**").

On 1 October 2020, the Company issued bonds with warrants to the German Economic Stabilisation Fund (*Wirtschaftsstabilisierungsfonds*; the "**WSF**") in the principal amount of €150 million (the "**2020 Bonds with Warrants**"). In accordance with their terms, the warrants (the "**2020 Warrants**") have subsequently been detached from the bonds (the "**2020 Bonds**") and are, therefore, separate instruments. The 2020 Bonds bear interest at an annual rate of 9.5% and have an initial term of six years. Issuance of the 2020 Bonds with Warrants was a further condition precedent to the utilisation of the KfW Increase Amount.

On 4 January 2021, the Company issued silent participations (*stille Beteiligungen*) in an aggregate amount of €1,091 million (the "**Silent Participations**") to the German Economic Stabilisation Fund (*Wirtschaftsstabilisierungsfonds*; the "**WSF**"). Moreover, on 4 January 2021, the Company entered into a €200 million revolving credit facility agreement with KfW, the German development bank, and six commercial banks (as amended and restated on 27 July 2021, the "**New Loan Facility**", and, together with the KfW Facility and the Cash Facility, the "**Revolving Credit Facilities**"). A portion of the New Loan Facility in an amount of €30 million was cancelled as of 30 September 2021 in accordance with the terms of the New Loan Facility Agreement (as defined below).

On 16 April 2021, the Company issued €400 million senior unsecured convertible bonds due 2028 convertible into ordinary registered shares of the Company. On 6 July 2021, the Company increased the aforementioned convertible bonds by issuing further senior unsecured bonds convertible into ordinary registered shares of the Company due 2028 in an aggregate principal amount of €189.6 million which were consolidated and form a single issue (*Gesamtemission*) with the €400 million convertible bonds issued on 16 April 2021 (together the "**2021 Convertible Bonds**").

The Syndicated Facilities Agreement and the 2018 Schuldschein are guaranteed by certain subsidiaries of the Company.

Our substantial current level of indebtedness presents the risk that we might not generate sufficient cash to service our indebtedness. A failure to make scheduled payments or otherwise satisfy our obligations under financing arrangements could result in indebtedness of the Group being accelerated.

Our leveraged capital structure could also limit our ability to finance acquisitions, projects, operations and future business opportunities. In particular, our leverage could:

- make it more difficult for us to satisfy our debt obligations (including under the Syndicated Facilities Agreement, the New Loan Facility, the 2018 Schuldschein, the 2020 Bonds and the 2021 Convertible Bonds);
- increase our vulnerability to a downturn in the Group's business or economic and industry conditions;
- limit our ability to obtain additional financing to fund future operations, capital expenditures, business opportunities, acquisitions and other general corporate purposes and increasing the cost of any future borrowings;
- require us to dedicate a substantial portion of our cash flows from operations to the payment of principal of, and interest on, our indebtedness, which means that these cash flows will not be available to fund our operations, capital expenditures, acquisitions or other corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business, the competitive environment and our industry; and
- place us at a competitive disadvantage compared to competitors that are not as highly leveraged.

1.2.2. Although the Group, taking into account the net proceeds from the Offering, has sufficient working capital for its present requirements, that is, for at least twelve months following the date of this prospectus, the Company's potential inability to comply with the financial covenants under the Syndicated Facilities Agreement could result in a working capital shortfall after such twelve-month period, in November 2022.

In the opinion of the Company, taking into account the net proceeds from the Offering, the Group's working capital is sufficient to meet its present requirements, that is, for at least twelve months from the date of this prospectus. However, under a reasonable worst case scenario, in the absence of an extension of the Syndicated Facilities Covenant Holiday or a default waiver, the Company will be unable to comply with one or potentially both of the financial covenants under the Syndicated Facilities Agreement described below after such twelve-month period, when compliance with these covenants is tested as at 30 September 2022, resulting in a working capital shortfall of up to approximately €3.9 billion in November 2022, which, however, does not affect the statement on working capital set out above.

Under the Syndicated Facilities Agreement, the Company is obligated to maintain a maximum ratio of net borrowings to EBITDA as at 31 March and 30 September of each year and a minimum ratio of EBITDAR to net fixed charges for the test period ending on 31 March and 30 September of each year. The terms of the Syndicated Facilities Agreement provide for a Syndicated Facilities Covenant Holiday lasting through and including 31 March 2022. Under the terms of the Syndicated Facilities Covenant Holiday, the Company is not required to test compliance with the above financial covenants under the Syndicated Facilities Agreement in respect of that period.

If the Company's lenders do not agree to extend the Syndicated Facilities Covenant Holiday, or otherwise provide a default waiver in respect of the two financial covenants above, the Company will be required to next test for compliance as at 30 September 2022. The Company will then be obligated to deliver a compliance certificate confirming its compliance, or failure to comply, with the financial covenants for Fiscal 2022 within 120 days of the end of that fiscal year. If the Company were not in compliance with one or both of these financial covenants as of 30 September 2022, an event of default would occur under the Syndicated Facilities

Agreement as at the date of delivery of the compliance certificate to the lenders. As the financial covenants are to be calculated based on the relevant line items in the yearly or half-yearly (as applicable) consolidated financial statements of the Company, it will only be possible to determine whether or not an event of default has occurred at such point in time when the consolidated financial statements of the Company for Fiscal 2022 are finalised, which could be as early as November 2022.

As a result of the event of default that would be triggered by the breach of one or both of the above financial covenants, the lenders under the Syndicated Facilities Agreement will have the right (to be determined by the required majority of lenders under the Syndicated Facilities Agreement, and subject to prior consent from the state lenders (as such term is defined in the Syndicated Facilities Agreement, i.e., currently, the KfW)) to accelerate all or part of their respective commitments. Such an acceleration, on the basis that it would relate to commitments under the Syndicated Facilities Agreement in excess of €50 million, would also render all or part of the amounts outstanding under the 2021 Convertible Bonds and the 2018 Schuldschein subject to cross-acceleration, as a result of which they would become immediately due and payable.

Unless the Company is able to secure sufficient alternative funding (if any such alternative funding were available to the Company on terms favourable to it, or at all), it will not be able to repay all or part of the amounts outstanding under the Syndicated Facilities Agreement, the 2021 Convertible Bonds and the 2018 Schuldschein when these are accelerated, as described above.

There can be no assurance that the Company's lenders will agree to an extension of the Syndicated Facilities Covenant Holiday, or a waiver of the default that will be triggered by the breach of one or both of the financial covenants described above, and, if they do not, that alternative funding options would be available to the Company or would be capable of implementation. If the Company is unsuccessful in taking steps to rectify its working capital shortfall in these circumstances, then it could become insolvent by November 2022. The Executive Board (*Vorstand*) would be required to file for insolvency of the Company and the measures to follow (including the potential liquidation of the Company) would depend on the insolvency court's decision. This could result in shareholders losing part or all of their investment in the Company. Even if the Company were able to avoid insolvency, the actions it would be required to take to rectify its working capital shortfall if an extension of the Syndicated Facilities Covenant Holiday or a waiver of the default under the above financial covenants is not granted, could have a material adverse effect on the Group's business, including reduction of credit ratings, withdrawal of previously available credit or payment terms, and, more generally, difficulty in implementing the Group's strategy for recovery from the effects of the COVID-19 pandemic as well as strategies for the resumed post-pandemic development of the Group's business.

1.2.3. *We may be unable to generate sufficient cash to service our indebtedness, including due to factors outside our control, and may be forced to take other actions to satisfy our obligations under our financing arrangements, which may not be successful. The COVID-19 pandemic has significantly increased this risk, and the resulting credit rating downgrades may make it costlier or more difficult for us to obtain additional financing.*

We are highly leveraged and have significant debt service obligations. Our ability to make payments on or to refinance our debt obligations, including under the Syndicated Facilities Agreement, the New Loan Facility, the 2018 Schuldschein, the 2020 Bonds and the 2021 Convertible Bonds, will depend on our future operating performance and ability to generate sufficient cash. See also "*1.2.1.—Risks related to our financial profile—Our substantial leverage and debt service obligations could materially adversely affect our business, financial condition or results of operations*".

The effects of the COVID-19 pandemic through the date of this prospectus have significantly reduced our ability to generate cash, exacerbating the risk that the cash we do generate will be insufficient to service our indebtedness. Furthermore, changes in customer behaviour driven by the COVID-19 pandemic, such as the trend for customers to book their holidays with less lead time, also has made it more difficult for us to anticipate the amount of cash we would have available to service our indebtedness. As a consequence of the effects of the pandemic on our revenue and liquidity, our credit ratings have been downgraded. Moody's reduced our long-term rating from B2 to Caa1 in May 2020. In June 2020, Standard & Poor's reduced our long-term rating from B- to CCC+ with a negative outlook. In January 2021, the rating agencies confirmed the Caa1 and CCC+ rating, respectively, but changed the outlook to stable. The ratings assigned are categorized as "non-investment grade".

As long as our ratings remain at this level, we expect that it will be more difficult, or even impossible, for us to obtain additional needed financing as certain institutional investors such as pension funds are required by law or by their own operating procedures to purchase only securities of companies that have a certain minimum rating, i.e. are of investment grade. If we are able to obtain such financing, it is likely that we will need to pay higher rates of interest than would have been the case under our earlier, higher ratings. Furthermore, the covenants and other conditions attached to such financing may be more onerous. We cannot predict whether, when or to what extent we will be able to reverse the impacts of the pandemic on our ability to generate cash or to achieve a ratings upgrade.

If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities or capital expenditures;
- sell assets;
- raise additional debt or equity financing in amounts that could be substantial; or
- restructure or refinance all or a portion of our debt on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all, or that those actions would yield sufficient funds to satisfy our obligations under the Group's indebtedness.

In particular, our ability to to make payments on, restructure or refinance our debt will depend in part on our financial condition at such time as well as on many factors outside of our control, including then-prevailing conditions in the international credit and capital markets and on general economic, financial, competitive, market, legislative, regulatory and other factors. In addition, the ongoing trend towards passengers booking vacations on shorter notice can make it more difficult for us as a general matter to predict future cash flows. Any refinancing of our debt could be at higher interest rates than our current debt and may require us to comply with more onerous covenants, which could further restrict our business operations, or might not be available at all. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest or principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit ratings, which could harm our ability to incur additional indebtedness.

In the absence of operating results and resources sufficient to service our indebtedness, the Group could face substantial liquidity problems and might be required to dispose of material assets or operations to meet debt service and other obligations. The terms of our Syndicated Facilities Agreement restrict our ability to transfer or sell assets and the use of proceeds from any such disposition. We may not be able to consummate certain dispositions or to obtain the funds that we could have realized from the proceeds of such dispositions, and any proceeds we realize from asset dispositions may not be adequate to meet our debt service obligations then due.

1.2.4. *If we execute a further capital increase to generate additional working capital, the value of your shares could be diluted. We cannot assure you that we would be able to execute a future capital increase on its intended time line, or at all.*

To improve our financial risk profile relating to our high leverage, we may contemplate an additional capital increase during Fiscal 2022 or thereafter. A successful capital increase could dilute the value of the holdings of existing shareholders. A number of factors could also make it difficult or impossible for us to execute a further capital increase, or could delay our ability to consummate the transaction.

If we were to seek to implement a capital increase in excess of our authorized capital at the time, we would need to obtain a resolution of the general shareholders' meeting increasing our authorized capital or directly resolving upon a capital increase. We cannot assure you that a sufficient percentage of our shareholders would approve this resolution. Assuming that the capital increase was implemented and that we sell 523,520,778 New Shares in the Offering, we would be able to issue a maximum of 3,418,585 further shares under our existing authorized capital.

1.2.5. *In connection with the COVID-19 crisis, we have received state aid in the form of the KfW Facility, the 2020 Bonds with Warrants and the instruments comprising the Stabilisation Package. The terms of the documentation relating to the KfW Facility (included in the Syndicated Facilities Agreement) and the 2020 Bonds with Warrants (and the framework agreement (the Existing Framework Agreement) entered into in relation with the 2020 Bonds with Warrants) as well as the instruments comprising the Stabilisation Package including the terms of the Silent Participations place significant restrictions on us. Any additional government disaster relief assistance related to COVID-19 could impose further significant limitations on our corporate activities and may not be on terms favourable to us.*

As part of our response to the effects of the COVID-19 pandemic on our business, and in particular the immediate and severe effect the pandemic had on our operating cash flow and liquidity, in April 2020 KfW provided the KfW Facility in the initial amount of €1.8 billion as an additional revolving credit facility under our Syndicated Facilities Agreement. Subsequently, in August 2020, KfW agreed to increase the KfW Facility by the KfW Increase Amount of €1.05 billion to a total amount of €2.85 billion.

Any drawdown of the KfW Increase Amount was, among other conditions precedent, subject to conditions precedent that we issue the 2020 Bonds with Warrants, obtain an amendment of our 2.125% notes initially due 26 October 2021, which as of the date of this prospectus, have been repaid in full, and remove a covenant limiting the incurrence of additional indebtedness.

On 1 October 2020, the Company issued the 2020 Bonds with Warrants to the WSF in the principal amount of €150 million. The 2020 Warrants were subsequently detached from the 2020 Bonds.

Until the WSF has sold all 2020 Bonds to a third party or TUI has satisfied all payment obligations in respect of the 2020 Bonds (or a combination of these two options has occurred in respect of the 2020 Bonds), the terms of the Existing Framework Agreement, among other things:

- forbid us to make dividend payments or (subject to certain exceptions) make other payments to related parties or buy back shares;

- restrict the way we conduct our business;
- restrict our ability to purchase or make investments in other companies or expand our business;
- limit the way we may remunerate board members.

Under the terms of the Syndicated Facilities Agreement, dividend payments or the adoption of certain share buy-back related resolutions would result in a full cancellation of the KfW Facility and an obligation to repay all amounts outstanding under the KfW Facility.

On 5 January 2021, the Company issued the Silent Participations, comprising a €420 million silent participation with rights of conversion into shares of the Company (the "**Convertible Silent Participation**") and a €671 million silent participation with no conversion rights (the "**Non-Convertible Silent Participation**") to the WSF. The Silent Participations rank junior to all unsubordinated debt instruments and other unsubordinated obligations of the Company but senior to its equity on a liquidation.

The Convertible Silent Participation has been issued in a single tranche with a nominal amount of €420 million and carries the right of the WSF (or its legal successor, e.g., after an assignment) to convert the instrument into shares at €1.00 per share, but only exercisable to the extent that the conversion does not result in a participation of the WSF in the share capital of the Company of more than 25% plus 1 share. The conversion option is exercisable by the WSF (or a successor) at any time. See also "*1.3.8.—Risks related to the shares and the admission to trading—The WSF has the option to convert the Convertible Silent Participation and the 2020 Warrant into shares of the Company*".

The Non-Convertible Silent Participation has been issued in three tranches for an aggregate total nominal amount of up to €671 million upon the Company's request and is not convertible into shares.

The terms of the Stabilisation Package impose further restrictions on the Company, including the following:

- the requirement to obtain the WSF's consent in relation to certain material corporate actions in respect of the Company, including utilising authorised capital, creating authorised and contingent capital, capital increases, capital reductions, issuance of convertible instruments (such measures may be subject to the right of the WSF to participate in such capital measures by way of contributing (as contribution in kind) the Non-Convertible Silent Participation as dilution protection for the WSF), undertaking significant M&A activity or committing to or repaying significant financing arrangements (including debt financing and hybrid financing);
- the requirement that the Executive Board (*Vorstand*) and the Supervisory Board (*Aufsichtsrat*) will, to the extent legally permissible, endeavour to procure that two persons nominated by the WSF are appointed to the Supervisory Board, one of whom (provided such person has the requisite professional qualifications) shall also join the audit committee of the Company, and that the Company will further endeavour to procure, to the extent legally permissible, that an observer from the WSF has the right to attend the meetings of the Supervisory Board;
- the prohibition to make dividend payments, repurchase shares, grant other equity instruments, pay coupons or make other profit distributions other than to the WSF and if not otherwise mandatorily obligated;
- limitations regarding the remuneration of board members, which include the prohibition of any bonus payments granted to board members and the requirement that, unless at least 75% of the Silent Participations have been sold or repaid, no board member of

the Company or of a material subsidiary having a basic salary which exceeds the basic salary the respective board member was entitled to on 31 December 2019;

- to the extent legally permissible, certain limitations on the ability of certain Group companies to distribute dividends, unless (directly or indirectly) wholly owned by the Company; and
- the requirement to present a strategy for terminating the elements of the Stabilisation Package granted by the WSF or the KfW, including a repayment plan twelve months after the Stabilisation Package, and, subsequently, to annually report on such termination strategy and on progress achieved;

in each case and unless otherwise noted, for so long as any part of the Silent Participations remain in issue and held by the WSF and the WSF holds shares in the Company following conversion of the Convertible Silent Participation and/or the 2020 Warrants (or from the participation in any capital increase). The Silent Participations cannot be cancelled until the KfW Facility and the New Loan Facility have been cancelled and repaid in full and the 2020 Bonds have been repaid or sold to a third party by the WSF (and, in the case of the Convertible Silent Participation, until the Non-Convertible Silent Participation has been terminated and repaid in full).

If the German or any other government agrees to provide additional state aid, it may impose further requirements on us. These restrictions could include further limitations on executive officer compensation, share buybacks, dividends, prepayment of debt and other similar restrictions until the relief is repaid or redeemed in full and therefore could impose significant limitations on our corporate activities.

If it were to become necessary or advisable to seek further government disaster relief assistance, or other governmental assistance due to the impacts of COVID-19, we cannot assure you that this assistance would be available, that we would be eligible to receive it, or, if we were to receive it, that it would be sufficient to mitigate the adverse effect of the COVID-19 pandemic on our finances. Even if we were to derive benefit from this assistance, we could be required to accept limitations and other unfavourable conditions.

Furthermore, joint ventures operate a substantial portion of our business and have historically generated a significant portion of our earnings. Our material joint ventures, like the Group itself, operate businesses that have been seriously and adversely affected by the COVID-19 crisis. We have little or no ability to influence the decision of a joint venture company to seek, or refrain from seeking, emergency state assistance. Joint ventures that obtain such assistance may be bound by provisions similar to those under the Syndicated Facilities Agreement (due to the KfW Facility) and the 2020 Bond with Warrants, restricting or prohibiting the payment of dividends or similar distributions while the assistance remains in effect. In these cases, an affected joint venture would not contribute to our earnings, even if it otherwise had distributable profits that could have been paid as a dividend.

See also "*1.3.—Risks related to the shares and the admission to trading—The terms of certain instruments we have received as emergency state aid in reaction to the COVID-19 pandemic, as well as the terms of the Silent Participation being part of the Stabilisation Package, effectively prohibit us from distributing dividends. Even if we return to profitability, the Company will be unable to pay dividends while these instruments remain outstanding. Any future state assistance we receive may impose similar terms.*"

1.2.6. Our profitability and cash flows are subject to seasonal fluctuations and to external shocks that affect the travel industry or customer confidence in travel, which could

adversely affect our ability to comply with financial covenants in some of our financing arrangements in the long term.

Tourism is an inherently seasonal business. In our case, we earn most of our profits in the European summer months. Historically, the level of demand for our services has fluctuated over the course of a calendar year, causing our results to fluctuate accordingly. Demand has historically been highest in the summer season from May through October and lowest in the winter season from November through April (except for the days around Christmas, New Year and Easter). At the same time, we incur a significant proportion of our expenses more evenly throughout the year. Our profitability therefore fluctuates during the year, with the majority of profits generated in the summer season. As a result of this seasonality, disruptions to our business operations that occur during the summer season could have particularly adverse effects.

Cash flows are similarly seasonal. Cash inflows tend to be higher in the summer, as we receive advance payments and final balances from customers. Conversely, cash inflows tend to be lower in winter as we settle liabilities with many suppliers after the end of the summer season.

If we do not adequately manage cash balances through the winter low period, our reduced liquidity could make it more difficult for us to settle our liabilities as they fall due and to ensure that we remain in compliance with the financial covenants in our financing arrangements in the long term.

Under each of the Syndicated Facilities Agreement and the New Loan Facility, we are obligated to maintain a maximum ratio of net borrowings to EBITDA as at 31 March and 30 September of each year and a minimum ratio of EBITDAR to net fixed charges for the test period ending on 31 March and 30 September of each year. More specifically, the ratio of net borrowings to EBITDA shall not be more than 4.5 to 1 in respect of the first two test periods falling after the Syndicated Facilities Covenant Holiday and the New Loan Facility Covenant Holiday (both as defined and described below), respectively, and not more than 3 to 1 in respect of any test period thereafter. The ratio of EBITDAR to net fixed charges shall not be less than 2.25 to 1 in respect of the first two test periods falling after the Syndicated Facilities Covenant Holiday and the New Loan Facility Covenant Holiday, respectively, and not less than 2.5 to 1 in respect of any test period thereafter. On 9 June 2021, the required majority of the lenders under each of the Syndicated Facilities Agreement and the New Loan Facility agreed to provide the syndicated facilities covenant holiday (such covenant holiday as extended, the "**Syndicated Facilities Covenant Holiday**") and the new loan facility covenant holiday (such covenant holiday as extended, the "**New Loan Facility Covenant Holiday**"), respectively, under which we are not required to test compliance with the above financial covenants of the Syndicated Facilities Agreement and the New Loan Facility through and including 31 March 2022. Pursuant to the terms of the Syndicated Facilities Covenant Holiday and the New Loan Facility Covenant Holiday, we will next be required to test compliance with those covenants as at 30 September 2022. In addition, following the latest amendments to the Syndicated Facilities Agreement and the New Loan Facility dated 27 July 2021, we shall ensure that, during the Syndicated Facilities Covenant Holiday and the New Loan Facility Covenant Holiday, at the end of each month our average liquidity over three months does not fall below €400 million.

Although we currently expect to remain in compliance with the above financial covenants for at least 12 months from the date of this prospectus, we cannot assure you that we would be able to obtain waivers from the relevant creditors in case we fail to comply with such covenants later in the future. Even where creditors are willing to grant waivers, they may require us to pay significant amounts for them. If we cannot obtain a waiver or cure the breach of covenant, creditors may be able to terminate the financing arrangements and declare the amounts we owe under the arrangements due and payable. We could then be required to make large payments on short notice; if we cannot make those payments, we could become insolvent.

1.2.7. *We have significant liabilities in connection with under-funded pension benefit plans, particularly in the UK.*

We have significant liabilities in the form of pension commitments arising from defined benefit pension plans, most of which are currently underfunded.

The following figures represent the best estimate of the current state of our pension obligations. As of 30 September 2020, the present value of our funded defined benefit pension plans, the substantial majority of which are in the UK, was €3,071.3 million. The fair value of the plan assets as of that date was €3,373.7 million. As of 30 June 2021 we had established provisions for our unfunded pension plans and similar obligations, the substantial majority of which are in Germany, totalling €1,017.3 million. The contributions to the defined benefit schemes may change as a result of changes in investment performance, mortality, inflation and interest rates and as a result of other actuarial experience factors not matching the assumptions.

The Company has provided guarantees to the trustees of some of its UK defined benefit schemes in which it guarantees the payment of contributions to those schemes (up to the total deficit on a buy-out basis) by its subsidiary undertakings and has given certain negative pledge commitments to those trustees. Changes to the funding position of the pension schemes may require the Company to contribute additional funding to satisfy pension obligations.

1.2.8. *Impairment of goodwill and long-lived assets have had a negative impact on our results of operations.*

We evaluate goodwill and other intangible assets with indefinite useful lives for impairment on an annual basis, or more frequently when circumstances indicate that the carrying value of a reporting unit may not be recoverable. Property, plant and equipment, intangible assets and right of use assets with a definite useful live are tested for impairment only after triggering events.

As a result of the COVID-19 pandemic, we determined that triggering events occurred in the beginning of second quarter of Fiscal 2020 and as at 31 March 2021, requiring us to test these assets for impairment.

In the Fiscal 2020, we recorded an aggregate of €68.1 million in charges for impairment of goodwill, the majority of them during the third quarter of Fiscal 2020. These charges related to goodwill in the Hotels & Resorts segment, specifically with respect to the Northern Hotels and TUI Blue Hotels. We recorded no such impairment in the corresponding period of the prior fiscal year.

In addition we recorded impairments on property plant and equipment, intangible assets and right of use assets in an aggregate of €455.4 million in Fiscal 2020. In the prior year we recorded €12.2 million.

In the Nine-Month Period 2021 we recorded impairments on property plant and equipment, intangible assets and right of use assets in an aggregate of €77.4 million. In the prior Nine-Month Period 2020 we recorded €339.8 million.

We recognise impairment charges where the carrying amount of our cash generating units plus the allocated goodwill exceeds the recoverable amount. The recoverable amount is the higher of

- fair value less costs of disposal, based on a market valuation approach; and
- the present value of future cash flows, based on continued use (value in use),

The determination of recoverable amounts reflects numerous assumptions that are subject to various risks and uncertainties, including key assumptions about the recovery of the travel business after COVID-19 and our projected future operating results and cash flows. This determination also reflects key assumptions about matters outside our control, such as discount rates and market comparables. In making this determination, we must exercise significant judgment and make significant estimates. Our actual results could differ materially from those judgments and estimates.

Several factors including a challenging operating environment, impacts affecting consumer demand or spending, the deterioration of general macroeconomic conditions, or other factors could result in a change to the future cash flows we expect to derive from our operations. Reductions of the cash flows used in the impairment analyses may lead us to re-evaluate the assumptions reflected in our current projections, resulting in the recording of an impairment charge to a reporting unit's tradename or goodwill.

More generally, we may also be required to recognize impairment of goodwill in the ordinary course of business, for reasons unrelated to the COVID-19 pandemic. In the course of restructuring the Group over recent years, we recorded considerable goodwill as a result of acquisitions. As of 30 June 2021, we carried goodwill of €2,999.0 million on our statement of financial position, representing 20.5% of total assets as of that date. A prolonged economic downturn, particularly in the tourism industry, with lower than expected cash flows, as well as changes in the discount rate, could materially affect our future results by requiring us to record impairment charges with respect to some or all of this goodwill.

1.2.9. Changes in accounting standards or in our accounting policies and practices (including segment reporting) may have a negative impact on our reported financial position and results, and may reduce the comparability of our financial information across periods.

We prepare our consolidated financial statements in accordance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e para. 1 of the German Commercial Code (*Handelsgesetzbuch*). In addition, we prepare our Unaudited Condensed Consolidated Interim Financial Statements in accordance with IFRS as adopted by the EU on interim financial reporting (IAS 34). These accounting standards are subject to change. These changes can negatively affect our reported financial condition, results of operations and cash flows, even if all other factors remain equal. In addition to any direct, negative effect on our reported financial condition, these accounting changes can reduce the comparability of our financial statements over different time periods, making them less useful to investors as a tool for monitoring our ongoing performance.

For example, IFRS 9 (Financial Instruments) has replaced IAS 39 (Financial Instruments – Recognition & Measurement) as the accounting standard that determines how financial instruments are accounted for. We have applied IFRS 9 from 1 October 2018, the first day of Fiscal 2019, although we have, as permitted under IFRS 9, continued to apply the hedge accounting requirements of IAS 39. Contrary to prior accounting practices under IAS 39 where credit losses are considered that arise from past events and current conditions (incurred loss model), IFRS 9 requires us to recognise expected credit losses at all times even where no trigger event has occurred (expected loss model). The first-time adoption of IFRS 9 and the resulting transition from the incurred loss model to the expected loss model resulted in an increase in risk provisions of €50.4 million as at 30 September 2019, which we recognized under other comprehensive income. In addition, IFRS 16, Leases, became applicable for fiscal years beginning on or after 1 January 2019. In our case, we have applied the new standard with effect from 1 October 2019, the first day of Fiscal 2020. The adoption of IFRS 16 changes the way we record lease obligations on our statement of financial position, and the effect those obligations have on our income statement and cash flow statements. In adopting IFRS 16, we have made use of the "modified retrospective" approach. Under this transition method, we have not restated the prior-year comparatives. Instead, we recognised the cumulative effect of the transition in retained earnings as at 1 October 2019. As a result, lease-related amounts as of and for the fiscal year ended September 2019 are not fully comparable to the lease-related amounts as of and for the fiscal year ended September 2020.

Where it is apparent, following a significant change in the nature of our entity's operations or a review of our financial statements, that another presentation or classification would be more appropriate, we may have to change the presentation and classification of items. We cannot assure you that any such future change in accounting practices would not have detrimental effects on the Group.

Significant M&A activity can also affect the comparability of our financial information across periods. In July 2020 we completed the transfer of our former subsidiary, Hapag-Lloyd Cruises, to TUI Cruises, a joint venture in which we hold a 50% interest. Prior to this transfer, including during the periods for which we present consolidated financial information in this prospectus, any contribution of Hapag-Lloyd Cruises to our results of operations was represented in our consolidated revenue. As a result of this transfer, in our future financial statements we will no longer report revenue of Hapag-Lloyd Cruises in our consolidated revenue. Instead, any contribution by the Hapag-Lloyd Cruises to our earnings will be reflected in share of results of joint ventures and associates from our TUI Cruises joint venture.

1.2.10. Our business and results of operations are affected by fluctuations in exchange rates and interest rates.

The substantial cross-border element of our business operations exposes to fluctuations in exchange rates. This is due to the imbalance between the currencies in which we generate revenue and incur costs, and also to the fact that some of our subsidiaries, particularly in the UK and the Nordic countries outside Finland, operate in functional currencies other than the euro, which is the Group's reporting currency.

For example, certain of our costs of sales, including hotel accommodation, destination services and aviation jet fuel and bunker oil, are denominated in currencies other than the currencies in which customers pay for their holidays. This transaction risk relates primarily to the euro/U.S. dollar, the euro/sterling and the sterling/U.S. dollar exchange rates.

We are also subject to translation risk relating to currency exchange rates. We generate revenue and incur expenses in non-euro currencies. We translate these amounts into euro on consolidation. In general, appreciation of the value of the euro against a relevant non-euro currency reduces the impact of the non-euro revenue or expense on our consolidated, euro-denominated financial statements.

We cannot assure you that the hedging transactions or other measures we may take to mitigate exchange rate risk will succeed. If we have not adequately hedged our currency exposure, a significant negative change in exchange rates could result in a mismatch between our costs and revenue, significantly affecting our results of operations. Furthermore, hedging transactions create an inherent risk that a counterparty may default on its obligations. Furthermore, if our hedging policy is too rigid, we may be unable to respond to competitive pricing pressures during the season.

Since the COVID-19 pandemic began, a majority of our banking partners have restricted or suspended our trading lines with them and our credit rating has been downgraded. If this situation persists, we may be unable to fully hedge our exchange rate exposures from Summer 2021 onwards. If that is the case, our ability to manage and mitigate exchange rate risk will be reduced, and our exposure to currency risk will increase. We cannot assure you that any measures we may take to mitigate the negative consequences of our inability or reduced ability to hedge foreign exchange exposures, such as use of flex pricing in markets where it is possible to do so, will be effective in protecting our margins.

We are also subject to risk from floating-rate primary and derivative financial instruments. A substantial part of our indebtedness, including borrowings under the Syndicated Facilities and the New Loan Facility and a portion of our 2018 Schuldschein, bears interest at floating rates. These interest rates could rise significantly in the future, thereby increasing our interest expenses associated with these obligations and reducing cash flow available for other purposes. Although we currently hedge a portion of the interest rate with respect to the floating rate portion of the 2018 Schuldschein we may not be able to replace or extend such hedges, on terms that are acceptable to us or at all, and any such hedge may not be fully effective, which would expose us to interest rate risk.

1.2.11. Tax audits and changes in the general tax environment may lead to additional taxes being payable by us

We are subject to tax audits in jurisdictions in which we carry out our business or in which we are subject to tax for other reasons. All tax assessment notices which are not yet final and are subject to review could be changed by the tax authorities. As a consequence of current or future tax audits or as a result of possibly divergent tax law interpretations by the tax authorities or tax courts, we could be obliged to pay additional taxes in jurisdictions where we operate.

Our business is subject to the general tax environment in various jurisdictions that are linked to our activities. Changes in tax legislation, administrative practice or case law can have adverse consequences for us. For example, there are currently several initiatives being considered at local, state and the European Union level which relate, inter alia, to changes to the limitation of interest deductions, the non-recognition of business expenses (based on hybrid elements in the financial product or the parties involved in a transaction or due to a certain residency or place of business of the contractual counterparty), the establishment of a common consolidated corporate tax base (CCCTB) and the establishment of anti-abuse and other rules to avoid base erosion and profit shifting (BEPS). Within certain limits these changes or amendments may have retroactive effect. If adverse changes in the tax framework should occur, we could be obliged to pay additional taxes in the jurisdictions in which we are subject to tax.

1.2.12. We could be exposed to tax risks regarding the loss of tax losses and tax loss carry-forwards in connection with the possible change of the shareholder structure of the Company.

As of 30 June 2021, the Company had recorded substantial current losses, loss carry-forwards and interest carry-forwards. These have not been audited by the German Tax Authorities (*Finanzamt*). Section 8c of the German Corporate Income Tax Act (*Körperschaftssteuergesetz*, "**KStG**") provides for an elimination where more than 50% of the shares in a corporation have been acquired within a five-year period by one individual shareholder, a group of shareholders acting in concert or if a comparable event occurs. Section 8c KStG applies *mutatis mutandis* to interest carry-forwards. If we are unable to utilise these losses and carry-forwards in future periods, our after tax profit for those periods will be reduced.

1.2.13. We are unable to fully deduct interest on our financial liabilities.

A certain amount of the Company's substantial annual refinancing expenses (i.e., interest payments) is not deductible for tax purposes under the German interest barrier rules (*Zinsschranke*). The interest barrier rules generally provide for a limitation on the deduction of a business' net interest expenses equal to 30% of its taxable EBITDA.

For purposes of the interest barrier rules, all businesses belonging to the same German fiscal unity for corporate income and trade tax purposes (*Organschaft*) are treated as a single business. Any non-deductible amount exceeding this threshold can be carried forward and, subject to various restrictions, may be deductible in future years. The interest carry-forward could, for example, be cancelled in connection with certain changes in the shareholder structure of the Company in accordance with the same principles outlined above regarding loss carry-forwards.

1.2.14. If TUI Cruises cannot continue to participate in the tonnage tax regime in Germany, or if the tonnage tax regime as such is discontinued or amended, tax expenses may increase significantly.

TUI Cruises has elected for the tonnage tax regime in Germany. Comparable tax regimes exist in several other European countries. For example, some of the cruise ships operated by Marella Cruises are also subject to the English tonnage tax regime.

Under the tonnage tax regime, TUI Cruises' corporate income tax is calculated by reference to the tonnage of its ships, independently from actual income earned. Its income tax liability therefore depends primarily on the tonnage of its fleet, rather than on the profitability of its business. In order to remain within the tonnage tax regime, a specified proportion of the vessels TUI Cruises operates must be managed in Germany (*inländische Bereederung*), registered in a German register and predominantly operated on the high seas or between non-German harbours.

The German tax authorities have decided to amend a binding tax ruling related to the tonnage tax regime. If TUI Cruises cannot successfully challenge this decision, from Fiscal 2021 or later tonnage tax will apply only to the transport part of the shipping business. The discontinuance of the tonnage tax regime or any inability on the part of TUI Cruises to continue to participate in this regime in full or in part could increase its tax expenses, particularly in profitable years.

1.2.15. Our levels of indebtedness may increase our vulnerability to general adverse economic conditions and limit our ability to make investments and restrictive covenants in our financing arrangements could limit our operating and financial flexibility.

The terms and conditions of our existing debt instruments contain, and any future debt instrument we enter into, may contain, covenants that significantly restrict our ability to incur, guarantee or secure additional indebtedness and require us to maintain specified financial ratios. Also, capital markets indebtedness that we may incur in the future, including a potential senior unsecured bond that is currently under consideration, will likely contain a number of restrictive covenants. Such covenants could restrict, among other things, our ability to: make certain loans or investments; incur indebtedness or issue guarantees; sell, lease, transfer or dispose of assets and subsidiary stock; merge or consolidate with other companies; transfer all or substantially all of our assets; pay dividends and make other restricted payments; create or incur liens; agree to limitations on the ability of our subsidiaries to pay dividends or make other distributions; and enter into transactions with affiliates. Such covenants could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise. For example, although we currently expect to be able to meet our working capital requirements in the short to medium term, such new restrictions could materially adversely affect our ability to finance our operations and capital needs, pursue acquisitions, investments or alliances or restructure our organization later in the future. Our ability to meet financial ratios may be affected by events beyond our control.

Under each of the Syndicated Facilities Agreement and the New Loan Facility, we are obligated to maintain a maximum ratio of net borrowings to EBITDA as at 31 March and 30

September of each year and a minimum ratio of EBITDAR to net fixed charges for the test period ending on 31 March and 30 September of each year. More specifically, the ratio of net borrowings to EBITDA shall not be more than 4.5 to 1 in respect of the first two test periods falling after the Syndicated Facilities Covenant Holiday and the New Loan Facility Covenant Holiday (both as described below), respectively, and not more than 3 to 1 in respect of any test period thereafter. The ratio of EBITDAR to net fixed charges shall not be less than 2.25 to 1 in respect of the first two test periods falling after the Syndicated Facilities Covenant Holiday and the New Loan Facility Covenant Holiday, respectively, and not less than 2.5 to 1 in respect of any test period thereafter. On 9 June 2021, the required majority of the lenders under each of the Syndicated Facilities Agreement and the New Loan Facility agreed to provide the Syndicated Facilities Covenant Holiday and the New Loan Facility Covenant Holiday, respectively, under which we are not required to test compliance with the above financial covenants of the Syndicated Facilities Agreement and the New Loan Facility through and including 31 March 2022. Pursuant to the terms of the Syndicated Facilities Covenant Holiday and the New Loan Facility Covenant Holiday, we will next be required to test compliance with those covenants as at 30 September 2022. In addition, following the latest amendments to the Syndicated Facilities Agreement and the New Loan Facility dated 27 July 2021, we shall ensure that, during the Syndicated Facilities Covenant Holiday and the New Loan Facility Covenant Holiday, at the end of each month our average liquidity over three months does not fall below €400 million.

Although we currently expect to remain in compliance with the financial covenants provided under our existing debt instruments in the short to medium term, we cannot assure you that we will be able to meet these or any future ratios and tests later in the future. Due to the COVID-19 outbreak, we have paused parts of our operations and if we are unable to recommence normal operations in the long-term, we may be out of compliance with such covenants in certain of our debt facilities. In the event of a default under these facilities or certain other defaults under other agreements, the lenders could terminate their commitments and declare all amounts owed to them to be due and payable. In addition, a default under any of our debt instruments could result in a cross-default or cross-acceleration under its other existing debt facilities. Borrowings under other debt instruments that contain cross-default or cross-acceleration provisions may, as a result, also be accelerated and become due and payable. Our immediately available liquid funds and short-term cash flows may then not be sufficient to fully repay these debts in such circumstances.

We may also incur substantial additional indebtedness in the future. The covenants in existing financing instruments do not fully prohibit the Company or its subsidiaries from incurring more indebtedness. If new debt is added to our current debt levels, the related risks that we now face could intensify. The incurrence of additional indebtedness would increase the leverage-related risks described in these risk factors.

1.3. Risks related to the shares and the admission to trading

1.3.1. The terms of certain instruments we have received as emergency state aid in reaction to the COVID-19 pandemic, as well as the terms of the Silent Participation being part of the Stabilisation Package, effectively prohibit us from distributing dividends. Even if we return to profitability, the Company will be unable to pay dividends while these instruments remain outstanding. Any future state assistance we receive may impose similar terms.

The Executive Board and the Supervisory Board of the Company are obliged, when adopting the annual financial statements, to allocate the largest possible portion of the net income of the Company for the respective fiscal year to the revenue reserves subject to applicable laws and the articles of association of the Company (the “**Articles of Association**”) as well as the provisions of the Convertible Silent Participation and Non-Convertible Silent Participation, and, to the extent permitted by law, not to propose to the Annual General Meeting any dividend distribution for the respective previous fiscal year until the repayment of the emergency state aid. This prohibits us effectively from distributing dividends even if the Company returns to profitability. Any future state assistance we receive may impose similar terms.

Even if the Company has a legal obligation to pay a dividend and, thus, the foregoing does not apply, we believe that it would not be advisable for the Company's shareholders to adopt a resolution on the payment of dividends even if the Company were otherwise able to pay a dividend. In the recent past, public perception has been very critical of companies that have paid dividends despite having received emergency state aid. If the Company's shareholders would adopt a resolution on the payment of dividends, our reputation and, thus, our business might suffer and any further negotiations with governmental authorities on certain matters, in particular on additional emergency state aid, could be negatively affected.

1.3.2. *The Company is a holding company. Its ability to meet its obligations and to pay dividends depends on its subsidiaries' ability to generate revenue and to provide it with funds.*

The Company functions as a holding company for our Group, has no material independent operations of its own and derives substantially its entire consolidated revenue from its operating subsidiaries. Consequently, the Company's cash flows and its ability to meet its obligations and to pay dividends is dependent upon the profitability and cash flow of its subsidiaries and payments by such subsidiaries to the Company in the form of loans, dividends, fees, rental payments, or otherwise. The ability of subsidiaries, joint ventures and associated companies to make payments to the Company may be restricted by factors including applicable corporate and other laws and regulations as well as by covenants, restrictions and other terms of financing agreements to which these companies are or will be a party. In addition to any limitations on payment to the Company in such agreements, failure to comply with the covenants and restrictions contained in such agreements could trigger defaults under those agreements which could delay or preclude the distribution of dividend payments or any other similar payments to the Company.

1.3.3. *The holdings of shareholders who do not participate in the Offering will be significantly diluted, i.e., the value of their shares and their control rights will be negatively impacted.*

The subscription rights (*Bezugsrechte;* the "**Subscription Rights**") for New Shares will expire if they are not exercised on or before the end of the Subscription Period on 26 October 2021. If a shareholder does not exercise the Subscription Rights granted to it, its percentage shareholding in TUI will decline and its voting rights will be diluted. This dilution will be proportional to the percentage rate by which the share capital of the Company is increased and to the extent to which the shareholder does not participate in the capital increase. In addition, there is a risk of further dilution if conversion rights under the 2020 Warrants are exercised into up to 5.3% or conversion rights under the 2021 Convertible Bonds are exercised into up to 6.8% of the Company's share capital issued prior to the Offering. Furthermore, the Convertible Silent Participation, subject to the provisions of the Convertible Silent Participation, carries the right of being converted into not exceeding 25% plus one share of the Company's share capital issued following the Offering.

Even where a shareholder sells unexercised Subscription Rights prior to the expiration of the Subscription Period, the consideration received by such shareholder may not be sufficient to fully compensate such shareholder for the dilution of their percentage ownership of the New Shares that may result from the Capital Increase. Furthermore, after the Subscription Period ends, Subscription Rights that have not been exercised will expire and holders that have not exercised those Subscription Rights will not receive compensation for any expired Subscription Rights.

1.3.4. *The Underwriting Agreement between the Company and the Underwriters allows for the agreement to be terminated under certain circumstances, which may result in the Capital Increase being withdrawn by the Company and investors who have acquired Subscription Rights losing such investment.*

The offer of the New Shares will be made on the basis of the Underwriting Agreement signed by the Company and the Underwriters on 6 October 2021, that may be terminated at any time by the Joint Global Coordinators on behalf of the Underwriters prior to the filing of the application for registration of the implementation of the Capital Increase with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hanover, Germany under number HRB 6580 and with the commercial register (*Handelsregister*) of the district court (*Amtsgericht*) of Berlin-Charlottenburg under HRB 321, (together, the "**Commercial Registers**") (scheduled to occur on 28 October 2021) under certain circumstances provided for under the terms and conditions of the Underwriting Agreement (including in the event of a suspension of trading on or by any of the Hanover Stock Exchange, the Frankfurt Stock Exchange, the London Stock Exchange or the New York Stock Exchange or any other regulated financial market within the European Economic Area, a suspension of trading of any securities of the Company, a general moratorium on commercial banking activities, an outbreak of hostilities or escalation of hostilities or terror attacks or any material adverse change in national or international financial, political, industrial or economic conditions). In addition, the Underwriters' obligations under the Underwriting Agreement are subject to certain customary conditions. If these conditions are not fulfilled or waived, the Underwriting Agreement will not take effect.

If the Joint Global Coordinators on behalf of the Underwriters terminate the Underwriting Agreement prior to the filing of the application for registration of the implementation of the Capital Increase with the Commercial Registers, the Rights Offering and Capital Increase will not proceed, including in respect of Unifirm's direct subscription, and the Subscription Rights will expire and become worthless. Under these circumstances investors will not be entitled to delivery of New Shares. Any investors engaging in short selling transactions bear the risk of being unable to meet their obligation to deliver New Shares. The agents brokering the Subscription Rights transactions will not reverse such short selling transactions. Investors who purchased Subscription Rights will accordingly suffer a loss. The Joint Global Coordinators cannot terminate the Underwriting Agreement after the application for registration of the implementation of the Capital Increase has been filed with the Commercial Registers, save that the Joint Global Coordinators may terminate the Underwriting Agreement if the Company successfully withdraws the application for registration of the implementation of the Capital Increase with both Commercial Registers which is at the discretion of each Commercial Register, or the Commercial Registers do not register the Capital Increase within the timeframe specified in the subscription certificate to be issued by the Underwriters (currently two business days from the date of the application, *i.e.*, until 29 October 2021). In such case, the Rights Offering and Capital Increase will also not proceed, including in respect of Unifirm's direct subscription, and the Subscription Rights will expire and become worthless, and the consequences described above occur.

There is also a risk that the Commercial Registers could not register the implementation of the Capital Increase for certain technical or practical reasons, including, for example, an inaccuracy or error in the application, which, if the Company will be unable to correct the inaccuracy or error within the two days following the application, will result in a termination right of the Underwriters. In such case, the Rights Offering and Capital Increase will not proceed, including in respect of Unifirm's direct subscription, and the Subscription Rights will expire and become worthless, and the consequences described above will occur. However, the Underwriters may elect not to terminate the Underwriting Agreement, and to work with the Company to submit a new subscription certificate with a new two business day deadline to register the implementation of the Capital Increase with both Commercial Registers, with the risk that the Capital Increase may again not being registered with any of the Commercial Registers, due to similar inaccuracies or errors.

There is no scenario in which the Underwriters could terminate the Underwriting Agreement, but the Commercial Registers could still register the Capital Increase.

Furthermore, the Unifirm Commitment, pursuant to which Unifirm has agreed to take up in full its right to subscribe for the New Shares pursuant to the Capital Increase may be terminated by Unifirm if the Underwriting Agreement is terminated in accordance with its terms prior to the filing of the application for registration of the implementation of the Capital Increase.

1.3.5. It is not certain that Subscription Rights trading will develop, and the Subscription Rights may be subject to greater quoted market price fluctuations than the shares of TUI.

The Company intends to provide for the Subscription Rights to be traded during the period from 12 October 2021 until 21 October 2021 on a multilateral trading facility of the London Stock Exchange. Subscription Rights are also expected to be traded on the regulated market of the Hanover Stock Exchange and the Open Market segment of the Frankfurt Stock Exchange. The Company does not intend to apply for Subscription Rights trading on any other stock exchange. The Company cannot assure that active Subscription Rights trading on a stock exchange will develop during this period nor that there will be sufficient liquidity in Subscription Rights trading for the Subscription Rights during this period. The development of the quoted market price of the Company's shares is one of the factors influencing the price of the Subscription Rights, which, however, may also be subject to considerably stronger price fluctuations than the shares.

1.3.6. The interests of our controlling shareholder may be inconsistent with the interests of other shareholders.

As of the date of this prospectus, the Company is controlled by Unifirm Limited ("**Unifirm**"), within the meaning of section 29 para. 2 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*), which according to the notices made available to the Company in accordance with the German Securities Trading Act (*Wertpapierhandelsgesetz*) holds 32.00% of the issued share capital of the Company as of the date of this prospectus. We have been informed that KN-Holding Limited Liability Company ("**KN-Holding**") holds 65% of Unifirm's shares. KN-Holding's ultimate owners are Kirill and Nikita Mordashov, sons of Alexey Mordashov, who is a member of the Company's Supervisory Board. We understand that the remaining 35% of Unifirm is indirectly owned by Alexey Mordashov through Severgroup Limited Liability Company and Rayglow Limited. The Company has been informed that Alexey, Kirill and Nikita Mordashov have entered into a shareholders' agreement as a result of which each of them may be deemed to be the ultimate beneficial owner of Unifirm's 32.00% holding in the Company.

As a result, companies ultimately controlled by the Mordashov family may have direct or indirect power, among other things, to veto certain fundamental corporate decisions and, depending on the presence levels at our shareholders' meetings, to pass other corporate resolutions regarding our legal and capital structure. Given the commitment of Unifirm to exercise all its Subscription Rights, we expect that the Mordashov family will remain, indirectly, the Company's controlling shareholder, and, as such, may continue to be able to exert significant influence on the Company going forward. The interests of our controlling shareholder could conflict with the interests of our other shareholders. Moreover, Unifirm could increase its 32.00% stake to more than 50% of the issued share capital of the Company without being subject to a mandatory takeover offer requirement. In addition, our controlling shareholder may, in the future, own businesses that directly compete with ours in certain respects or do business with us.

1.3.7. The Company's largest shareholder may increase its holding in the Company by purchasing Subscriptions Rights or Shares.

Unifirm has committed to exercise all its Subscription Rights in the Offering (the "**Unifirm Commitment**").

Unifirm could also buy Subscription Rights in the secondary market and exercise them to acquire New Shares. Accordingly, depending on the number of New Shares relating to Subscription Rights purchased by Unifirm, Unifirm could further increase its holding in the Company.

Unifirm is expected to remain the Company's controlling shareholder and possibly, following the acquisition of additional Shares in the course of the Offering, further increase the size of its stake, and, thus, continue to be able to exert significant influence on the Company going forward. In particular, it will have a blocking minority (*Sperrminorität*) that will enable it to block certain resolutions of the shareholders' meeting, including resolutions on certain amendments of the articles of incorporation (*Satzung*), and liquidation of the Company. Even in the case of resolutions not subject to a blocking minority (*Sperrminorität*), it may be difficult to attain the needed majority if Unifirm opposes the resolution.

1.3.8. The WSF has the option to convert the Convertible Silent Participation and the 2020 Warrant into shares of the Company. Exercise of this right may be dilutive to other shareholders. If the WSF exercises this right in full, its holding in the Company will give it significant influence on the shareholders' meeting and will enable it to block certain resolutions.

As part of the Stabilisation Package, the Company issued the Convertible Silent Participation to the WSF in the nominal amount of €420 million. The Convertible Silent Participation is convertible by the WSF (or its legal successor, e.g., following an assignment) into shares of the Company equivalent to a maximum holding of 25% plus one share of the issued share capital of the Company at a conversion price of €1.00 per share. In addition, as part of the Stabilisation Package the WSF obtained the right to exercise the conversion rights under the 2020 Warrants itself; additionally, the WSF may sell the 2020 Warrants, the Silent Participation or the 2020 Bonds with Warrants to third parties at any time. The WSF (or a successor) may exercise its conversion right at any time, provided that the WSF will only be allowed to convert the Convertible Silent Participation and the 2020 Warrants if and to the extent that the conversion does not result in the WSF's participation in the Company's issued share capital of more than 25% plus one share. At a price of €1.00 per share (which is the minimum possible price under applicable German law and is also materially below the current market price of shares), any such conversion is likely to have a significantly dilutive effect on other Shareholders. In addition, to enable the WSF to maintain, if applicable, a participation of up to 25% plus one share, the WSF may use, under certain conditions and for the purpose of dilution protection, the Non-Convertible Silent Participation as contribution in kind in the context of the issuance of new shares.

If the WSF (or a successor) converts the Convertible Silent Participation (and/or, in the case of the WSF, the 2020 Warrant) to the fullest extent permissible, its 25% plus one share holding of the Company's shares will give it significant influence on votes of the general shareholders' meeting. In particular, it will have a blocking minority (*Sperrminorität*) that will enable it to block certain resolutions of the shareholders' meeting, including resolutions on certain amendments of the articles of incorporation (*Satzung*), and liquidation of the Company. Even in the case of resolutions not subject to a blocking minority (*Sperrminorität*), it may be difficult to attain the needed majority if the WSF or its successor opposes the resolution. Its interests and priorities may differ from those of other shareholders, and we cannot assure you that it would vote in ways favourable to your interest.

1.3.9. Future sales or anticipated sales of a substantial number of shares or similar transactions conducted by our principal shareholders or other shareholders could cause the price of the Company's shares to fall significantly.

Due to the relatively high combined shareholding of our principal shareholders Unifirm, which is to our knowledge ultimately controlled by the Mordashov family; and Riu Hotels, which is controlled by SARANJA S.L., which is in turn controlled by Luis Riu and Carmen Riu, the price for the Company's shares could decline significantly if our principal shareholders were to sell a substantial portion of their shares in the market. Likewise, the price for the Company's shares could decline substantially if other shareholders sell a large number of shares in the market or investors expect such sales.

1.3.10. The price of the Company's shares has been, and may continue to be, volatile.

The price and the trading volume of the Company's shares is determined by supply and demand for its shares, which is influenced by a variety of factors, including, but not limited to, the severity and duration of the COVID-19 pandemic (including the impact of the COVID-19 pandemic on us and the travel industry more broadly), earnings expectations of investors and the reporting of results by the Company or its competitors, changes in earnings projections and investments recommendations by analysts, changes in macroeconomic conditions, or general market volatility. Over the past five years, the Company's shares, which are listed on the London Stock Exchange and the Hanover Stock Exchange and included in trading on the Open Market of the Frankfurt Stock Exchange, have traded as low as €2.89 and as high as €20.66. General market conditions or a global or local downturn in equities markets could cause the price of the Company's shares to decline significantly, even if the Group's business, its prospects or earnings outlook have not changed. Global stock markets in general have recently experienced extreme volatility primarily as a result of the ongoing COVID-19 pandemic. Certain developments, such as a significant decline in share price or a lack of trading liquidity, could also lead to an exclusion of the Company's shares from indices in which its shares are included, which could add additional selling pressure on the Company's shares with a corresponding decline of the price for the Company's shares.

1.3.11. Future offerings of debt or equity securities or debt securities convertible into equity of the Company could have a negative effect on the price of the Company's shares, and future capital measures could substantially dilute existing shareholders' interests in the Company.

In the future, the Company may need additional capital to finance its business operations and growth. It may therefore seek to raise capital through offerings of debt securities (potentially including convertible debt securities) or additional equity securities. The same is true for any future acquisitions of or investments in other companies made with newly issued shares of the Company or the exercise of stock options by the employees in the context of equity compensation programs. The issuance of additional equity securities or securities with a right to equity conversion would dilute the economic and voting rights of existing shareholders if and to the extent that subscription rights are not offered to and exercised by the existing shareholders. Such capital measures could also have negative effects on the price of the Company's shares.

In particular, if a positive development in the price of the Company's shares makes it feasible and attractive to do so, the Company may contemplate an additional capital increase during Fiscal 2022 or thereafter in order to refinance outstanding debt and thereby improve the Company's financial risk profile relating to high leverage. A successful capital increase could dilute the value of the holdings of existing shareholders.

A number of factors could also make it difficult or impossible to execute a further capital increase, or could delay the Company's ability to consummate the transaction. If it were to seek to implement a capital increase in excess of authorised capital at the time, the Company would need to obtain a resolution of the general shareholders' meeting increasing authorized capital. The Company cannot assure you that a sufficient percentage of our shareholders would approve this resolution. Assuming that the Company sells 523,520,778 New Shares in the offering, it would be able to issue a maximum of approximately 3,418,585 million further shares under existing authorised capital.

Furthermore, the holder of the 2020 Warrants will, if it exercises the warrants in full, receive shares equivalent to 5.3% holding in the Company as of the date of the prospectus (subject to certain dilution protection provisions included in the terms of the 2020 Warrants). The Convertible Silent Participation will, subject to the provisions of the Convertible Silent Participation, further be convertible into up to 25% of the shares in the Company plus one share and conversion rights under the 2021 Convertible Bonds may be exercised for up to 6.8% of the Company's shares. Exercise of these rights, therefore, would cause additional dilution to existing shareholders.

1.3.12. The Company's historical earnings, cash flows and other historical financial data are not necessarily predictive of its earnings or its other key financial figures going forward.

The financial information discussed in this prospectus and the financial statements that have been reproduced herein relate to the TUI Group's performance in past periods. The Group's future development and performance may, however, deviate significantly from past results. The historical earnings and other historical financial data are therefore not necessarily predictive of the Group's earnings or other key financial performance indicators going forward.

In particular, the effects of the COVID-19 pandemic may limit the comparability of the financial statements presented in this prospectus with each other, as well as the comparability of our historical financial statements with future financial statements. Our financial statements for Fiscal 2020 and for the Nine-Month Period 2021 were strongly influenced by factors and events that do not pertain to the financial statements for Fiscal 2019. Our results of operations in the third and fourth quarters of Fiscal 2020 were marked by an almost total absence of revenue for a period of approximately 13 weeks and significantly lower levels of revenue even after business operations could be partially resumed. Moreover, whereas the first month of the Nine-Month Period 2021 still benefited from a partially resumed business, our results of operations from November to June of the Nine-Month Period 2021 were marked by an almost total absence of revenue as a result of the renewed travel restrictions. During these periods we also incurred pandemic-related expenses of no relevance prior to the outbreak, as well as fixed costs common across all periods presented in this prospectus, many of which were not materially affected by the pandemic. Even if we are able to resume full business operations, we expect that the effects of the pandemic will continue to have a material effect on our financial condition and results of operations over at least the near to medium term, limiting the comparability of the financial statements for those periods with our historical financial statements, including those from the recent past.

1.3.13. The rights of shareholders in a German stock corporation may differ from the rights of shareholders in companies organised under the laws of other jurisdictions.

TUI AG is a company organised under the laws of Germany. The rights of shareholders in a German company are based on its articles of association and applicable laws and regulations and may differ from the rights of shareholders of stock corporations organised under the laws of other jurisdictions. As such, it may be difficult or impossible to enforce rights against the Company that may be common in other jurisdictions.

1.3.14. Holders of TUI AG DIs are subject to applicable DI arrangements.

As TUI AG Shares are German securities, they are not eligible to be settled directly within CREST. CREST is the electronic settlement system for UK and Irish securities operated by Euroclear UK & Ireland Ltd which allows trades in securities listed on the Official List of the UK Financial Conduct Authority (the "**FCA**") to be settled. In order to enable settlement in CREST, the Company entered into depositary arrangements which enable investors to hold and settle TUI AG Shares in CREST in the form of depositary interests ("**DIs**"). DIs represent entitlements to underlying non-UK shares (in this case, TUI AG Shares).

TUI AG DIs represent entitlements to the Company's Shares. Holders of TUI AG DIs are able to exercise their shareholder rights (including the right to vote at general shareholders' meetings and the right to subscribe for new TUI AG Shares on a pre-emptive basis) attached to TUI AG DIs by instructing Link Market Services Trustees Limited (the "**Depositary"**) to exercise these rights on their behalf and, therefore, the process for exercising rights will take longer for holders of TUI AG DIs than for holders of TUI AG Shares. Consequently, the Depositary will set a deadline for receiving instructions from all TUI AG DI holders regarding the relevant Company corporate event. The holders of TUI AG DIs may be granted shorter periods in which to exercise the pre-emptive rights carried by the DI Pre-Emptive Rights than the TUI AG Shareholders have in which to exercise rights carried by TUI AG Shares. The Depositary will not exercise voting rights in respect of TUI AG DIs for which it has not received voting instructions within the established term.

Unexercised Subscription Rights or DI Pre-Emptive Rights will lapse and will not be sold. The New Shares to which those unexercised Subscription Rights or DI Pre-Emptive Rights relate may be sold in the rump placement, but shareholders will not be entitled to receive any proceeds from such sale, including any premium under Listing Rule 9.5.4 as such payment is restricted under the laws of Germany.

The Company is organised under the laws of Germany and the offering is therefore being undertaken in accordance with German company law and in line with German market practice. German market practice differs from market practice in certain other jurisdictions, including the UK.

Consequently, under the laws of Germany and in line with German market practice, Subscription Rights or DI Pre-Emptive Rights that are not exercised during the Subscription Period will lapse and be of no value. This includes any Subscription Rights or DI Pre-Emptive Rights that an investor acquires during the subscription rights trading period but that are not then exercised before the end of the Subscription Period. This differs to a typical rights issue conducted in the UK, where rights that are not exercised do not lapse, and would typically be sold in a rump placement following the rights issue, and shareholders would be entitled, pursuant to Listing Rule 9.5.4, to receive any premium over the subscription price (net of expenses and provided such amount exceeds £5) that can be achieved in such a sale.

While it is proposed that the New Shares that would have been issued had the Subscription Rights or DI Pre-Emptive Rights been exercised will be sold in the Rump Placement, if a premium above the Subscription Price were able to be achieved from such a sale, shareholders will not be entitled to receive that premium. This is because in Germany, company law would prohibit the Company from distributing any such premium to shareholders. Accordingly, shareholders will not be entitled to receive any premium under Listing Rule 9.5.4 on the sale of any New Shares to which they were entitled had they exercised their Subscription Rights or DI Pre-Emptive Rights during the Subscription Period.

Furthermore, there will be no entitlement to fractional shares in connection with the Offering. Accordingly, no fractional entitlements will be sold as part of the Offering as could be the case in the UK under Listing Rule 9.5.13.

2. General Information

In this prospectus, the terms "**TUI**", "**Group**", "**we**", "**us**" and "**our**" refer to TUI AG together with its consolidated subsidiaries. The term "**Company**" refers to TUI AG as issuer of the shares being offered by this prospectus.

This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any New Shares, Subscription Rights, DI Pre-emptive Rights or New DIs (each as defined below and together the "**Securities**") offered by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

Neither the delivery of this prospectus nor any sale made hereunder shall under any circumstances imply that there has been no change in the Company's affairs or that the information set forth in this prospectus is correct as of any date subsequent to the date hereof.

Investors should only rely on the information in this prospectus. No person has been authorised to give any information or to make any representations in connection with the Offering, other than those contained in this prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Sponsors, the Joint Global Coordinators, any of the Underwriters or the Financial Adviser.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved. Any decision to subscribe or purchase the Securities should be based solely on this prospectus. Prospective investors should read this entire document and, in particular, the "Risk Factors" section of this prospectus when considering an investment in the Company.

The Company's website and any other websites mentioned herein do not form part of this prospectus.

2.1. Responsibility for the contents of the prospectus

TUI AG, with its registered seat in Hanover and Berlin, Germany, and its business address at Karl-Wiechert-Allee 4, 30625 Hanover, Germany, a German stock corporation (*Aktiengesellschaft* or *AG*) registered with the Commercial Registers, telephone +49 (511) 566-00 (the "**Company**"), Barclays Bank Ireland PLC, One Molesworth Street, Dublin 2, D02 RF29, Ireland ("**Barclays**"), BofA Securities Europe SA, 51 rue La Boétie, 75008 Paris, France ("**BofA Securities**"), Citigroup Global Markets Europe AG, Reuterweg 16, 60323 Frankfurt am Main, Germany ("**Citigroup**"), Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Germany ("**Deutsche Bank"**) and HSBC Trinkaus & Burkhardt AG, Königsallee 21/23, 40212 Düsseldorf, Germany ("**HSBC**", and, together with Barclays, BofA Securities, Citigroup and Deutsche Bank, the "**Joint Global Coordinators**"), COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany ("**COMMERZBANK**"), Landesbank Baden-Württemberg, Am Hauptbahnhof 2, 70173 Stuttgart, Germany ("**Landesbank Baden-Württemberg**") and Natixis, 30 avenue Pierre Mendès France, 75103 Paris, France ("**Natixis**", and together with COMMERZBANK and Landesbank Baden-Württemberg, the "**Joint Bookrunners**" and, together with the Joint Global Coordinators, the "**Underwriters**") each assume responsibility for the contents of this prospectus pursuant to Section 8 German Securities Prospectus Act (*Wertpapierprospektgesetz*) and Article 11 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**") and hereby declare that, to the best of their knowledge, the information contained in the prospectus is in accordance with the facts and that the prospectus makes no omission likely to affect its import.

Neither the Company nor the Underwriters are required by law to update this prospectus subsequent to the date hereof, except in accordance with Article 23 of the Prospectus Regulation, which stipulates that every significant new factor, material mistake, or material inaccuracy relating to the information included in a prospectus which may affect the assessment of the securities and which arises or is noted between the time when the prospectus is approved and the closing of the offer period or the time when trading on a regulated market begins, whichever occurs later, shall be mentioned in a supplement to the prospectus without undue delay. In any event, the obligation to supplement a prospectus no longer applies when a prospectus is no longer valid.

This prospectus will be valid until the commencement of trading of the New Shares on the Regulated Market of the Hanover Stock Exchange that is expected to take place on 2 November 2021. The obligation to supplement a prospectus in the event of any significant new factors, material mistakes or material inaccuracies no longer applies when the prospectus is no longer valid.

Investors bringing a claim related to information contained in this prospectus before a court may, pursuant to the national legislation of the relevant member state of the EEA, be required to bear the costs of translating the prospectus before legal proceedings are initiated.

As of the date of this prospectus, the shares of the Company have been admitted to trading on the premium listing segment of the Official List of the FCA and to trading on the Main Market of the London Stock Exchange and on the regulated market segment (*regulierter Markt*) of the Hanover Stock Exchange (*Niedersächsische Börse zu Hannover*; the "**HSE**"), which are regulated markets within the meaning of Art. 2(j) of the Prospectus Regulation and Art. 2(j) of the UK Prospectus Regulation, respectively, for more than 18 months. Furthermore, the New Shares are fungible with all previously-issued shares of the Company admitted to trading on the London Stock Exchange and the HSE. Accordingly, the Company has made use in this prospectus of the simplified disclosure regime for secondary issuances within the meaning of Article 14 of the Prospectus Regulation and in accordance with Annex 3 and Annex 12 of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 and Article 14 of the UK Prospectus Regulation and in accordance with Annex 3 and Annex 12 of the Delegated Regulation (EU) 2019/980 which is part of UK law by virtue of the EUWA ("**Prospectus RTS Regulation**"), in both cases, by issuers whose securities have been admitted to trading on a regulated market or an SME growth market continuously for at least the last 18 months and who issue securities fungible with existing securities which have been previously issued.

2.2. Approval of the prospectus

The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*; "**BaFin**"), Marie-Curie-Str. 24-28, 60439 Frankfurt, Germany, Tel.: +49 (228) 4108-0 as competent authority under the Prospectus Regulation, approved this prospectus on 6 October 2021.

BaFin has only approved this document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. You should not consider this approval as an endorsement of the quality of the securities that are the subject of this prospectus. You should make your own assessment as to the suitability of investing in the New Shares.

Following approval by BaFin, we will publish this prospectus as well as any supplements thereto on our website (www.tuigroup.com). You may also obtain print copies of this prospectus and any supplements thereto free of charge during regular business hours at the Company's registered office.

2.3. Subject matter of the prospectus

This prospectus relates to the public offering in Germany of 523,520,778 New Shares from a capital increase against cash contributions from the Company's authorized capital 2021/I and authorized capital 2021/II with Subscription Rights for existing shareholders resolved by the Executive Board on 6 October 2021, with approval of the Supervisory Board of the same date.

For the purpose of admission to trading of the New Shares on the regulated market segment (*regulierter Markt*) of the HSE, this prospectus relates to 523,520,778 new ordinary registered shares with no par value.

For the purpose of inclusion of the New Shares to the Open Market and trading on the Xetra electronic trading platform ("**Xetra**") of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*; the "**FSE**"), this prospectus relates to 523,520,778 new ordinary registered shares with no par value.

Each New Share has a notional value (the proportionate amount of the share capital attributable to each share) of €1.00 and has full dividend rights from 1 October 2020.

The New Shares have the International Securities Identification Number (ISIN) DE000TUAG000, the German Securities Identification Number (*Wertpapier-Kennnummer*, WKN) TUAG00, and the ticker symbol "TUI" ("TUI1" on the FSE).

2.4. Certain definitions

As used in this prospectus:

- "**Blue Diamond**" means the Blue Diamond brand of hotels and resorts, currently operated by Sunwing. We transferred our former subsidiary, Blue Diamond Hotels & Resorts Inc., St Michael, Barbados, to Sunwing in 2016.
- "**Hapag-Lloyd Cruises**" means Hapag-Lloyd Kreuzfahrten GmbH, Hamburg, Germany, our former wholly-owned subsidiary, transferred in July 2020 to TUI Cruises.
- "**Marella**" means Marella Cruises, a brand within our Cruises segment operated by TUI UK.
- "**Musement**" means Musement S.p.A., Milan, Italy, our wholly-owned subsidiary.
- "**Robinson**" means Robinson Club GmbH, Hanover, Germany, our wholly-owned subsidiary.
- "**Riu Hotels**" means Riu Hotels S.A., Palma de Mallorca, Spain. On 27 May 2021, we entered into a memorandum of understanding in relation to the disposal of our 49% stake in Riu Hotels to SARANJA S.L., which then held the remaining 51% in Riu Hotels (the "**RIU Transaction**"). The RIU Transaction closed on 31 July 2021. As a result, SARANJA S.L. is currently the sole shareholder of Riu Hotels holding 100% of its shares. However, the core of the long-standing strategic hotel partnership between Riu and TUI continues to be the 50:50 joint venture RIUSA II S.A. ("**RIUSA II**"), a fully-consolidated company through which the Company operates the Riu branded hotels.
- "**Sunwing**" means Sunwing Travel Group, Inc, Toronto, Canada, an associate company in which we hold a 49% interest.
- "**TUI Cruises**" means TUI Cruises GmbH, Hamburg, Germany, a joint venture in which we hold a 50% interest.
- "**TUI Germany**" means TUI Germany GmbH, Hanover, Germany, our wholly-owned subsidiary.
- "**TUI UK**" means TUI UK Limited, Luton, England, our wholly-owned subsidiary.
- "**TUIfly**" means TUIfly GmbH, Langenhagen, Germany, our wholly-owned subsidiary.

2.5. Presentation of financial information

Historical financial information

This prospectus includes:

- our audited consolidated financial statements as at and for the fiscal year ended 30 September 2020, which include comparative financial information for the fiscal year ended 30 September 2019 (the "**Audited Consolidated Financial Statements**");
- our unaudited condensed consolidated interim financial statements as at and for the nine-month period ended 30 June 2021, which include comparative financial information for the nine-month period ended 30 June 2020 (the "**Unaudited Condensed Consolidated Interim Financial Statements**" and, together with the Audited Consolidated Financial Statements, the "**Consolidated Financial Statements**"); and
- the statutory financial statements of the Company as at and for the fiscal year ended 30 September 2020 (the "**Statutory Financial Statements**").

You will find the Consolidated Financial Statements in this prospectus beginning on page F-1.

We prepared our Audited Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS**") and the additional requirements of § 315e German Commercial Code (*Handelsgesetzbuch* or "**HGB**"). The Company prepared its Statutory Financial Statements in accordance with the generally accepted accounting principles set forth in the HGB, which we refer to in this prospectus as "**German GAAP**". The Unaudited Condensed Consolidated Interim Financial Statements were prepared in accordance with IFRS on interim financial reporting (IAS 34).

In September 2020 we renamed our former Destinations Experiences segment "TUI Musement". In our Audited Consolidated Financial Statements and the related discussions in this prospectus, we refer to TUI Musement as Destination Experiences, the name under which the segment appears in those financial statements.

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Aegidientorplatz 2A, 30159 Hanover, Germany ("**Deloitte**") have audited and issued an unqualified opinion on our Audited Consolidated Financial Statements and on the Company's Audited Statutory Financial Statements. The Unaudited Condensed Consolidated Interim Financial Statements have not been audited but reviewed by Deloitte and Deloitte issued a review report.

Where financial information in the tables in this prospectus is presented as "audited", we extracted this information from the Audited Consolidated Financial Statements or the Audited Statutory Financial Statements. Financial information in the prospectus presented in tables as "unaudited" is not extracted from the Audited Consolidated Financial Statements or the Statutory Financial Statements but was taken from the Unaudited Condensed Consolidated Interim Financial Statements or our accounting records or internal management reporting systems or has been calculated based on figures from the above-mentioned sources.

Fiscal years

Our fiscal year runs from October 1 through September 30 of each calendar year. In this prospectus, references to a fiscal year are to the calendar year in which the fiscal year ends. For example, "Fiscal 2020" refers to the fiscal year ended on 30 September 2020.

Restatement of certain financial information and application of new accounting standards

Our financial statements for Fiscal 2020 reflect changes to the method we use to record certain expenses. These changes are:

- IT expenses incurred by the Markets & Airlines business line are no longer recorded solely as administrative expenses. We now record a portion of these expenses as cost of sales. We believe that this presentation better reflects the increasing impact of digitalisation on our business.

- We have changed the definition of cost of sales so that costs incurred for the management of hotels at our destinations are now also shown in cost of sales. In contrast, the costs of the hotel holdings are now shown in full as administrative expenses. We believe this presentation takes greater account of the operational character of the hotels at our destinations.

As a result, the cost of sales for the financial year increases, while the gross profit and administrative expenses decrease accordingly. The corresponding comparative figures for Fiscal 2019 for the above-mentioned items in each case were adjusted to enhance comparability of the periods.

We have made further, immaterial adjustments to figures from the income statement for Fiscal 2020 to reflect adjustments to purchase price allocations finalised partly at 30 September 2019. In the tables in this prospectus that show financial information, we present financial information for Fiscal 2019 as adjusted.

We have applied IFRS 16 (Leases) since 1 October 2019. The adoption of IFRS 16 changes the way we record lease obligations on our statement of financial position, and the effect those obligations have on our income statement and cash flow statements. In adopting IFRS 16, we have made use of the "modified retrospective" approach. Under this transition method, we have not restated the prior-year comparatives. Instead, we recognised the cumulative effect of the transition in retained earnings as at 1 October 2019. As a result, lease-related amounts in our Audited Consolidated Financial Statements may not be fully comparable, and such amounts in our audited consolidated financial statements for the current and subsequent fiscal years may not be fully comparable with those for Fiscal 2019, or for earlier fiscal years.

Alternative performance measures

In this prospectus we present, in addition to information from our Audited Consolidated Financial Statements and our Unaudited Condensed Consolidated Interim Financial Statements, our:

- Underlying EBIT, or Underlying earnings before interest and taxes;
- Underlying EBITDA, or Underlying EBIT adjusted for underlying depreciation;
- EBITDA, or 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;
- EBITDAR, or EBITDA before long term rental, leasing (all contracts with an initial lease period of more than one year) and leasing expenses (including expenses related to low value and short term leases);
- total debt, which we define as the sum of current and non-current financial liabilities (including finance lease liabilities through 30 September 2019) and lease liabilities (since 1 October 2019); and
- net debt, which we define as financial liabilities (including finance lease liabilities through 30 September 2019) and lease liabilities (since 1 October 2019) less cash and cash equivalents and current short-term interest-bearing investments.

We use each of the following pairs of terms interchangeably: "Underlying EBIT", "Underlying EBIT (IFRS 16)" and "Underlying EBIT (IAS 17)"; "EBITDA", "EBITDA (IFRS 16)" and "EBITDA (IAS 17)"; and "EBITDAR" and "EBITDAR (IFRS 16, fiscal year 2019 IAS 17)".

These measures are not required by, nor are they recognized under or presented in accordance with, IFRS, German GAAP or accounting principles generally accepted in the United States. Each of these measures is an alternative performance measure, or APM, as defined in the guidelines issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 on alternative performance measures. We present Underlying EBIT in this prospectus because our management believes that, when read in conjunction with our Audited Consolidated Financial Statements, they are useful as additional tools to measure our operating performance and profitability, helping to provide a more complete view of our historical performance and of the development of our operating performance on a consistent basis over the periods under review, without regard to impairment of goodwill or to other factors that we deem to be non-operating, which can vary widely depending on accounting methods, and without the effect of factors that we do not believe are typical in our business or indicative of our underlying financial performance.

Other APMs that we use are EBITDAR, EBITDA, Underlying EBITDA, total debt and net debt. We use these measures, or have used them, because our management believes that they are useful additional tools for analysing our business performance and for managing our capital and because they are used to measure compliance with the covenants under certain of our financing arrangements.

You should use caution when reviewing our APMs. You should not regard them as:

- an absolute measure of our consolidated financial performance or liquidity,
- alternatives to revenue, group profit or any other performance measures prepared in accordance with IFRS, or
- an alternative to cash flow from operating activities as a measure of our consolidated cash flows or liquidity.

In addition, other companies that present APMs, whether on an adjusted or underlying basis or not, may present these figures on a basis different to ours. You should not regard our APMs as comparable with measures reported by other companies, even if those other measures are similarly named.

Underlying EBIT

Our management uses Underlying EBIT as a key performance indicator, or KPI. We believe that EBIT is, on an international basis, a commonly used and understood KPI in our industry.

We define the EBIT in Underlying EBIT as earnings before interest, income taxes and result of the measurement of the Group's interest hedges.

In calculating Underlying EBIT from EBIT we adjust for separately disclosed items (including any goodwill impairment) and expenses from purchase price allocations. In Fiscal 2020, we also adjusted Underlying EBIT for the earnings effect of IFRS 16 ("**IFRS 16 impact**") to bring the accounting in line with IAS 17 requirements as part of internal reporting in order to facilitate year-on-year comparability.

Separately disclosed items 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 TUI 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 and any goodwill impairments. Effects from purchase price allocations, ancillary acquisition costs and conditional purchase price payments are adjusted. Expenses from purchase price allocations relate to the amortisation of intangible assets from acquisitions made in previous years.

We derived our EBIT for Fiscal 2020 and Fiscal 2019 from our Audited Consolidated Financial Statements and for the Nine-Month Period 2021 and 2020 from our Unaudited Condensed Consolidated Interim Financial Statements and then adjusted our reported earnings before income taxes to calculate our Underlying EBIT.

The following table shows how we reconcile our Underlying EBIT to our reported earnings before income taxes for the periods indicated:

	Nine-Month Period		Fiscal	
	2020	2021	2019	2020
	(unaudited)		*(audited)*	
	(€ million)			
Earnings before income taxes (IFRS 16) ..	**(2,367.7)**	**(2,390.7)**	**691.6**	**(3,203.3)**
Net interest expense (excluding expense / income from measurement of interest hedges)	173.6	336.7	74.1	281.7
Expense (income) from measurement of interest hedges	(7.9)	7.4	2.9	(5.9)
EBIT (IFRS 16, fiscal year 2019 IAS 17)[1] ...	**(2,202.0)**	**(2,046.6)**	**768.7**	**(2,927.4)**
Adjustments:				
Separately disclosed items[2]	194.9	43.5	86.1	(119.1)
Expense from purchase price allocation	40.2	24.4	38.8	49.5
Underlying EBIT (IFRS 16)[1]	**(1,966.9)**	**(1,978.6)**	**893.5**	**(2,997.0)**
Adjustments (IFRS 16 impact)			--	(35.8)
Underlying EBIT (IAS 17)[1]			**893.5**	**(3,032.8)**

(1) APMs that are not recognized under IFRS or German GAAP.

(2) These separately disclosed items were as follows:

Nine-Month Period 2020: Net expenses for separately disclosed items of €195 million included a disposal gain of €90 million from the sale of the German specialist tour operators, offset by restructuring expenses of €209 million, related in particular to the planned capacity reduction at TUI fly Deutschland, a restructuring of TUI France, an expansion of the existing restructuring programme at TUI Deutschland, the planned closure of 166 travel agencies in the UK, restructuring of the TUI Musement (formerly Destination Experiences) segment and the closure of TUI Italy as well as other one-off items of €8 million. Furthermore, €68 million impairments of goodwill related to the Northern Hotels and TUI Blue hotel companies was included in separately disclosed items.

Nine-Month Period 2021: Net expenses for separately disclosed items of €43.5 million in the first nine months of financial year 2021 include income of €53 million from the reversal of restructuring provisions no longer required in the Central Region due to the lower than expected reduction in fleet size at TUIfly. In addition, restructuring expenses of €89 million were incurred in TUI Musement (€11 million), Northern Region (€12 million), Central Region (€8 million), Western Region (€18 million) and All other segments (€40 million). Furthermore, disposal results from the sale of an investment in an aircraft asset company in Northern Region (a loss of €2 million) and Central Region (a loss of €1 million), the sale of two hotel companies in Hotels & Resorts (a loss of €5 million) and in Western Region (€2 million) as well as an expense from a subsequent purchase price adjustment of €2 million in All other segments was included in separately disclosed items.

Fiscal 2019: Net expenses for separately disclosed items of €86.1 million included income of €25 million from the reduction of pension obligations in the UK and €7 million from sale and leaseback transactions were adjusted. This was offset by €12 million in adjusted expenses from the sale of the French airline Corsair and expenses for restructuring and reorganization in Hotels & Resorts (€9 million), TUI Musement (€8 million), Northern Region (€34 million), Central Region (€39 million), Western Region (€12 million) and All other segments (€4 million).

Fiscal 2020 — Net income totalling €119.1 million included gains on disposal of €90 million from the divestment of the German specialist tour operators and €476 million from the sale of Hapag-Lloyd Cruises to TUI Cruises. €68 million goodwill impairments were adjusted in the Hotels & Resorts segment. Restructuring expenses were adjusted in TUI Musement (€14 million), Northern Region (€46 million for the closure of travel agencies and restructuring in the tour operator and airline sectors), Central Region (€191 million for the planned capacity reduction at TUIfly Deutschland, an expansion of the existing restructuring program at TUI Deutschland and the restructuring of the Group's own over-the-counter distribution), Western Region (€68 million for restructuring in France and further projects in Belgium and the Netherlands) and All other segments (€7 million). In addition, €53 million were attributable to impairments on IT projects resulting from the Group's accelerated digital transformation that were hence classified as restructuring costs.

The following tables show how we reconcile the Underlying EBIT of our business lines and segments to the earnings before income taxes of each such business line and segment for the fiscal years indicated:

Holiday Experiences—Total

	Nine-Month Period		Fiscal	
	2020	2021	2019	2020
	(Unaudited, except otherwise noted)			
	(€ million)			
Earnings before income taxes (IFRS 16)	**(720.0)**	**(688.1)**	**816.2**	**(539.5)**
Net interest expense (excluding expense from measurement of interest hedges)	61.3	67.1	27.3	83.7
Expense (income) from measurement of interest hedges	--	--	--	--
EBIT (IFRS 16, fiscal year 2019 IAS 17)[1]	**(658.7)**	**(621.0)**	**843.5**	**(455.9)**
Adjustments:				
Separately disclosed items[2]	73.6	15.3	17.5	(391.7)
Expense from purchase price allocation	13.2	5.7	12.4	16.0
Underlying EBIT (IFRS 16)[1]	**(571.9)**	**(599.9)**	**873.5**	**(831.5)**
Adjustments (IFRS 16 impact)			--	(5.5)
Underlying EBIT (IAS 17)[1]			**873.5***	**(837.0)***

(1) APMs that are not recognized under IFRS or German GAAP.

(2) These separately disclosed items were as follows:

Nine-Month Period 2020 — Net expenses for the separately disclosed items of €73.6 million included restructuring of the TUI Musement (formerly Destination Experiences) (€6 million) as well as €68 million impairments of goodwill related to the Northern Hotels and TUI Blue hotel companies.

Nine-Month Period 2021 — Net expenses for separately disclosed items of €15.3 million included €4.5 million of expenses relating to the sale of a hotel company and restructuring expenses in TUI Musement of €11 million.

Fiscal 2019 — Net expenses for separately disclosed items of €17.5 million included €9 million of expenses for restructuring and reorganization in hotels & resorts and €8 million of expenses for restructuring and reorganization in TUI Musement.

Fiscal 2020 — Net income totalling €391.7 million included gains on disposal of €476 million from the sale of Hapag-Lloyd Cruises to TUI Cruises offset by €68 million goodwill impairments adjusted in the Hotels & Resorts segment and €14 million restructuring expenses in TUI Musement. In addition, €2 million were attributable to impairments on IT projects resulting from the Group's accelerated digital transformation that were hence classified as restructuring costs.

(*) Audited.

Holiday Experiences—Hotels & Resorts

	Nine-Month Period		Fiscal	
	2020	2021	2019	2020
	(Unaudited, except otherwise noted) (€ million)			
Earnings before income taxes (IFRS 16)	**(417.5)**	**(326.9)**	**424.9**	**(525.6)**
Net interest expense (excluding expense from measurement of interest hedges)	41.5	53.8	17.9	61.9
Expense (income) from measurement of interest hedges	--	--	--	--
EBIT (IFRS 16, fiscal year 2019 IAS 17)[1]	**(376.0)**	**(273.1)**	**442.8**	**(463.7)**
Adjustments:				
Separately disclosed items[2]	68.0	4.5	8.9	68.4
Expense from purchase price allocation	--	--	--	--
Underlying EBIT (IFRS 16)[1]	**(308.0)**	**(268.6)**	**451.8**	**(395.2)**
Adjustments (IFRS 16 impact)			--	(4.4)
Underlying EBIT (IAS 17)[1]			**451.8***	**(399.6)***

(1) APMs that are not recognized under IFRS or German GAAP.

(2) These separately disclosed items were as follows:

Nine-Month Period 2020	Net expenses for the separately disclosed items of €68 million included €68 million impairments of goodwill related to the Northern Hotels and TUI Blue hotel companies.
Nine-Month Period 2021	Net expenses for the separately disclosed items of €4.5 million included €4.5 million of expenses relating to the sale of a hotel company.
Fiscal 2019	Net expenses for separately disclosed items of €8.9 million consist of €9 million of expenses for restructuring and reorganization.
Fiscal 2020	Net expenses for the separately disclosed items totalling €68.4 million included €68.1 million goodwill impairments and smaller items.

(*) Audited.

Holiday Experiences—Cruises

	Nine-Month Period		Fiscal	
	2020	2021	2019	2020
	(Unaudited, except otherwise noted) (€ million)			
Earnings before income taxes (IFRS 16)	**(213.4)**	**(240.5)**	**359.2**	**137.3**
Net interest expense (excluding expense from measurement of interest hedges)	16.1	5.9	6.8	16.1
Expense (income) from measurement of interest hedges	--	--	--	--
EBIT (IFRS 16, fiscal year 2019 IAS 17)[1]	**(197.3)**	**(234.6)**	**366.0**	**153.3**
Adjustments:				
Separately disclosed items[2]	--	--	--	(475.6)
Expense from purchase price allocation	--	--	--	--
Underlying EBIT (IFRS 16)[1]	**(197.3)**	**(234.6)**	**366.0**	**(322.3)**
Adjustments (IFRS 16 impact)			--	(0.5)
Underlying EBIT (IAS 17)[1]			**366.0***	**(322.8)***

(1) APMs that are not recognized under IFRS or German GAAP.

(2) These separately disclosed items were as follows:

Nine-Month Period 2020	–
Nine-Month Period 2021	–
Fiscal 2019	None.
Fiscal 2020	Net income totalling €475.6 million consists of gains on disposal from the sale of Hapag-Lloyd Cruises to TUI Cruises.

(*) Audited.

Holiday Experiences—TUI Musement

	Nine-Month Period		Fiscal	
	2020	2021	2019	2020
	(Unaudited, except otherwise noted*)* (€ million)			
Earnings before income taxes (IFRS 16) .	**(89.1)**	**(120.6)**	**32.1**	**(151.2)**
Net interest expense (excluding expense from measurement of interest hedges)........	3.8	7.4	2.5	5.7
Expense (income) from measurement of interest hedges..	--	--	--	--
EBIT (IFRS 16, fiscal year 2019 IAS 17)[1] ..	**(85.3)**	**(113.2)**	**34.7**	**(145.5)**
Adjustments:				
Separately disclosed items[2]........................	5.6	10.8	8.6	15.5
Expense from purchase price allocation......	13.2	5.7	12.4	16.0
Underlying EBIT (IFRS 16)[1]......................	**(66.5)**	**(96.7)**	**55.7**	**(114.0)**
Adjustments (IFRS 16 impact)....................			--	(0.6)
Underlying EBIT (IAS 17)[1]........................			**55.7***	**(114.6)***

(1) APMs that are not recognized under IFRS or German GAAP.

(2) These separately disclosed items were as follows:

Nine-Month Period 2020	Net expenses for the separately disclosed items of €5.6 million included restructuring of TUI Musement (€6 million).
Nine-Month Period 2021	Net expenses for separately disclosed items of €10.8 million included €10.8 million restructuring expenses.
Fiscal 2019	Net expenses for separately disclosed items of €8.6 million comprised of restructuring and reorganization expenses in the amount of €8 million.
Fiscal 2020	Net expenses for separately disclosed items totalling €15.5 million included €14 million restructuring expenses and €2 million impairments on IT projects resulting from the Group's accelerated digital transformation that were hence classified as restructuring costs.

(*) Audited.

Markets & Airlines—Total

	Nine-Month Period		Fiscal	
	2020	2021	2019	2020
	(Unaudited, except otherwise noted*)*			
	(€ million)			
Earnings before income taxes (IFRS 16) ..	**(1,532.1)**	**(1,453.2)**	**(39.4)**	**(2,466.0)**
Net interest expense (excluding expense from measurement of interest hedges).........	113.6	115.9	93.1	175.3
Expense (income) from measurement of interest hedges..	--	--	--	--
EBIT (IFRS 16, fiscal year 2019 IAS 17)[1] ...	**(1,418.4)**	**(1,337.3)**	**53.7**	**(2,290.7)**
Adjustments:				
Separately disclosed items[2]..........................	114.7	(14.2)	52.9	250.6
Expense from purchase price allocation.......	26.7	18.6	25.1	33.0
Underlying EBIT (IFRS 16)[1]........................	**(1,277.0)**	**(1,332.8)**	**131.8**	**(2,007.1)**
Adjustments (IFRS 16 impact).....................			--	(28.6)
Underlying EBIT (IAS 17)[1]..........................			**131.8[*]**	**(2,035.7)[*]**

(1) APMs that are not recognized under IFRS or German GAAP.

(2) These separately disclosed items were as follows:

Nine-Month Period 2020	Net expenses for the separately disclosed items of €114.7 million included a disposal gain of €90 million from the sale of the German specialist tour operators, offset by restructuring expenses of €203 million, related in particular to the planned capacity reduction at TUI fly Deutschland, a restructuring of TUI France, an expansion of the existing restructuring programme at TUI Deutschland, the planned closure of 166 travel agencies in the UK and the closure of TUI Italy as well as other one-off items of €2 million.
Nine-Month Period 2021	Adjusted net income totalling €14.2 million in the first nine months of financial year 2021 includes income of €53 million from the reversal of restructuring provisions no longer required in the Central Region due to the lower than expected reduction in fleet size at TUIfly. In addition, restructuring expenses of €38 million were incurred in Northern Region (€12 million), Central Region (€8 million) and Western Region (€18 million). Furthermore, disposal results from the sale of an investment in an aircraft asset company in Northern Region (a loss of €2 million) and Central Region (a loss of €1 million), the sale of one hotel company in in Western Region (€2 million) were included in separately disclosed items.
Fiscal 2019	Net expenses for separately disclosed items of €52.9 million included income of €25 million from the reduction of pension obligations in the UK and €7 million from sale and leaseback transactions. This was offset by restructuring and reorganization expenses in Northern Region (€34 million), Central Region (€39 million), Western Region (€12 million).
Fiscal 2020	Net expenses for separately disclosed items totalling €250.6 million included gains on disposal of €90 million from the divestment of the German specialist tour operators. Restructuring expenses were adjusted in Northern Region (€46 million for the closure of travel agencies and restructuring in the tour operator and airline sectors), Central Region (€191 million for the planned capacity reduction at TUIfly Deutschland, an expansion of the existing restructuring program at TUI Deutschland and the restructuring of the Group's own over-the-counter distribution) and Western Region (€68 million for restructuring in France and further projects in Belgium and the Netherlands). In addition, € 36 million were attributable to impairments on IT projects resulting from the Group's accelerated digital transformation that were hence classified as restructuring costs.

(*) Audited.

Markets & Airlines—Northern Region

	Nine-Month Period		Fiscal	
	2020	2021	2019	2020
	(Unaudited, except otherwise noted)			
	(€ million)			
Earnings before income taxes (IFRS 16) ..	**(631.9)**	**(749.3)**	**37.1**	**(1,058.9)**
Net interest expense (excluding expense from measurement of interest hedges).........	13.1	15.2	--	22.8
Expense (income) from measurement of interest hedges...	--	--	--	--
EBIT (IFRS 16, fiscal year 2019 IAS 17)[1] ...	**(618.7)**	**(734.1)**	**37.1**	**(1,036.1)**
Adjustments:				
Separately disclosed items[2]..........................	14.1	13.9	5.2	59.1
Expense from purchase price allocation.......	12.2	12.1	16.2	16.1
Underlying EBIT (IFRS 16)[1].......................	**(592.4)**	**(708.1)**	**58.5**	**(960.9)**
Adjustments (IFRS 16 impact)......................			--	(14.2)
Underlying EBIT (IAS 17)[1].........................			**58.5***	**(975.1)***

(1) APMs that are not recognized under IFRS or German GAAP.

(2) These separately disclosed items were as follows:

Nine-Month Period 2020	Net expenses for the separately disclosed items of €14.1 million included restructuring expenses for the planned closure of 166 travel agencies in the UK (€14 million).
Nine-Month Period 2021	Net expenses for separately disclosed items of €13.9 million included €12 million restructuring expenses (thereof United Kingdom €5 million and Nordic countries €7 million). Furthermore, the loss from the sale of a stake in an aircraft asset company was adjusted in Northern Region (€2 million).
Fiscal 2019	Net expenses for separately disclosed items of €5.2 million included income of €25 million from the reduction of pension obligations in the UK and €4 million from sale and leaseback transactions. This was offset by €34 million restructuring and reorganization expenses.
Fiscal 2020	Net expenses for separately disclosed items totalling €59.1 million included restructuring expenses of €46 million for the closure of travel agencies and restructuring in the tour operator and airline sectors. In addition, €13 million were attributable to impairments on IT projects resulting from the Group's accelerated digital transformation that were hence classified as restructuring costs.

(*) Audited.

Markets & Airlines—Central Region

	Nine-Month Period		Fiscal	
	2020	2021	2019	2020
	(Unaudited, except otherwise noted)			
	(€ million)			
Earnings before income taxes (IFRS 16)	**(454.6)**	**(335.7)**	**53.6**	**(730.1)**
Net interest expense (excluding expense from measurement of interest hedges)	6.3	1.0	7.6	9.3
Expense (income) from measurement of interest hedges	--	--	--	--
EBIT (IFRS 16)[1]	**(448.3)**	**(334.7)**	**61.2**	**(720.8)**
Adjustments:				
Separately disclosed items[2]	46.1	(43.8)	37.5	104.2
Expense from purchase price allocation	3.5	1.1	3.1	4.0
Underlying EBIT (IFRS 16, fiscal year 2019 IAS 17)[1]	**(398.7)**	**(377.4)**	**101.9**	**(612.5)**
Adjustments (IFRS 16 impact)			--	(7.3)
Underlying EBIT (IAS 17)[1]			**101.9[*]**	**(619.8)[*]**

(1) APMs that are not recognized under IFRS or German GAAP.

(2) These separately disclosed items were as follows:

Nine-Month Period 2020	Net expenses for the separately disclosed items of €46.1 million included a disposal gain of €90 million from the sale of the German specialist tour operators, offset by restructuring expenses of €136 million for the planned capacity reduction at TUIfly Deutschland and an expansion of the existing restructuring programme at TUI Deutschland as well as the closure of TUI Italy.
Nine-Month Period 2021	Net income of €43.8 million included €53 million from the reversal of restructuring provisions no longer required in the Central Region due to the lower than expected reduction in fleet size at TUIfly. In addition, restructuring expenses of €8 million were incurred. Furthermore, the loss from the sale of a stake in an aircraft asset company was included in separately disclosed items for the Central Region (€1 million).
Fiscal 2019	Net expenses for separately disclosed items of €37.5 million included €1 million income from sale and leaseback transactions. This was offset by €39 million restructuring and reorganization expenses in Central Region.
Fiscal 2020	Net expenses for separately disclosed items totalling €104.2 million included gains on disposal of €90 million from the divestment of the German specialist tour operators and restructuring expenses of €191 million for the planned capacity reduction at TUIfly Deutschland, an expansion of the existing restructuring program at TUI Deutschland and the restructuring of the Group’s own over-the-counter distribution. In addition, €3 million were attributable to impairments on IT projects resulting from the Group’s accelerated digital transformation that were hence classified as restructuring costs.

(*) Audited.

Markets & Airlines—Western Region

	Nine-Month Period		Fiscal	
	2020	2021	2019	2020
	(Unaudited, except otherwise noted*)*			
	(€ million)			
Earnings before income taxes (IFRS 16) .	**(364.2)**	**(280.4)**	**(54.5)**	**(552.2)**
Net interest expense (excluding expense from measurement of interest hedges)........	12.8	11.9	9.9	18.3
Expense (income) from measurement of interest hedges..	--	--	--	--
EBIT (IFRS 16, fiscal year 2019 IAS 17)[1] ..	**(351.5)**	**(268.5)**	**(44.6)**	**(533.9)**
Adjustments:				
Separately disclosed items[2]........................	54.5	15.7	10.2	87.3
Expense from purchase price allocation......	11.0	5.5	5.8	12.9
Underlying EBIT (IFRS 16)[1]......................	**(285.9)**	**(247.3)**	**(28.6)**	**(433.7)**
Adjustments (IFRS 16 impact)....................			--	(7.1)
Underlying EBIT (IAS 17)[1]........................			**(28.6)***	**(440.8)***

(1) APMs that are not recognized under IFRS or German GAAP.

(2) These separately disclosed items were as follows:

Nine-Month Period 2020	Net expenses for the separately disclosed items of €54.5 million relate to €53 million restructuring of TUI France and smaller items of net €2 million.
Nine-Month Period 2021	Net expenses for separately disclosed items of €15.7 million included €18 million restructuring expenses. Furthermore, a disposal gain from the sale of a hotel company in Western Region (€2 million) was included in the separately disclosed items.
Fiscal 2019	Net expenses for separately disclosed items of €10.2 million included income of €2 million from sale and leaseback transactions. This was offset by €12 million restructuring and reorganization expenses in Western Region.
Fiscal 2020	Net expenses for separately disclosed items totalling €87.3 million included restructuring expenses (€68 million for restructuring in France and further projects in Belgium and the Netherlands). In addition, € 21 million were attributable to impairments on IT projects resulting from the Group's accelerated digital transformation that were hence classified as restructuring costs.

(*) Audited.

All other segments

	Nine-Month Period		Fiscal	
	2020	2021	2019	2020
	(Unaudited, except otherwise noted*)*			
	(€ million)			
Earnings before income taxes (IFRS 16) ..	**(115.7)**	**(249.4)**	**(85.2)**	**(197.2)**
Net interest expense (excluding expense from measurement of interest hedges).........	(1.3)	153.7	(46.3)	22.8
Expense (income) from measurement of interest hedges..	(7.9)	7.4	2.9	(5.9)
EBIT (IFRS 16, fiscal year 2019 IAS 17)[1] ...	**(124.9)**	**(88.3)**	**(128.6)**	**(180.3)**
Adjustments:				
Separately disclosed items[2].........................	6.7	42.4	15.6	21.5
Expense from purchase price allocation.......	0.2	--	1.2	0.4
Underlying EBIT (IFRS 16)[1].......................	**(118.0)**	**(45.9)**	**(111.8)**	**(158.4)**
Adjustments (IFRS 16 impact)......................			--	(1.8)
Underlying EBIT (IAS 17)[1].........................			**(111.8)***	**(160.2)***

(1) APMs that are not recognized under IFRS or German GAAP.

(2) These separately disclosed items were as follows:

Nine-Month Period 2020	Net expenses for the separately disclosed items of €6.7 million relate to fees for disposal projects.
Nine-Month Period 2021	Net expenses for separately disclosed items of €42.4 million included €2 million from subsequent purchase price adjustments and €40 million restructuring expenses.
Fiscal 2019	Net expenses for separately disclosed items of €15.6 million included €12 million in adjusted expenses from the sale of the French airline Corsair and €4 million restructuring and reorganization expenses.
Fiscal 2020	Net expenses for separately disclosed items totalling €21.5 million included restructuring costs, thereof €14 million impairments on IT projects resulting from the Group's accelerated digital transformation that were hence classified as restructuring costs. A further €7 million is attributable to one-off expenses (also classified as restructuring costs).

(*) Audited.

EBITDA, EBITDAR and Underlying EBITDA

We also use the APMs EBITDA; EBITDAR and Underlying EBITDA for capital management purposes and, in the case of EBITDA and EBITDAR, because they are measures of covenant compliance under certain of our financing agreements. We define these APMs as follows:

- *EBITDA* is earnings before interest, income taxes, goodwill impairment and amortisation and write-downs of other intangible assets, depreciation and write-downs of property, plant and equipment, investments and current assets;
- *EBITDAR* is EBITDA before long-term rental, leasing and leasing expenses; and
- *Underlying EBITDA* is Underlying EBIT adjusted for underlying depreciation.

The following table shows how we reconcile our EBITDA and EBITDAR to our earnings before income taxes for the periods indicated:

	Nine-Month Period		Fiscal	
	2020	2021	2019[1]	2020
	(unaudited)		*(audited)*	
	(€ million)			
EBIT (IFRS 16, fiscal year 2019 IAS 17)[2] ..	**(2,202.0)**	**(2,046.6)**	**768.7**	**(2,927.4)**
Amortisation (+)/write-backs (-) of other intangible assets and depreciation (+)/write-backs (-) of property, plant and equipment (IFRS 16)	1,143.4	723.7	--	1,504.4
Impairment of goodwill (IFRS 16)	67.7	--	--	68.1
Amortisation (+)/write-backs (-) of other intangible assets and depreciation (+)/write-backs (-) of property, plant and equipment (IAS 17)...	--	--	508.8	--
EBITDA (IFRS 16)[2]	**(991.1)**	**(1,322.9)**	**--**	**(1,355.0)**
Adjustments IAS 17/IFRS 16 (IFRS 16 impact)[2]...	--	--	--	(645.5)
EBITDA (IAS 17)[2]	**--**	**--**	**1,277.5**	**(2,000.5)**
Long-term rental, leasing and leasing expenses (IFRS 16, fiscal year 2019 IAS 17)..	38.7	9.4	712.9	564.5
EBITDAR (IFRS 16, fiscal year 2019 IAS 17)[2]	**(952.4)**	**(1,313.5)**	**1,990.4**	**(1,436.0)**

(1) Adjusted to reflect changes to the method we use to record IT expenses and cost of sales. See "*2.5 Presentation of financial information—Restatement of certain financial information and application of new accounting standards*".
(2) APMs that are not recognized under IFRS or German GAAP.

The following table shows how we reconcile our Underlying EBITDA to our Underlying EBIT on a consolidated basis for the periods indicated.

	Nine-Month Period		Fiscal	
	2020	2021	2019	2020
	(unaudited)		*(unaudited, except otherwise noted)*	
	(€ million)			
Underlying EBIT (IFRS 16, fiscal year 2019 IAS 17)	(1,966.9)	(1,978.6)	893.5*	(3,032.8)*
Underlying depreciation[1,2]..........................	1,078.6	673.8	466.0	790.2
Underlying EBITDA (IFRS 16, fiscal year 2019 IAS 17)[1]..	(888.4)	(1,304.8)	1,359.5	(2,242.6)

(1) Unaudited. APMs that are not recognized under IFRS or German GAAP.
(2) We define underlying depreciation as depreciation, amortisation and write-downs of other intangible assets and write-downs of property, plant and equipment, investments and current assets insofar as they are not included in separately disclosed items.
(*) Audited.

Total debt

The following table below shows a reconciliation of our total debt to financial liabilities as at the dates indicated:

	30 June 2021 (unaudited)	30 September 2019	30 September 2020
		(audited, except otherwise noted)	
	(€ million)		
Current financial liabilities	274.9	224.6	577.3
thereof finance lease liabilities (IAS 17)	--	130.5	--
Non-current financial liabilities	4,304.0	2,457.6	3,691.7
Thereof finance lease liabilities (IAS 17)	--	1,364.7	--
Lease liabilities[2] (IFRS 16)	3,307.8	--	3,399.9
Total debt[1]	**7,886.7**	**2,682.2**	**7,688.9**

(1) Unaudited. An APM that is not recognized under IFRS or German GAAP.
(2) Sum of current and non-current lease liabilities.

Net debt

The following table below shows a reconciliation of our net debt to financial liabilities as at the dates indicated:

	30 June 2021 (unaudited)	30 September 2019[2]	30 September 2020
		(audited)	
	(€ million)		
Financial debt	4,578.9	2,682.2	4,269.0
thereof finance leases (IAS 17)	--	1,495.2	--
Lease liabilities (IFRS 16)	3,307.8		3,399.9
Cash and cash equivalents	1,524.4	1,741.5	1,233.1
Short-term interest-bearing investments	13.6	31.1	14.9
Net debt[1]	**(6,348.7)**	**(909.7)**	**(6,420.9)**

(1) An APM that is not recognized under IFRS or German GAAP.
(2) IFRS 16, Leases was adopted on 1 October 2019. Comparative figures were not adjusted.

Rounding

We have rounded certain figures included in this prospectus. As a result, the figures shown in tables as totals may not be the exact sum of the figures that precede them. Similarly, percentage changes may not be exact, because they can be based on underlying figures that have been rounded.

Constant currency

Where indicated, we compare results from one period to another period in this prospectus using variances calculated at constant exchange rates for local currencies. To present that information, we have recalculated the more-current period figures in each case using the same weighted average foreign currency-to-euro exchange rates that had been employed for the preceding period. We express certain of our results in terms of a percentage change in local currency in order to provide what we believe to be a better representation of the period-to-period developments in our businesses around the world by excluding the impact of changes in foreign currency exchange rates.

2.6. Forward-looking statements

This prospectus contains forward-looking statements. These forward-looking statements include descriptions of:

- expected ongoing consequences of the COVID-19 pandemic;
- our strategy and objectives;
- trends that can affect our results of operations and financial condition;
- general economic conditions; and
- legal and regulatory proceedings.

In some cases, you can identify forward-looking statements by words such as "believes", "expects" or "estimates". Other forward-looking statements describe intentions, targets or goals. These are outcomes that we plan for and seek to achieve, but we may prove unable to do so. You should understand these statements as descriptions of intention, not as assurances of any specific result.

The forward-looking statements contained in this prospectus reflect the beliefs and assumptions of our management, based on the information currently available to them. Although our management believes that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that those expectations will prove correct.

Forward-looking statements involve uncertainties and assumptions. Numerous factors, many of them beyond our control, could cause our actual results to differ from those expressed in our forward-looking statements.

Forward-looking statements are inherently uncertain, and we caution you not to place undue reliance on them in making an investment decision about the New Shares.

The Company and the Underwriters expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this prospectus to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law.

2.7. Currency

In this prospectus, all references to:

- "**euro**", "**EUR**" and "**€**" mean the single currency introduced on 1 January 1999 at the start of the third stage of economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended or supplemented from time to time;
- "**sterling**", the "**British pound**" and "**£**" mean the lawful currency of the UK; and
- "**dollars**" and "**$**" mean the lawful currency of the United States.

2.8. Market and industry information

This prospectus contains historical data and forecasts regarding market size, market share, market position, growth rates, economic performance, and other industry data pertaining to us and our business.

We have derived certain market and industry data in this prospectus from the following third-party sources:

- Boston Consulting Group, *COVID-19 Consumer Sentiment Snapshot #10: The Trip Back,* 18th May 2020 (https://www.bcg.com/publications/2020/covid-consumer-sentiment-survey-snapshot-5-18-20) ("**BCG**")
- Berlitz, *Berlitz Cruise Guide 2020* ("**Berlitz**")
- CLIA, *2021 State of the Cruise Industry Outlook* (https://cruising.org/-/media/research-updates/research/2021-state-of-the-cruise-industry_optimized.ashx) ("**CLIA, 2021 State of the Industry**")

- Cruise Market Watch, *Growth of the Ocean Cruise Liner Industry* (https://cruisemarketwatch.com/growth/) ("**Cruise Market Watch**")
- European Centre for Disease Prevention and Control, *COVID-19 Vaccine Tracker*, 6 October 2021 (https://vaccinetracker.ecdc.europa.eu/public/extensions/COVID-19/vaccine-tracker.html) ("**EU Vaccine Tracker**")
- FVW, *New ships power double-digit German cruise market growth*, 19 February 2020 ("**FVW"**)
- McKinsey & Company, *COVID-19 tourism spend recovery in numbers*, 20 October 2020 (https://www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/covid-19-tourism-spend-recovery-in-numbers) ("**McKinsey, October 2020**")
- Nederlands Bureau voor Toerisme & Congressen, *Holiday Sentiment Monitor – Results of 8- Measurement*, July 2021 (**"NBTC Holiday Sentiment Monitor"**)
- Phocuswright, *Tours & Activities Come of Age: Global Travel Activities Marketplace 2014-2020*, July 2017 ("**Phocuswright**")
- Skift, *Asia's Travel Players Look Beyond Just Virtual Tours to Jumpstart Demand for After Lockdown*, 17 April 2020 (https://skift.com/2020/04/17/asias-travel-players-look-beyond-just-virtual-tours-to-jumpstart-demand-for-after-lockdown/) ("**Skift**")
- TUI Consumer Survey UK & Germany in cooperation with Qualtrics, (n=1,200 per country), August 2020 ("**TUI Consumer Survey**")
- UK Health & Security Agency, Vaccinations in the United Kingdom, 4 October 2021 (https://coronavirus.data.gov.uk/details/vaccinations) ("**UK Vaccine Tracker**")
- United Nations World Tourism Organization, *World Tourism Barometer Excerpt*, Volume 18, January 2020 (https://doi.org/10.18111/wtobarometereng) ("**UNWTO, January 2020**")
- United Nations World Tourism Organisation, *World Tourism Barometer abstract*, Volume 19, January 2021 (https://www.e-unwto.org/doi/abs/10.18111/wtobarometereng.2021.19.1.1) ("**UNWTO, January 2021**")
- United Nations World Tourism Organisation, World Tourism Barometer abstract, Volume 19, Issue 4, July 2021 (https://www.e-unwto.org/doi/abs/10.18111/wtobarometereng.2021.19.1.4) ("**UNWTO, July 2021**")
- World Travel & Tourism Council, *Global Economic Impact & Trends 2021* (https://wttc.org/Portals/0/Documents/Reports/2021/Global%20Economic%20Impact%20and%20Trends%202021.pdf?ver=2021-07-01-114957-177) ("**WTTC, June 2021**")

Where we cite information from these sources in this prospectus, we have identified the source.

We have accurately reproduced the cited information from these sources. As far as we are aware and are able to ascertain from information published by the authors of each such source, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, due to the nature of market research and ongoing pandemic these sources may not fully reflect the ultimate impact of the global COVID-19 pandemic, which as at the date of this prospectus is ongoing and whose end cannot be predicted. Because the nature of market research and potential effects of this pandemic on the economy, society and markets in which we operate we cannot build estimates with absolute certainty, all measurements current forecasts are subject to a degree of uncertainty. This applies particularly in the context of links and interrelations between the global financial markets, economies and political decisions. Each of these factors may have its own separate influence on economic and political developments; taken together, their combined effect is impossible to foresee. Consequently, you should not place undue reliance on the information we have derived from these sources.

Where we present market or industry information in this prospectus without citing a source, that information represents the judgment of our management. Our management has based its judgments on information we have obtained from trade and business associations, independent third-party reports that are not publicly available, consultants and other contacts within our industry, and information published by competitors that we believe is reliable, as well as on its professional expertise and experience. Although we believe that our internal judgments are reasonable, they have not been verified by independent sources. We cannot assure you that they are accurate, and a third party using different methods to assemble, analyse or compute market data might come to conclusions that differ from ours.

We do not intend, and do not assume any obligation, to update either the third-party or the internally-derived market and industry information set forth in this prospectus. As a result, that information, and estimates based on it, may not be reliable indicators of our future performance or of the performance of our market and industry more generally.

2.9. Documents available for inspection

For as long as this prospectus is valid, you can obtain copies of the following documents on our website (www.tuigroup.com/en-en/investors):

- the Articles of Association in their currently valid form;
- our audited consolidated financial statements as at and for the fiscal year ended 30 September 2020, which include comparative financial information for the fiscal year ended 30 September 2019 (the "**Audited Consolidated Financial Statements**");
- our unaudited condensed consolidated interim financial statements as at and for the nine-month period ended 30 June 2021, which include comparative financial information for the nine-month period ended 30 June 2020 (the "**Unaudited Condensed Consolidated Interim Financial Statements**" and, together with the Audited Consolidated Financial Statements, the "**Consolidated Financial Statements**"); and
- the statutory financial statements of the Company as at and for the fiscal year ended 30 September 2020 (the "**Statutory Financial Statements**").

In addition, you may inspect these documents during regular business hours at our offices at Karl-Wiechert-Allee 4, 30625 Hanover, Germany as well as on our website under www.tuigroup.com/en-en/investors.

We will make our future annual and interim consolidated IFRS financial statements and the Company's unconsolidated annual German GAAP financial statements available on our website and at our offices. We will also publish the Company's German GAAP financial statements in the German Federal Gazette (*Bundesanzeiger;* the "**Federal Gazette**").

3. The Offering

3.1. Subject matter of the Offering

This offering consists of 523,520,778 New Shares. The New Shares are new ordinary registered shares with no par value, each such share with a notional value (the proportionate amount of the share capital attributable to each share) of €1.00 of the Company from a capital increase against cash contributions from the Company's authorized capital 2021/I and the authorized capital 2021/II resolved by the Executive Board on 6 October 2021, with approval of the Supervisory Board of the same date, with full dividend rights as of 1 October 2020, increasing the Company's registered share capital from €1,099,393,634 by €523,520,778.00 to €1,622,914,412.00 (the "**Capital Increase**") with direct subscription rights for the existing shareholder Unifirm Limited ("**Unifirm**") and indirect subscription rights (together the "**Subscription Rights**") for all other existing shareholders of the Company.

The New Shares will be offered:

- In a subscription offer (*Bezugsangebot*) to the existing shareholders by way of (i) a public offering in Germany and the UK, (ii) private placements in the United States to qualified institutional buyers ("**QIBs**"), as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and (iii) private placements to eligible investors outside the United States (the "**Subscription Offer**"); and
- New Shares not subscribed for in the Subscription Offer (the "**Rump Shares**") in private placements to eligible or qualified investors in certain jurisdictions (the "**Rump Placement**", and, together with the Subscription Offer, the "**Offering**").

In the United States, the New Shares will be offered to QIBs in reliance on Rule 144A. Outside the United States, the New Shares will be offered in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**").

The Subscription Rights are fully transferable, but it should be noted that it is not possible to migrate a Subscription Right between the UK and Germany. The definitive number of Rump Shares available for sale will be determined after the Subscription Period expires. The Subscription Period is from 8 October 2021 until 26 October 2021 inclusive (the "**Subscription Period**"). Deutsche Bank (in this capacity, the "**Subscription Agent**") will act as subscription agent (*Bezugsstelle*) for the Subscription Offer.

The Joint Global Coordinators will act as joint global coordinators, joint bookrunners and underwriters and COMMERZBANK, Landesbank Baden-Württemberg and Natixis (together the "**Joint Bookrunners**" and, together with the Joint Global Coordinators, the "**Underwriters**") will act as joint bookrunners and underwriters for the Offering, in each case pursuant to an underwriting agreement entered into on 6 October 2021 (the "**Underwriting Agreement**"). Merrill Lynch International and Barclays Bank PLC, in each case pursuant to a sponsor agreement between the Company and them entered into on 6 October 2021 (the "**Sponsors' Agreement**"), are acting as joint sponsors ("**Sponsors**") under the UK Listing Rules with respect to the applications to FCA for the New Shares to be admitted to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's Main Market for listed securities.

Deutsche Bank (in this capacity, the "**Subscription Agent**") will act as subscription agent (*Bezugsstelle*) for the Subscription Offer and as the listing agent (in this capacity, the "**Listing Agent**") for the admission to trading of the New Shares on the regulated market segment (*regulierter Markt*) of the HSE. The Subscription Price must be paid on 26 October 2021 at the latest.

The existing shareholder Unifirm has undertaken to the Company to exercise all its Subscription Rights at the Subscription Price and to subscribe directly for these New Shares under the commitment agreement entered into with the Company on 6 October 2021 (the "**Commitment Agreement**"). For the remainder of the Capital Increase, the Underwriters have agreed with the Company in the Underwriting Agreement to underwrite any Rump Shares not sold in the Rump Placement ("**Unplaced Rump Shares**") at the Subscription Price, subject to market standard conditions. For further details please see "*22. Underwriting – 22.1 Underwriting Agreement and – 22.3 Commitment Agreement"*.

3.2. Subscription Offer

The following is an English convenience translation of the subscription offer (*Bezugsangebot*). The German language version, which is legally binding, is expected to be published in the Federal Gazette on or around 7 October 2021; registered holders of depositary interests ("**DIs**"), should also refer to "*—Terms, expected timetable and subscription procedures for the Subscription Offer in the UK—Registered holders of DIs*" below.

TUI AG

Hanover/Berlin, Germany

Subscription Offer

(ISIN DE000TUAG000 / WKN TUAG00)

(Temporary ISIN DE000TUAG323 / WKN TUAG32)

The executive board (*Vorstand*) of TUI AG (the "**Company**") resolved on 6 October 2021, with the approval of the supervisory board (*Aufsichtsrat*) of the Company of the same date, to increase the Company's share capital by EUR 523,520,778.00 (the "**Capital Increase**") by issuing 523,520,778 new ordinary registered shares with no-par value (*auf den Namen lautende Stückaktien*) with a proportionate amount of EUR 1.00 of the share capital and carrying full dividend rights from 1 October 2020 (the "**New Shares**"), against contribution in cash. The issue price corresponds to the minimum issue price (section 9 (1) AktG) of EUR 1.00 per new no-par value share (the "**Issue Price**"). The shareholders must generally be granted a subscription right (the "**Subscription Right**").

The statutory Subscription Right shall be granted to all shareholders, except for shareholder Unifirm Limited, in such manner that the New Shares will be subscribed to and acquired by one or several credit institution(s) (or one or several enterprises engaged in activities in accordance with section 53 (1) sentence 1 or section 53b (1) sentence 1 or (7) of the German Banking Act (*Gesetz über das Kreditwesen*)) at the Issue Price with the obligation (i) to offer the New Shares to the shareholders of the Company for subscription at a fixed subscription price in the amount of EUR 2.15 (the "**Subscription Price**"), (ii) to deliver the shares in accordance with the exercised Subscription Rights when the implementation of the Capital Increase has become effective, and (iii) to pay the difference between the Issue Price and the Subscription Price – after deduction of a reasonable commission as well as the costs and disbursements – to the Company (indirect subscription right within the meaning of section 186 (5) sentence 1 AktG).

Shareholder Unifirm Limited shall be granted the statutory Subscription Right in such manner that Unifirm Limited will be permitted to subscribe for and acquire – in accordance with the amount of statutory subscription rights it is entitled to – the New Shares allotted to said amount of subscription rights at the Subscription Price directly with the Company (direct subscription right in the sense of section 186 (1) sentence 1 AktG).

The (direct or indirect) subscription is to be offered to the shareholders at a subscription ratio of 10:21 (10 new shares offered for every 21 existing shares, the "**Subscription Ratio**"). The Subscription Ratio is to be rounded down to two decimal places. Any fractional amount shall be excluded from the subscription right.

Barclays Bank Ireland PLC, One Molesworth Street, Dublin 2, D02 RF29, Ireland ("**Barclays**"), BofA Securities Europe SA, 51 rue La Boétie, 75008 Paris, France ("**BofA Securities**"), Citigroup Global Markets Europe AG, Reuterweg 16, 60323 Frankfurt am Main, Germany ("**Citigroup**"), Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Germany ("**Deutsche Bank**"), HSBC Trinkaus & Burkhardt AG, Königsallee 21/23, 40212 Düsseldorf, Germany ("**HSBC**", and, together with Barclays, BofA Securities, Citigroup and Deutsche Bank, the "**Joint Global Coordinators**"), COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany ("**COMMERZBANK**"), Landesbank Baden-Württemberg, Am Hauptbahnhof 2, 70173 Stuttgart, Germany ("**Landesbank Baden-Württemberg**") and Natixis, 30 avenue Pierre Mendès France, 75103 Paris, France ("**Natixis**", and together with COMMERZBANK and Landesbank Baden-Württemberg, the "**Joint Bookrunners**" and, together with the Joint Global Coordinators, the "**Underwriters**") have agreed in an underwriting agreement dated 6 October 2021 (the "**Underwriting Agreement**") to offer the New Shares to the existing shareholders of the Company (other than Unifirm Limited) at the Subscription Ratio and the Subscription Price of EUR 2.15 per New Share, subject to the terms and conditions set out below under "*Important Notices*". The Company will offer the New Shares attributable to Unifirm Limited's Subscription Rights directly to Unifirm Limited for subscription.

The existing shareholder Unifirm Limited has undertaken to the Company, to exercise all its Subscription Rights at the Subscription Price and subscribe directly these New Shares under the commitment agreement entered into with the Company on 6 October 2021 (the "**Commitment Agreement**"). For the remainder of the Capital Increase, the Underwriters have agreed to underwrite any New Shares for which subscription rights will not be exercised ("**Rump Shares**") and which will not be sold in a private placement after the subscription period ("**Unplaced Rump Shares"**) at the Subscription Price, subject to terms and conditions in line with market practice.

The Subscription Rights (ISIN DE000TUAG1D6) of the existing shareholders other than Unifirm Limited and attributable to the existing shares of the Company (ISIN DE000TUAG000 / WKN TUAG00; and Temporary ISIN DE000TUAG323 / WKN TUAG32 with respect to any shares issued to holders of the €589.6 million unsecured convertible bonds issued by the Company on 16 April 2021 and 6 July 2021, due 2028 who exercised their conversion right into ordinary registered shares of the Company and with respect to any shares issued to the German Economic Stabilisation Fund (*Wirtschaftsstabilisierungsfonds*) as holder of the €150 million bonds with warrants issued by the Company on 1 October 2020) will automatically be delivered by Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany, to the custodian banks on 12 October 2021 as per the holding on 11 October 2021 at 11:59 p.m. CET (record date). The custodian banks are responsible for booking the Subscription Rights to the eligible custodian accounts of such existing shareholders. From the beginning of the Subscription Period on 8 October 2021, the existing shares of the Company (ISIN DE000TUAG000 / WKN TUAG00 and Temporary ISIN DE000TUAG323 / WKN TUAG32) will be quoted "ex subscription rights" on the regulated market of the Hanover Stock Exchange, the London Stock Exchange and on the Open Market of the Frankfurter Stock Exchange and on the OTC-markets of all other German stock exchanges.

We kindly request our shareholders, other than Unifirm Limited, to exercise their Subscription Rights in order to avoid exclusion from participation in the capital increase during the Subscription Period

from 8 October 2021 until 26 October 2021 inclusive (the "**Subscription Period**")

through their custodian banks at the subscription agent mentioned below during normal office hours. Subscription rights not exercised in due time shall lapse and shareholders will not receive any compensation.

Subscription agent is Deutsche Bank. The Subscription Rights are fully transferable, but it should be noted that it is not possible to migrate a Subscription Right between the UK and Germany.

Shareholders may only subscribe for one share or multiples thereof. The notification of the exercise of the Subscription Rights is binding upon receipt by the subscription agent and cannot be altered thereafter. No compensation will be awarded for any Subscription Rights not exercised. Upon expiration of the Subscription Period, the unexercised Subscription Rights will expire and become worthless and holders that have not exercised those Subscription Rights will not receive any compensation for any such expired rights. For the avoidance of doubt: (A) in the event that any shares to which the unexercised Subscription Rights relate are purchased under the Rump Placement, any premium over the Subscription Price received from such purchaser will not be distributed to shareholders under Listing Rule 9.5.4; and (B) there will be no entitlement of shareholders to fractional shares or the proceeds of any sale of aggregated fractional entitlement as part of the Offering under Listing Rule 9.5.13.

The transfer of the New Shares, other than those subscribed for by Unifirm Limited, to the investors who have exercised Subscription Rights or who have purchased Rump Shares will be executed by the subscription agent. The implementation of the Capital Increase is subject to the registration in the commercial register of the district court of Berlin-Charlottenburg and in the commercial register of the district court of Hanover (both such commercial registers together the "**Commercial Registers**"), expected on or about 28 October 2021.

Subscription Price

The Subscription Price per New Share subscribed is EUR 2.15. The Subscription Price must be paid on 26 October 2021 at the latest.

Shareholders should take into account that if they choose to exercise their Subscription Rights, they have committed to acquiring the shares of the Company at a Subscription Price potentially higher than would be possible for them through an acquisition on the market, due to the volatility of the Company's shares and a possible deterioration of market conditions.

Subscription Rights Trading

The Subscription Rights will be traded on the regulated market of the Hanover Stock Exchange from 8 October 2021 through 21 October 2021. Furthermore, they will be traded in the Open Market of the Frankfurt Stock Exchange from 8 October 2021 through 21 October 2021. The price for the subscription rights is determined continuously during the ordinary times of trading. On 21 October 2021, the Subscription Rights trading on XETRA will end with a closing auction starting not before 11:45 a.m. CET and on the Hanover Stock Exchange with a special midday auction starting at 12:00 (noon) CET. The market price of subscription rights depends, inter alia, on the development of the price of the Company's shares but it may show a significantly higher volatility than the price of the shares. Subscription rights, settled in the form of depositary interests, will also be traded on a multilateral trading facility at the London Stock Exchange, from 12 October 2021 through 21 October 2021.

Important Notice

Prior to making a decision to exercise, purchase or sell Subscription Rights, shareholders and investors are advised to carefully read the securities prospectus dated 6 October 2021, for the public offering of the New Shares (the "Prospectus") and to take particular note of the risks described in the "*Risk factors*" section of the Prospectus and to consider such information when making their decision.

The Joint Global Coordinators on behalf of the Underwriters are entitled to terminate the Underwriting Agreement under certain circumstances at any time prior to the filing of the application for registration of the implementation of the Capital Increase with the Commercial Registers. Such circumstances include, a suspension of trading on or by any of the Hanover Stock Exchange, the Frankfurt Stock Exchange, the London Stock Exchange or the New York Stock Exchange or any other regulated financial market within the European Economic Area, a suspension of trading of any securities of TUI AG, a general moratorium on commercial banking activities, an outbreak of hostilities or escalation of hostilities or terror attacks or any material adverse change in national or international financial, political, industrial or economic conditions.

The Joint Global Coordinators cannot terminate the Underwriting Agreement after the application for registration of the implementation of the Capital Increase has been filed with the Commercial Registers, save that the Joint Global Coordinators may terminate the Underwriting Agreement if the Company successfully withdraws the application for registration of the implementation of the Capital Increase with both Commercial Registers which is at the discretion of each Commercial Register, or the Commercial Registers do not register the Capital Increase within the timeframe specified in the subscription certificate to be issued by the Underwriters (currently two business days from the date of the application, *i.e.*, until 29 October 2021).

In the event of a successful termination of the Underwriting Agreement in any such case set out above, the Subscription Rights shall expire. In such a case, a rescission of Subscription Rights trading transactions will not take place. Accordingly, investors who have acquired Subscription Rights in the Subscription Rights trading would suffer a loss in this case. If short sales have occurred, the seller of these shares bears the risk of not being able to fulfil its obligation by delivering New Shares.

In light of the current high volatility of equity prices and the market environment, shareholders should inform themselves of the Company's current share price before exercising their Subscription Rights at the Subscription Price.

Form and Certification of the New Shares

The New Shares (ISIN DE000TUAG000 / WKN TUAG00 and Temporary ISIN DE000TUAG323 / WKN TUAG32) will be represented by one or more global certificates, which will be deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760, Eschborn, Germany. The right of a shareholder to have his share confirmed in a share certificate is excluded. Unless the Subscription Period is extended, the New Shares subscribed in connection with the Subscription Offer are expected to be delivered on 2 November 2021 by means of a credit note to the respective securities accounts.

Commission charged by custodian banks

The custodian banks will charge the customary bank commission for the subscription of the New Shares.

Admission to Trading and Listing of the New Shares

The existing shares of the Company (ISIN DE000TUAG000 / WKN TUAG00), settled in the form of DIs, have been admitted to the premium listing segment of the Official List of the FCA and to trading on the Main Market for listed securities of the London Stock Exchange. On or about 26 October 2021, applications will be made to the FCA for the New Shares to be admitted to the premium listing segment of the Official List of the FCA and to trading on the Main Market for listed securities of the London Stock Exchange (together the "**UK Admission**"). It is expected that the UK Admission will become effective and that dealings in the New Shares, settled in the form of depositary interests, will commence on the London Stock Exchange at 8.00 a.m. (London time) on 2 November 2021.

Applications will be made to apply for the admission to trading of the New Shares on the regulated market segment (*regulierter Markt*) of the Hanover Stock Exchange ("**HSE**") and the inclusion on the Open Market segment of the Frankfurt Stock Exchange ("**FSE**"). The applications for admission to trading of the New Shares on the HSE and inclusion of the New Shares in the Open Market segment of the FSE are expected to be filed on or about 27 October 2021. The admission of the New Shares to trading on the regulated market of the HSE and the Open Market segment of the FSE are expected to take place on 29 October 2021. All New Shares will be included in the existing listings of the Company's shares (ISIN DE000TUAG000 / WKN TUAG00 and Temporary ISIN DE000TUAG323 / WKN TUAG32) on or about 2 November 2021.

Availability of the Prospectuses

After completion of a completeness check, including an examination of the coherence and comprehensibility of the information provided, which is not to be construed as an endorsement of the New Shares, the prospectuses were approved by the German Federal Financial Supervisory Authority ("**BaFin**") and the FCA on 6 October 2021 and published by the Company on its website (www.tuigroup.com). Upon request, printed versions of the prospectuses will be made available to any investor at TUI AG, Karl-Wiechert-Allee 4, 30625 Hanover, Germany, during normal business hours.

Selling restrictions

The New Shares and the Subscription Rights have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act"**) or with the securities regulatory authorities of any individual state of the United States of America. The New Shares and the Subscription Rights may at no time be offered, sold, exercised, pledged, transferred or delivered, directly or indirectly, to or within the United States of America, except in a transaction not subject to, or pursuant to an exemption from, the registration requirements of the Securities Act and, in each case, in accordance with any applicable securities laws of any state.

Hanover/Berlin, in October 2021

TUI AG

The Management Board

3.3. Subscription Rights not exercised and transferability

Subscription Rights not exercised within the Subscription Period will lapse and have no value and any shareholders whose rights have lapsed will not receive any compensation. For the avoidance of doubt: (A) in the event that any shares to which the unexercised Subscription

Rights and DI Pre-Emptive Rights relate are purchased under the Rump Placement, any premium over the Subscription Price received from such purchaser will not be distributed to shareholders under Listing Rule 9.5.4; and (B) there will be no entitlement to fractional shares or the proceeds of any sale of aggregated fractional entitlements as part of the Offering under Listing Rule 9.5.13.

Any New Shares not subscribed for as a result of the Subscription Offer and those shares for which the Subscription Right was excluded in order to avoid fractional amounts will be offered at a price at least equivalent to the Subscription Price to institutional investors. The Subscription Rights are fully transferable, but it should be noted that it is not possible to migrate a Subscription Right between the UK and Germany. The definitive number of New Shares available for sale in the Rump Placement will be determined after the Subscription Period expires.

3.4. Timetable

The following timetable shows the expected schedule for the Offering and the admission to trading of the New Shares to the Main Market of the London Stock Exchange and the regulated market of the Hanover Stock Exchange and inclusion of the New Shares in trading on the open market of the Frankfurt Stock Exchange:

6 October 2021	Approval of this prospectus by BaFin and approval of the UK prospectus by the FCA
6 October 2021	Publication of this prospectus and the UK prospectus
7 October 2021	International transfers of shares in the Company between the CREST system in the UK and the Clearstream system in Germany paused from close of business
7 October 2021	Subscription Offer published (see above)
8 October 2021	Subscription Period begins (00:01 CET) Subscription Rights Trading at the Hanover and Frankfurt stock exchange begins (09:00 CET)
11 October 2021	Record date for Subscription Rights entitlements
12 October 2021	Link, as depositary for UK DI Holders, receives Subscription Rights, creates DI Pre-emptive Rights and credits them to UK DI Pre-Emptive Holders
12 October 2021	DI Pre-Emptive Rights begin trading on MTF of the London Stock Exchange
12 October 2021	Subscription Rights delivered by Clearstream to custodian banks (as per holdings on 11 October 2021) International transfers of shares in the Company between the CREST system in the UK and the Clearstream system in Germany resume from open of business
21 October 2021	Subscription Rights trading at the Hanover and Frankfurt stock exchange ends (noon CET)
21 October 2021	DI Pre-Emptive Rights cease trading on the London Stock Exchange (at close of trading)
26 October 2021	DI Pre-Emptive Rights Subscription Periods ends (10:00 GMT)
26 October 2021	Subscription Period ends (23:59 CET)
27 October 2021	Rump Placement, if any

2 November 2021	Commencement of trading in the New Shares at the Hanover and Frankfurt stock exchange (09:00 CET) New DIs created and credited to relevant accounts Issuance of CREST refund payments if applicable Admission of the New Shares to the Official List of the FCA New Shares begin trading on the Main Market for listed securities of the London Stock Exchange (08:00 GMT) Settlement of New Shares

International transfers by registered holders on the Clearstream system to DI Holders on the CREST system in the UK and vice versa will be paused from close of business on 8 October 2021 to open of business on 12 October 2021, but there will be no impact on continued trades in Company shares within the Clearstream system and continued trades in DIs within the CREST system.

3.5. Early termination of the Offering

The Underwriting Agreement provides that the Joint Global Coordinators on behalf of the Underwriters may, under certain circumstances, terminate the Underwriting Agreement, see "*22. Underwriting*".

If the Joint Global Coordinators terminate the Underwriting Agreement prior to the filing of the application for registration of the implementation of the Capital Increase with the Commercial Registers, the Rights Offering and Capital Increase will not proceed, including in respect of Unifirm's direct subscription, and the Subscription Rights will expire and become worthless. Under these circumstances investors will not be entitled to delivery of New Shares, and rescission of Subscription Rights trading transactions will not take place. Accordingly, investors who have acquired Subscription Rights in the Subscription Rights trading would suffer a loss in this case.

If short sales have occurred, the seller of these shares bears the risk of not being able to fulfil its obligation by delivering New Shares.

3.6. Information on the shares

Type of shares, voting rights

The shares of the Company are ordinary registered shares with no par value. As of the date of this Prospectus, each share has a notional value (the proportionate amount of the share capital attributable to each share) of €1.00.

The currency of the share capital is euro.

Each share carries one vote at the Company's shareholders' meeting. There are no different voting rights for major shareholders or restrictions on voting rights.

Legal basis for the creation of shares

The provisions of the German Stock Corporation Act (*Aktiengesetz*; the "**Stock Corporation Act**") on capital increases against cash contributions, sections 182 et seq. of the Stock Corporation Act, and the German Act on the Economic Stabilisation Fund (WStBG), form the legal basis for the issuance of the New Shares. The New Shares originate from the capital increase against cash contribution from the Company's authorized capital 2021/I and the authorized capital 2021/II resolved by the Executive Board on 6 October 2021, with approval of the supervisory board of the Company (*Aufsichtsrat*) of the same date, increasing the Company's registered share capital by €523,520,778.00 by issuing 523,520,778 new ordinary registered shares with a notional value of €1.00 (the "**Capital Increase**"). The implementation of the Capital Increase will take effect once the application to register it with the Commercial

Registers will be published on the Company's official website (www.tuigroup.com/) and, if not so published beforehand, it will become effective once it has been published in the German Federal Gazette.

The Capital Increase will lead to an increase in the Company's share capital by €523,520,778.00, through the issue of 523,520,778 new ordinary registered shares, from €1,099,393,634.00 to a total of €1,622,914,412.00.

Dividend rights and liquidation rights

All New Shares will have full dividend rights as of 1 October 2020 and for subsequent fiscal years. In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Company's shares in proportion to their interest in the Company's share capital.

Form and representation of shares

All of the Company's shares are ordinary registered shares with no par value.

As of the date of this Prospectus, each share has a notional value (the proportionate amount of the share capital attributable to each share) of €1.00.

All of the existing Shares and the New Shares are represented or will be represented, respectively, by global share certificates, which are or will be deposited with Clearstream, whose address is Mergenthalerallee 61, 65760 Eschborn, Germany.

Delivery and payment

After the end of the Subscription Period and the latest date for payment of the Subscription Price, which is expected to be 26 October 2021, the New Shares are expected to be delivered to investors on 2 November 2021 through the book-entry facilities of Clearstream. All New Shares are expected to be admitted to the existing listing of the Company's shares in the premium listing segment of the Official List of the FCA and on the regulated market segment (*regulierter Markt*) of the HSE, and included in the existing quotation of the Company's shares in the Open Market segment of the FSE. Trading in the New Shares subscribed for by an investor is not available before the crediting of such shares to the investor's account.

Section 5 para. 2 of the Articles of Association exclude the shareholders' right to receive individual share certificates to the extent permitted by law and unless mandated by the rules of a stock exchange to which the shares are admitted. The Executive Board determines, with approval of the Supervisory Board, the form of the share certificates.

ISIN / capitalisation compartment / ticker symbol

New Shares:

- International Securities Identification Number (ISIN): DE000TUAG000
- Temporary International Securities Identification Number (ISIN): DE000TUAG323
- German Securities Identification Number (*Wertpapier-Kennnummer*, WKN): TUAG00
- Temporary German Securities Identification Number (*Wertpapier-Kennnummer*, WKN): TUAG32
- Ticker Symbol: "TUI" ("TUI1" on the FSE)

Transferability

The New Shares are freely transferable in accordance with the legal requirements for ordinary registered shares. A person holding TUI AG DIs through CREST is able to transfer those TUI AG DIs in accordance with the relevant rules and practices of CREST (subject to any legal restrictions on any transfer in any jurisdiction).

With the exception of the lock-up provisions described in "*22.1. Underwriting Agreement*", the shares are not subject to any lock-ups or similar contractual restrictions on transferability.

3.7. Paying agent

Our paying agent is Deutsche Bank AG, Taunusanlage 12, 60325 Frankfurt am Main, Germany.

3.8. Taxation regarding the Offering

The tax laws of Germany, the Company's Member State of incorporation; of the UK, in which the Offering is also being made as a public offering; and your own Member State or relevant non-EEA jurisdiction might have an impact on the income you receive from, or realise on, the New Shares. Before you make an investment decision with respect to the New Shares, you should consult your tax advisors about the specific potential tax consequences that may apply to you if you invest in our shares.

3.9. Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Subscription Rights and the New Shares that are the subject of the Offering have been subject to a product approval process, which has determined that such Subscription Rights and New Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: (i) the price of the Subscription Rights and the New Shares may decline and investors could lose all or part of their investment; (ii) the Subscription Rights and the New Shares offer no guaranteed income and no capital protection; and (iii) an investment in the Subscription Rights and the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Underwriters will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Subscription Rights or the New Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Subscription Rights and the New Shares and determining appropriate distribution channels.

4. The Stabilisation Package

On 2 December 2020, the Company announced a major financing package, signed on 4 January 2021, intended to enable it to improve its liquidity position, repay indebtedness and meet its general capital requirements. The continuing COVID-19 pandemic and the subsequent whole or partial suspension of our operations in a number of jurisdictions have resulted in unprecedented demands on our liquidity and financial position and resulted in the need for these financing measures. In this prospectus, we refer to these measures collectively as the "**Stabilisation Package**". The Stabilisation Package has an aggregate amount of up to €1.8 billion.

The Stabilisation Package comprises the following measures:

- The issuance of 508,978,534 new ordinary registered shares of the Company with no par value from a capital increase against cash contributions with subscription rights for existing shareholders resolved by an extraordinary general meeting held on 5 January 2021 and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Hanover, Germany as well as the commercial register of the district court of Berlin-Charlottenburg, Germany under HRB 321 on 13 January 2021 (the "**January Issuance**");
- the Silent Participations issued by the Company to the WSF in an aggregate amount of €1,091 million, divided into:
    i. the €420 million Convertible Silent Participation; and
    ii. the €671 million Non-Convertible Silent Participation;
- the €200 million New Loan Facility, a revolving credit facility provided by KfW, the German development bank, and certain commercial banks under a revolving credit facility agreement (as amended and restated on 27 July 2021, the "**New Loan Facility Agreement**") on a secured basis, but otherwise substantially on the same terms as the Syndicated Facilities Agreement, which also includes the €2.85 billion KfW Facility; such New Loan Facility was partially cancelled in an amount of €30 million as of 30 September 2021 in accordance with the terms of the New Loan Facility Agreement, and
- the KfW waives the requirement (the "**KfW Reduction Waiver**") that €500 million in commitments under the KfW Facility, which would have been automatically cancelled on 1 April 2021 (the "**KfW Reduction**"), will not be cancelled and will instead have the same maturity date as the remainder of the KfW Facility. Such KfW reduction waiver has been granted on 4 January 2021.

For a description of the key terms of the agreements relating to the Stabilisation Package, see "*15.3 Material Agreements—Agreements relating to the Stabilisation Package*".

The Company's shareholders approved the resolutions relating to the Stabilisation Package at the extraordinary general meeting held on 5 January 2021.

The German Government obtained the required State Aid Approval from the European Commission on 4 January 2021 before the WSF was able to enter into the Stabilisation Package.

The principal purpose of the Stabilisation Package was to further improve our liquidity position, repay indebtedness and meet our general capital requirements.

After repaying the 2.125% notes which were initially due 26 October 2021, the maturity date of the KfW Facility was automatically extended from 15 October 2021 to 20 July 2022, which was critical for the Group's short-term liquidity, until it was further extended to 19 July 2024 pursuant to the latest amendments to the Syndicated Facilities Agreement dated 27 July 2021.

In addition, the KfW Reduction Waiver ensures that the commitments under the KfW Facility that would automatically have been cancelled in the amount of €500 million on 1 April 2021 pursuant to the KfW Reduction remain available to the Company until the maturity date of the KfW Facility.

Any further proceeds from the January Issuance, as well as proceeds from New Loan Facility and the Silent Participations, have been used for general corporate purposes and to create further liquidity headroom for the Group.

4.1. Silent Participations

The WSF has acquired the Silent Participations in the Company in an aggregate amount of €1,091 million (as described in more detail in "1*5. Material Agreements—Agreements relating to the Stabilisation Package—WSF Term Sheet, WSF Framework Agreement and Silent Participation Agreements*").

The Silent Participations comprise two different instruments:

- the Convertible Silent Participation, which was issued in a single tranche of €420 million, and under which the WSF (or its legal successor, e.g., following an assignment) has the right at any time to convert into shares at €1 per share equivalent to a holding of 25% plus one share in the issued share capital of the Company, provided that the WSF's conversion rights under the Convertible Silent Participation and/or the 2020 Warrants will be subject to a cap of holding of no more than 25% plus one share in the issued share capital of the Company; and
- the Non-Convertible Silent Participation, which may be issued in up to four tranches for an aggregate total of €671 million in the period to 31 March 2022 upon the Company's request.

The Company expects that the Convertible Silent Participation and the Non-Convertible Silent Participation will be treated as equity under the applicable accounting principles of the IFRS. Each Silent Participation has a coupon attaching to it with an increasing interest rate per annum. In respect of the Convertible Silent Participation, this interest rate starts at 4% in 2021, increasing to 9.5% in 2028 and thereafter. In respect of the Non-Convertible Silent Participation, the interest rate starts at 6.1% in 2021, increasing to 11.6% in 2028 and thereafter. The Company has the option to pay the coupon or to capitalise the increased interest annually. Although the value of the Convertible Silent Participation will not be increased or reduced by reference to the losses of the Company, the Non-Convertible Silent Participation will participate in the accumulated losses (*Bilanzverlust*) of the Group under the applicable accounting principles of the German Commercial Code (*Handelsgesetzbuch*; HGB) and in accordance with the provisions of the agreements entered into with the WSF relating to the Silent Participations. The Silent Participations rank behind all unsubordinated debt instruments and other unsubordinated obligations of the Company and ahead of equity on a liquidation of the Company. Neither Silent Participation confers any voting rights on the WSF.

The Non-Convertible Silent Participation is not convertible to Shares. However, to enable the WSF to maintain, if applicable, a participation of up to 25% plus one share, the WSF may use, under certain conditions and for the purpose of dilution protection, the Non-Convertible Silent Participation as contribution in kind in the context of the issuance of new Shares.

Once the KfW Facility and the New Loan Facility have been cancelled and repaid in full, the Convertible Silent Participation (to the extent not converted) and the Non-Convertible Silent Participation have been repaid in full and the 2020 Bonds with Warrants (unless contributed in cash or in kind) have been sold or redeemed, subject to a certain base amount the WSF is obligated to dispose of any shares it holds in the Company which it had acquired within twelve months following a conversion under the Convertible Silent Participation, subject to a minimum disposal price after request of the Company.

Neither Silent Participation has a fixed maturity date. Instead, both Silent Participations are granted on a perpetual basis without any ordinary termination rights in favour of the WSF. TUI has the right to repay any tranche of the Non-Convertible Silent Participation as soon as the KfW Facility and the New Loan Facility have been cancelled and repaid in full. The Convertible Silent Participation may only be cancelled and repaid if the Non-Convertible Silent Participation has been repaid in full.

The Convertible Silent Participation was issued in January 2021 with the Non-Convertible Silent Participation being issued in up to four tranches in the period to 31 March 2022 upon the Company's request.

Any legal successor of WSF (e.g., following an assignment) in respect of the Convertible Silent Participation will have the same rights as set out above under the Convertible Silent Participation.

Further details of the WSF Term Sheet, of the framework agreement that the Company entered into with the WSF (the "**WSF Framework Agreement**"), and the agreements the Company entered into with regard to the Silent Participations (the "**Silent Participation Agreements**") are set out in "*15. Material Agreements— Agreements relating to the Stabilisation Package—WSF Term Sheet, WSF Framework Agreement and Silent Participation Agreements*".

4.2. New Loan Facility and KfW Reduction Waiver

On 4 January 2021, the Company entered into a €200 million revolving credit facility agreement with KfW, the German development bank, and certain commercial banks, on a secured basis, but otherwise substantially on the same terms as the Syndicated Facilities Agreement. The New Loan Facility Agreement was amended and restated on 27 July 2021, in line with the latest amendments to the Syndicated Facilities Agreement of the same date. In addition, KfW agreed to waive the KfW Reduction so that the €500 million in commitments that were due to be cancelled on 1 April 2021 pursuant to the KfW Reduction has the same maturity date as the remainder of the KfW Facility. The New Loan Facility was partially cancelled in an amount of €30 million as of 30 September 2021 in accordance with the terms of the New Loan Facility Agreeement.

See "*15.3 Material Agreements—Agreements relating to the Stabilisation Package—KfW Term Sheet and New Loan Facility Agreement*" for further details of the New Loan Facility and the KfW Reduction Waiver.

4.3. The January Issuance

The Stabilisation Package further included the January Issuance as one of the measures under the Stabilisation Package. The settlement of the January Issuance occured on 29 January 2021.

5. Reasons for the Offering and Use of Proceeds

5.1. Reasons for the Offering

The COVID-19 pandemic and our subsequent suspension of operations have resulted in unprecedented demands on our liquidity and financial position. In Fiscal 2020, we recorded revenue of €7,943.7 million, a decrease of €10,984.4 million, or 58%, from €18,928.1 million in Fiscal 2019. In Fiscal 2020, we recorded Underlying EBIT of €-3,032.8 million, a decrease of €3,926.3 million from €893.5 million in the prior fiscal year. During the Nine-Month Period 2021, our revenue decreased by 79.6% compared to the prior the Nine-Month Period 2020. For the Nine-Month Period 2021 we recorded an Underlying EBIT of €-1,978.6 million, a decrease of €11.7 million from €-1,966.9 million in the prior nine-month period. We attribute these decreases primarily or entirely to the COVID-19 pandemic. Before the COVID-19 pandemic began to materially affect our business in late February/early March 2020, our financial results during Fiscal 2020 had generally been better than during the corresponding period of Fiscal 2019. Accordingly, we attribute substantially all of this decrease to the direct and indirect effects of the pandemic, and in particular to the periods during which we suspended virtually all of our revenue-generating business operations and the significant limitations on those operations during the remainder of Fiscal 2020 and the Nine-Month Period 2021 even after we were able to recommence them to a degree.

In addition, during Fiscal 2020 and the Nine-Month Period 2021 we incurred pandemic-related costs affecting our cash position. These included cash refunds of customer prepayments for cancelled holidays and costs for the repatriation of customers from holiday destinations abroad.

Proceeds and costs of the Offering

Assuming that all New Shares are sold in the Offering at a Subscription Price of €2.15 per New Share, the gross offering proceeds will amount to €1,125,569,672.70, the total fees and commissions payable to the Underwriters (assuming the full discretionary fee will be paid) are expected to amount to approximately €23.1 million.

As compensation for their services relating to the Company's obligations under the UK Listing Rules and the trading of the New Shares on the London Stock Exchange, each of the two Sponsors is entitled to receive a fee of €1.0 million from the Company. In addition, the Company will pay to Deutsche Bank for its services as subscription agent a fee of €50,000.00. Both fees are included in the total amount in the preceding paragraph.

We expect that the aggregate of all other administrative, legal, audit and other costs and expenses in connection with the Offering and the admission of the New Shares to trading on the London Stock Exchange, the HSE and FSE, including publications as well as the fees for the approval of the prospectuses by BaFin and the FCA, will be approximately €3.0 million. Investors will not be charged any expenses.

Based on these assumptions and the resulting estimated total Offering expenses of approximately €26.1 million, we expect that the Company will receive net proceeds from the Offering of approximately €1,099.5 million. The actual amount of net proceeds from the Offering will depend mainly on the final Offering expenses.

5.2. Use of proceeds

The Company intends to use the net proceeds of the Offering to reduce interest costs and net debt by reducing current drawings (i) first, under the KfW Facility, under which as at 4 October 2021, the latest practicable date prior to the date of this prospectus, the Company had drawn €375.0 million, and (ii) second, under the Cash Facility, under which as at 4 October 2021, the latest practicable date prior to the date of this prospectus, the Company had drawn €1,486.5 million. As a result, taking into account the expected net proceeds of the Offering of around €1,099.5 million, the current drawings under the KfW Facility would be reduced by €375.0 million to zero and the current drawings under the Cash Facility would be reduced by the remaining net proceeds of €724.5 million to €762.0 million. At the same time such reduction will improve the Group's financial headroom over the upcoming Winter 2021/22 season with respect to potential further drawings under the KfW Facility and Cash Facility, enabling it to navigate any remaining near term uncertainty in the travel industry as a result of the continuing impact of the COVID-19 pandemic.

6. Dilution

The book value of the Company, as reflected in its consolidated statement of financial position as at 30 June 2021 and calculated on the basis of total assets minus current and non-current provisions and liabilities, was negative €524.7 million. This total is equivalent to a book value of approximately negative €0.47 per share, calculated on the basis of 1,099,393,634 shares outstanding as of 30 June 2021.

Assuming that the Company sells all New Shares at the Subscription Price, it would receive gross proceeds from the Offering of €1,125,569,672.70. After deducting costs of the Offering in an estimated amount of €26,098,152.88, the Company would receive net proceeds of €1,099,471,520.

If the Company had obtained €1,099,471,520 in net proceeds as of 30 June 2021, its book value at that date would have been approximately €574,771,520, or €0.35 per share, based on the increased total of 1,622,914,412 shares after the placement of 523,520,778 New Shares.

Under these assumptions, the Offering would lead to a direct increase in the book value of the Company of approximately €1,099,471,520, but to a direct dilution of €1.80 per New Share, or 83.5%, for the purchasers of the New Shares who acquire shares at the Subscription Price. Current shareholders who exercise their Subscription Rights in full would not, however, experience dilution of their voting power, because the percentage of all outstanding shares that they hold would not change.

Current shareholders that exercise no Subscription Rights in the Offering would experience an increase in book value of their shares of €0.83 per share. However, their voting power would be diluted by 32.3%.

7. Capitalisation and Indebtedness

The following tables show our capitalisation and indebtedness as at 31 July 2021 taken or derived from our accounting records or internal management reporting systems (i) on an actual basis, and (ii) as adjusted for the net proceeds we expect to generate from the Offering and our expected use of those proceeds.

	31 July 2021	
	Actual	**As adjusted for the net proceeds from the Offering and the expected use of these proceeds***
	(€ million) *(Unaudited)*	
Total current debt (including current portion of non-current debt)[1]	916.7	916.7
Guaranteed	--	--
Secured[2]	744.0	744.0
Unguaranteed/unsecured	172,7	172,7
Total non-current debt (excluding current portion of non-current debt)[3]	6,556.7	5,457.2
Guaranteed	0	0
Secured[4]	2,789.4	2,789.4
Unguaranteed/unsecured	3,767.3	2,667.8
Shareholder equity[5]	**(297.7)**	**801.8**[8]
a. Share capital[6]	1,099.4	1,622.9
b. Legal reserve(s)	--	--
c. Other reserves	(1,397.1)[7]	(821.1)
Total	**7,175.7**	**7,175.7**

* Assumes the issuance of 523,520,778 New Shares at a Subscription Price of €2.15, with net proceeds of €1,099.5 million.

(1) Recorded on our statement of financial position as sum of current financial liabilities and current lease liabilities.
(2) Mainly relates to leasing liabilities, in particular with respect to airline assets, as well as financing for acquisitions of hotel properties.
(3) Recorded on our statement of financial position as sum of non-current financial liabilities and non-current lease liabilities.
(4) Mainly relates to leasing liabilities, in particular with respect to airline assets, as well as financing for acquisitions of hotel properties.
(5) Recorded on our statement of financial position as equity.
(6) Recorded on our statement of financial position as subscribed capital.
(7) Corresponds to the sum of consolidated statement of financial position items (i) capital reserves (€5,274.7 million), revenue reserves (€-8,415.7 million), (iii) silent participations (€1,091.0 million) and (iv) non-controlling interest (€652.9 million).
(8) "Share Capital" as recorded on our statement of financial position as subscribed capital (€1,622.9 million, including €523.5 million net proceeds from the Offering); "Other reserves" corresponds to the sum of consolidated statement of financial position items (i) capital reserves (€5,850.7 million, including €576.0 million net proceeds from the

Offering), revenue reserves (€-8,415.7 million), (iii) silent participations (€1,091.0 million) and (iv) non-controlling interest (€652.9 million).

		31 July 2021	
		Actual	**As adjusted for the net proceds from the Offering and the expected use of these proceeds***
		(€ million)	
		(Unaudited)	
A.	Cash	11.1	11.1
B.	Cash equivalents(1)	2,066.0	2,066.0
C.	Other current financial assets(2)	13.1	13.1
D.	**Liquidity** (A + B + C)	**2,090.2**	**2,090.2**
E.	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)(3)	162.6	162.6
F.	Current portion of non-current financial debt(3)	754.1	754.1
G.	**Current financial indebtedness** (E + F)	**916.7**	**916.7**
H.	**Net current financial indebtedness** (G - D)	**(1,173.5)**	**(1,173.5)**
I.	Non-current financial debt (excluding current portion and debt instruments)(4)	5,930.9	4,831.4
J.	Debt instruments(5)	625.8	625.8
K.	Non-current trade and other payables(6)	5,7	5.7
L	**Non-current financial indebtedness** (I + J + K)	**6,562.4**	**5,462.9**
M	**Total financial indebtedness** (H + L)	**5,388.9**	**4,289.43**

* Assumes the issuance of 523,520,778 New Shares at a Subscription Price of €2.15, with net proceeds of €1,099.5 million.

(1) Cash equivalents is included in cash and cash equivalents in the Company's consolidated financial statements and consists of call deposits, other current highly liquid financial assets with an original term of a maximum of three months and current accounts.

(2) Recorded on our statement of financial position as current other financial assets.

(3) Recorded on our statement of financial position within current financial liabilities.

(4) Recorded on our statement of financial position as the sum of non-current financial liabilities and non-current lease liabilities excluding the positions included as debt instruments defined below. For the purpose of the prospectus it is assumed that the net proceeds of the Offering of €1,099.5 million will be used to repay drawings on the KfW Facility and the Cash Facility.

(5) Recorded on our statement of financial position within non-current financial liabilities; represents the 2020 Bond with Warrants (€118.7 million) and the 2021 Convertible Bond (€507.1 million).

(6) Recorded on our statement of financial position as non-current other financial liabilities.

In the table above, figures for financial indebtedness include lease liabilities. In accordance with IFRS 16, since 1 October 2019 we have recorded lease liabilities separately, including those formerly recognised according to IAS 17 as financial liabilities. As at 31 July 2021, our total lease liabilities were €3,288.4 million, of which €656.0 million were current and €2,632.4 million were non-current.

8. Working Capital Statement

In the opinion of the Company, taking into account the net proceeds from the Offering, the Group's working capital is sufficient to meet its present requirements, that is, for at least 12 months from the date of this prospectus.

8.1. Potential working capital shortfall in November 2022

However, under a reasonable worst case scenario, in the absence of an extension of the Syndicated Facilities Covenant Holiday or a default waiver, the Company will be unable to comply with one or potentially both of the financial covenants under the Syndicated Facilities Agreement described below, when compliance with these covenants as at 30 September 2022 is tested, which is expected to take place in November 2022, resulting in a working capital shortfall of up to approximately €3.9 billion, which, however, does not affect the statement on working capital set out above as the working capital shortfall would occur after the twelve-month period set out above.

8.2. Reasonable worst case assumptions relating to the COVID-19 pandemic

The COVID-19 pandemic has had a number of adverse financial and other consequences for the Group and continues to cause significant uncertainty. For the purposes of this working capital statement, the Company has formed a view of a reasonable worst case scenario which is representative of: (i) significant continued negative impact in the first half of Fiscal 2022 as a result of a worsening of the COVID-19 pandemic and/or tighter restrictions imposed by governments on international travel; followed by (ii) a gradual easing of the impact and/or tighter travel restrictions through the second half of Fiscal 2022, returning to pre-COVID-19 levels during Fiscal 2023.

In the reasonable worst case, the Company has assumed that: (i) passenger volumes in the first half of Fiscal 2022 are approximately 61% of the volumes in the equivalent period in Fiscal 2019; followed by (ii) a gradual recovery such that passenger volumes for the second half of Fiscal 2022 are approximately 83% of the volumes in the equivalent period in Fiscal 2019; and (iii) passenger volumes returning approximately to pre-COVID-19 levels by the end of the first half of Fiscal 2023.

The reasonable worst case also assumes that customers book closer to the time of travel, compared to Fiscal 2019. In its reasonable worst case scenario, the Company has assumed that, in addition to the effect of reduced volumes on revenues, month end customer deposits are on average approximately €500 million lower in Fiscal 2022 and approximately €390 million lower in the first half of Fiscal 2023, compared to the levels expected from Fiscal 2019.

Fiscal 2019 represents a pre-COVID-19 period and does not include the anticipated benefit to the Company of our competitor Thomas Cook ceasing operations in September 2019.

8.3. Timing and amount of the expected shortfall in working capital

The Company expects there to be a working capital shortfall of up to approximately €3.9 billion in November 2022.

8.4. Details of financing elements affecting the working capital shortfall

The working capital shortfall in November 2022 will result from the Company's inability to comply with one or potentially both of the financial covenants under the Syndicated Facilities Agreement described below, when compliance with these covenants as at 30 September 2022 is tested. The breach of one or both of the financial covenants would trigger an event of default under the Syndicated Facilities Agreement, and, in turn, a potential acceleration of all or part of the amounts outstanding thereunder. Such acceleration could, in turn, trigger a potential cross-acceleration of all or part of the amounts outstanding under the 2021 Convertible Bonds and the 2018 Schuldschein, aggregating to a total shortfall of up to approximately €3.9 billion in November 2022.

Financial covenant default under the Syndicated Facilities Agreement

Under the Syndicated Facilities Agreement, the Company is obligated to maintain a maximum ratio of net borrowings to EBITDA as at 31 March and 30 September of each year and a minimum ratio of EBITDAR to net fixed charges for the test period ending on 31 March and 30 September of each year. The Company tests for compliance with these covenants on a last-twelve-months ("**LTM**") basis, calculating the ratios on the basis of the four most recently completed fiscal quarters for which financial statements have been issued.

The terms of the Syndicated Facilities Agreement provide for a Syndicated Facilities Covenant Holiday lasting through and including 31 March 2022. Under the terms of the Syndicated Facilities Covenant Holiday, the Company is not required to test compliance with the above financial covenants under the Syndicated Facilities Agreement in respect of that period.

If the Company's lenders do not agree to extend the Syndicated Facilities Covenant Holiday, or otherwise provide a default waiver in respect of the two financial covenants above, the Company will be required to next test for compliance as at 30 September 2022. The Company will then be obligated to deliver a compliance certificate confirming its compliance, or failure to comply, with the financial covenants for Fiscal 2022 within 120 days of the end of that fiscal year.

Under a reasonable worst case scenario, in the absence of an extension of the Syndicated Facilities Covenant Holiday or a default waiver, the Company currently expects that it will breach one or both of the relevant financial covenants at such point in time when the consolidated financial statements of the Company for Fiscal 2022 are finalised to enable the 30 September 2022 covenant test to be undertaken, which could be as early as November 2022. Although the Company expects that the Group's operations and turnover will be progressively returning to normal levels, it is not expected that the Group will have fully recovered from the consequences of the COVID-19 pandemic by the end of the next twelve months. In the reasonable worst case, as a result of low LTM profitability, it is likely that the Company's net borrowings to EBITDA ratio as at 30 September 2022 will be higher than the maximum ratio provided under the Syndicated Facilities Agreement. Also, it is possible that the Company's EBITDAR to net fixed charges ratio for the test period ending 30 September 2022 will be lower than what is required under the agreement.

If the Company were not in compliance with one or both of these financial covenants as of 30 September 2022, an event of default would occur under the Syndicated Facilities Agreement as at the date of delivery of the compliance certificate to the lenders. As the financial covenants are to be calculated based on the relevant line items in the yearly or half-yearly (as applicable) consolidated financial statements of the Company, it will only be possible to determine whether or not an event of default has occurred at such point in time when the consolidated financial statements of the Company for Fiscal 2022 are finalised, which could be as early as November 2022.

As at the date of this prospectus, the Company has neither requested nor agreed an extension of the Syndicated Facilities Covenant Holiday. However, on the basis presented below, the Company is confident that, regardless of whether such agreement is reached by the time of the publication of this prospectus, the KfW and the rest of the lenders under the Syndicated Facilities Agreement will work constructively with the Company towards agreeing to provide an extension of the Syndicated Facilities Covenant Holiday or, alternatively, a default waiver in case of breach of one or both of the above financial covenants before compliance with those is tested as at 30 September 2022.

A breach of one or both of the above financial covenants under the Syndicated Facilities Agreement would trigger an event of default thereunder. As a result, the lenders under the Syndicated Facilities Agreement will have the right (to be determined by the required majority of lenders under the Syndicated Facilities Agreement, and subject to prior consent from the state lenders (as such term is defined in the Syndicated Facilities Agreement, i.e., currently, the KfW)) to accelerate all or part of their respective commitments. Such an acceleration, on the basis that it would relate to commitments under the Syndicated Facilities Agreement in excess of €50 million, would also render all or part of the amounts outstanding under the 2021 Convertible Bonds and the 2018 Schuldschein subject to cross-acceleration, as a result of which they would become immediately due and payable.

As at 4 October 2021, being the latest practicable date prior to publication of this prospectus, €375.0 million were drawn under the KfW Facility and €1,486.5 million were drawn under the Cash Facility. As at 4 October 2021, the Company had utilized €149.4 million of the Bonding Facility.

Cross-default and acceleration of the 2021 Convertible Bonds

As at the date of this prospectus, an aggregate amount of €589.6 million is outstanding under the 2021 Convertible Bonds. The 2021 Convertible Bonds become due and payable on 16 April 2028, unless accelerated as described below.

The terms of the 2021 Convertible Bonds provide that each bondholder may terminate the part of the 2021 Convertible Bonds held by it and require immediate redemption in the event that any of the Company's other debt exceeding €50 million is accelerated upon default, provided that bondholders representing at least 25% of the aggregate principal amount of the 2021 Convertible Bonds then outstanding give a termination notice to the relevant paying agent.

As a result, if the Company defaults under the Syndicated Facilities Agreement when compliance with the above financial covenants as at 30 September 2022 is tested, and the relevant creditors accelerate commitments in excess of €50 million, then the holders under the 2021 Convertible Bonds will have the immediate right to give a termination notice, provided that the 25% threshold above is met, and, thus, accelerate their share in the 2021 Convertible Bonds prior to their maturity. As a result, all or part of the aggregate principal amount of the 2021 Convertible Bonds, plus accrued interest to but excluding the date of redemption, could become immediately due and payable.

Cross-default and acceleration of the 2018 Schuldschein

The terms of the loans that comprise the 2018 Schuldschein provide that each lender may terminate the loans granted by it and require immediate repayment in the event that any of the Company's other bank debt or capital markets debt exceeding €50 million is accelerated upon default.

If the Company defaults under the Syndicated Facilities Agreement when compliance with the financial covenants thereunder as at 30 September 2022 is tested, and the relevant creditors accelerate commitments in excess of €50 million, then each lender under the 2018 Schuldschein will also have the immediate right to accelerate the part of the 2018 Schuldschein such lender holds and, as a result, all or part of the 2018 Schuldschein (plus any losses, damages and costs suffered as a result of such acceleration) could also become immediately due and payable. As at the date of this prospectus, the aggregate principal amount outstanding under the 2018 Schuldschein is €425 million.

8.5. Action plan to rectify the shortfall

To rectify the effects of the expected shortfall in working capital, the Company would seek an extension of the Syndicated Facilities Covenant Holiday, or agree with its lenders under the Syndicated Facilities Agreement a waiver of a potential default under one or both of the financial covenants described above, in either case lasting through and including at least 30 September 2022. The members of the Executive Board (*Vorstand*) are confident that these remedies would be successful.

Given the KfW's involvement to date in the Group's state aid programmes during Fiscal 2020 and as part of the Stabilisation Package, and noting the KfW's approximately 62% participation in the commitments under the Syndicated Facilities Agreement (as compared to a total of 66⅔% of such commitments being required for an extension of the Syndicated Facilities Covenant Holiday, or a waiver of a default under the agreement), and given that the required majority of the lenders under the Syndicated Facilities Agreement already agreed, among others, to extend the maturity of the Syndicated Facilities, the Company is confident that, regardless of whether such agreement is reached by the time of the publication of this prospectus, the KfW and the rest of the lenders under the Syndicated Facilities Agreement will work constructively with the Company towards agreeing to extend the Syndicated Facilities Covenant Holiday or, alternatively, provide a default waiver in case of breach of one or both of the financial covenants described above before compliance with those is tested as at 30 September 2022.

It is furthermore noted that, following an event of default under the Syndicated Facilities Agreement (including in case of a breach under one or both of the financial covenants described above), the lenders under the Syndicated Facilities Agreement will have the right to accelerate all or part of their respective commitments only in case the state lenders (as such term is defined in the Syndicated Facilities Agreement) consent to such acceleration. The sole state lender currently under the Syndicated Facilities Agreement is the KfW. Although it has not initiated relevant discussions with the KfW yet, on the basis presented above, the Company is confident that, in the event of a default under the Syndicated Facilities Agreement, the KfW would not exercise its right to accelerate the KfW Facility and would not consent to any action by any other lender or lenders to accelerate payment under the Cash Facility or the Bonding Facility. This would also allow the Company to avoid the potential cross-default and acceleration of all or part of the 2021 Convertible Bonds and the 2018 Schuldschein, as described above.

In the unlikely event that it does not obtain an extension of the Syndicated Facilities Covenant Holiday or a default waiver, the Company would seek a combination of all or certain of the following alternative measures, the proceeds of which will allow it to reduce its expected working capital shortfall: (i) seek the deferral of obligations owed to suppliers and achieve temporary purchasing savings; (ii) seek to collect receivables more quickly; (iii) make use of government job support schemes, where available; (iv) enter into aircraft financing arrangements to raise additional cash; (v) identify and make selected asset disposals; and (vi) further reduce overhead costs, where possible. The Company would seek to simultaneously initiate implementation of all or certain of the above alternative measures, without giving priority to any specific one of them, if it becomes likely that it will not be able to meet the financial covenant test as at 30 September 2022 based on then available trading and financial results. The Company believes any or all of the above alternative measures could realistically be implemented during the relevant period prior to November 2022, and the members of the Executive Board (Vorstand) are confident that they could be implemented were the extension of the Syndicated Facilities Covenant Holiday or a default waiver to be unavailable.

8.6. Implications of the shortfall

If the Company is unsuccessful in taking the steps described above to rectify its working capital shortfall, then such shortfall would be likely to result in the Company's insolvency as early as in November 2022, when all or part of the amounts outstanding under the Syndicated Facilities, the 2021 Convertible Bonds and the 2018 Schuldschein are accelerated, as described above. If the Company becomes insolvent, there is a material risk that shareholders may lose all of their investment in the Company's shares.

9. Operating and Financial Review

You should read the following discussion together with our Consolidated Financial Statements, including the related notes, that you will find beginning on page F-1. For a description of our Consolidated Financial Statements, see "*2.5. Presentation of Financial Information*".

Our historical results are not necessarily indicative of the results that should be expected in the future. The financial information as of and for the financial year ended 30 September 2019 presented in this section "*9. Operating and Financial Review*" was taken from the comparative prior year figures contained in the Audited Consolidated Financial Statements for the Fiscal 2020. The figures extracted or derived from the comparative figures for Fiscal 2019 included in the Audited Consolidated Financial Statements were adjusted to reflect changes to the method we use to record IT expenses, cost of sales, the finalisation of accounting for acquisitions and the touristic payments on account, for which TUI has acted as an agent, which were adjusted to be presented net instead of gross. Comparative figures for Fiscal 2019 were not restated as a result of the adoption of IFRS 16 on 1 October 2019 and therefore, the lease-related amounts for Fiscal 2020 are not fully comparable with those for Fiscal 2019.

The financial information as of and for the nine-month period ended 30 June 2020 presented in this section "*9. Operating and Financial Review*" was taken from the comparative prior year figures contained in the Unaudited Condensed Consolidated Interim Financial Statements.

In addition, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results may differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this prospectus, including under "*1. Risk Factors*" and "*2.6. Forward-Looking Statements*". These factors could include, for example, unforeseen developments in:

- the COVID-19 pandemic and measures taken to control it;
- macroeconomic conditions generally, including fluctuations in foreign currency exchange rates and commodities prices, particularly prices of fuel;
- political, legal or regulatory matters in the various markets in which we operate, and
- public health crises other than the COVID-19 pandemic as well as natural catastrophes.

Any of these factors could render our plans, estimates and beliefs invalid, causing our actual results to differ from the expectations expressed in our forward-looking statements.

9.1. Overview

We are a globally operating, vertically-integrated tourism company with offerings including end-to-end holiday experiences for our customers, with a customer base of approximately 21 million in within our ecosystem (Fiscal 2019, Markets & Airlines).

We use the term "ecosystem" to refer to our broad portfolio of strong tour operators, our own travel agencies and popular online portals, five airlines with around 140 aircraft, 433 hotels (including third party hotelier operations), 17 cruise vessels (16 as at August 2021) and a variety of incoming agencies in major holiday destinations around the globe as at 30 September 2020.

9.2. Business segments

We organize our two core businesses, Holiday Experiences and Markets & Airlines, in six segments. A seventh segment comprises our other operations.

Our segments, and the business activities they comprise, are as follows:

Holiday Experiences	
Hotels & Resorts	Group-owned hotels; hotel shareholdings
Cruises	The TUI Cruises joint venture; prior to July 2020, our former subsidiary Hapag-Lloyd Cruises (now part of TUI Cruises), and the British cruise business Marella Cruises
TUI Musement (formerly Destination Experiences)	Companies providing services in the destinations for TUI Markets & Airlines and third-party customers as well as excursion and activities through the Musement platform
Markets & Airlines	
Northern Region	Tour operators and airlines in the UK, Ireland and the Nordic countries; our stake in the tour operation business of the Canadian company Sunwing
Central Region	Tour operators and airlines in Germany; tour operators in Austria, Poland and Switzerland
Western Region	Tour operators and airlines in Belgium and the Netherlands; tour operators in France
All others segments	Business operations for new markets; central corporate functions and interim holdings; Group real estate companies; central tourism functions such as information technology

See "*12. Business"* for additional information.

For information on recent developments, see "*—Significant changes in our financial position"* below and "*Trend Information"* beginning on page T-1 of this prospectus.

9.3. Key factors affecting our results of operations

As a tourism company, we are dependent on consumer demand for our holiday travel products. Over the past years, we have seen continuous growth of international tourism, as reflected in the increase of international arrivals by 5% on a 10 year average from 2010 to 2019 (UNWTO, January 2020). Leisure travel remains important for consumers even during the current COVID-19 crisis. In the early days of the crisis, a May 2020 consumer sentiment survey by BCG shows that leisure travel was the activity rated as "most missed" across age groups. In the following months, insights from TUI's August 2020 consumer survey revealed a strong interest in holidays, with 70% of respondents indicating that they either had travelled since March, booked a holiday for the near future (2020/21) or were planning to do so (TUI Consumer Survey). More recent data, published in July 2021 by a Dutch holiday sentiment monitor, has shown that holiday intention remains at around two-thirds of those surveyed across five European source markets, and that travel restriction relaxations have had a positive bookings impact on holiday plans (NBTC Holiday Sentiment Monitor).

We believe that the following key factors have historically affected our performance and our results of operations, and we expect them to continue to affect our business in the future:

- Specific events outside our control, including COVID-19, the effect of the Boeing 737 MAX grounding and geopolitical instability / terrorism
- Capacity and yield management
- Macro-economic environment and market conditions
- Exchange rate and currency fluctuations
- Fuel cost fluctuations
- Seasonality
- Long-term effects on goodwill of historical mergers

Specific events outside our control, including COVID-19, the effect of the Boeing 737 MAX grounding and geopolitical issues/terrorism

External events outside our control can significantly impact our revenue, profitability, financial condition and cash flows. Although many of these are one-off events, their negative impacts may be severe and may persist into subsequent periods.

A prime example is the current COVID-19 crisis. The resulting travel bans and lockdowns have had an immediate and severe effect on the tourism industry. As a result of the crisis, we suspended our tourism operations, including flights, cruises and hotels. This suspension resulted in unprecedented demands on our liquidity and financial position, in particular with respect to cash funding of fixed costs and refunds to customers for cancelled holidays.

In Fiscal 2020, we generated revenue of €7,943.7 million, a decrease of 58.0% from the €18,928.1 million in revenue we recorded in Fiscal 2019. In the Nine-Month Period 2021, we generated revenue of €1,365.9 million, a decrease of 79.6% from the €6,710.4 million in revenue we recorded in the Nine-Month Period 2020. Given our strong performance during Fiscal 2020 before COVID-19 began to affect our business, we attribute substantially all of these decreases in Fiscal 2020 and the Nine-Month Period 2021 to the direct and indirect effects of the pandemic.

In Fiscal 2020, full suspension of our programme lasted approximately 13 weeks. TUI's integrated model allowed a quick restart and steering of customers into our own assets. On 15 June 2020, we resumed partial operations in our source markets, primarily to destinations in Europe. We continued to adapt by remixing and trimming our fourth quarter of Fiscal 2020 capacity from 30% to 25%, to alternative low-risk destinations, enabling many customers to continue their holidays as planned. Group hotels partially resumed operations from the beginning of July 2020; we reopened 157 hotels (approximately 44% of total group owned portfolio) by the end of August across our worldwide portfolio and as at 30 September 2020 approximately 40% of our Group hotels were operating.

By late summer 2020, however, a so-called "second wave" of the pandemic spread through many regions across the globe, and in particular in our European source and destination markets. The appearance of the Coronavirus Variants and the sharp increase in infection rates during the so-called "third wave" in the first and second quarter 2021 led to renewed governmental measures, in particular lockdown-measures and restrictions on travel. The combination of new and reimposed government advisories, travel restrictions and other countermeasures significantly limited our ability to resume operations and generate revenue during the remainder of Fiscal 2020 and in the Nine-Month Period 2021.

Notwithstanding the immediate effects of COVID-19, we believe our markets have long term prospects and holidays will continue to remain a high priority in our source markets.

Another external factor has been the grounding and suspension of production of the Boeing 737 MAX aircraft. In the course of Fiscal 2019, existing permits for Boeing 737 MAX aircrafts were withdrawn due to safety concerns by EU, US and other aviation authorities. As a result of the suspension, Boeing has been unable to deliver aircraft we had ordered. This delay reduced our Underlying EBIT during Fiscal 2019 by €293 million and by a further €72 million during the first five months of Fiscal 2020, primarily because we needed to cover gaps in capacity on short notice with expensive, short-term lease contracts.

We have since agreed a package of measures with Boeing intended to mitigate the effects on us of the suspension of 737 MAX production. Although the specific details of the agreement with Boeing are confidential, they consist of three key elements*:*

- staggered compensation to be received over the next two years;
- credits against future orders; and

- a deferral of 61 aircraft deliveries, enabling flexibility in our fleet capacity in accordance with demand scenarios as the market recovers post COVID-19.

737 MAX flights and production resumed after clearance decisions of the civil aviation authorities. On 18 November 2020 the FAA in the United States issued the Airworthiness Directive providing U.S. airlines the means of compliance to return the MAX aircraft to operations and for Boeing to resume deliveries to U.S. based airlines. EASA issued its final Airworthiness Directive permitting the 737 MAX to return to service in the EASA region during January 2021.

See "*15. Material Agreements—Boeing Contract for the Purchase of Boeing 737 MAX Aircraft—Agreement between TUI and Boeing on measures to mitigate the consequences of the 737 MAX grounding*".

We have also been affected in the past by geopolitical issues and terrorism. For example, in the fiscal year ended 30 September 2015 ("**Fiscal 2015**") and the fiscal year ended 30 September 2016, demand for holidays to Turkey and North Africa reduced as a result of terrorism and instability in those regions. This development had an adverse impact on our profitability in those fiscal years. We cannot exclude that further geopolitical issues and/or terrorist acts may have an adverse impact on us, especially should they occur in any of our key destinations or source markets. Our diverse offer of destinations, however, helps mitigate the impact of geopolitical issues when they are limited to a given country or region.

Capacity and yield management

One of the key factors influencing TUI's profitability is our ability to balance supply and demand, through the management and yielding of risk capacity. The term risk capacity refers to in-house as well as third-party committed capacity, predominantly for aircraft seats, hotel rooms and cruise ship berths.

Ahead of each season, TUI has to take the decision on how much capacity is needed based on forecasted demand. With our large customer base, TUI can satisfy only some of the demand with its own hotels, cruise ships and aircraft - the remainder must be procured from third-party airlines and hoteliers either as committed or non-committed capacity.

In an upwards market situation, where demand exceeds supply and pricing power strengthens accordingly, the commitments ensure TUI access to relevant capacity at favourable rates, leading to strong yields. Additional capacity that is bought on the spot (non-committed) may be more expensive due to high demand – or even unavailable – although it can also drive profitable contribution in a strong market, supplementing (rather than cannibalising) our risk programme.

In a downward market, prices tend to get lowered for late bookings, therefore, TUI may need to sell committed capacity at zero margin or even at a loss. Thus, the right balance of in-house capacity as well as third-party committed and non-committed capacity is essential to drive TUI's profitability.

TUI's yield management systems are designed to help us optimise the use of risk capacity, and our integrated model allows us flexible capacity management along the whole value chain. We carefully and continuously review available capacity to help balance supply and demand. Following the partial resumption of operations in our source markets after their COVID-19-related suspension, for example, our flight and destinations business operated at approximately 25% of capacity during the fourth quarter of Fiscal 2020.

From the restart of flights in mid-June 2020 through end of October 2020 (which is typically the end of the Summer season for European holidays), we carried approximately 2.3 million customers on holiday, achieving a load factor of approximately 80% based on adjusted capacity. Capacity was also remixed to alternative destinations to accommodate last minute changes in governmental advice regarding certain destinations.

Capacity plans for Summer 2021 have also been adjusted from original plans to reflect both current governmental advice and consumer demand. For Summer 2021, we expect to operate approximately 50% to 60% adjusted capacity for the peak Summer months from July to October 2021 (adjusted capacity refers to % capacity planned to be operated versus 2019 programme), compared with approximately 60% per our update for the Nine-Month Period 2021. Pandemic management and containment remains at the forefront of policy decisions. This governmental framework also dictates to what extent and at what time business becomes possible. As at 3 October 2021, bookings for Summer 2021 were at approximately 5.2 million guests, an increase of approximately 1.1 million bookings since the update for the Nine-Month Period 2021, albeit approximately 63% below the comparable level for the summer 2019 season ("**Summer 2019**"), and average selling prices are up 5%.

Destinations which are well progressed with their vaccination programme and are reporting low incidence or hospitalisation rates have and will continue to support our reopening portfolio. Destinations such as the Balearics, Canaries and Greek islands, currently form the bulk of our planned capacity for rest of the Summer 2021 peak season period. Our multi-destination presence, alongside long-term hotelier partnerships in place, means we are well placed to flex our flight routings and remix hotel capacity to other alternative destinations to enable holidays to continue if required.

Group hotels partially resumed operations at the beginning of July 2020; we reopened 157 hotels (approximately 45% of total group owned portfolio) by the end of August across our worldwide portfolio and by 30 September 2020 approximately 40% of our group owned hotels were operating. As at 30 September 2021, 335 Group hotels were operating (approximately 93% of the own Group portfolio), across destinations such as Spain, Greece, Turkey and Mexico.

In our Cruises segment, both TUI Cruises and Hapag-Lloyd Cruises successfully restarted itineraries offering short, European cruises from the end of July 2020. Three out of its seven-ship fleet were operated by TUI Cruises during the fourth quarter of Fiscal 2020 and in the First Quarter 2021, with two ships operating during the Second Quarter 2021, stepping up to six ships from July 2021, operating itineraries to the Northern Europe and the Mediterranean. Hapag-Lloyd Cruises operated two out of its five-ship fleet during the First Quarter 2021 and one in the Second Quarter 2021, stepping up to four ships from July 2021, plus a new ship launch in August 2021, also operating itineraries in Northern Europe and the Mediterranean. Marella Cruises remained suspended until end of June 2021, when it restarted domestic cruises, with fly-cruise itineraries offered on one ship from September 2021.

In addition, we have launched a Global Realignment Programme which targets to permanently reduce our annual overhead cost base by approximately €400 million across the entire Group. See "*12.1. Competitive strengths—Global Realignment Programme*".

Macro-economic environment and market conditions

Changing economic cycles have an impact on national income, unemployment rates as well as consumption and are thereby affecting touristic supply and demand. During a recession, consumers are more likely to reduce spending for non-essential products such as leisure travel, leading suppliers to lower their prices, which in turn has a negative impact on profitability.

The dynamics between supply and demand are not only influenced by macro-economic factors, but also by market-specific conditions, such as the competitive forces. The European airline market is a particular example of a highly competitive market, which is – especially through the entrance of low-cost carriers such as Ryanair and EasyJet – characterized by overcapacities and thus high pressure on margins, even during economic upward cycles.

As TUI has a portfolio of different source markets and destinations, this helps to mitigate the impact of economic downturn or difficult market conditions where they are limited to one or a few markets. We have multiple source markets and offer holidays in a wide variety of destinations. This diversified portfolio helps mitigate the impact of economic downturns or difficult market conditions when these are limited to one or a few markets. This is not the case, however, with respect to the COVID-19 pandemic or other events that affect all or most of the markets where we are active.

Exchange rate and currency fluctuations

Our business and results of operations may be affected by fluctuations in exchange rates, mainly in two ways:

First, there is a mismatch between the currencies in which revenue is received and those in which costs are incurred. Certain costs, including hotel accommodation, fuel and capital expenditure, are often denominated in currencies other than the currencies in which our customers pay for their holidays. In order to mitigate foreign exchange risk, TUI's businesses use financial derivatives to hedge a proportion of their planned foreign exchange requirements. To the extent that we do not adequately or successfully hedge our currency exposure, a significant change in exchange rates could significantly affect our results of operations. To the extent that we are unable to pass on currency related cost increases to customers or, where such increases occur subsequent to the fixing of a selling price to a customer, we do not hedge this exposure effectively, an increase in costs will have a negative impact on our results of operations.

Second, we prepare our unaudited condensed consolidated interim financial statements and our audited consolidated financial statements in euro, whereas our subsidiaries located outside the Eurozone prepare their financial statements in their respective functional currencies. Foreign exchange translation risks from the consolidation of Group companies not reporting in euros are not hedged. Fluctuations in the exchange rates of the functional currencies of our subsidiaries not using the euro have in the past impacted our unaudited condensed consolidated interim financial statements and our audited consolidated financial statements when converting these subsidiaries' revenue and results.

Fuel cost fluctuations

The costs of airplane jet fuel or ship bunker fuel vary significantly over time. TUI hedges a significant proportion of these costs in advance, using financial derivatives. To the extent that we do not adequately or successfully hedge our fuel price exposure, a significant change in fuel prices could significantly affect our results of operations. To the extent that we are unable to pass on jet fuel cost increases to customers or, where such increases occur subsequent to the fixing of a selling price to a customer, we do not hedge this exposure effectively, an increase in costs will have a negative impact on our results of operations.

At present, TUI's existing fuel hedging counter parties have suspended trading lines, initially due to the increased mark to market exposure created by the significant fall in fuel prices since the start of the COVID-19 pandemic, and subsequently over the ongoing uncertainties caused by the prolonged lock-down measures and delays in the vaccine roll-out programme in Europe. However, a majority of the fuel hedges with large negative mark to market values have now matured, and with the more positive outlook, now that vaccine programmes are ramping up and having a marked impact on the number of new infections, we have held positive discussions with hedging counterparties, some of which have indicated that they may soon be in a position to re-open limited trading lines. However, in order to mitigate the risk of continued suspension of our trading lines, TUI is currently finalising fuel trading lines with additional counter parties. In addition, a number of existing fuel hedge counter parties have expressed their willingness to allow TUI to hedge their fuel exposures using options, and TUI has also been discussing a new fuel price insurance product with a major insurer. However, both fuel options and fuel price insurance would require the cash payment of a premium, which could be significant, and due to the need to conserve cash, TUI has not thus far entered into any new fuel options or fuel price insurance.

Seasonality

Historically, we have earned most of our profits in the European summer months. In calendar years unaffected by major disruptions such as the COVID-19 pandemic, the level of demand for our services has fluctuated over the course of the year, causing our results to fluctuate accordingly.

Demand has historically been highest in the summer season from May through October and lowest in the winter season from November through April (except for the days around Christmas, New Year and Easter). At the same time, we incur a significant proportion of our expenses more evenly throughout the year. Our profitability therefore fluctuates during the year, with the majority of profits generated in the summer season. As a result of this seasonality, disruptions to our business operations that occur during the summer season could have particularly adverse effects.

Cash flows are similarly seasonal. Cash inflows tend to be higher in the summer, as we receive advance payments and final balances from customers. Conversely, cash inflows tend to be lower in winter as we settle liabilities with many suppliers after the end of the summer season. Due to the effects of the COVID-19 pandemic and travel uncertainty, customers are booking with less lead time, which has an impact on cash flow.

The COVID-19 pandemic, which began to affect us materially late in the first quarter of calendar 2020, has significantly disrupted our historical seasonal pattern. As of the date of this prospectus, we cannot predict whether this historical pattern will return after the effects of the pandemic have subsided nor, if it does, when our financial results will resume this pattern.

Long-term effects on goodwill of historical mergers

71.5% of our goodwill is attributable to the Northern Region, Western Region and Central Region segments. Historically, this goodwill related primarily to the conversion of the Company's predecessor, Preussag AG, to a business focused on tourism, as well as to the merger of the tour operator of TUI Group with First Choice Holidays Plc in 2007.

The merger was implemented on 3 September 2007 by means of a share swap with the newly established TUI Travel PLC, with its shares thereafter traded on the London Stock Exchange. In the wake of this share swap, TUI AG received 51.0% of the shares in TUI Travel PLC in exchange for all shares in companies of TUI's tourism division held by the TUI Group. The share swap in First Choice Holidays PLC was effected by means of a scheme of arrangement under which one share in First Choice Holidays PLC was swapped into one share in TUI Travel PLC. TUI AG held 51.0% of the issued shares of TUI Travel PLC, and therefore the majority of voting rights, while the former shareholders of First Choice Holidays PLC held 49.0% of the shares in TUI Travel PLC.

Under IFRS, we recognized goodwill on the acquisition of First Choice Holidays PLC proportionate to our indirect shareholding, which was 51%. In addition, the goodwill of the tourism division that was transferred to TUI Travel PLC was reduced to 51% and derecognized directly against equity.

In 2014, TUI AG acquired the minority shares in TUI Travel PLC. Since that date, 100% of the profits of the tourism sector are available to TUI. However, the goodwill was not increased. Thus the goodwill continues to represent the original 51% share of TUI in TUI Travel, but this goodwill is tested for impairment based on 100% of the profits of the tour operator of the Group.

9.4. Factors affecting the comparability of our financial results

Various events can limit the comparability of our financial results from period to period. During Fiscal 2019, Fiscal 2020 and the Nine-Month Period 2021, these events have related primarily to changes in accounting standards and to the COVID-19 pandemic.

We have applied IFRS 16 (Leases) since 1 October 2019. The adoption of IFRS 16 changes the way we record lease obligations on our statement of financial position, and the effect those obligations have on our income statement and cash flow statements. In adopting IFRS 16, we have made use of the "modified retrospective" approach. Under this transition method, we have not restated the prior-year comparatives. Instead, we recognised the cumulative effect of the transition in retained earnings as at 1 October 2019. See "Accounting principles" in the notes to our Audited Consolidated Financial Statements for more detailed information about the effects of IFRS 16 on our lease liabilities and on the financial position of the Group.

In addition, the effects of the COVID-19 pandemic may limit the comparability of the financial statements presented in this prospectus with each other, as well as the comparability of our historical financial statements with future financial statements. Our financial statements for Fiscal 2020 and the Nine-Month Period 2021 were strongly influenced by factors and events that do not pertain to the other financial statements we present in this prospectus. Our results of operations in the third and fourth quarters of Fiscal 2020 were marked by an almost total absence of revenue for a period of approximately 13 weeks and significantly lower levels of revenue in the Nine-Month Period 2021 even after business operations could be partially resumed, further exacerbated by additional restrictions introduced as a result of a resurgence of the COVID-19 pandemic in the autumn of 2020. During this period we also incurred pandemic-related expenses of no relevance prior to the outbreak, including refunds to customers cancelling their holidays and costs for the repatriation of customers from destinations abroad.

9.5. Results of operations

Our results of operations for Fiscal 2020 and the Nine-Month Period 2021 were strongly and negatively affected by the COVID-19 pandemic and the measures taken in an effort to control the pandemic. As a consequence, our results of operations for this period are of limited comparability to our results for the corresponding period of the prior fiscal year, or to other historical periods. From time to time, every tourism company can be affected by crises beyond its control. In our experience, however, the profound and protracted effect of the COVID-19 crisis on the entire industry is unprecedented. See "*9.4. Factors affecting the comparability of our financial results*".

The pandemic-related factor most strongly influencing our results of operations during Fiscal 2020 was the period of approximately 13 weeks during which we suspended all flight, cruise and hotel operations. Almost all operations ceased immediately. Operations continued to a very limited extent to provide accommodations to customers awaiting repatriation in hotels and to fly them to their home source market or return them to their home port. All operations ceased by mid-April. This suspension resulted in an almost complete cessation of revenue generation during that period.

The COVID-19 pandemic began to affect our business late in the second quarter of Fiscal 2020. A first incidence of COVID-19 occurred at one of our partner hotels in the Canary Islands in late February. By early March, demand began to fall. As the seriousness and global nature of the crisis became apparent, we triggered force majeure notices to our third-party hotel partners to cancel or reduce committed capacity for the remainder of the season. On 15 March 2020 we announced our suspension of operations. Accordingly, the pandemic was not only the dominating external factor affecting our results during the third and fourth quarters of the fiscal year; as a general matter, it also offset to a degree positive developments earlier in the fiscal year.

We began a partial resumption of operations from mid-June 2020, focussing primarily on flights to our European destinations. This resumption enabled us to begin generating revenue again, mitigating the effects of the suspension on our revenue during the third quarter, albeit only to a small degree, and somewhat reducing the stress on our liquidity situation. By late summer, however, a so-called “second wave” of the pandemic spread through many regions across the globe, and in particular in our European source and destination markets, followed by a sharp increase in infection rates during the so-called “third wave” which occurred in the first and second quarter 2021. The combination of new and reimposed government advisories, travel restrictions and other countermeasures significantly limited our ability to resume operations and generate revenue during the remainder of Fiscal 2020 and in the Nine-Month Period 2021.

TUI Cruises and Hapag-Lloyd Cruises operated five ships during the Nine-Month Period 2021, offering itineraries to the Baltic and North Sea, and Greek Islands in the first quarter and to the Canary Islands in the second quarter. In our Markets & Airlines operation, we took 1.6 million customers on holiday during the Nine-Month Period 2021, which demonstrates the continued desire of customers to travel as soon as the government restrictions are lifted.

Notwithstanding the immediate effects of the COVID-19 pandemic, we believe our markets have long term prospects and holidays will continue to remain a high priority in our source markets. The continued vaccination progress across our key customer markets and destinations, combined with more testing, and comprehensive hygiene measures throughout our eco-system, is enabling the safe return to holidays this summer.

The Nine-Month Period 2021 Compared to the Nine-Month Period 2020

The following table shows certain items extracted or derived from our Condensed Consolidated Interim Financial Statements for the nine-month periods shown.

	Nine-Month Period 2020[1]	Nine-Month Period 2021	Change	
		(unaudited)		
	(€ million)		(€ million)	(%)
Revenue	6,710.4	1,365.9	(5,344.5)	(79.6)
Cost of sales	7,968.7	2,624.4	(5,344.3)	(66.8)
Gross loss	**(1,258.3)**	**(1,276.4)**	**(18.1)**	**(1.4)**
Administrative expenses	731.1	604.2	(126.9)	(17.4)
Other income	97.6	20.9	(76.7)	(78.6)
Other expenses	18.6	9.2	(9.4)	(50.5)
Impairment of goodwill	67.7	--	(67.7)	n.a.
Impairment (+) / Reversal of impairment (-) of financial assets	95.6	(35.9)	(131.5)	n.a.
Financial income	27.2	25.0	(2.2)	(8.1)
Financial expenses	204.6	356.5	151.9	74.2
Share of result of investments accounted for using the equity method	(63.7)	(226.5)	(162.8)	n.a.
Impairment (+)/ Reversal of impairment (-) of net investments in joint ventures and associates	53.0	(0.5)	(53.5)	n.a.
Earnings before income taxes	**(2,367.7)**	**(2,390.7)**	**(23.0)**	**(1.0)**
Income taxes (expense (+), income (-))	(43.1)	47.3	90.4	n.a.
Group loss	**(2,324.7)**	**(2,438.0)**	**(113.3)**	**(4.9)**
Of which:				
Group loss attributable to shareholders of TUI AG	(2,342.8)	(2,409.6)	(66.8)	(2.9)
Group loss attributable to non-controlling interest	18.1	(28.4)	(46.5)	n.a.

1) Adjusted.

Revenue

We generate revenue primarily from tourism services. We also generate minor amounts of revenue from other activities, primarily sub-leases.

Our consolidated revenue for the Nine-Month Period 2021 decreased by €5,344.5 million, or 79.6%, from €6,710.4 million in the corresponding period of the prior nine-month period to €1,365.9 million. On a constant currency basis, consolidated revenue for the Nine-Month Period 2021 decreased by €5,328.1 million, or 79.4%, to €1,382.4 million.

This decline in revenue was driven by the travel restrictions due to the COVID-19 pandemic.

The development of TUI Group's revenue in the Nine-Month Period 2021 was still materially impacted by the suspension of the vast majority of our tour operation, aviation, hotel and cruise operations as a result of the global travel restrictions in order to contain the spread of the COVID-19 pandemic. TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months, which, however, has been less evident in the Nine-Month Period 2021 due to the COVID-19 pandemic.

We organize our geographic source markets – that is, the markets where our customers are located – in the categories Germany, UK, Spain, Other Europe, North and South America, and

Rest of the World. The following table shows the breakdown of our external revenue by customer location for the nine-month periods indicated:

	Nine-Month Period			
	2020	2021	Change	
	(unaudited)			
	(€ million)		(€ million)	(%)
Germany	2,049.3	578.4	(1,470.9)	(71.8)
UK..	1,986.2	208.2	(1,778.0)	(89.5)
Spain..	71.8	6.7	(65,1)	(90.7)
Other Europe................................	2,289.3	473.8	(1,815.5)	(79.3)
North and South America	187.6	74.2	(113,4)	(60.4)
Rest of the World	126.2	24.6	(101,6)	(80.5)
Total	**6,710.4**	**1,365.9**	**(5,344.5)**	**(79.6)**

Across all customer locations, our revenue for the Nine-Month Period 2021 decreased compared to the corresponding period of the prior nine-month period resulting from the impact of the COVID-19 pandemic and the resulting reduction in the revenue-generating operations.

Cost of sales

Cost of sales relates to the expenses we incur in the provision of tourism services. In addition to expenses for personnel, depreciation and amortisation, and rental and leasing expenses directly related to revenue-generating activities, it includes all costs we incur in connection with the procurement and delivery of airline services, hotel accommodation, cruises and distribution costs.

Our cost of sales for the Nine-Month Period 2021 decreased by €5,344.3 million, or 66.8%, from €7,968.7 million in the Nine-Month Period 2020 to €2,642.4 million.

This decrease was mainly attributable to our limited flight, cruise and hotel operations during this period, which reduced the costs associated with those revenue-generating operations, as well as the implementation of cost saving measures furloughing of staff and government grants in an amount of €178.7 million.

As a percentage of revenue, cost of sales increased to 193% for the Nine-Month Period 2021 from 119% in the Nine-Month Period 2020. Although cost of sales decreased in the Nine-Month Period 2021, due to fixed costs like depreciations, they decreased to a lesser degree than revenue.

Gross loss

Our gross loss for the Nine-Month Period 2021 increased by €18.1 million, or 1.4%, from a loss of €1,258.3 million in the Nine-Month Period 2020.

Our cost of sales for the Nine-Month Period 2021, although lower, did not decrease sufficiently to offset that period's decrease in revenue.

Administrative expenses

Administrative expenses comprise all expenses incurred in connection with activities of our administrative functions. These include staff costs; rental and leasing expenses incurred in respect of administrative buildings; and depreciation, amortisation and impairment.

Our administrative expenses for the Nine-Month Period 2021 decreased by €126.9 million, or 17.4%, from €731.1 million in the Nine-Month Period 2020 to €604.2 million.

This decrease in our administrative expenses was due to lower staff costs attributable to short time working schemes, government grants and cost saving measures in the Nine-Month Period 2021.

As a percentage of revenue, administrative expenses increased to 44% for the Nine-Month Period 2021 from 11% in the prior Nine-Month Period. This increase reflects the COVID-19 pandemic-related drop in revenue during the Nine-Month Period 2021, which more than offset the reduction in administrative expenses during that period.

Other income and expenses

Our other income and other expenses consist primarily of gains or losses, respectively, realized on the disposal of such assets as aircraft, buildings and investee companies.

Our other income for the Nine-Month Period 2021 decreased by €76.7 million, or 78.6%, from €97.6 million in the Nine-Month Period 2020 to €20.9 million.

The primary reason for the decrease in the Nine-Month Period 2021 were lower disposal gains in the Nine-Month Period 2021, as compared to the Nine-Month Period 2020, where we recognised a disposal gain of €90.2 million relating to the disposal of a specialist tour operator in the segment Central Region. Other income in the Nine-Month Period 2021 comprised of a disposal gain of €4.9 million resulting from the sale of aircraft assets, a disposal gain of €3.6 million resulting from the disposal of a joint venture in the Carribean of the segment Hotels & Resorts and a disposal gain of €2.3 million resulting from the disposal of a company in the Western region.

Our other expenses for the Nine-Month Period 2021 decreased by €9.4 million, or 50.5%, from €18.6 million in the prior Nine-Month Period to €9.2 million, mainly attributable to losses from the sale of TUI Group companies.

Impairment / Reversal of impairment of financial assets

Reversal of impairment of financial assets for the Nine-Month Period 2021 was €35.9 million. In the Nine-Month Period 2020, we recorded an impairment of €95.6 million.

Financial income and financial expenses

Financial income includes bank interest income, other interest and similar income, income from the measurement of hedges, interest income and foreign exchange gains on financial instruments.

Financial expenses include bank interest payable on loans and overdrafts, finance lease charges, net interest expenses from defined benefit pension plans, unwinding of discount on provisions, other interest and similar expenses, expenses relating to the measurement of hedges, interest expenses, and foreign exchange losses on financial instruments.

Our financial income for the Nine-Month Period 2021 decreased by €2.2 million, or 8.1%, from €27.2 million in the Nine-Month Period 2020 to €25.0 million.

The primary reasons for this increase were higher foreign exchange gains on lease liabilities in accordance with IFRS 16.

Our financial expenses for the Nine-Month Period 2021 increased by €151.9 million, or 74.2%, from €204.6 million in the Nine-Month Period 2020 to €356.5 million.

The primary reasons for this increase was an increase in interest expenses resulting from the utilisation of credit facilities to cover payment obligations and by expenses incurred in connection with the early redemption of TUI's senior notes bond on 23 February 2021 as well as lower income from bank balances.

Share of result of investments accounted for using the equity method

The share of result of *investments accounted for using the equity method* comprises the net profit for the year attributable to our associated companies and joint ventures.

The following table shows our share of result of *investments accounted for using the equity method* for the nine-month periods indicated:

	Nine-Month Period			
	2020	**2021**	**Change**	
		(unaudited)		
	(€ million)		(€ million)	(%)
TUI Cruises	(7.8)	(141.5)	(133.8)	n.a.
Riu Hotels	8.0	(15.9)	(23.9)	n.a.
Sunwing[1]	(42.1)	(56.5)	(14.4)	(34.1)
Other	(74.8)	(12.6)	62.2	83.1
Total	**(63.7)**	**(226.5)**	**(162.8)**	**(255.6)**

(1) Includes Blue Diamond, which is a subsidiary of Sunwing Travel Group.

Our share of result of *investments accounted for using the equity method* for the Nine-Month Period 2021 increased to a loss of €226.5 million from a loss of €63.7 million in the prior nine-month period.

The primary reason for this change was the inability of our joint ventures and associates, including the three listed in the table above that made the largest contributions to this position during Fiscal 2019, to generate distributable profits, driven by significant, pandemic-related reductions in revenue attributable to holiday cancellations and hotel closures.

Impairment/Reversal of impairment of net investments in Joint Ventures and associates

Due to the ongoing travel restrictions and the associated effect of the COVID-19 pandemic on the recovery of the tourism business in Fiscal 2021, the joint ventures and associates were tested for impairment as at 30 June 2021. No further impairments were identified. However, there was a reversal of an impairment of joint ventures and associates attributable to the segment Central Region of €0.5 million.

Earnings before income taxes

Our earnings before income taxes for the Nine-Month Period 2021 decreased by €23.0 million, or 1.0%, from a loss of €2,367.7 million in the prior nine-month period to a loss of €2,390.7 million.

The primary reasons for these developments, in addition to our substantially decreased revenue in the Nine-Month Period 2021, were lower other income and a negative change in our share of result of joint ventures and associates.

Income taxes.

Our income taxes for the Nine-Month Period 2021 changed by €90.4 million, from a tax benefit of €43.1 million in the prior nine-month period to a tax expense of €47.3 million.

The primary reasons for these developments were negative earnings before income taxes in the Nine-Month Period 2021, which led to a tax benefit arising from tax losses which should be used after the end of the COVID-19 pandemic.

Group loss

Our group result for the Nine-Month Period 2021 decreased by €113.3 million, from a group loss of €2,324.7 million in the prior nine-month period to a group loss of €2,438.0 million.

The primary cause of the increased group loss for the Nine-Month Period 2021 was the substantial drop in revenue and other income as well as the negative changes in share of result of joint ventures and associates and in impairment of financial assets compared with the Nine-Month Period 2021.

Underlying EBIT

Our Underlying EBIT for the Nine-Month Period 2021 decreased by €11.7 million from a loss of €1,966.9 million in the prior nine-month period to a loss of €1,978.6 million.

The decrease in Underlying EBIT was due primarily to the effects of the COVID-19 pandemic.

Fiscal 2020 Compared to Fiscal 2019

The following table shows certain items extracted or derived from our Audited Consolidated Financial Statements for the fiscal years shown.

	Fiscal		Change	
	2019[1]	2020		
	(audited)		(unaudited)	
	(€ million)		(€ million)	(%)
Revenue	18,928.1	7,943.7	(10,984.4)	(58.0)
Cost of sales	17,489.4	9,926.1	(7,563.3)	(43.2)
Gross loss / profit	**1,438.7**	**(1,982.4)**	(3,421.1)	n.a.
Administrative expenses	987.1	1,017.3	30.2	3.1
Other income	21.3	574.4	553.1	n.a.
Other expenses	22.5	15.2	(7.3)	(32.4)
Impairment of goodwill	--	68.1	68.1	n.a.
Impairment of financial assets	4.5	180.6	176.1	n.a.
Financial income	119.7	35.3	(84.4)	(70.5)
Financial expenses	171.4	321.7	150.3	87.7
Share of result of joint ventures and associates	297.5	(193.3)	(490.8)	n.a.
Impairment of net investments in joint ventures and associates	--	34.5	34.5	n.a.
Earnings before income taxes	**691.6**	**(3,203.3)**	(3,894.9)	n.a.
Income taxes (expense (+), income (-))	159.6	(64.2)	(223.8)	n.a.
Group loss / profit	**532.1**	**(3,139.1)**	(3,671.2)	n.a.
Of which:				
Group loss / profit attributable to shareholders of TUI AG	416.4	(3,148.4)	(3,564.8)	n.a.
Group loss / profit attributable to non-controlling interest	115.7	9.4	(106.3)	(91.9)

1) Adjusted to reflect changes to the method we use to record IT expenses and cost of sales. See "*2.5 Presentation of financial information—Restatement of certain financial information and application of new accounting standards*".

Revenue

We generate revenue primarily from tourism services. We also generate minor amounts of revenue from other activities, primarily sub-leases.

Our consolidated revenue for Fiscal 2020 decreased by €10,984.4 million, or 58.0%, from €18,928.1 million in the corresponding period of the prior fiscal year to €7,943.7 million. On a constant currency basis, consolidated revenue for Fiscal 2020 decreased by €11,029.1 million, or 58.3%, to €7,899.0 million.

This decrease in revenue was due almost entirely to the direct and indirect results of the COVID-19 pandemic. We generated nearly all of our revenue for Fiscal 2020 during the first half of the fiscal year, before the pandemic began to affect our business late in the second quarter of the fiscal year. As the pandemic began to affect us, we suspended all our flight, cruise and hotel operations. For a period of approximately 13 weeks, lasting from late in the second quarter until nearly the end of the third quarter, we generated almost no revenue from these operations, which together normally constitute the substantial majority of our revenue. Late in the third quarter and early in the fourth quarter of Fiscal 2020 we resumed limited operations of flight and hotel operations, focussing on our European destinations. This partial resumption of operations enabled us to begin generating revenue once more, albeit at a significantly lower level than usual in the summer tourism season.

To a small degree, the decrease in revenue in Fiscal 2020 also reflects the disposal of our former airline subsidiary Corsair S.A., which had contributed to revenue during Fiscal 2019 and was sold in that fiscal year.

The decrease in our revenue during Fiscal 2020 was offset to a degree by positive developments prior to the COVID-19 outbreak. During the first five months of Fiscal 2020 we had more bookings than in any other five-month period in our history and revenue during that period was higher than during the corresponding period of the previous fiscal year, driven in particular by increases in both occupancy and rates in our hotels and resorts, as well as a result of our competitor Thomas Cook ceasing its business.

We organize our geographic source markets – that is, the markets where our customers are located – in the categories Germany, UK, Spain, Other Europe, North and South America, and Rest of the World. The following table shows the breakdown of our external revenue by customer location for the fiscal years indicated:

	Fiscal			
	2019	**2020**	**Change**	
	(audited)		*(unaudited)*	
	(€ million)		(€ million)	(%)
Germany	5,326.6	2,504.4	(2,822.2)	(53.0)
United Kingdom	6,024.6	2,282.8	(3,741.8)	(62.1)
Spain	181.1	75.8	(105.3)	(58.1)
Other Europe	6,774.4	2,817.2	(3,957.2)	(58.4)
North and South America	305.2	140.1	(165.1)	(54.1)
Rest of the World	316.2	123.4	(192.8)	(61.0)
Total	**18,928.1**	**7,943.7**	(10,984.4)	(58.0)

Our revenue in Germany for Fiscal 2020 decreased compared to the corresponding period of the prior fiscal year resulting from the reduction in operations caused by COVID-19 and the sale of the Wolters, Berge&Meer and Boomerang businesses.

Our revenue in the UK for Fiscal 2020 decreased compared to the prior fiscal year because of the impact of the COVID-19 pandemic limited possible operations, however prior to the pandemic the business had seen growth resulting from the failure of the Thomas Cook business in September 2019.

Our revenue in Spain for Fiscal 2020 decreased compared to the prior fiscal year because the pandemic severely reduced the revenue–generating operations possible during the pandemic, which particularly impacted the hotels businesses.

Our revenue in Other Europe for Fiscal 2020 decreased compared to the prior fiscal year because of the pandemic limiting operations and the closure of the TUI Italy business.

Our revenue in North and South America for Fiscal 2020 decreased compared to the prior fiscal year because of the COVID-19 pandemic and the sale of the Corsair business.

Our revenue in Rest of the World for Fiscal 2020 decreased compared to the prior fiscal year because of the pandemic, which particularly impacted the Future Markets and the sale of the Corsair business.

Cost of sales

Cost of sales relates to the expenses we incur in the provision of tourism services. In addition to expenses for personnel, depreciation and amortisation, and rental and leasing expenses directly related to revenue-generating activities, it includes all costs we incur in connection with the procurement and delivery of airline services, hotel accommodation, cruises and distribution costs.

Our cost of sales for Fiscal 2020 decreased by €7,563.3 million, or 43.2%, from €17,489.4 million in the prior fiscal year to €9,926.1 million.

This decrease reflects the 13-week suspension of our flight, cruise and hotel operations and subsequent limited operations during this period, which reduced the costs associated with those revenue-generating operations. In the third quarter of Fiscal 2020 impairments and the losses from the valuation of ineffective hedging contracts offset this decrease.

As a percentage of revenue, cost of sales increased to 125.0% for Fiscal 2020 from 92.4% in the prior fiscal year. Although cost of sales decreased in Fiscal 2020, for the reasons discussed above they decreased to a lesser degree than revenue.

Gross loss / profit

Our gross profit for Fiscal 2020 changed to a loss of €1,982.4 million from a profit of €1,438.7 million in the prior fiscal year.

Our cost of sales for Fiscal 2020, although lower, did not decrease sufficiently to offset that period’s decrease in revenue.

Administrative expenses

Administrative expenses comprise all expenses incurred in connection with activities of our administrative functions. These include staff costs; rental and leasing expenses incurred in respect of administrative buildings; and depreciation, amortisation and impairment.

Our administrative expenses for Fiscal 2020 increased by €30.2 million, or 3.1%, from €987.1 million in the prior fiscal year to €1,017.3 million.

This increase in our administrative expenses was due to higher depreciation and impairments in Fiscal 2020. This increase was offset by lower staff costs due to short time working schemes.

As a percentage of revenue, administrative expenses increased to 12.8% for Fiscal 2020 from 5.2% in the prior fiscal year. This increase reflects the sharp, pandemic-related drop in revenue during the later period, which more than offset the reduction in administrative expenses during that period.

Other income and expenses

Our other income and other expenses consist primarily of gains or losses, respectively, realized on the disposal of such assets as aircraft, buildings and investee companies.

Our other income for Fiscal 2020 increased by €553.1 million from €21.3 million in the prior fiscal year to €574.4 million.

The primary reason for the increase in Fiscal 2020 was the disposal gain of €90.2 million relating to the disposal of two specialist tour operators and the disposal gain of €475.6 million relating to the disposal of Hapag-Lloyd Kreuzfahrten.

Our other expenses for Fiscal 2020 decreased by €7.3 million, or 32.4%, from €22.5 million in the prior fiscal year to €15.2 million.

The main reason is that in the prior fiscal year other expenses included a €12.0 million loss on the disposal of Corsair S.A.

Impairment of goodwill

In Fiscal 2020, we recorded an aggregate of €68.1 million in charges for impairment of goodwill, all of them during the third and fourth quarters of the fiscal year. These charges related primarily to goodwill in the Hotel & Resorts segment. We recorded no such impairment in Fiscal 2019.

Impairment of financial assets

We record both impairments and reversals of impairments booked in earlier periods under impairment of financial assets.

Impairment of financial assets for Fiscal 2020 was €180.6 million. In the prior fiscal year, we recorded an impairment of €4.5 million.

Financial income and financial expenses

Financial income includes bank interest income, other interest and similar income, income from the measurement of hedges, interest income and foreign exchange gains on financial instruments.

Financial expenses include bank interest payable on loans and overdrafts, finance lease charges, net interest expenses from defined benefit pension plans, unwinding of discount on provisions, other interest and similar expenses, expenses relating to the measurement of hedges, interest expenses, and foreign exchange losses on financial instruments.

Our financial income for Fiscal 2020 decreased by €84.4 million, or 70.5%, from €119.7 million in the prior fiscal year to €35.3 million.

The primary reasons for this decrease were lower foreign exchange gains on financial instruments and a reassessment of tax obligations in Fiscal 2019 with a release of the obligation and corresponding interest.

Our financial expenses for Fiscal 2020 increased by €150.3 million, or 87.7%, from €171.4 million in the prior fiscal year to €321.7 million.

The primary reasons for this increase were the higher indebtedness of TUI Group and the first time application of IFRS 16 in Fiscal 2020.

Share of result of joint ventures and associates

The share of result of joint ventures and associates comprises the net profit for the year attributable to our associated companies and joint ventures.

The following table shows our share of result of joint ventures and associates for the fiscal years indicated:

	Fiscal			
	2019	**2020**	**Change**	
	(audited)		*(unaudited)*	
	(€ million)		(€ million)	(%)
TUI Cruises	202.6	(74.2)	276.8	n.a.
Riu Hotels	43.4	5.0	(38.4)	(88.5)
Sunwing[1]	(6.4)	(70.5)	(64.1)	n.a.
Other	57.9	(53.6)	(111.5)	n.a.
Total	**297.5**	**(193.3)**	(490.8)	n.a.

(1) Includes Blue Diamond, which is a subsidiary of Sunwing Travel Group.

Our share of result of joint ventures and associates for Fiscal 2020 changed to a loss of €193.3 million from a gain of €297.5 million in the prior fiscal year.

The primary reason for this change was the inability of joint ventures and associates to generate distributable profits, driven by significant, pandemic-related reductions in revenue. Like our own businesses, the businesses of most of our joint ventures and associates, including the three listed in the table above that made the largest contributions to this position during Fiscal 2019, were severely affected by the COVID-19 pandemic. For example, TUI Cruises has cancelled all its cruises through the end of September 2020, with limited exceptions. Several cruises scheduled for later in the year or early 2021 will remain cancelled even after TUI Cruises' planned resumption of operations.

During Fiscal 2020, our joint ventures and associates generally experienced substantial reductions in revenue; any related reduction of expenses was unable to fully compensate for the loss of revenue. The resulting net losses of these joint ventures and associates are reflected proportionately to our ownership in our share of result of joint ventures and associates for the period.

The decrease in our share of result of joint ventures and associates for Fiscal 2020 was offset to a degree by share of result of joint ventures and associates recorded during the first two quarters of the fiscal year.

Impairment of net investments in Joint Ventures and associates

Due to the development of the pandemic, the joint ventures and associates were tested for impairment as at 30 June 2020, resulting in impairment charges of €34.5 million. We recorded no such charges in Fiscal 2019. The impairment of joint ventures and associates are attributable to the segment Hotels & Resorts with €33.2 million and to the segment Central Region with €1.3 million.

Earnings before income taxes

Our earnings before income taxes for Fiscal 2020 decreased by €3,849.9 million, from earnings of €691.6 million in the prior fiscal year to a loss of €3,203.3 million.

The primary reasons for these developments, in addition to our substantially decreased revenue in Fiscal 2020, were the negative change in share of result of joint ventures and associates, the negative change in impairment of financial assets and, in the third and fourth quarters of the fiscal year, the charge for impairment of goodwill.

Income taxes. Our income taxes for Fiscal 2020 decreased by €223.8 million, from a tax expense of €159.6 million in the prior fiscal year to a tax benefit of €64.2 million.

The primary reasons for these developments were negative earnings before income taxes in Fiscal 2020, which led to a tax benefit, whereas in Fiscal 2019, the positive earnings before income taxes resulted in a tax expense.

Group loss

Our group result for Fiscal 2020 decreased by €3,671.2 million, from a group profit of €532.1 million in the prior fiscal year to a group loss of €3,139.1 million.

The primary cause of the increased group loss for Fiscal 2020 was the substantial drop in revenue, the negative changes in share of result of joint ventures and associates and in impairment compared with Fiscal 2019.

Underlying EBIT

Our Underlying EBIT for Fiscal 2020 decreased by €3,926.3 million from €893.5 million in the prior fiscal year to €-3,032.8 million.

The decrease in Underlying EBIT was due primarily to the effects of the COVID-19 pandemic.

9.6. Segmental results

In the discussion of segmental results below, we present segmental external revenue and Group revenue as well as total revenue. External revenue represents revenue generated when third parties purchase tourism services directly from one of our businesses, for example, a customer booking a cruise, or booking a room directly at one of our hotels. Group revenue represents revenue generated when one of our businesses makes holiday arrangements with other Group businesses on behalf of a customer, for example, a TUI tour operator booking a flight with one of our airlines and a hotel room at one of our destinations. The distinction between external and Group revenue is meaningful only at business line and segment level. At the consolidated level, external revenue and total revenue are identical.

The Nine-Month Period 2021 compared to the Nine-Month Period 2020

Holiday Experiences

The following table shows certain financial data for our Holiday Experiences business line for the nine-month periods indicated:

	Nine-Month Period			
	2020	2021	Change	
		(unaudited)		
	(€ million)		(€ million)	(%)
External revenue	1,082.5	198.2	(884.3)	(81.7)
Group revenue	407.2	136.5	(270.7)	(66.5)
Total revenue	1,489.7	334.7	(1,155.0)	(77.5)
Underlying EBIT[1]	(571.9)	(599.9)	(28.0)	(4.9)
Underlying EBIT at constant currency	(571.9)	(611.4)	(39.5)	(6.9)

1) Underlying EBIT is an APM that is not recognized under IFRS or German GAAP. See "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.

Hotels & Resorts

The following table shows certain financial and operating data for our Hotels & Resorts segment for the nine-month periods indicated:

	Nine-Month Periods			
	2020	2021	Change	
		(unaudited)		
	(€ million)[1]		(€ million)[1]	(%)
External revenue	304.7	157.9	(146.8)	(48.2)
Group revenue	286.5	124.3	(162.2)	(56.6)
Total revenue	591.2	282.2	(309.0)	(52.3)
Underlying EBIT[2]	(308.0)	(268.6)	39.5	12.8
Underlying EBIT at constant currency[2]	(308.0)	(277.9)	30.1	9.8
Capacity[3] ('000)	**17,006**	**16,058**	**(948)**	**(5.6)**
Of which:				
Riu	8,410	7,532	(878)	(10.4)
Robinson	1,364	1,194	(170)	(12.4)
Blue Diamond	3,321	2,298	(1,023)	(30.8)
Occupancy rate[4] (%; change in % points)	**75**	**46**	**(29)**	**(38.7)**
Of which:				
Riu	81	48	(33)	(40.7)

	Nine-Month Periods			
	2020	**2021**	**Change**	
		(unaudited)		
	(€ million)[1]		(€ million)[1]	(%)
Robinson	67	48	(19)	(28.4)
Blue Diamond	75	46	(29)	(38.7)
Average revenue per bed[5] (€)	**73**	**71**	**(2)**	**(2.2)**
Of which:				
Riu	69	60	(9)	(13.3)
Robinson	97	96	(1)	(1.1)
Blue Diamond	123	107	(16)	(13.0)

1) Except as indicated.
2) Underlying EBIT is an APM that is not recognized under IFRS or German GAAP. See "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.
3) Group-owned or -leased hotel beds multiplied by opening days per quarter.
4) Occupied beds divided by capacity.
5) Arrangement revenue divided by occupied beds.

Our Hotels & Resorts segment made an underlying EBIT loss of €268.6 million, down €30.1 million at constant currency against the prior nine-month period. The development of our Hotels & Resorts segment was still materially impacted by the suspension of the vast majority of our hotel operations as a result of the global travel restrictions in order to contain the spread of COVID-19.

As of 30 June 2021, 283 hotels were open, reflecting approximately 79% of our hotel portfolio, reflecting both the winter seasonality and travel restrictions currently in place due to the COVID-19 pandemic.

Available bed nights decreased by 5.6% reflecting the drivers above.

Overall occupancy rate declined by 29% percentage points to 46% (the Nine-Month Period 2020: 75%) across our operating portfolio, reflecting the impact of travel restrictions across our key European markets throughout most of the Nine-Month Period 2020. The average daily rate declined by 2.2% to €71 in the Nine-Month Period 2021 (the Nine-Month Period 2020: €73).

Occupancy at Riu declined 33 percentage points to 48% (the Nine-Month Period 2020: 81%), reflecting the fluctuating travel restrictions. The average daily rate decreased by 13.3% to €60 (the Nine-Month Period 2020: €69) as a result of mix as we had more units with traditionally higher bed rates open than those with traditionally lower bed rates. Riu recorded an underlying EBIT loss of €81.7 million, down €151.1 million year-on-year at constant currency from €66.9 million in the Nine-Month Period 2020, mainly attributable to COVID-19 travel restrictions across both our markets and destinations.

Robinson occupancy declined 19 percentage points to 48% (the Nine-Month Period 2020: 67%) with average rate down 1.1% to €96 (the Nine-Month Period 2020: €97), again as a result of mix as we had more units with traditionally higher bed rates open than those with traditionally lower bed rates. The Nine-Month underlying EBIT loss was €42.1 million, down €8.9 million year-on-year at constant currency from a loss of €34.7 million in the Nine-Month Period 2020, reflecting COVID-19 travel restrictions across both our markets and destinations.

Blue Diamond occupancy declined 29 percentage points to 46% (the Nine-Month Period 2020: 75%) with average rate down 13.0% including foreign exchange effects to €107 (the Nine-Month Period 2020: €123). The Nine-Month underlying EBIT loss was €33.8 million, down €20.5 million year-on-year at constant currency from a loss of €16.3 million in the Nine-Month

Period 2020, mainly attributable to COVID-19 travel restrictions across both our markets and destinations.

Nine-Month underlying EBIT loss of our Other hotel brands was €111.0 million, up €210.6 million year-on-year at constant currency from a loss of €323.9 million in the Nine-Month Period 2020, mainly attributable to COVID-19 travel restrictions across both our markets and destinations.

Cruises

The following table shows certain financial and operating data for our Cruises segment for the nine-month periods indicated:

	Nine-Month Period		Change	
	2020	2021		
		(unaudited)		
	(€ million)[1]		(€ million)[1]	(%)
External revenue[2]	483.6	2.7	(480.9)	(99.4)
Group revenue	--	--	n.a.	n.a.
Total revenue	483.6	2.7	(480.9)	(99.4)
Underlying EBIT[3]	(197.3)	(234.6)	(37.3)	(18.9)
Underlying EBIT at constant currency[3]	(197.3)	(235.6)	(38.2)	(19.4)
Occupancy (%; change in % points):				
TUI Cruises	97	37	(60)	(61.9)
Marella Cruises	96	48	(47)	(49.0)
Hapag-Lloyd Cruises	77	33	(44)	(57.1)
Passenger days ('000):				
TUI Cruises	2,854	610	(2,244)	(78.6)
Marella Cruises	1,366	6	(1,360)	(99.6)
Hapag-Lloyd Cruises	383	43	(340)	(88.8)
Average daily rates[4]:				
TUI Cruises (€)	141	113	(34)	(20.2)
Marella Cruises[5] (£)	146	127	(19)	(13.0)
Hapag-Lloyd Cruises (€)	612	407	(205)	(33.4)

1) Except as indicated.
2) Excludes revenue generated by TUI Cruises, which is a joint venture accounted for at equity.
3) Underlying EBIT is an APM that is not recognized under IFRS or German GAAP. See "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.
4) Per day and passenger.
5) Inclusive of transfers, flights and hotels due to the integrated nature of Marella Cruises.

TUI Cruises nine-month underlying EBIT loss of €234.6 million represents an underlying EBIT reduction of €38.2 million versus the prior nine-month period at constant currency, reflecting the limited capacity operated over the nine-month period period as a result of travel restrictions, including a €21 million impairment charge relating to Mein Schiff Herz, partially offset by cost saving measures across all three brands. Moreover, the prior nine-month period included 100% of the result of Hapag-Lloyd Cruises (the Nine-Month Period 2020: underlying EBIT of €197.3 million) which was consolidated at equity within the TUI Cruises Joint Venture in the Nine-Month Period 2021.

In the first quarter, TUI Cruises operated three ships (Mein Schiff 1, 2 and 6), offering short "Blue Cruises" around the Baltic Sea, Greek and Canary Islands. In the second quarter, Mein Schiff 1 and 2 operated with itineraries to the Canaries.

TUI Cruises' average daily rate of €113 was down 20.2% (the Nine-Month Period 2020: €141), reflecting the shorter average duration and more local routes of "Blue Cruises". Occupancy of the operated fleet was 48% (the Nine-Month Period 2020: 96%), reflecting the overall more subdued environment for departures as a result of travel restrictions as well as adherence to COVID-19 government safety advice capping the numbers of passengers on board. TUI Cruises' Nine-Month underlying EBIT loss was €141.5 million, down €133.8 million year-on-year at constant currency from €-7.8 million in the Nine-Month Period 2020, reflecting COVID-19 travel restrictions across both our markets and destinations.

Hapag-Lloyd Cruises operated two ships during the first quarter, the Europa 2 and Hanseatic inspiration, which offered sailings to the Baltic Sea and the Canaries. The Europa 2 continued to sail in the second quarter, offering itineraries to the Canary Islands. At €407, the average daily rate of Hapag-Lloyd Cruises, our luxury and expedition brand, was down 33.4% (the Nine-Month Period 2020: €612), reflecting the pricing of shorter and more local itineraries. Occupancy of 33% declined by 44 percentage points (the Nine-Month Period 2020: 77%). Hapag Lloyd Cruises' recorded no Nine-Month underlying EBIT compared to a Nine-Month underlying EBIT at constant currency of €4.4 million in the Nine-Month Period 2020.

Marella Cruises, our UK cruise brand, remained fully suspended throughout the second half of fiscal 2020 in line with UK government travel advice with our teams in preparation mode for restart towards the end of the third quarter of Fiscal 2021. Marella Cruises' Nine-Month underlying EBIT loss was €93.1 million, up €99.9 million year-on-year at constant currency from a loss of €194.0 million, reflecting COVID-19 travel restrictions across both our markets and destinations.

TUI Musement

The following table shows certain financial data for our TUI Musement segment for the nine-month periods indicated:

	Nine-Month Period			
	2020	**2021**	**Change**	
		(unaudited)		
	(€ million)		(€ million)	(%)
External revenue	294.2	37.5	(256.7)	(87.3)
Group revenue	124.1	13.7	(110.4)	(89.0)
Total revenue	418.3	51.2	(367.1)	(87.8)
Underlying EBIT[1]	(66.5)	(96.7)	(30.2)	(45.4)
Underlying EBIT at constant currency[1]	(66.5)	(97.9)	(31.4)	(47.2)

1) Underlying EBIT is an APM that is not recognized under IFRS or German GAAP. See "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.

TUI Musement's underlying EBIT loss of €96.7 million represents an underlying EBIT reduction at constant currency of €31.4 million versus the prior nine-month period, reflecting the business standstill due to the COVID-19 pandemic.

A total of 212,000 excursions and activities were sold, reflecting the limited operations throughout the period.

Online distribution represented 39% of total sales, driven by the successful integration of Musement inventory across our TUI source markets App.

Markets & Airlines

The following table shows certain financial data for our Markets & Airlines business line for the nine-month periods indicated:

	Nine-Month Period 2020	Nine-Month Period 2021	Change	
	(unaudited)			
	(€ million)[1]		(€ million)[1]	(%)
External revenue	5,541.7	1,145.5	(4,396.3)	(79.3)
Group revenue	10.3	2.4	(7.9)	(76.7)
Total revenue	5,552.0	1,147.9	(4,404.1)	(79.3)
Underlying EBIT[2]	(1,277.0)	(1,332.8)	(55.8)	(4.4)
Underlying EBIT at constant currency[2]	(1,277.0)	(1,326.0)	(49.0)	(3.8)
Direct distribution mix[3] (in %, change in % points)	n.a.	74	n.a.	n.a.
Online mix[4] (in %, change in % points)	n.a.	54	n.a.	n.a.
Customers ('000)	6,325	1,560	(4,765)	(75.3)

1) Except as indicated.
2) Underlying EBIT is an APM that is not recognized under IFRS or German GAAP. See "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.
3) Share of sales via own channels (retail and online).
4) Share of online sales.

Our Markets & Airlines business made a nine-month period underlying EBIT loss of €1,332.8 million, a reduction of €49.0 million, or 3.8%, year-on-year at constant currency, reflecting the limited capacity due to the COVID-19 pandemic during that period.

Due to the extended lockdown measures across many of our key source markets, operations have been highly limited for the majority of the Nine-Month Period 2021. Nine-Month customer volume declined 75.3% to 1.6 million versus the prior nine-month period (the Nine-Month Period 2020: 6.3 million), with around half departing in the month of October, prior to more recent restrictions.

Northern Region

The following table shows certain financial and operating data for our Northern Region segment for the nine-month periods indicated:

	Nine-Month Period 2020	Nine-Month Period 2021	Change	
	(unaudited)			
	(€ million)[1]		(€ million)[1]	(%)
External revenue	2,202.2	215.1	(1,987.1)	(90.2)
Group revenue	207.2	202.7	(4.5)	(2.2)
Total revenue	2,409.4	417.8	(1,991.6)	(82.7)
Underlying EBIT[2]	(592.4)	(708.1)	(115.7)	(19.5)
Underlying EBIT at constant currency[2]	(592.4)	(704.0)	(111.6)	(18.8)
Direct distribution mix[3] (in %, change in % points)	n.a.	93	n.a.	n.a.
Online mix[4] (in %, change in % points)	n.a.	76	n.a.	n.a.
Customers ('000)	2,238	169	(2,069)	(92.4)

1) Except as indicated.
2) Underlying EBIT is an APM that is not recognized under IFRS or German GAAP. See "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.
3) Share of sales via own channels (retail and online).
4) Share of online sales.

The Northern Region had an underlying EBIT loss of €708.1 million in the Nine-Month Period 2021, down €111.6 million versus the Nine-Month Period 2020 at constant currency, as only 0.2 million (the Nine-Month Period 2020: 2.2 million, which represents a decrease of 92.4%) customers departed in the Nine-Month Period 2021 due to the restrictions imposed in connection with the COVID-19 pandemic.

Central Region

The following table shows certain financial and operating data for our Central Region segment for the nine-month periods indicated:

	Nine-Month Period 2020	Nine-Month Period 2021	Change	
		(unaudited)		
	(€ million)[1]		(€ million)[1]	(%)
External revenue	2,244.0	707.7	(1,536.3)	(68.5)
Group revenue	97.0	62.2	(34.8)	(35.9)
Total revenue	2,341.0	769.9	(1,571.1)	(67.1)
Underlying EBIT[2]	(398.7)	(377.4)	21.3	5.3
Underlying EBIT at constant currency[2]	(398.7)	(377.1)	21.7	5.4
Direct distribution mix[3] (in %, change in % points)	n.a.	63	n.a.	n.a.
Online mix[4] (in %, change in % points)	n.a.	38	n.a.	n.a.
Customers ('000)	2,253	842	(1,411)	(62.6)

1) Except as indicated.
2) Underlying EBIT is an APM that is not recognized under IFRS or German GAAP. See "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.
3) Share of sales via own channels (retail and online).
4) Share of online sales.

The Central Region had an underlying EBIT loss of €377.4 million in the Nine-Month Period 2021, up €21.7 million versus the Nine-Month Period 2020 at constant currency as only 0.8 million (the Nine-Month Period 2020: 2.3 million, which represents a decrease of 62.6%), customers departed in the Nine-Month Period 2021 due to the restrictions imposed in connection with the COVID-19 pandemic.

Western Region

The following table shows certain financial and operating data for our Western Region segment for the Nine-Month Periods indicated:

	Nine-Month Period 2020	Nine-Month Period 2021	Change	
		(unaudited)		
	(€ million)[1]		(€ million)[1]	(%)
External revenue	1,095.5	222.6	(872.9)	(79.7)
Group revenue	118.4	97.1	(21.3)	(18.0)

	Nine-Month Period 2020	2021	Change	
		(unaudited)		
	(€ million)[1]		(€ million)[1]	(%)
Total revenue	1,213.9	319.7	(894.2)	(73.7)
Underlying EBIT[2]	(285.9)	(247.3)	38.6	13.5
Underlying EBIT at constant currency[2]	(285.9)	(245.0)	41.0	14.3
Direct distribution mix[3] (in %, change in % points)	n.a.	86	n.a.	n.a.
Online mix[4] (in %, change in % points)	n.a.	70	n.a.	n.a.
Customers ('000)	1,833	549	(1,284)	(70.0)

1) Except as indicated.
2) Underlying EBIT is an APM that is not recognized under IFRS or German GAAP. See "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.
3) Share of sales via own channels (retail and online).
4) Share of online sales.

The Western Region had an underlying EBIT loss of €247.3 million in the Nine-Month Period 2021, up €41.0 million versus the Nine-Month Period 2020 at constant currency as only 0.5 million (the Nine-Month Period 2020: 1.8 million, which represents a decrease of 70.0%) customers departed in the Nine-Month Period 2021 due to the restrictions imposed in connection with the COVID-19 pandemic.

All other segments

The following table shows certain financial data for All other segments for the nine-month periods indicated:

	Nine-Month Period 2020	2021	Change	
		(unaudited)		
	(€ million)		(€ million)	(%)
External revenue	86.2	22.3	(63.9)	(74.1)
Group revenue	4.7	3.6	(1.1)	(23.4)
Total revenue	90.9	25.9	(65.0)	(71.5)
Underlying EBIT[1]	(118.0)	(45.9)	72.1	61.1
Underlying EBIT at constant currency[1]	(118.0)	(46.0)	72.0	61.1

1) Underlying EBIT is an APM that is not recognized under IFRS or German GAAP. See "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.

The underlying EBIT loss for All other segments was €45.9 million, up by €72.1 million versus the prior nine-month period at constant currency due to COVID-19 cost saving measures, including furloughing staff and short time working schemes.

Fiscal 2020 compared to Fiscal 2019

Holiday Experiences

The following table shows certain financial data for our Holiday Experiences business line for the fiscal years indicated:

	Fiscal 2019[1]	Fiscal 2020	Change	
	(audited, except otherwise noted)		(unaudited)	
	(€ million)		(€ million)	(%)
External revenue	2,482.0	1,181.3	(1,300.7)	(52.4)
Group revenue	1,221.2	500.3	(720.9)	(59.0)
Total revenue	3,703.2	1,681.6	(2,021.6)	(54.6)
Share of result of joint ventures and associates	309.6	(155.8)	(465.4)	n.a.
Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets, property, plant and equipment, investments and current assets	230.6	480.7	250.1	108.5
Of which:				
Impairment of intangible assets and property, plant and equipment	3.2	233.5	230.3	n.a.
Amortisation / depreciation of intangible assets and property, plant and equipment	228.1	247.2	19.1	8.4
Underlying EBIT[2]	873.5	(837.0)	(1,710.5)	n.a.
Underlying EBIT at constant currency[3]	873.5	823.3	(1,696.8)	n.a.

1) Adjusted to reflect changes to the method we use to record IT expenses and cost of sales. See "*2.5 Presentation of financial information—Restatement of certain financial information and application of new accounting standards*".

2) Underlying EBIT is an APM that is not recognized under IFRS or German GAAP. See "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.

3) Unaudited.

Hotels & Resorts

The following table shows certain financial and operating data for our Hotels & Resorts segment for the fiscal years indicated:

	Fiscal 2019[1]	Fiscal 2020	Change	
	(audited, except otherwise noted)		(unaudited)	
	(€ million)[2]		(€ million)[2]	(%)
External revenue	660.0	402.4	(257.6)	(39.0)
Group revenue	851.8	349.0	(502.8)	(59.0)
Total revenue	1,511.8	751.4	(760.4)	(50.3)
Share of result of joint ventures and associates	97.3	(78.9)	(176.2)	n.a.
Amortisation (+), depreciation (+), impairment (+) and write-backs (–)	111.5	204.5	93.0	83.4

	Fiscal 2019[1]	Fiscal 2020	Change	
	(audited, except otherwise noted)		*(unaudited)*	
	(€ million)[2]		(€ million)[2]	(%)
of other intangible assets, property, plant and equipment, investments and current assets				
Of which:				
Impairment of intangible assets and property, plant and equipment	2.4	77.8	75.4	n.a.
Amortisation / depreciation of intangible assets and property, plant and equipment	109.8	126.8	17.0	15.5
Underlying EBIT[3]	451.8	(399.6)	(851.4)	n.a.
Underlying EBIT at constant currency[3,7]	451.8	(379.7)	(831.4)	n.a.
Capacity[4,7] ('000)	42,094	24,013	(18,081)	(43.0)
Of which:				
Riu	18,057	11,144	(6,913)	(38.3)
Robinson	3,333	2,083	(1,250)	(37.5)
Blue Diamond	4,379	2,543	(1,836)	(41.9)
Occupancy rate[5,7] (%; change in % points)	82	66	(16)	n.a.
Of which:				
Riu	88	72	(15)	n.a.
Robinson	73	62	(11)	n.a.
Blue Diamond	77	70	(6)	n.a.
Average revenue per bed[6,7] (€)	66	71	5	7.6
Of which:				
Riu	64	67	3	4.7
Robinson	93	100	7	7.5
Blue Diamond	118	122	4	3.4

1) Adjusted to reflect changes to the method we use to record IT expenses and cost of sales. See "*2.5 Presentation of financial information—Restatement of certain financial information and application of new accounting standards*".
2) Except as indicated.
3) Underlying EBIT is an APM that is not recognized under IFRS or German GAAP. See "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.
4) Group-owned or -leased hotel beds multiplied by opening days per quarter.
5) Occupied beds divided by capacity.
6) Arrangement revenue divided by occupied beds.
7) Unaudited.

Our Hotels & Resorts segment made an underlying EBIT loss of €379.7 million at constant currency, down €831.4 million against the prior year, reflecting lost contribution attributable to suspension of operations due to the COVID-19 pandemic during the third quarter and partial reopenings in our typically peak fourth quarter. The loss includes impairment charges of €205 million across the portfolio as a result of COVID-19 related impact on the business and the weighted average cost of capital increases, triggered under IAS 36. The impairments reflect the impact of COVID-19 on the business development and an increased weighted average cost of capital.

As at 30 September, approximately 40% of our 355 group hotels were operating (Fiscal 2019: 354 group hotels), reflecting the reduced summer 2020 season ("**Summer 2020**") capacity operated by our Markets & Airlines business. Destinations which were able to reopen during the second half included Germany, Austria, Spain, Greece, Cyprus, Turkey, Portugal, Croatia, Bulgaria, Egypt, Tunisia, Morocco as well some long-haul destinations such as Mexico, Jamaica and Vietnam.

Our model of diversified locations allowed us to serve domestic customers in our destinations as well as customers from our core European markets, whilst our high level of direct distribution enabled us to funnel a significant proportion of our Markets & Airlines customers to our owned content. This did not, however, fully compensate for the impact of volatile travel restrictions in August and September to our key destinations such as Spain, Greece and Turkey, which dampened customer demand again after a promising restart in July.

Available bed nights decreased by 43% reflecting the drivers above. Full year average occupancy rate (based on open hotels) was down 16 percentage points to 66% (Fiscal 2019: 82%). Average rate per bed increased by 8% to €71 as a result of mix as we had more of the units open which had traditionally higher bed rates than the lower ones (Fiscal 2019: €66).

Occupancy at Riu declined 16 percentage points to 72% (Fiscal 2019: 88%), reflecting the fluctuating travel restrictions across Spain, the Balearics, the Canaries and the Caribbean. Average rate increased by 5% to €67 (Fiscal 2019: €64) as a result of mix as we had more of the units open which had traditionally higher bed rates than the lower ones. Riu was able to generate a positive underlying EBIT at constant currency of €50 million for the full year (down €280 million year-on-year at constant currency) benefitting from their year-round destination portfolio, which had already delivered a profitable first half, as well as lower costs associated with their owned and leased hotel portfolio.

Robinson occupancy declined 11 percentage points 62% (Fiscal 2019: 73%) with average rate up 7% to €100 (Fiscal 2019: €93), again as a result of mix as we had more of the units open which had traditionally higher bed rates than the lower ones. Full-year underlying EBIT loss was €103 million, down €161 million year-on-year at constant currency, reflecting the impact of business suspension and travel restrictions throughout the summer period.

Blue Diamond occupancy declined 7 percentage points to 70% (Fiscal 2019: 77%) with average rate up 3% including foreign exchange effects to €122 (Fiscal 2019: €118). Six properties reopened from mid-July, hosting mainly U.S. guests, with a blanket quarantine requirement imposed by the Canadian government limiting demand from the region. Full-year underlying EBIT loss was €35 million, down €46 million year-on-year, reflecting the impact of business suspension and travel restrictions throughout the summer period.

Our Other hotel brands saw a full-year underlying EBIT loss of €347 million at constant currency, down €391 million year-on-year reflecting the drivers above.

In line with our asset-light growth strategy announced in our Fiscal 2019 full-year results, we repositioned 32 hotels within the group portfolio into our new flagship leisure brand TUI Blue and opened four new hotels under the brand. Including 46 hotels operated by our third-party concepts hotel partners, TUI Blue is now firmly established across 93 locations (Fiscal 2019: 11).

Cruises

The following table shows certain financial and operating data for our Cruises segment for the fiscal years indicated:

	Fiscal 2019[1] (audited, except otherwise noted) (€ million)[2]	Fiscal 2020	Change (unaudited) (€ million)[2]	(%)
External revenue	965.8	472.6	(493.2)	(51.1)
Group revenue	--	--	n.a.	n.a.
Total revenue[3]	965.8	472.6	(493.2)	(51.1)
Share of result of joint ventures and associates	202.6	(74.2)	(276.8)	n.a.
Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets, property, plant and equipment, investments and current assets	91.6	239.9	148.3	161.9
Of which:				
Impairment of intangible assets and property, plant and equipment	--	150.4	150.4	n.a.
Amortisation / depreciation of intangible assets and property, plant and equipment	91.6	89.5	(2.1)	(2.3)
Underlying EBIT[4]	366.0	(322.8)	(688.8)	n.a.
Underlying EBIT at constant currency[4,7]	366.0	(327.0)	(693.0)	n.a.
Occupancy[7] (%; change in % points):				
TUI Cruises	101	88	(13)	n.a.
Marella Cruises	100	--	(100)	n.a.
Hapag-Lloyd Cruises	79	70	(9)	n.a
Passenger days[7] ('000):				
TUI Cruises	6,137	2,967	(3,170)	(51.7)
Marella Cruises	3,298	--	(3,298)	n.a.
Hapag-Lloyd Cruises	332	--	(332)	n.a.
Average daily rates[5,7]:				
TUI Cruises (€)	174	142	(32)	(18.8)
Marella Cruises[6] (£)	149	--	(149)	n.a.
Hapag-Lloyd Cruises (€)	641	601	(40)	(6.4)

1) Adjusted to reflect changes to the method we use to record IT expenses and cost of sales. See *"2.5 Presentation of financial information—Restatement of certain financial information and application of new accounting standards*".
2) Except as indicated.
3) Excludes revenue generated by TUI Cruises, which is a joint venture accounted for at equity. The figures shown include revenue generated by our former subsidiary Hapag-Lloyd Cruises prior to our July 2019 transfer of Hapag-Lloyd Cruises to TUI Cruises.
4) Underlying EBIT is an APM that is not recognized under IFRS or German GAAP. See "*2.5. General Information—Presentation of financial information—Alternative performance measures*"

for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.
5) Per day and passenger.
6) Inclusive of transfers, flights and hotels due to the integrated nature of Marella Cruises.
7) Unaudited.

The second half of Fiscal 2020 was an exceptionally challenging period for the Cruises segment. Repatriation of passengers and crew began in mid-March and operations were suspended across our three Cruise brands throughout the third quarter. TUI Cruises and Hapag-Lloyd Cruises resumed partial operations from Germany at the end of July, operating a reduced fleet with European itineraries. This was made possible by Germany's decision to permit cross-border travel in EU states and the Schengen Area from mid-June, underlining the advantage of our diversified markets. In combination with already comprehensive hygiene measures on board our fleet, extensive COVID-19 preventative protocols have been introduced as part of our mandatory safety measures. COVID-19 testing is now included within our German cruise packages and a negative result is compulsory for customers and crew prior to departure.

The Cruise full-year loss of €322.8 million represents an underlying EBIT reduction of €693 million at constant currency versus the prior fiscal year at constant currency, with our UK brand Marella most notably impacted by UK travel restrictions preventing a restart of operations. Marella's result includes an impairment charge of €150 million across its fleet, as a result of COVID-19 related impact on the business and the weighted average cost of capital increases, triggered under IAS 36.

TUI Cruises' average daily rate of €141 was down 19% (Fiscal 2019: €174) reflecting the late marketing of replacement Cruise itineraries and shorter "Blue Cruises" within European waters. Occupancy of 88.1% achieved for the full year reflects adherence to COVID-19 government safety advice capping volume permitted on board during the second half of the fiscal year (Fiscal 2019: 100.7%). Three vessels of the seven-ship fleet resumed operations in the fourth quarter. Full-year underlying EBIT loss was €74.2 million, down €277 million year-on-year, reflecting COVID-19 travel restrictions across both our markets and destinations.

At €601, the average daily rate of Hapag-Lloyd Cruises, our luxury and expedition brand, was down 6% (Fiscal 2019: €641). Occupancy of 70.2% declined by 9 percentage points (Fiscal 2019: 78.9%) with three vessels of the five-ship fleet resuming operations in the fourth quarter. Full-year underlying EBIT was €5.7 million, down €37 million year-on-year, reflecting COVID-19 travel restrictions across both our markets and destinations.

Marella Cruises, our UK cruise brand, remained fully suspended throughout the second half of fiscal 2020 in line with UK government travel advice. As a result, passenger days operated were down 59% versus the prior fiscal year. Full-year underlying EBIT loss at constant currency was €254.2 million, down €379 million year-on-year, reflecting COVID-19 travel restrictions across both our markets and destinations as well as an impairment charge of €150 million as a result of COVID-19 related weighted average cost of capital pursuant to IAS 36.

TUI Musement

The following table shows certain financial data for our TUI Musement segment for the fiscal years indicated:

	Fiscal 2019[1]	Fiscal 2020	Change	Change
	(audited, except otherwise noted)		*(unaudited)*	
	(€ million)		(€ million)	(%)
External revenue	856.2	306.3	(549.9)	(64.2)

	Fiscal		Change	
	2019[1]	**2020**		
	(audited, except otherwise noted)		*(unaudited)*	
	(€ million)		(€ million)	(%)
Group revenue	375.2	155.0	(220.2)	(58.7)
Total revenue	1,231.4	461.3	(770.1)	(62.5)
Share of result of joint ventures and associates	9.7	(2.7)	(12.4)	n.a.
Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets, property, plant and equipment, investments and current assets	27.5	36.2	8.7	31.6
Of which:				
Impairment of intangible assets and property, plant and equipment	0.8	5.2	4.4	n.a.
Amortisation / depreciation of intangible assets and property, plant and equipment	26.8	31.0	4.2	15.7
Underlying EBIT[2]	55.7	(114.6)	(170.3)	n.a.
Underlying EBIT at constant currency[2,3]	55.7	(116.6)	172.3	n.a.

1) Adjusted to reflect changes to the method we use to record IT expenses and cost of sales. See *"2.5 Presentation of financial information—Restatement of certain financial information and application of new accounting standards*".

2) Underlying EBIT is an APM that is not recognized under IFRS or German GAAP. See "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.

3) Unaudited.

TUI Musement's underlying EBIT loss of €114.6 million represents an underlying EBIT reduction at constant currency of €172.3 million versus the prior fiscal year, reflecting the business standstill due to the COVID-19 pandemic for the majority of the third quarter, with a small volume generated from the partial restart of Markets & Airlines operations during the final quarter.

2.6 million excursions and activities were sold in the year, down 73% versus the prior fiscal year.

The effects of COVID-19 alongside changes in both guest behaviour and expectations have led us to significantly accelerate and enhance our digitalisation transformation at TUI Musement. We are prioritising the development of a "Digital First" service model as well as advancing our platform transformation projects.

Around 1,000 front and back office will be affected by the above acceleration and our wider Global Realignment Programme and will consist of roles which will either not be recruited for in the upcoming seasons or reduced.

Markets & Airlines

The following table shows certain financial data for our Markets & Airlines business line for the fiscal years indicated:

	Fiscal 2019[1]	Fiscal 2020	Change	
	(audited, except otherwise noted)		(unaudited)	
	(€ million)[2]		(€ million)[2]	(%)
External revenue	16,009.3	6,676.6	(9,332.7)	(58.3)
Group revenue	23.9	12.0	(11.9)	(49.8)
Total revenue	16,033.2	6,688.6	(9,344.6)	(58.3)
Share of result of joint ventures and associates	(12.1)	(37.5)	(25.4)	209.9
Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets, property, plant and equipment, investments and current assets	226.5	368.6	142.1	62.7
Of which:				
Impairment of intangible assets and property, plant and equipment	7.9	106.8	98.9	n.a.
Amortisation / depreciation of intangible assets and property, plant and equipment	217.8	261.9	44.1	20.2
Underlying EBIT[3]	131.8	(2,035.7)	(2,167.5)	n.a.
Underlying EBIT at constant currency[3,6]	131.8	(2,050.9)	(2,182.7)	n.a.
Direct distribution mix[4,6] (in %, change in % points)	74	73	(1)	n.a.
Online mix[5,6] (in %, change in % points)	48	49	1	n.a.
Customers[6] ('000)	21,075	8,057	(13,018)	(61.8)

1) Adjusted to reflect changes to the method we use to record IT expenses and cost of sales. See "*2.5 Presentation of financial information—Restatement of certain financial information and application of new accounting standards*".
2) Except as indicated.
3) Underlying EBIT is an APM that is not recognized under IFRS or German GAAP. See "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.
4) Share of sales via own channels (retail and online).
5) Share of online sales.
6) Unaudited.

Our Markets & Airlines business made a full year underlying EBIT loss of €2,035.7 million, a reduction of €2,182.7 million year-on-year at constant currency, reflecting the suspension of operations from mid-March, in line with government advice to mitigate the spread of COVID-19 and partial resumption of operations during peak Summer.

Our integrated and diversified model enabled us to be the first tour operator to successfully restart operations from Germany in mid-June, followed by the rest of our European markets including the UK in July.

Approximately 25% of the Fiscal 2019 fourth quarter capacity was operated in the final quarter of this year, with approximately 2.3 million customers holidaying with us between June and October.

The majority of our restart capacity was to short and medium-haul destinations such as Greece, Turkey, the Canaries, the Balearics and Spanish mainland, Portugal and Cyprus, with only a small long-haul programme to permitted corridors such as the Dominican Republic and Jamaica.

Full-year customer volume declined 61% to 8.2 million versus prior year (Fiscal 2019: 21.1 million) reflecting the drivers above.

As part of our Global Realignment Programme, we reviewed every activity, business unit and group companies worldwide to identify synergies and where we can be leaner, faster and more efficient. Following the review, we announced initiatives in each of the regions, affecting TUI UK (Northern Region), TUIfly (Central Region) and TUI France (Western Region).

Northern Region

The following table shows certain financial and operating data for our Northern Region segment for the fiscal years indicated:

	Fiscal			
	2019[1]	**2020**	**Change**	
	(audited, except otherwise noted)		*(unaudited)*	
	(€ million)[2]		(€ million)[2]	(%)
External revenue	6,355.2	2,466.6	(3,888.6)	(61.2)
Group revenue	292.2	272.3	(19.9)	(6.8)
Total revenue	6,647.4	2,738.9	(3,908.5)	(58.8)
Share of result of joint ventures and associates	(15.7)	(35.0)	(19.3)	122.9
Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets, property, plant and equipment, investments and current assets	126.0	173.3	47.3	37.5
Of which:				
Impairment of intangible assets and property, plant and equipment	7.8	41.6	33.8	n.a.
Amortisation / depreciation of intangible assets and property, plant and equipment	118.2	131.7	13.5	11.4
Underlying EBIT[3]	58.5	(975.1)	(1.033.6)	n.a.
Underlying EBIT at constant currency[3,6]	58.5	(984.4)	1,042.9	n.a
Direct distribution mix[4,6] (in %, change in % points)	94	91	(3)	n.a.
Online mix[5,6] (in %, change in % points)	67	67	--	n.a.
Customers[6] ('000)	7,428	2,438	(4,990)	(67.2)

1) Adjusted to reflect changes to the method we use to record IT expenses and cost of sales. See *"2.5 Presentation of financial information—Restatement of certain financial information and application of new accounting standards*".

2) Except as indicated.

3) Underlying EBIT is an APM that is not recognized under IFRS or German GAAP. See "*2.5. General Information—Presentation of financial information—Alternative performance measures*"

for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.

4) Share of sales via own channels (retail and online).
5) Share of online sales.
6) Unaudited.

The Northern Region had an underlying EBIT loss of €975.1 million in Fiscal 2020, down €1,042.9 million on the prior fiscal year at constant currency, reflecting the suspension of operations from mid-March, in line with government advice to mitigate the spread of COVID-19 and partial resumption of operations during peak Summer.

As further consequence of the COVID-19 pandemic, full-year customer volume declined 65% to 2.6 million (Fiscal 2019: 7.5 million).

With approximately 70% of bookings in the UK now completed online, as part of our Global Realignment Programme we announced the closure of 166 high street stores, reducing our brick-and-mortar retail estate to around 350 stores. Of the approximately 900 roles affected, 70% are being moved into new homeworking sales and services roles. We also intend to protect roles based in the UK by closing third-party overseas customer service centres.

Central Region

The following table shows certain financial and operating data for our Central Region segment for the fiscal years indicated:

	Fiscal			
	2019[1]	**2020**	**Change**	
	(audited, except otherwise noted)		*(unaudited)*	
	(€ million)[2]		(€ million)[2]	(%)
External revenue	6,416.9	2,861.5	(3,555.4)	(55.4)
Group revenue	129.7	125.7	(4.0)	(3.1)
Total revenue	6,546.6	2,987.2	(3,559.4)	(54.4)
Share of result of joint ventures and associates	3.1	(2.3)	(5.4)	n.a.
Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets, property, plant and equipment, investments and current assets	48.0	79.8	31.8	66.3
Of which:				
Impairment of intangible assets and property, plant and equipment	0.1	15.3	15.2	n.a.
Amortisation / depreciation of intangible assets and property, plant and equipment	47.1	64.6	17.5	37.2

	Fiscal		Change	
	2019[1]	2020		
	(audited, except otherwise noted)		(unaudited)	
	(€ million)[2]		(€ million)[2]	(%)
Underlying EBIT[3]	101.9	(619.8)	(721.7)	n.a.
Underlying EBIT at constant currency[3,6]	101.9	(620.8)	(722.7)	n.a.
Direct distribution mix[4,6] (in %, change in % points)	53	54	1	n.a.
Online mix[5,6] (in %, change in % points)	23	26	3	n.a.
Customers[6] ('000)	7,830	3,230	(4,600)	(58.7)

1) Adjusted to reflect changes to the method we use to record IT expenses and cost of sales. See *"2.5 Presentation of financial information—Restatement of certain financial information and application of new accounting standards"*.
2) Except as indicated.
3) Underlying EBIT is an APM that is not recognized under IFRS or German GAAP. See "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.
4) Share of sales via own channels (retail and online).
5) Share of online sales.
6) Unaudited.

The Central Region had an underlying EBIT loss of €619.8 million in Fiscal 2020, down €722.7 million versus the prior fiscal year at constant currency, reflecting the suspension of operations from mid-March, in line with government advice to mitigate the spread of COVID-19 and partial resumption of operations during peak Summer.

As further consequence of the COVID-19 pandemic, full-year customer volume declined 59% to 3.2 million (Fiscal 2019: 7.8 million).

As part of our Global Realignment Programme, we have agreed a progressive restructuring plan to right-size TUIfly Germany. The current TUIfly fleet of 39 aircraft (as at June 2020) will be reduced to 22 by Fiscal 2024 and we plan to reduce the number of operating bases to five, with expected headcount reductions across flight crew, technical and administrative staff.

Western Region

The following table shows certain financial and operating data for our Western Region segment for the fiscal years indicated:

	Fiscal		Change	
	2019[1]	2020		
	(audited, except otherwise noted)		(unaudited)	
	(€ million)[2]		(€ million)[2]	(%)
External revenue	3,237.2	1,348.5	(1,888.7)	(58.3)
Group revenue	167.1	155.6	(11.5)	(6.9)
Total revenue	3,404.3	1,504.1	(1,900.2)	(55.8)
Share of result of joint ventures and associates	0.4	(0.2)	(0.6)	n.a.
Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets, property, plant and equipment, investments and current assets	52.5	115.4	62.9	n.a.

	Fiscal		Change	
	2019[1]	2020		
	(audited, except otherwise noted)		(unaudited)	
	(€ million)[2]		(€ million)[2]	(%)
Of which:				
Impairment of intangible assets and property, plant and equipment	--	49.9	49.9	n.a.
Amortisation / depreciation of intangible assets and property, plant and equipment....................	52.5	65.5	13.0	24.8
Underlying EBIT[3]...........................	(28.6)	(440.8)	(412.2)	n.a.
Underlying EBIT at constant currency[3,6].....................................	(28.6)	(445.7)	(417.1)	n.a.
Direct distribution mix[4,6] (in %, change in % points).......................	76	79	3	n.a.
Online mix[5,6] (in %, change in % points)...	57	60	3	n.a.
Customers[6] ('000).........................	5,816	2,388	(3,428)	(58.9)

1) Adjusted to reflect changes to the method we use to record IT expenses and cost of sales. See *"2.5 Presentation of financial information—Restatement of certain financial information and application of new accounting standards*".
2) Except as indicated.
3) Underlying EBIT is an APM that is not recognized under IFRS or German GAAP. See "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.
4) Share of sales via own channels (retail and online).
5) Share of online sales.
6) Unaudited.

The Western Region had an underlying EBIT loss of €440.8 million, down €417.1 million versus the prior fiscal year at constant currency, reflecting the suspension of operations from mid-March, in line with government advice to mitigate the spread of COVID-19 and partial resumption of operations during peak Summer.

As further consequence of the COVID-19 pandemic, full-year customer volume declined 59% to 2.4 million (Fiscal 2019: 5.8 million).

As part of our Global Realignment Programme, we are restructuring and repositioning TUI France to focus on high-margin, core club brands such as Marmara, Lookea and Nouvelles Frontières. We plan to sell or close some owned travel agencies, keeping third-party retail as our key distribution channel, creating a significantly leaner organisation. The plan anticipates a total headcount reduction of between 500 and 600 roles, assuming all owned retail shops are sold, which we believe supports a path to break-even levels from Fiscal 2021 onwards.

All other segments

The following table shows certain financial data for All other segments for the fiscal years indicated:

	Fiscal		Change	
	2019[1]	2020		
	(audited, except otherwise noted)		(unaudited)	
	(€ million)		(€ million)	(%)
External revenue...........................	436.7	94.9	(341.8)	(78.3)

	Fiscal		Change	
	2019[1]	2020		
	(audited, except otherwise noted)		(unaudited)	
	(€ million)		(€ million)	(%)
Group revenue	25.9	5.9	(20.0)	(77.2)
Total revenue	462.6	100.8	(361.8)	(78.2)
Share of result of joint ventures and associates	--	--	n.a.	n.a.
Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets, property, plant and equipment, investments and current assets	51.7	44.9	(6.8)	(13.2)
Of which:				
Impairment of intangible assets and property, plant and equipment	1.1	27.0	25.9	n.a.
Amortisation / depreciation of intangible assets and property, plant and equipment	50.5	17.9	(32.6)	(64.6)
Underlying EBIT[2]	(111.8)	(160.2)	(48.4)	(43.3)
Underlying EBIT at constant currency[2,3]	(111.8)	(160.8)	(49.0)	(43.8)

1) Adjusted to reflect changes to the method we use to record IT expenses and cost of sales. See *"2.5 Presentation of financial information—Restatement of certain financial information and application of new accounting standards*".

2) Underlying EBIT is an APM that is not recognized under IFRS or German GAAP. See "*2.5. General Information—Presentation of financial information—Alternative performance measures*" for a reconciliation of our APMs to our reported IFRS financial information and other important information about our APMs.

3) Unaudited.

The result at constant currency for All other segments declined by €49 million versus the prior fiscal year due to COVID-19 related suspension of operations in TUI China and write-offs in connection with Corsair. EBIT loss in Fiscal 2020 was limited by the immediate reduction of costs to crisis-mode levels during the second half of the fiscal year.

9.7. Liquidity and capital resources

Historically, our primary sources of liquidity have been cash on hand held in bank deposit accounts, drawings under our Syndicated Facility or earlier revolving credit facilities and proceeds of bonds issued on the capital markets. During Fiscal 2020, we received significant liquidity in the form of KfW Facility as described below. During Fiscal 2021 we were able to improve liquidity with the capital increase with subscription rights implemented in January 2021 and the 2021 Convertible Bonds issued in April 2021 and increased in July 2021. Over the near to medium term, we expect that our primary sources of liquidity will also include, in addition to the proceeds we receive from the Offering, proceeds from the KfW Facility and from the issuance of the 2021 Convertible Bonds.

Effects of the COVID-19 pandemic on our liquidity

By late February and early March 2020, the COVID-19 pandemic had begun to seriously affect Europe, where our most important source markets are located. Both the direct effects of the pandemic and the measures governments have taken in response in an effort to reduce the spread of the virus had an immediate and severe effect on the tourism industry and on our business. We suspended all flight, cruise and hotel operations for a period of approximately 13 weeks in Fiscal 2020. We were able to begin a partial resumption of operations only in mid-

June 2020. As of the date of this prospectus we have not yet returned to full operations, and we cannot predict when we will be able to do so.

During the 13-week suspension, we generated virtually no revenue or operating cash inflows. A partial resumption of operations thereafter had a beneficial effect on our liquidity, but both revenue and operating cash flows in the remainder of Fiscal 2020 remained substantially below their levels in the prior fiscal year.

At the same time we incurred substantial and unpresented pandemic-related expenses, including cash refunds of customer prepayments for cancelled holidays and costs for the repatriation of customers from holiday destinations abroad. At the same time, we continued to incur ordinary course fixed costs, many of which have not been substantially affected by the pandemic.

As a result, our liquidity diminished significantly late in the first half and during the second half of Fiscal 2020.

To mitigate this reduction in liquidity, we applied for and received a commitment from the German Federal Government for the KfW Facility, a facility provided by KfW, the state-owned German development bank, in the amount of €1.8 billion. This support was provided in the form of an additional facility under our existing Syndicated Facility. The amendment and restatement of the Syndicated Facilities Agreement to include the KfW Facility and certain other amendments became effective on 8 April 2020. As at 30 June 2021, we had drawn down the full amount of KfW Tranche 1.

In August 2020, we agreed with the German federal government on an additional stabilisation package in the amount of €1.8 billion. This package consists of:

- An increase of the KfW Facility in the KfW Increase Amount of €1.05 billion which became effective on 13 August 2020;
- The issuance of the €150 million Bonds with Warrants to the WSF;
- Silent Participations in an aggregate of €1,091 million in nominal amount; and
- The €200 million New Loan Facility, which was cancelled in an amount of €30 million as of 30 September 2021 in accordance with the terms of the New Loan Facility Agreement.

The stabilisation package was implemented in January 2021. For more details on the 2020 Bonds with Warrants see "*15.2. Existing financing arrangements—The Syndicated Facilities Agreement*" and "*—The 2020 Bonds with Warrants*".

To further mitigate our reduction in liquidity, we implemented a capital increase with subscription rights in January 2021 and issued the 2021 Convertible Bonds in April which were increased in July 2021.

Liquidity requirements in the ordinary course of business

Absent the effects of the COVID-19 pandemic, our working capital development reflects the seasonal nature of the tourism business, particularly the payment cycles in the tourism industry. In general terms, the tourism industry consists of a summer season and a winter season. The summer season is significantly more important, as most customers travel during the summer months.

We generate the bulk of our cash inflows in the months leading up to the summer season. Customers are required to make a prepayment on the cost of their holiday at the time of booking, and full payment three to four weeks before their departure date.

Cash outflows increase during and towards the end of the peak season. These outflows related to variable expenses as we pay third-party service providers for their services. Later in the calendar year, during the seasonal contraction of the travel business, we experience substantial cash outflows as we make initial payments for the forthcoming summer season.

Significant cash generating activities resume again early in the year, as early booking customers make prepayments on booked holidays for the forthcoming tourism season. In recent periods, customer booking patterns have been changing, with customers tending increasingly to book with less advance notice, shortening the periods during which we hold their prepayments.

As a result of this seasonal cash flow pattern, we build up cash reserves in spring and summer, and use credit lines to fund our working capital needs to a much greater extent from November through April. Cash received between February and August is usually used to repay amounts borrowed under our credit lines and to build up cash reserves.

Cash flows

The Nine-Month Period 2021 compared to the Nine-Month Period 2020

The following table shows cash flow information for the Nine-Month Periods indicated:

	Nine-Month Period		**Change**	
	2020	**2021**		
		(unaudited)		
	(€ million)		(€ million)	(%)
Group loss	(2,324.7)	(2,438.0)	(113.3)	(4.9)
Depreciation, amortisation and impairment (+) / write-backs (-)	1,212.1	723.7	(488.4)	(40.3)
Other non-cash expenses (+) / income (-)	161.1	190.0	28.9	17.9
Interest expenses	188.7	352.3	163.6	86.7
Dividends from joint ventures and associates	7.0	13.4	6.4	91.4
Profit (-) / loss (+) from disposals of non-current assets	(82.6)	(5.9)	76.7	92.9
Increase (-) / decrease (+) in inventories	19.7	6.0	(13.7)	(69.5)
Increase (-) / decrease (+) in receivables and other assets	504.1	224.9	(279.2)	(55.4)
Increase (+) / decrease (-) in provisions	(9.2)	(230.2)	(221.0)	n.a.
Increase (+) / decrease (-) in liabilities (excl. financial liabilities)	(1,635.2)	74.4	1,709.6	n.a.
Cash inflow / (cash outflow) from operating activities	**(1,959.0)**	**(1,089.4)**	**869.6**	**44.4**
Payments received from disposals of property, plant and equipment and intangible assets	106.3	294.6	188.3	n.a.
Payments received from disposals of consolidated companies[1]	342.1	51.3	(290.8)	(85.0)
Payments received from the disposals of other non-current assets	84.3	23.5	(60.8)	(72.1)
Payments made for investments in property, plant and equipment and intangible assets	(442.6)	(220.6)	222.0	50.2

	Nine-Month Period		Change	
	2020	**2021**		
		(unaudited)		
	(€ million)		(€ million)	(%)
Payments made for investments in consolidated companies[2]..............	(41.3)	(1.9)	39.4	95.4
Payments made for investments in other non-current assets	(88.6)	(21.5)	67.1	75.7
Cash inflow / (cash outflow) from investing activities	**(39.9)**	**125.4**	**165.3**	**n.a.**
Payments received from capital increases.....................................	--	1,722.9	1,722.9	n.a.
Payments made for acquisition of own shares…………………………	(1.0)	--	1.0	n.a.
Payments made for interest increase in consolidated companies	(1.6)	--	1.6	n.a.
Dividend payments:				
TUI AG	(318.1)	--	318.1	n.a.
subsidiaries to non-controlling interest	(0.6)	--	0.6	n.a.
Payments received from the raising of financial liabilities	3,335.0	711.7	(2,623.3)	(78.7)
Payments made for redemption of loans and financial liabilities	(77.5)	(452.7)	(375.2)	n.a.
Payments made for principal of lease liabilities	(476.9)	(454.0)	22.9	4.8
Interest paid	(155.4)	(299.6)	(144.2)	(92.8)
Cash inflow / (cash outflow) from financing activities	**2,303.9**	**1,228.3**	**(1,075.6)**	**(46.7)**
Net change in cash and cash equivalents	**305.0**	**264.3**	**(40.7)**	**(13.3)**
Development of cash and cash equivalents:				
Cash and cash equivalents at beginning of period....................	**1,747.6**	**1,233.1**	**(514.5)**	**(29.4)**
Change in cash and cash equivalents due to exchange rate fluctuations.................................	(9.1)	27.0	36.1	n.a.
Net change in cash and cash equivalents	305.0	264.3	(40.7)	(13.3)
Cash and cash equivalents at end of period..............................	**2,043.6**	**1,524.4**	**(519.2)**	**(25.4)**
of which included in the balance sheet as assets held for sale	55.6	--	(55.6)	n.a.

(1) Less disposals of cash and cash equivalents due to divistments.
(2) Less cash and cash equivalents received due to acquisitions.

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. The cash flow statement covers both TUI Group and the disposal group Hapag-Lloyd Kreuzfahrten. Having transitioned to IFRS 16, all leases are carried as right-of-use assets and lease liabilities in the statement of financial position. As a result, most payments for leases are no longer carried in the cash outflow from operating activities, but in the cash outflow from financing activities as interest payments and repayments of lease liabilities.

In the Nine-Month Period 2021, cash and cash equivalents increased by €291.3 million to €1,524.4 million compared to the Nine-Month Period 2020.

Cash inflow / outflow from operating activities

In the Nine-Month Period 2021, the cash outflow from operating activities totalled €1,089.4 million compared to a cash outflow in the previous nine-month period totalling €1,959.0 million. The cash outflow includes interest inflow of €3.8 million (the previous nine-month period € 23.0 million) and dividends of €13.4 million (the previous nine-month period €7.0 million). Income tax payments resulted in a cash outflow of €4.3 million (the previous nine-month period inflow of €59.0 million).

Cash inflow / outflow from investing activities

In the Nine-Month Period 2021, the cash inflow from investing activities totalled €125.4 million (the previous nine-month period €-39.9 million). It comprises payments for investments in property, plant and equipment and intangible assets of €220.8 million. TUI Group recorded a cash inflow of €294.6 million from the sale of property, plant and equipment and intangible assets. It also includes a cash inflow of €32.9 million from the sale of Hapag-Lloyd Cruises which was completed in the previous year and €19.6 million from the repayment of loans in connection with the sale of the shares in Togebi Holdings Limited (TUI Russia). An outflow of €21.0 million was made for a capital increase for TUI Cruises GmbH.

Cash inflow / outflow from financing activities

In the Nine-Month Period 2021, the cash inflow from financing activities totalled €1,228.3 million (the previous nine-month period inflow of €2,303.9 million). In the Nine-Month Period 2021, the Company received €1,723.5 million from various equity measures after deducting capital procurement costs. A cash outflow of €0.5 million was used to purchase shares transferred to TUI Group employees in the framework of the oneShare employee share plan. The Company recognized a cash inflow of €446.1 million from taking out loans and bonds after deducting capital procurement costs. Other TUI Group companies took out loans worth €265.6 million. The repayment of financial liabilities resulted in a cash outflow of €906.7 million, including an amount of €300.0 million for early repayment of the Company's senior bonds and an amount of €454.0 million for lease liabilities. A cash outflow of €299.6 million related to interest payments.*Development of cash and cash equivalents*

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

Cash and cash equivalents also increased by €27.0 million (the Nine-Month Period 2020 €-9.1 million) due to changes in exchange rates.

Fiscal 2020 compared to Fiscal 2019

The following table shows cash flow information for the fiscal years indicated:

	Fiscal			
	2019[1]	**2020**	**Change**	
	(audited)		*(unaudited)*	
	(€ million)		(€ million)	(%)
Group profit (loss)	532.1	(3,139.1)	(3,671.2)	n.a.
Depreciation, amortisation, impairment, write-backs	509.4	1,573.5	1,064.2	n.a.
Other non-cash expenses (income)	(256.1)	313.4	569.5	n.a.
Interest expenses	167.7	305.6	137.9	82.2
Dividends from joint ventures and associates	244.6	7.1	(237.5)	(97.1)
(Profit) loss from disposal of non-current assets	(5.3)	(564.3)	(559.0)	n.a.
(Increase) decrease in inventories	(3.1)	33.1	36.2	n.a.
(Increase) decrease in receivables and other assets	(207.9)	627.9	835.8	n.a.
Increase (decrease) in provisions	(58.3)	74.1	132.4	n.a.
Increase (decrease) in liabilities[2]	191.8	(2,003.2)	(2,195.0)	n.a.
Cash inflow / (cash outflow) from operating activities	**1,114.9**	**(2,771.9)**	**(3,886.8)**	**n.a.**
Payments received from disposals of property, plant and equipment and intangible assets	182.0	109.9	(72.1)	(39.6)
Payments received /made from disposals of consolidated companies[3]	(52.4)	689.3	741.7	n.a.
Payments received from the disposals of other non-current assets	7.7	79.1	71.4	n.a.
Payments made for investments in property, plant and equipment and intangible assets	(987.0)	(587.0)	400.0	(40.5)
Payments made for investments in consolidated companies[4]	(242.3)	(40.8)	201.5	(83.2)
Payments made for investments in other non-current assets	(49.4)	(88.6)	(39.2)	79.4
Cash inflow / (cash outflow) from investing activities	**(1,141.4)**	**161.8**	**1,303.2**	**n.a.**
Payments made for acquisition of own shares	(0.4)	(1.0)	(0.7)	175.0
Payments received from the issuance of employee shares	9.9	7.1	(2.8)	(28.3)
Payments made for interest increase in consolidated companies	--	(1.6)	(1.6)	n.a.
Dividend payments:				
TUI AG	(423.3)	(318.1)	105.2	(24.9)
subsidiaries to non-controlling interest	(52.2)	(0.6)	51.6	(98.9)
Payments received from the raising of financial liabilities	52.5	3,372.4	3,319.9	n.a.

	Fiscal		Change	
	2019[1]	2020		
	(audited)		*(unaudited)*	
	(€ million)		(€ million)	(%)
Payments made for redemption of loans and financial liabilities	(110.1)	(81.4)	28.7	(26.1)
Payments made for principal of lease liabilities	(122.3)	(612.4)	(490.1)	n.a.
Interest paid	(117.9)	(251.9)	(134.0)	113.7
Cash inflow / (cash outflow) from financing activities	**(763.8)**	**2,112.5**	**2,876.3**	**n.a.**
Net change in cash and cash equivalents	**(790.3)**	**(497.6)**	**292.7**	**(37.0)**
Development of cash and cash equivalents:				
Cash and cash equivalents at beginning of period.....................	**2,548.0**	**1,747.6**	**(800.3)**	**(31.4)**
Change in cash and cash equivalents due to exchange rate fluctuations	(10.1)	(17.0)	(6.9)	68.3
Net change in cash and cash equivalents	(790.3)	(497.6)	292.7	(37.0)
Cash and cash equivalents at end of period.............................	**1,747.6**	**1,233.1**	**(514.5)**	**(29.4)**
of which included in the balance sheet as assets held for sale	6.1	--	(6.1)	n.a.

(1) Adjusted to reflect changes to the method we use to record IT expenses and cost of sales. See *"2.5 Presentation of financial information—Restatement of certain financial information and application of new accounting standards"*.

(2) Excluding financial liabilities.

(3) Less disposals of cash and cash equivalents due to divestments.

(4) Less cash and cash equivalents received due to acquisitions.

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. The cash flow statement covers both TUI Group and the disposal group Hapag-Lloyd Kreuzfahrten. Having transitioned to IFRS 16, all leases are carried as right-of-use assets and lease liabilities in the statement of financial position. As a result, most payments for leases are no longer carried in the cash outflow from operating activities, but in the cash outflow from financing activities as interest payments and repayments of lease liabilities.

In Fiscal 2020, cash and cash equivalents declined by €514.5 million to €1,233.1 million compared to Fiscal 2019. The balance sheet item 'Assets held for sale' does not include any cash and cash equivalents (previous year €6.1 million).

Cash inflow / outflow from operating activities

In Fiscal 2020, the cash outflow from operating activities totalled €2,771.9 million compared to a cash inflow in the previous year totalling €1,114.9 million. The cash outflow includes interest payments of €25.1 million (previous year €37.8 million) and dividends of €7.7 million (previous year €245.8 million). Income tax payments resulted in a cash inflow of €56.1 million (previous year €-117.5 million).

Cash inflow / outflow from investing activities

In Fiscal 2020, the cash inflow from investing activities totalled €161.8 million (previous year €-1,141.4 million). This amount includes a cash outflow for capital expenditure related to property, plant and equipment and intangible assets of €587.0 million (previous year €987.0 million), including €2.5 million for interest capitalised as borrowing costs (previous year €4.0 million). The Group also recorded a cash inflow of €109.9 million (previous year €182.0 million) from the sale of property, plant and equipment and intangible assets. In addition, investing activities include a cash inflow of €689.3 million in connection with the sale of interests in consolidated companies, including €646.0 million for the divestment of Hapag-Lloyd Kreuzfahrten. A cash inflow of €62.5 million was recorded from the sale of interests in two associated companies. Further cash outflows relate to the acquisition of a hotel company and several travel agencies (€40.8 million), the acquisition of interests in a joint venture (€0.5 million) and capital increases by joint ventures and associates (€88.1 million). A cash inflow of €16.6 million related to the termination of short-term interest-bearing investments.

Cash inflow / outflow from financing activities

The cash inflow from financing activities totalled €2,112.5 million (previous year outflow of €763.8 million). In the period under review, TUI AG recorded a cash inflow of €3,302.4 million from its syndicated credit facility after deduction of capital procurement costs. Other TUI Group companies took out loans worth €70.0 million. A cash outflow of €693.8 million was used to repay financial liabilities, including €612.4 million for lease liabilities. In Fiscal 2020, a cash outflow of €251.9 million related to interest payments (previous year €117.9 million). A cash outflow of €318.1 million related to dividend payments to TUI AG shareholders and a further outflow of €0.6 million related to dividend payments to minority shareholders. A cash inflow of €7.1 million resulted from the issue of employee shares. An amount of €1.0 million was used to purchase shares transferred to TUI Group employees under the oneShare employee share programme. A further cash outflow of €1.6 million related to increasing the stake in a consolidated company.

Development of cash and cash equivalents

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

Cash and cash equivalents declined by €17.0 million (previous year €10.1 million) due to foreign exchange effects.

Capital expenditures and investments

Our investing activities primarily include investments in IT, aircraft, hotels and cruises.

Our investments in Hotels in the Nine-Month Period 2021 included the following:

Facility	Location	Amount (€ in million)
RIU Montego Bay	Jamaica	19
RIU Punta Sino	Cape Verde	17
RIU Buena Vista	Spain	10
RIU Punta Nizuc	Mexico	8
RIU Zanzibar	Tanzania	5
RIU Palace Jandia	Spain	5
RC Ierapetra	Greece	2
TUI BLUE Zanzibar	Tanzania	1

Our investments in Cruises in the Nine-Month Period 2021 included the following:

Business	Investment	Amount (€ in million)
TUI Cruises	Capital Injection	21
Marella Cruises	Maintenance	15

In Fiscal 2020, we sharply reduced our investing activities as part of our liquidity-preserving measures in response to the effects of the COVID-19 pandemic. Beside already realized investing activities in months prior to the COVID-19 crisis, most of our planned investing activities for Fiscal 2020 were cancelled or suspended. We expect that the amounts we budget for investing activities in future periods will continue to be significantly lower than our recent figures until we have fully recovered from the effects of the crisis.

We incurred a total of €-162 million in investing activities in Fiscal 2020, as compared to €1,141 million in the prior fiscal year.

Our investments in Fiscal 2020 related mainly to IT(€114 million), Aircraft (€36 million), Hotels (€379 million), Cruises (€123 million), other cash net investments (€15 million), pre-delivery payments (PDPs) (€-42 million), divestments (€-775 million including disposal of Hapag Lloyd Cruises) and other investing activities (€-12 million).

Our investments in Hotels in Fiscal 2020 included the following:

Facility	Location	Amount (€ in million)
RIU Punta Sino	Cape Verde	54
RIU Vallarta	Mexico	26
RIU Buena Vista	Spain	22
RC Ierapetra	Greece	25
RIU Montego Bay	Jamaica	46
RIU Punta Nizuc	Mexico	15
TUI Blue Dream of Zanzibar	Tanzania	12
TML Masmavi	Turkey	6
TML Asteria	Turkey	82
TUI BLUE Montafon	Austria	6
TML Boa Vista	Cape Verde	5
TuI BLUE Fieberbrunn	Austria	2

Our investments in Cruises in Fiscal 2020 included the following:

Business	Investment	Amount (€ in million)
Hapag-Lloyd Cruises	Capital injection	75
Hapag-Lloyd Cruises (reported until 30 June 2020)	Maintenance	12
Marella Cruises	Maintenance	37

In Fiscal 2019, we incurred a total outflow of €1,141.4 million in investing activities. Our investments in Fiscal 2019 related mainly to IT (€174 million), Aircraft (€78 million; whereof debt financed deliveries €28 million), Hotels (€568 million), Cruises (€246 million; whereof €171 million *Marella Explorer 2* acquisition and refurbishment and €15 million *Hanseatic Spirit*), other cash net investments (€84 million of which €54 million represented our acquisitions of Musement and Destino), PDPs (€-1 million), divestments (€-30 million) and other investing activities (€23 million).

Our investments in Hotels in Fiscal 2019 included the following:

Facility	Location	Amount (€ in million)
RIU Buena Vista	Spain	60.0
Grand Azur	Turkey	39.0
RC Cape Verde	Cape Verde	27.0
Fieberbrunn	Austria	27.0
RC Ierapetra	Greece	23.0
RIU Punta Sino	Cape Verde	20.0
RIU Palace Boa Vista	Cape Verde	19.0
RIU Costa Mujeres II	Mexico	15.0

RIU Zanzibar I	Tanzania	8.0
RC Landskron	Austria	5.0
RC Jandia Playa	Spain	4.0

The following table shows the book values on our statement of financial position as at 30 June 2021 of the joint ventures in which we held a proportion of the capital and which are likely to have a significant effect on the assessment of our own assets and liabilities, financial position or profits and losses:

	30 June 2021 € million *Unaudited*
TUI Cruises GmbH, Hamburg, Germany	285.8
Riu Hotels S.A., Palma de Mallorca, Spain[1]	379.3
Sunwing Travel Group Inc., Toronto, Canada[2]	135.1

(1) Presented as asset held for sale on our statement of financial position as at 30 June 2021 due to the disposal process which was completed on 31 July 2021.
(2) Includes Blue Diamond, which is a subsidiary of Sunwing Travel Group.

Commitments

The following table shows our order commitments in respect of capital expenditures that we have made since the end of our most recently completed nine-month period on 30 June 2021 or which we had not yet made but for which we have a firm commitment, including the expected or committed value of the investment and the investment type in which it is being made.

	Made[1]	**Committed[2]**
	(unaudited) (€ million)	
Aircraft	5.1	--
Hotels	3.1	--
Ships	0.0	--
Other	45.4	22.4
Total	53.6	22.4

(1) Through August 2021.
(2) As of the date of this prospectus.

For the purposes of this discussion, a firm commitment refers to an investment for which we have entered into a binding contractual commitment or that our Executive Board has formally resolved (and, where such approval is required, that our Supervisory Board has approved).

Our expected sources of financing for these commitments are internal financing.

In addition, we had other financial commitments (excluding order commitments in respect of capital expenditure) in the amount of €110.3 million as at 30 June 2021.

Financial liabilities and lease liabilities

Historically, our financial liabilities have consisted primarily of:

- liabilities from finance leases;
- liabilities under bonds we have issued;
- liabilities under a Schuldschein (loan in the form of a German-law promissory note); and
- liabilities under a Syndicated Facility that we use primarily to manage the Group's liquidity during seasonal downturns in cash flow.

Since 1 October 2019, we have recognised lease liabilities separately due to the adoption of IFRS 16.

The following table shows an overview of our financial liabilities and lease liabilities as at the dates indicated:

	30 June	30 September	
	2021	2019	2020
	(unaudited)	(audited)	
	(€ million)		
Liabilities from finance lease[1]	--	1,495.2	--
Bonds	463.8	297.8	298.9
Liabilities to banks	4,049.0	870.0	3,953.7
Other financial debt	66.1	19.2	16.4
Financial liabilities	**4,578.9**	**2,682.2**	**4,269.0**
Lease Liabilities	**3,307.8**	**--**	**3,399.9**

(1) Financial liabilities include liabilities from finance leases for the last time as of 30 September 2019.

For a description of our financial liabilities, see "*15. Material Agreements—Existing financing agreements*".

Net debt

We define net debt as financial liabilities plus lease liabilities less cash and cash equivalents and current short-term interest-bearing investments. Net debt of €6,348.7 million as at 30 June 2021 reflects the full utilisation of proceeds of disposals received over the past few years and the increase in financing related to our cruise and aircraft re-fleeting programme.

9.8. Significant changes in our financial position

On 6 July 2021, the Company increased the €400 million senior unsecured convertible bonds issued on 16 April 2021, due 2028 and convertible into ordinary registered shares of the Company, by issuing further senior unsecured bonds convertible into ordinary registered shares of the Company due 2028 in an aggregate principal amount of €189.6 million which were consolidated and form a single issue (*Gesamtemission*) with the €400 million convertible bonds issued on 16 April 2021.

As at 4 October 2021 (being the latest practicable date prior to publication of this prospectus), the amounts drawn under each of the KfW Facility and the Cash Facility were €375.0 million under the KfW Facility and €1,486.5 million under the Cash Facility. As at 4 October 2021, the Company had utilized €149.4 million, or approximately 69.5%, of the Bonding Facility.

Except as described above, there has been no significant change in the financial position of the Group since 30 June 2021, being the date to which the interim financial information in section "*26. Financial Information*" was published.

9.9. Contractual obligations

The following table shows our future contractual payment obligations as at 30 June 2021:

	Payment due in		
	< 1 year	>1 year	Total
		(unaudited)	
		(€ million)	
Bonds	14.8	449.0	463.8
Liabilities to banks	244.0	3,805.0	4,049.0
Other financial debt	16.1	50.0	66.1
Trade payables	1,316.3	--	1,316.3
Other financial liabilities	325.9	5.6	331.5
Lease liabilities	663.2	2,644.6	3,307.8
Order commitments in respect of capital expenditure	474.4	1,895.9[1]	2,370.3
Other financial commitments	65.9	44.4[2]	110.3
Total	**3,120.6**	**8,894.5**	**12,015.1**

(1) Of which €160.1 million due for payment in more than five years.
(2) Of which €2.9 million due for payment in more than five years.

For the purposes of this discussion, the term "purchase obligation" means an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including:

- fixed or minimum quantities to be purchased;
- fixed, minimum or variable price provisions; and
- the approximate timing of the transaction.

9.10. Contingent obligations

We record contingent liabilities in amount representing our best estimate, as at the relevant statement of financial position date, of the expenditure that would be required to meet the potential obligation.

As at 30 June 2021, contingent liabilities amounted to €142.5 million; as at 30 June 2020, they had amounted to €165.6 million.

Our contingent liabilities as at 30 June 2021 relate primarily to guarantees that we granted for the benefit of hotel and aviation activities. The increase relates to guarantees we granted in addition to cruise activities.

9.11. Off-balance sheet arrangements

Other than the guarantees described above under "*9.10 Contingent obligations*", as at the date of this prospectus we have no off-balance sheet arrangements that we regard as material.

9.12. Information from the Statutory Financial Statements

TUI AG prepared its Statutory Financial Statements for Fiscal 2020 in accordance with German GAAP. TUI AG is the parent and holding company of the Group.

In Fiscal 2020, TUI AG recorded a net loss of €2.27 billion, as compared with a net profit of €120.0 million in Fiscal 2019. As was the case for the consolidated results of the Group for Fiscal 2020, the COVID-19 pandemic was the cause of substantially all this decrease. Although TUI AG recorded profit available for distribution of €190.9 million in Fiscal 2020 (Fiscal 2019: €1.49 billion), no dividend for the fiscal year will be proposed to the General Meeting, among other reasons due to the restrictions on dividends under various state aid measures that we have received or that we expect to receive as part of the Stabilisation Package. As at 30 September 2020, the total assets of TUI AG were €9.13 billion.

9.13. Quantitative and qualitative disclosures about market risk

The following discussion of risk serves a purpose different to that of the section "*1. Risk Factors*". It is intended to discuss certain market risks that we face in our operations and the measures we take to mitigate those risks. As discussed below, the primary market risks to which we are exposed are currency exchange rate risk, interest rate risk, fuel price risk and credit risk. For further information on market risks that we face in our operations, including a sensitivity analysis, see Note 40 to our Audited Consolidated Financial Statements, included in this prospectus beginning on page F-1.

Currency exchange rate risk

We are exposed to currency rate risk from fluctuations in the exchange rates between the euro and other currencies. Our primary currency risk relates to the U.S. dollar and the British pound, and also to some degree to the currencies of the Nordic countries.

We are exposed to risk from fluctuations in the exchange rate between the euro and the U.S. dollar primarily in connection with the procurement of services in non-European destinations, purchases of jet and ship fuel, and aircraft and cruise ship purchases or charters. Risk from fluctuations in the exchange rate between the euro and the pound or the Nordic currencies primarily affects our TUI tour operators in those markets.

Our tourism companies use financial derivatives to hedge their planned foreign exchange requirements. They aim to cover 80% to 100% of their planned currency requirements at the beginning of the tourism season. In determining the precise terms of coverage in each case, we take into account the varying risk profiles of the TUI Group companies. We adjust hedged currency volumes in line with changes in planned requirements based on reporting by our business units.

Interest rate risk

We are exposed to interest rate risk from floating-rate primary and derivative financial instruments.

Where we use derivative hedges to convert interest-driven cash flows of floating-rate primary financial instruments into fixed cash flows, and the critical terms of the hedging transaction are the same as those of the hedged items, we are not exposed to interest rate risk. No interest rate risk exists for fixed-interest financial instruments carried at amortised cost.

Changes in market interest rates mainly affect floating-rate primary financial instruments as well as derivative financial instruments that we enter into to reduce interest-driven cash-flow fluctuations.

Fuel price risk

We are exposed to market price risk from the purchase of fuel for our aircraft fleet and cruise ships.

Our tourism companies use financial derivatives to hedge their exposure to market price risks for the planned consumption of fuel. At the beginning of the touristic season the target hedging ratio is at least 80%. To the extent that we do not adequately or successfully hedge our fuel price exposure, a significant change in fuel prices could significantly affect our results of operations. To the extent that we are unable to pass on jet fuel cost increases to customers or, where such increases occur subsequent to the fixing of a selling price to a customer, we do not hedge this exposure effectively, an increase in costs will have a negative impact on our results of operations.

At present, TUI's existing fuel hedging counter parties have suspended trading lines, largely due to the increased mark to market exposure created by the significant fall in fuel prices since the start of the COVID-19 pandemic. Whilst the fuel hedges with large negative mark to market values have been maturing during the course of the last few months, with fuel prices starting to rise, it is anticipated that some hedging counterparties may soon be in a position to re-open trading lines. However, in order to mitigate the risk of continued suspension of our trading lines, TUI is currently exploring the ability to obtain additional fuel trading lines with additional counter parties. In addition, a number of existing fuel hedge counter parties have expressed their willingness to allow TUI to hedge their fuel exposures using options. However, this would require the cash payment of an upfront premium which could be significant, and due to the need to conserve cash, TUI has not thus far entered into any new fuel options.

In determining the precise terms of coverage in each case, we take into account the varying risk profiles of the TUI Group companies operating in different source markets, including the possible levy of fuel surcharges. We adjust hedging volumes for changes in planned consumption as identified by the Group companies.

Credit risk

We are exposed to credit risk from both non-derivative and derivative financial instruments.

The credit risk in non-derivative financial instruments represents the risk that counterparties may default on their contractual payment obligations. Our maximum credit risk exposure corresponds to the total of the recognised carrying amounts of the financial assets (including derivative financial instruments with positive market values). Furthermore, there are no material financial guarantees for the discharge of liabilities. Where legally enforceable, financial assets and liabilities are netted. We review credit risks closely on conclusion of the contract and continually monitor them thereafter in order to swiftly respond to potential impairment in a counterparty's solvency. Responsibility for handling the credit risk is generally held by the Group company holding the receivable.

We operate in many different business areas and regions. In consequence, we do not expect significant credit risk concentrations of receivables from, and loans to, specific debtors or groups of debtors. Nor do we expect a significant concentration of credit risks related to specific countries. As at 30 June 2021, we do not hold material amounts of collateral or other credit enhancements that would reduce our maximum credit risk.

The maximum credit risk for derivative financial instruments we enter into is limited to the total of all positive market values of these instruments, because we would incur asset losses only up to that amount in the event of counterparty default. Since derivative financial instruments are concluded with different debtors, credit risk exposure is reduced. We take the specific credit risks of individual counterparties into account in determining the fair values of derivative financial instruments. In addition, we continually monitor and control counterparty risk using internal bank limits.

9.14. Critical accounting policies

Critical accounting policies involve estimates, judgments and uncertainties that can result in materially different results under different assumptions and conditions. We believe that our most critical accounting policies are those described below.

We base our estimates and assumptions on the conditions and assessments as at the relevant statement of financial position date. In evaluating the potential future development of our business, we make assumptions that we believe reasonable regarding the expected future economic environment in the business areas and regions in which the Group operates. Despite careful preparation of the estimates, our actual results may differ.

Judgements

The principal judgements that our management makes in applying accounting policies that may have a significant impact on our assets and liabilities are:

- assessing when the Group has de facto control over an investee and therefore consolidates the investment;
- defining whether a Group company acts as an agent or as a principal in a transaction; and
- determining whether an arrangement contains a lease and, if so, the classification of the lease.

Assumptions and estimates

The principal assumptions and estimates that may have a material impact on the amounts we report as assets and liabilities on our statement of financial position are as follows:

- assumptions established for impairment tests, in particular for goodwill and for property, plant and equipment;
- determining the fair values for acquisitions of companies and the useful lives of acquired intangible assets;
- determining useful lives and residual carrying amounts of property, plant and equipment;
- actuarial assumptions used to measure pension obligations;
- recognition and measurement of other provisions;
- recoverability of future tax savings from tax losses carried forward and tax-deductible temporary differences;
- measuring tax risks;
- recoverable amounts of touristic prepayments;
- determining that a package holiday represents a single performance obligation due to significant integration of service;
- determining period-related revenue recognition on a straight-line basis over the duration of the trip; and
- determining the expected credit losses of financial instruments.

For more information about our critical accounting policies, see "*Key judgements, assumptions and estimates*" in the notes to our Audited Consolidated Financial Statements, included in this prospectus beginning on page F-1.

10. Profit Estimate

10.1. Estimate of Underlying EBIT for TUI

This estimate of Underlying EBIT (at constant currency; "**Underlying EBIT**") for TUI AG (the "**Company**") and its subsidiaries (together with the Company, "**we**" or the "**Group**") for the fiscal year ended 30 September 2021 ("**Fiscal 2021**"), together with the related explanatory notes, is referred to collectively as the "**Profit Estimate**". The Profit Estimate is not a representation of facts and should not be regarded as such by prospective investors. Rather, the Profit Estimate is a statement about the expectations of the Company's management with respect to the Underlying EBIT of the Group.

The Company has not yet prepared the consolidated financial statements as at and for the fiscal year ended 30 September 2021. The Company intends to publish its audited consolidated financial statements as at and for the fiscal year ended 30 September 2021 on 8 December 2021.

The Profit Estimate is based on assumptions made by the Executive Board with respect to the development and the preparation of the Group's Underlying EBIT as set out below under "—*10.5. Factors and assumptions underlying the Profit Estimate"*. The assumptions used in this Profit Estimate relate to factors which can, even if only to a limited extent, be influenced by the Company. Although the Company believes that these assumptions are reasonable on the date as of which the Profit Estimate is prepared, they may subsequently prove to have been unjustified or incorrect. If any of these assumptions proves to have been unjustified or incorrect, our actual Underlying EBIT could materially deviate from the Profit Estimate. Accordingly, prospective investors should treat this information with caution and should not place undue reliance on the Profit Estimate.

10.2. Definition of the estimated Underlying EBIT

We use Underlying EBIT since the beginning of Fiscal 2020 as a key earnings measure to manage our business. Underlying EBIT is based on our internal management and reporting system. We believe that EBIT is a commonly used key earnings measure in our industry.

Neither EBIT nor Underlying EBIT is a measure required by or recognized under, or presented in accordance with, International Financial Reporting Standards as adopted by the EU ("**IFRS**"). Each is an alternative performance measure, or APM, as defined in the guidelines issued by the European Securities and Markets Authority (ESMA) on 5 October 2015 on alternative performance measures. You should not regard EBIT or Underlying EBIT as:

- an absolute measure of our consolidated financial performance, cash flows or liquidity, or
- an alternative to revenue, earnings or losses before income taxes, group profit or loss, cash flow from operating activities or any other performance measures prepared in accordance with IFRS or any other generally accepted accounting standard.

EBIT and Underlying EBIT may not be comparable to other similarly named measures of other companies and has limitations as an analytical tool.

We define EBIT as earnings before interest, income taxes and result of the measurement of the Group's interest hedges.

In order to calculate Underlying EBIT, we adjust EBIT for separately disclosed items and expenses from purchase price allocations.

Separately disclosed items 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 TUI 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 and any goodwill impairments.

Expenses from purchase price allocations relate to the amortisation of intangible assets from acquisitions made in previous years and include ancillary acquisition costs and conditional purchase price payments.

We derive EBIT and Underlying EBIT from earnings before income taxes as recorded in our consolidated income statement. We reconcile EBIT and Underlying EBIT to our reported earnings before income taxes as follows:

- Earnings before income taxes (i) *plus* net interest expense and (ii) *less/plus* expense from measurement of interest hedges equals EBIT;
- EBIT *less/plus* (i) separately disclosed items and (ii) *plus e*xpense from purchase price allocation equals Underlying EBIT (IFRS 16, at constant currency).

In calculating Underlying EBIT (IFRS 16, at constant currency) for Fiscal 2021, we use the average currency exchange rates per month of Fiscal 2020 to translate subsidiaries with non-euro presentation currencies into our presentation currency, the euro. The following table shows the average exchange rates for Fiscal 2020 for the most relevant currencies:

€1.0000 =	0.88	British pounds sterling
	1.12	U.S. dollars

10.3. Profit Estimate for Fiscal 2021

On the basis of the data recorded in our accounting systems and the current knowledge of our Executive Board about our business development for Fiscal 2021 as well as the assumptions of the Executive Board with respect to past events and actions, we estimate that revenue in Fiscal 2021 will be below Fiscal 2020 and that Underlying EBIT for Fiscal 2021 will improve compared with Fiscal 2020, in both cases on a constant currency basis.

10.4. Underlying principles

The Company has prepared this Profit Estimate in accordance with the principles of the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V*., "**IDW**") as set forth in *IDW Accounting Practice Statement: Preparation of Forecasts and Estimates in Accordance with the Specific Requirements of the Prospectus Regulation* (IDW AcPS AAB 2.003) / *IDW Rechnungslegungshinweis: Erstellung von Gewinnprognosen und -schätzungen nach den besonderen Anforderungen der Prospektverordnung* (IDW RH HFA 2.003).

The Profit Estimate excludes effects from extraordinary events within the meaning of IDW Accounting Practice Statement (IDW RH HFA 2.003).

The Profit Estimate was derived using the IFRS accounting principles. The accounting policies applied in preparing the Profit Estimate are described in the notes to our Audited Consolidated Financial Statements and in the selected notes to the Unaudited Condensed Consolidated Interim Financial Statements.

The Company has prepared the Profit Estimate solely for inclusion in this prospectus.

The Profit Estimate is based on a number of factors. The development of these factors is based on specific assumptions made by the Executive Board, which are set out below.

10.5. Factors and assumptions underlying the Profit Estimate

As the period to which the Profit Estimate relates had closed only one working day prior to the date of the Profit Estimate, not all transactions relating to such period – in particular those resulting from the consolidation of the Group financials – were recorded in our accounting system at the time of the Profit Estimate being made. To account for these remaining uncertainties, we therefore needed to make assumptions about the factors that still influenced Underlying EBIT for Fiscal 2021 and about transactions not yet recorded in our accounting system.

In preparing the Profit Estimate, the Company has considered a number of factors that affect its operational and financial performance. We did not identify any factors or assumptions wholly outside of our control. The identified factors represent factors which can, even if only to a limited extent, be influenced by the Company. The following discussion describes the factors that have had a material impact on the Profit Estimate as well as the assumptions about those factors that the Company has made in preparing the Profit Estimate.

Factor 1: Revenue

Whereas the first five months of Fiscal 2020 were not affected by the COVID-19 pandemic, travel restrictions and the pandemic situation prevented nearly all our operations in the first half of Fiscal 2021. In the second half of Fiscal 2021 the travel restrictions were only partially lifted and in some circumstances only temporarily. This negatively impacted consumer confidence and the bookings for the summer season. For the purpose of this Profit Estimate, the Company has assumed that total revenues for Fiscal 2021 will be lower than in Fiscal 2020.

Factor 2: Cost of sales

We expect that the cost of sales decreased in Fiscal 2021 as compared to Fiscal 2020 due to the later resumption of business in Fiscal 2021.

Factor 3: Administrative expenses

The company has assumed for the purpose of this Profit Estimate that administrative expenses decreased in Fiscal 2021 as compared with Fiscal 2020.

Factor 4: Recognition and valuation of provisions

Determining whether a current obligation exists for which a provision needs to be recognized is based on review by internal or external experts. The amount of provision is based on expected expenses, and is either calculated by assessing the specific case in the light of empirical values, outcomes from comparable circumstances, or else estimated by experts.

As of the date of this Profit Estimate the recognition and valuation of provisions has not been finalized yet.

The Company has assumed that the finalization of the recognition and valuation of provisions of Fiscal 2021 will not impact the Profit Estimate.

Factor 5: Effects of impairment testing, valuation of financial instruments and investments in joint ventures and associates

In September 2021 we adopted a new plan focused on the post-COVID-19 recovery. Based on this plan, we will perform tests of the book values of our assets, financial instruments and investments in joint ventures and associates. Additional material factors influencing these valuations are the weighted average costs of capital and tested book values as at 30 September 2021. Differences between the book values and the determined fair values might occur which will effect either impairments or reversal of past impairments.

As of the date of this Profit Estimate these valuations have not been finalized yet.

In Fiscal 2020, we incurred a number of expenses from such valuations caused primarily by the COVID-19 pandemic:

- Impairments of other intangible assets, right of use assets and property, plant and equipment: €455 million;
- Net allowances for expected credit losses on financial assets: €181 million; and
- Impairment of net investment in at-equity investments: €35 million.

Most of these expenses were not classified as separately disclosed items and, as a result, they adversely impacted Underlying EBIT in Fiscal 2020.

For the purpose of this Profit Estimate, the Company has assumed that, with the resumption of our business, we did not incur these expenses to the same extent, or in some cases at all, in Fiscal 2021.

Factor 6: Currency exchange rates and fuel prices
The valuation of certain financial instruments as derivative instruments and receivables and payables are in some circumstances based on the currency exchange rates and the fuel prices as at 30 September 2021. The process of the valuation of these balance sheet items for Fiscal 2021 have not been finalized yet.

The Company has assumed that the finalization of the valuation of balance sheet items based on currency exchange rates and fuel prices of Fiscal 2021 will not change the Profit Estimate.

10.6. Other explanatory notes

This Profit Estimate was prepared on 1 October 2021 and remains valid as of the date of this prospectus. The Profit Estimate matches the profit estimate included in the Company's interim management report included in the interim report of the Company for the Nine-Month Period 2021 published on 12 August 2021.

The Profit Estimate has been compiled and prepared on a basis which is both: (a) comparable with the historical financial information of the Group and (b) consistent with the Group's accounting policies.

As stated in "—*Underlying principles*" above, the estimate of Underlying EBIT excludes effects from certain extraordinary events, such as specific non-recurring items within the meaning of IDW Accounting Practice Statement (IDW RH HFA 2.003), except where explicitly stated otherwise in the explanatory notes, such as effects related to the COVID-19 pandemic.

The Company has not completed the preparation of the consolidated financial statements for the financial year ended 30 September 2021. The Profit Estimate is therefore based on preliminary consolidated results for the financial year ended 30 September 2021 which have been determined on the basis of the established financial reporting process of the Company using the accounting policies of the Company as outlined in our Audited Consolidated Financial Statements and in the selected notes to the Unaudited Condensed Consolidated Interim Financial Statements.

The Profit Estimate is based on the knowledge of the Company's management as of the date of its preparation.

As the Profit Estimate is based on several assumptions regarding uncertain events and actions, it inherently involves considerable uncertainties. As a result of such uncertainties, the Group's actual revenue and Underlying EBIT for Fiscal 2021 may differ from the Profit Estimate, even substantially.

11. Industry and Market Overview

According to the World Travel & Tourism Council, prior to COVID-19, travel and tourism (including its direct, indirect and induced impacts) accounted for 1 in 4 of all new jobs created across the world, 10.6% of all jobs, and 10.4% of global GDP. Leisure spending on travel and tourism amounted to US$4.9 billion in 2019, being 78.5% of all travel and tourism spending (WTTC, June 2021).

A key indicator measuring the size of the tourism industry is the number of international tourist arrivals. According to the UNWTO, in 2019, tourism growth continued to outpace the global economy, with approximately 1.5 billion international tourist arrivals, an increase of approximately 4% over the previous year and the Company estimates that a return to 2019 levels will be reached in 2023 and 2024.

Growth in tourism has been driven by a number of factors:

- the relatively stable global economy,
- a growing middle class in emerging economies,
- technological progress,
- lower cost of travel, and
- increased ease of travelling, for example, through relaxed visa requirements.

Europe remained the largest and most mature tourism market in the world and accounted for approximately 51% of international tourist arrivals in both 2018 and 2019. Southern Europe and European countries bordering the Mediterranean were among the world's largest tourism destinations as measured by international arrivals (UNWTO, January 2020).

Asia-Pacific constituted the second largest tourism market, followed by the Americas. (UNWTO, January 2020)

The COVID-19 pandemic has had a particularly serious effect on the travel and tourism industry. Travel restrictions were imposed in numerous markets across the globe; aircraft were grounded and hotels closed. UNWTO data shows a 74% drop of international arrivals in calendar 2020 in comparison to the previous year (UNWTO, January 2021).

During 2021, international travel has slowly improved from very low levels, with domestic travel driving the recovery of tourism in several destinations, especially those with large domestic markets. The restart of tourism will continue to depend on vaccination roll-out, a coordinated response among countries regarding travel restrictions, harmonised safety protocols and effective communication to help restore consumer confidence (UNWTO, July 2021).

We believe once COVID-19 subsides and travel restrictions are relaxed around the world, package holidays in the affordable overland and short-haul leisure sectors will likely be the first industry segments to recover from the effects of the pandemic. Notwithstanding the immediate effects of the COVID-19 pandemic, we believe our markets have long term prospects and holidays will continue to remain a high priority in our source markets. The continued vaccination progress across our key customer markets and destinations, combined with more testing, and comprehensive hygiene measures throughout our eco-system, has helped to enable the safe return to holidays this summer. With our vertically integrated model and our 21 million customer base (Fiscal 2019 basis), we firmly believe that we are very well positioned for the post-COVID-19 recovery phase, as evidenced by the sharp increase in bookings for Summer 2020 and Summer 2021, following the easing of restrictions in some markets and destinations.

In addition, in September 2019, our former competitor Thomas Cook UK Plc and its associated UK entities entered into compulsory liquidation. The Thomas Cook insolvency affected our business both directly and indirectly. Certain TUI customers had booked holiday packages including flights on airlines operated by Thomas Cook. Where these airlines were no longer operating flights, we secured replacement flights for our customers. More generally, we believe that we benefited from the Thomas Cook insolvency during the portion of Fiscal 2020 before the effects of the COVID-19 pandemic began to affect our business, as customers who might previously have arranged their holiday through Thomas Cook booked through the TUI Group instead.

The tourism industry can be broken down into further sub-segments, as outlined below. As an integrated tourism company, TUI Group operates across all of these segments.

11.1. Airline market

The airline market comprises three main groups of carriers:

- ***Full-service carriers***, such as Lufthansa and British Airways, which operate a hub-based network, attempting to offer customers global connectivity. They often come at high legacy cost, mainly relating to the dense network connectivity as well as labour and service costs. This translates into comparably high prices for customers.
- ***Low-cost carriers***, such as Ryanair and EasyJet, which are structured to be cost-optimized and offer a minimally acceptable flight product at low prices to their customers. From a network perspective, they focus on clear point-to-point connections, often built around cheaper secondary airports.
- ***Charter airlines***, which enter into contracts with travel agencies or tour operators for the transport of an agreed number of passengers throughout the year. The responsibility to fill the available seats with passengers lies with the tour operator.

The European airline market is characterized by intense competition and overcapacities, leading to pressure on yields. Despite several insolvencies, such as AirBerlin or Germania, the market has not seen a significant decrease in flight capacity. Instead, the capacity has in general been absorbed by existing players, with Ryanair, EasyJet and Lufthansa in the lead.

The COVID-19 crisis has hit the airline industry particularly hard, as global travel bans have led airlines around the world to ground their aircraft and cancel bookings. Recovery scenarios vary. However, the first positive signals are visible. When major European destinations were re-opening for visitors during Summer 2020, flight capacity ramped up, and a similar trend has been seen in Summer 2021 as travel restrictions have been relaxed. In addition, leisure travel is expected to rebound and grow more quickly in the coming years than business travel (McKinsey, October 2020).

11.2. Hotel market

The market for hotel stays can be divided between business and leisure travel. A number of characteristics differentiate leisure hotel stays from business hotel stays, including longer average lengths of stay for leisure guests and different service requirements.

From a demand perspective, the leisure hotel market in Europe is divided into several smaller sub-markets, which cater to the individual needs and preferences of tourists. These sub-markets include on the one hand premium, comfort and budget hotels, as well as on the other hand family / apartments, and club or resort-style hotels. Hotel companies may offer a variety of hotels for different sub-markets, often defined by price range, star ratings, exclusivity, or available facilities.

Particularly in Europe, there are many small, often family run hotel businesses, which are not quite so upscale and with fewer financial resources. Most family-owned and-operated businesses are not branded.

Given the variety of models for owning and operating leisure hotels and the fragmented competition landscape which, at least in Europe, is not dominated by large hotel chains, conditions differ greatly between locations. Despite this strong fragmentation, a structural change in the hotel industry can be observed in Europe as well as in almost all regions of the world; more and more hotel companies are becoming part of a hotel chain or a cooperation.

COVID-19 has significantly impacted the hotel industry, with government restrictions in many countries resulting in the temporary closure of properties, and a significant reduction in the volume of overnight stays. Recovery has been led generally by the resumption of domestic travel, with international travel contributing to an increase in overnight stays when government restrictions are relaxed.

11.3. Cruise market

Worldwide, the ocean cruise industry had an annual passenger compound annual growth rate of 6.6% from 1990 to 2019, and an estimated 29.7 million passengers undertook an ocean cruise in calendar year 2019 (CLIA, 2021 State of the Industry). At around 15.4 million passengers, the North American market remains the largest cruise market in the world, followed by around 7.7 million passengers from Europe (CLIA, 2021 State of the Industry). The most frequently visited destinations based on volume of passengers are the Caribbean, Asia & China and the Central and Western Mediterranean (CLIA, 2021 State of the Industry).

Government restrictions imposed as a result of Covid-19 halted the ocean passenger cruise industry for some time. The pandemic has also resulted in the acceleration of the retirement of numerous ships as fleets become more modern and environmentally friendly (Cruise Market Watch).

11.4. Tours and activities

The market for tours and activities is a rapidly growing tourism segment. Pre-COVID-19, the forecasted market growth on a five year outlook varied between 3%-7% (Company estimate based on Phocuswright & Euromonitor, Travel 2021 Edition), depending on the underlying definition of this market. The tours and activities market is highly fragmented on the supplier side and is predominantly operated offline. However, due to growing consolidation and digitalisation, it is subject to change. In the light of COVID-19, major companies like Airbnb and Viator have begun to offer virtual experiences, ranging from online meditation classes through virtual wine-tastings to virtual explorations of a city with local guide. It remains to be seen whether these virtual tours (especially those requiring customer payment) will remain relevant post-COVID-19 (Skift, 2020).

11.5. Travel intermediaries: tour operators and OTAs

A travel intermediary operates between a supplier (such as an airline or hotel) and the end customer, typically providing distribution or related services.

While both tour operators and online travel agencies, or OTAs, belong to the group of travel intermediaries, their business models vary significantly. Classic tour operators typically sell a package product to their end customers (such as a flight, hotel and transfer), via a mixture of both offline (i.e., travel agencies) and online channels. In order to secure flight and hotel capacity in advance, a tour operator usually commits to a certain share of required capacity. By doing so, the tour operator takes the risk for filling the committed capacity, however, in turn it can expect a favourable rate by the supplier as well as the ability to secure accommodation on an exclusive basis.

Contrary to this approach, OTAs typically do not commit to taking risk capacity. Their offering to suppliers is a digital distribution platform, with broad customer reach. Major OTAs such as Booking.com and Expedia started with component-only sales (i.e., selling hotel-only), however, also dynamic packaging is gaining relevance. While tour operators are mostly historically grown and often come at high legacy costs, OTAs are at their core built on scalable platforms with a comparably low cost structure.

12. Business

We are a globally operating, integrated tourism company. We believe that we are among the largest integrated leisure tourism groups in Europe, as measured by revenue, and a world leading tourism group. In addition, we believe we are a market leader in the German luxury and expedition segment (5-stars-plus category) and in the flycruise segment. We are vertically integrated, our brands offering the customer an end-to-end holiday experience, with a customer base of approximately 21 million within our ecosystem (Fiscal 2019, Markets & Airlines).

We use the term "ecosystem" to refer to our broad portfolio of strong tour operators, our own travel agencies and popular online portals, five airlines with around 140 aircraft, 433 hotels (including third party hotelier operations), 17 cruise vessels (16 as at August 2021) and a variety of incoming agencies in major holiday destinations around the globe as at 30 September 2020.

In Fiscal 2020 and the Nine-Month Period 2021, we generated revenue of €7.9 billion and €1,365.9 million, respectively, and a group loss attributable to the Company's shareholders of €3.1 billion and €2.4 billion, respectively, due to the unprecedented impact of the COVID-19 pandemic.

The COVID-19 crisis, which began to affect our core European source markets and destinations late in the second quarter of Fiscal 2020, had a severe effect on the tourism industry and on the TUI Group. As a result of the crisis we suspended our tourism operations, including flights, cruises and hotels. Full suspension of our programme lasted approximately 13 weeks in Fiscal 2020. On 15 June 2020, we resumed partial operations, primarily to destinations in Europe. TUI's integrated model, experience and trusted brand enabled a well-structured, immediate partial restart of the business.

Group hotels partially resumed operations from mid-May 2020, serving domestic market customers initially, then expanding towards our wider tour operator customers from mid-June 2020.

We initially reopened 55 hotels, or approximately 15% of our total Group-owned portfolio, as lockdowns eased worldwide. By the end of August 2020, we had reopened 157 hotels, or approximately 44% of the total portfolio.

From mid-June 2020, our summer tour operator programme was partially restarted from Central Region, taking customers to Majorca, Ibiza and Formentera. Operations also resumed from Benelux.

Cruise operations remained closed throughout the third quarter of Fiscal 2020. However, in late July 2020 our *Mein Schiff* fleet commenced "Blue Cruise" operations. Our Blue Cruises are 3- to 4-day cruises departed from German ports and sailing in northern waters, offering a full range of shipboard recreational and leisure activities. Occupancy on board was limited to 60% in order to allow for social distancing measures.

By late summer, however, a so-called "second wave" of the pandemic spread through many regions across the globe, and in particular in our European source and destination markets, followed by a sharp increase in infection rates during the so-called "third wave" which occurred in the first and second quarter 2021. The combination of new and reimposed government advisories, travel restrictions and other countermeasures significantly limited our ability to resume operations and generate revenue during the remainder of Fiscal 2020 and in the Nine-Month Period 2021.

As at 30 June 2021 we had reopended 283 hotels, approximately 79% of the total portfolio. TUI Cruises and Hapag-Lloyd Cruises operated seven out of eleven ships during the third quarter 2021, offering itineraries to the Canaries, Spanish coast, Greek Islands and Baltic Sea, as well as short domestic sailings. Our UK cruise brand Marella resumed sailing with one ship on a domestic programme at the end of June 2021. In Markets & Airlines, we took 1.6 million customers on holiday during the Nine-Month Period 2021, which demonstrates the continued desire of customers to travel as soon as the governmental restrictions are lifted.

Notwithstanding the immediate effects of the COVID-19 pandemic, we believe our markets have long term prospects and holidays will continue to remain a high priority in our source markets. The continued vaccination progress across our key customer markets and destinations, combined with more testing, and comprehensive hygiene measures throughout our eco-system, has helped to enable the safe return to holidays this summer.

12.1. Competitive strengths

Strong customer base

We have strong positions in our Markets & Airlines source markets, and we sell to the majority of these customers directly, through our websites, app and retail shops. In addition, we sell hotel accommodation, cruises and destination experiences to customers outside of Markets & Airlines, and we expect that our Global Distribution Network—Online Travel Agency ("**GDN-OTA**") will enable us to build further scale to extend TUI's ecosystem. We believe that our strong customer base and scale gives us an advantage in terms of brand awareness and distribution, securing attractive terms from suppliers, and in gaining greater insight into customer behaviour. It also allows us to better optimize capacity utilisation and yield for our own hotels, cruise ships, and destination experiences. Finally, selling into a range of source markets helps to diversify our customer base, meaning we are not reliant on a single market.

Despite the severe adverse affect the COVID-19 pandemic has had on the tourism industry and on our business, we expect that our ability to sell our products and services to customers will recover and remain robust over the medium to long term. We believe that spending on travel and experiences remains fundamentally attractive to potential customers. Insights from our August 2020 consumer survey showed a positive outlook: 70% of respondents showed some general interest in holidays by either having travelled since March 2020, having booked a holiday for the near future (2021) or by planning to do so. Roughly a third of respondents had either already been on a holiday since March 2020 or booked one; almost 40% planned a holiday for 2021 (not booked yet). With regards to holiday type, nearly two-thirds of respondents who are open towards travelling indicated that they are likely to book a quality "sun & beach" holiday in 2021, showing a significant uplift to pre-COVID-19 plans. City holidays and self-explorative holidays had – compared to pre-COVID-19 – decreased in attractiveness, which is likely to be driven by concerns for crowded places and enhanced safety considerations. As TUI is established as a trusted premium brand, we expect to be well positioned to cater to these changing consumer preferences and capture the demand (TUI Consumer Survey).

In addition, the sharp increase in bookings as lockdowns and travel restrictions began to be loosened in our sources markets and destinations indicate that holidays remain important to our customers. We took 2.3 million customers on holiday and a total of 3.3 million new bookings were made since the restart of operations mid-June up to the end of Summer 2020. Overall, TUI Group-wide bookings for Summer 2021, including re-bookings and voucher redemptions, are at an encouraging level of approximately 5.2 million guests – however, this is 63% below the comparable level for Summer 2019 (as of 3 October 2021). We have planned for a capacity of approximately 50% to 60% (of Summer 2019 volume) for our peak Summer months (July to October), with our reopening portfolio focused on destinations such as Greece, the Balearics and the Canaries, with anticipated good vaccination rates and low incidence or hospitalisation rates. We see good demand for our Winter 2021/22 long-haul programme and early sales for Summer 2022 are ahead of pre-COVID-19 levels, supported by re-bookings and strong booking retention.

Differentiated product offering in Holiday Experiences

Our unique TUI Holiday Experiences (Hotels & Resorts, Cruises and TUI Musement (formerly Destination Experiences)), which contribute the majority of our earnings, differentiate us from the competition. Many of these products are tailored to their particular market (for example, in the case of our German and UK focused cruise brands), or have specific characteristics which are attractive to certain customer segments (for example, our Riu, Robinson and TUI Blue hotel brands), and are designed to provide a consistent quality and experience to the customer. In turn, this helps to deliver higher customer satisfaction and retention rates. From 1 October 2020 to 20 September 2021 our customer satisfaction score ("**CSAT**") amounted to 8.4 (scale 1-10, "How likely is it to recommend your service to someone else?"), while the CSAT of the Hotels & Resorts segment amounted to 8.5 in Summer 2019 season.

Driving Holiday Experiences premium returns through scale in Markets & Airlines

We believe that, as a result of our scale in Markets & Airlines and our direct relationship with the customer, we can deliver premium returns in Holiday Experiences. Having a strong customer base means that we can drive customers into our own hotels, cruise ships and destination experiences, better optimising both capacity utilisation and yield. It also means that we gain a high level of insight into customer behaviour and preferences. The benefit of this is demonstrated by the premium returns (return on invested capital, "**ROIC**") in Hotels & Resorts and Cruises, which we believe are demonstrably higher than that of the competition. Our ROIC in Cruises increased from 17% in Fiscal 2015 to 23% in Fiscal 2019 and our ROIC in Hotels & Resorts increased from 11% in Fiscal 2015 to 14% in Fiscal 2019.

Customer ownership: digitalised product upselling

As well as having a strong and sizeable customer base, we have an "end-to-end" relationship with many of these customers – i.e., that we are with the customer as a distributor and supplier, from inspiration and booking on our websites, through to their stay in the hotel or on board the cruise ship, and in the tours and activities which they take whilst on their holiday. This end-to-end relationship, coupled with the implementation of sophisticated customer and CRM platforms in recent years, means that we are well-placed (compared with component players such as airlines, hotels or OTAs) to provide personalized recommendations to our customers, and in turn they are, in our experience, more likely to take up these recommendations, thus enhancing revenues and margins.

Double diversification

To ensure that we are not reliant on a single source market or destination, we aim to be "double diversified". We sell to a large number of customers across several different source markets, and our Holiday Experiences business, as well as third party accommodation suppliers, are located in destinations all over the world. The benefit of this has been evident in the past, for example, where demand for a particular destination has reduced due to political instability or travel warnings, our overall customer numbers have not reduced as they travel instead with us to alternative destinations. This leaves us well-placed compared with travel companies which operate in single or limited source markets or destinations.

Strongly positioned for the post-COVID recovery

We believe once COVID-19 subsides and travel restrictions are relaxed around the world, package holidays in the affordable overland and short-haul leisure sectors will likely be the first industry segments to recover from the effects of the pandemic. Our renowned brands and ability to put into place appropriate safety and social distancing standards, combined with a quick and effective repatriation process if needed, will be attractive attributes to our customers.

With our vertically integrated model and our 21 million customer base (Fiscal 2019 basis), we firmly believe that we are very well positioned for the post-COVID-19 recovery phase.

Strategy

TUI recorded a strong start to the Fiscal Year 2020, breaking TUI's January booking records for the Summer 2020 program since the merger of TUI AG and TUI Travel PLC. However, governmental measures taken in March 2020 to fight the spread of the COVID-19 pandemic forced an immediate stop of most of our business activities, leading to a sharp increase in booking cancellations and customer refunds, ultimately resulting in a liquidity squeeze for the business. Nevertheless, even during the COVID-19 crisis market fundamentals with underlying customer demand remain intact. This was evident due to the strong return of holiday bookings in June and July 2020, after some travel restrictions were lifted. Due to the emergence of a second COVID-19 wave heading into the Winter 2020 program, the number of European destinations available for international travel was limited once again, including e.g. Greece and Portugal. Renewed governmental health measures with corresponding restrictions impeded resumption of business activities in most parts of the international tourism sector, including hotels and cruises, resulting in lower revenues. Due to a sharp increase in infection rates in the first quarter of 2021, the so-called "third wave", which lead to renewed governmental measures, including lockdown-measures and restrictions on travel, bookings in the Nine-Month Period 2021 were once again affected by the COVID-19 pandemic. However, strong pent-up demand has been evident on the easing of government restrictions, particularly from continental Europe.

TUI's integrated business model continues to be considered a success factor for the long term and remains a core element of our strategy. Our focus on end-to-end delivery of safe holidays across the entire customer journey, has benefited the partial recommencement of operations since Summer 2020. Destinations recognized this strength of TUI's, as the governments of Greece and the Balearics selected TUI to implement pilot programs in Summer 2020 aimed at restarting tourism in their regions.

Markets & Airlines: Accelerate realignment program to emerge leaner, stronger, more flexible and digital from the crisis

In the Markets & Airlines segment, we are focusing on improving our cost position while driving innovation speed and flexibility. This shall be delivered by establishing more centralized processes and technology, the core elements of our Markets Transformation & Domaining initiative. This should allow us to further expand our product offering beyond traditional packages into attractive growth segments like accommodation only, seat only as well as dynamic package. The expansion runs parallel to efforts geared towards remaining competitive and maintaining our leading positions in the traditional packaging market. Another focus point in the Airlines segment is the strengthening of our competitiveness and positioning via careful management of our airline capacity. The initiative expands the ecosystem for TUI as well as our customers and partners. Building on the extended ecosystem, our CRM systems are set up to support digital up- and cross-selling and will focus on customer retention within the TUI world. Against the background the pandemic's impact, the Transformation & Domaining initiative has increased in terms of relevance and pace. Through our Global Realignment Program, we target to permanently reduce over €400 million of fixed costs per annum, with a large proportion allocated to the Markets & Airlines business. The Global Restructuring Programme delivered initial benefits in Fiscal 2020 and in the Nine-Month Period 2021 and we expect to achieve 50% of our targeted savings by the end of Fiscal 2021 and full benefits by Fiscal 2023. To achieve this, we are now accelerating our transformation by merging tasks and functions across the group, as well as consolidating our global IT structures. In parallel, we are rightsizing our airlines and aircraft order book. These measures have already commenced across all markets. For example, in TUIfly Germany, the number of aircrafts will be reduced to 22 from 37 in the next three years, as well as a consolidation of departure airports. This reduction in our fleet will be partly compensated through the external support from third party operators. For instance, in order to maintain a significant presence in certain areas where we do not have in-house flying capacity (Denmark, Finland, and Sweden), we entered into an agreement with Jettime for the purchase of charter seats to support our local tour operator TUI Nordic Holding AB. For the Markets & Airlines segment, we are seeking to divest or restructure non-profitable activities.

Hotels & Cruises: asset-right expansion and transformation, driving returns, benefitting from vertical integration

With 433 hotels (including third party hotelier operations) and 17 cruise vessels as at 30 September 2020 (16 as at August 2021), we have built a sizeable leisure hotel and cruise business. The number of hotels increased from 310 as at 30 September 2015 to 433 as at 30 September 2020 and the number of our cruise vessels increased from 13 as at 30 September 2015 to 16 as at 31 August 2021. Our integrated model allows us to leverage the distribution power in the Markets & Airlines business to drive customers into our own Hotels and Cruises. In the future, our capital intensity will be reduced compared to our investment spending in recent years. We announced an asset-right strategy in December 2019 and are executing on this initiative consistently – as exemplified by the continual increase of the proportion of assets in our portfolio operated through management contracts or franchises. In our hotels business, combining the rebalancing of our portfolio in favor of management and franchise contracts and leveraging our joint venture structures, gives us optionality for asset-right growth. The customer relevant aspects – including sales, brand, hotel concepts and experience in the destination – will still be controlled by TUI, regardless of the type of contract in place. In our cruise segment, we are leveraging our joint ventures structures to grow while simultaneously reducing capital intensity. This is exemplified by the successful disposal of Hapag-Lloyd Cruises to the joint venture TUI Cruises. In addition, we are in the process of future proofing our UK cruise business through repositioning and modernization of its fleet.

TUI Musement platform: building scale in the "things to do" market and attracting customers to join the TUI eco-system

In the tours and activities market, TUI has built – on the back of the Musement acquisition – a scalable platform with approximately 168 thousand products as at 30 September 2020. Our business model is based on a two-sided - holidaymaker and provider - open platform. On the distribution side, TUI is focusing on growth in B2B distribution via strategic cooperations – as exemplified by the agreement with Booking.com – as well as growth of offering for our own customer base. On the product side, TUI aims to expand its offering through consolidation of products in the market in order to maintain its position as one of the largest product providers in the sizeable and fast growing Tours & Activities market.

Global Realignment Programme

In response to the COVID-19 pandemic we initiated a Global Realignment Programme as one of our self-help measures to address group-wide costs with the target to permanently save more than €300 million. Projects announced and underway across corporate head office, Markets & Airlines and TUI Musement are already expected to deliver close to the annual €300 million target savings and we therefore upgraded our new target to €400 million per annum.

We have already initiated the main projects under the Programme. These include:

- reducing TUIfly Germany's fleet of 39 aircraft to 22 in the next three years;
- reducing the number of TUIfly Germany bases to five and reducing headcount;
- repositioning the business of TUI France to focus on high-margin business with a few core brands;
- selling or closing our travel agencies in France, reducing headcount overall by approximately 500-600;

- accelerating the transformation of TUI Musement to a digital platform business;
- closing 166 high street stores in the UK and Ireland to achieve a future retail network of approximately 350 stores;
- improving processes and furthering digitalisation and automatisation in our head offices, targeting a 30% cost reduction.

In connection with the Global Realignment Programme, we incurred restructuring charges of €379 million realised in Fiscal 2020, while we incurred net restructuring expenses of €36 million in the Nine-Month Period 2021, including income of €53 million from the reversal of restructuring provisions no longer required in Central Region due to the lower than expected reduction in fleet size at TUIfly. We expect to incur restructuring charges of approximately €70 million in Fiscal 2021 and approximately €40 million in Fiscal 2022. The Global Restructuring Programme delivered initial benefits in Fiscal 2020 and the Nine-Month Period 2021 and we expect to achieve 50% of our targeted savings by the end of Fiscal 2021 and full benefits by Fiscal 2023.

12.2. History

After a history of over 70 years as an industrial business, the company known today as TUI AG entered the tourism market in 1997 with the acquisition of one of Germany's leading tourism companies, Hapag-Lloyd. Further tourism acquisitions followed, and we began to exit our industrial businesses. Gradually, by acquiring some big names in European tourism at that time, including Thomson, Fritidsresor and Nouvelles Frontières as well as shareholdings in the hotel groups Riu and Magic Life, we have created one of the world's leading tourism groups.

In 2007, our tour operating businesses merged with the UK listed First Choice Holidays PLC, a tour operating business started in 1973 which had both mainstream and specialist businesses, to form TUI Travel PLC, listed on the London Stock Exchange. The company's major shareholder with a stake of 54 per cent was TUI AG. In 2014, TUI Travel PLC and TUI AG merged.

12.3. Segments

We organize our two core businesses, Holiday Experiences and Markets & Airlines, in six segments. A seventh segment comprises our other operations.

Our segments, and the business activities they comprise, are as follows:

Holiday Experiences	
Hotels & Resorts	Group-owned hotels; hotel shareholdings
Cruises	The TUI Cruises joint venture; prior to July 2020, our former subsidiary Hapag-Lloyd Cruises (now part of TUI Cruises), and the British cruise business Marella Cruises
TUI Musement (formerly Destination Experiences)	Companies providing services in the destinations for TUI Markets & Airlines and third-party customers as well as excursion and activities through the Musement platform
Markets & Airlines	
Northern Region	Tour operators and airlines in the UK, Ireland and the Nordic countries; our stake in the tour operation business of the Canadian company Sunwing;
Central Region	Tour operators and airlines in Germany; tour operators in Austria, Poland, Switzerland and Italy
Western Region	Tour operators and airlines in Belgium and the Netherlands; tour operators in France
All other segments	Business operations for new markets; central corporate functions and interim holdings; Group real estate companies; central tourism functions such as information technology

12.4. Geographical markets: source markets and destinations

We define source markets as the markets in which the customers who buy our products and services live. We organize our source markets in six geographic regions: Germany, UK, Spain, Other EU, North and South America, and Other Regions.

We define destinations as the markets to which our customers travel and where our owned or controlled hotels and resorts are located, and where we provide Destination Experience services. As measured by total volume of TUI guests in Fiscal 2019, our most important destinations were Spain, in particular the Balearic and Canary Islands; Greece; and Turkey.

12.5. Our tourism business

Holiday Experiences

Our Holiday Experiences business consists of our Hotels & Resorts, Cruises and TUI Musement segments.

Hotels & Resorts

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

In Fiscal 2021 (as of 30 June 2021), Hotels & Resorts comprised a total of 359 hotels with 275,765 beds. A large majority of these hotels - 333 of 359 - are in the four- or five-star categories. 48% of the hotels were operated under management contracts, 42% were owned by one of the hotel companies, 9% were leased and 1% were managed under franchise agreements.

Star categories are intended to provide an objective standard for comparing hotel quality, standards and amenities. There is no single worldwide rating system; each market may have one or more systems in use. In some cases, a system may predominate across a given region. For example, the Hotelstars Union system has been adopted by the hotel associations of most European countries. Ratings systems employ various criteria, such as quality management, wellness and sleeping accommodation. The Hotelstars Union system, for example, is based on a catalogue of 21 qualifications encompassing 270 elements.

The following table shows a breakdown of our hotels & resorts portfolio as at 30 June 2021:

Brand	**★★★**	**★★★★**	**★★★★★**	**Total hotels**	**Beds**
Riu	3	50	48	101	105,427
Robinson.......................	1	17	8	26	16,015
Blue Diamond................	3	12	19	34	32,270
Other hotel companies ..	19	108	71	198	122,053
Total.............................	26	187	146	359	275,765

In addition, as at 30 September 2020, third-party hoteliers operated 78 hotels under TUI's international concept brands, bringing the total number of hotels to 433.

Riu, one of the Group's significant joint ventures, is the largest hotel company in the portfolio of Hotels & Resorts, as measured by total number of hotels. The Mallorca-based enterprise RIUSA II S.A. ("**RIUSA II**"), through which the Company operates the Riu branded hotels, primarily operates hotels in the four- and five-star category in Spain, Mexico and the Caribbean as well as in Cape Verde, Portugal and Morocco. Its three product lines – Riu Clubhotels, Riu Plaza (city hotels) and Riu Palace (premium segment) – target different customer groups.

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

Blue Diamond is a hotel chain comprising 34 resorts in the Caribbean – primarily, in Cuba, the Dominican Republic, Jamaica and St. Lucia – and Mexico.

Other hotel companies include, in particular, the flagship brand ***TUI Blue***. TUI Blue is our youngest hotel brand, targeting international travellers. We are expanding its portfolio by adding the concept brand hotels of TUI Sensimar and TUI Family Life to TUI Blue's existing offerings. Including rebranded existing hotels, in the 2020 summer season TUI Blue offered 88 hotels in 19 countries. Its new hotels include hotels in long-haul destinations such as Vietnam and Zanzibar.

Cruises

Our Cruises segment consists of the joint venture TUI Cruises; our former subsidiary Hapag-Lloyd Cruises, which we transferred to TUI Cruises in July 2020; and Marella Cruises. With their combined fleet of 16 vessels as at 30 June 2021, these three cruise lines offer a variety of service concepts targeting different groups.

The following table shows the financing structure of our cruise fleet as at 30 June 2021:

Cruise line	**Owned**	**Finance lease**	**Operating lease**	**Total**
TUI Cruises[1]	12	--	--	12
Of which:				
Hapag-Lloyd Cruises	5	--	--	5
Marella Cruises	3	1	--	4
Total	**15**	**1**	**--**	**16**

1) Joint venture. Includes five vessels owned by Hapag Lloyd Cruises, our former subsidiary, which we transferred to TUI Cruises in July 2020.

TUI Cruises is a joint venture in which TUI AG and the US shipping company Royal Caribbean Cruises Ltd. each hold a 50% stake. TUI Cruises ranks amongst the Top 3 Cruise lines in the German market, as measured by revenue in 2019 (FVW). The Berlitz Cruise Guide 2020, the most important international reference guide for cruise ship ratings, rated four ships operated by TUI Cruises among the Top 5 liners in the "Large ships" category (Berlitz). In July 2020, we completed our sale of Hapag-Lloyd Cruises to TUI Cruises; see below.

With its fleet of five liners, ***Hapag-Lloyd Cruises*** is a focused on the Luxury and Expedition cruise businesses. In 2020, as in previous years, Hapag-Lloyd Cruises' flagships *Europa* and *Europa 2* were the only ships ranked in the Berlitz Cruise Guide's 5-stars-plus category, the Guide's top rating (Berlitz). In the Expedition business, *Hanseatic Nature* was awarded the top 5-star rating as the best boutique ship, with *Bremen* awarded 4 stars. In October 2019, *Hanseatic Inspiration* joined the luxury expedition business; *Hanseatic Spirit* is scheduled to join the fleet from 2021.

In July 2020, we transferred Hapag-Lloyd Cruises to the joint venture TUI Cruises GmbH at a value of €1.2 billion on a cash free and debt free basis. We received on transfer of the business €699.7 million. After reviewing the closing accounts TUI Cruises GmbH and TUI AG agreed the final purchase price on 26 November 2020. Next to €12.9 million, which TUI Cruises has paid to TUI AG via monthly instalments since the transfer of the business, it was agreed that TUI Cruises GmbH will pay €26.5 million in November 2020. A remaining €37.8 million is scheduled to be paid on 31 December 2022.

With a fleet of four ships, ***Marella Cruises*** offers voyages for various segments of the British market, such as family and city cruises.

TUI Musement

The TUI Musement segment, known as Destination Experiences until September 2020, delivers local services in the worldwide holiday destinations. TUI Musement's business model is based on an open online platform available to suppliers and customers. It gives our customers the option to book tours, activities and excursions in the destinations directly and enables our partners and third-party providers to sell offerings. TUI also employs its own staff in numerous holiday destinations. To further strengthen the growth of our TUI Musement segment, we have entered into various business to business (B2B) strategic partnerships: Ctrip (since 2019), Booking.com (since 2020) and Trivago, Mozio and Nezasa (all announcend in 2021). Our customers can discover new places and contribute to the local economy through the TUI Collection offering ("**TUI Collection**"), which is part of the TUI Musement segment. Each TUI Collection excursion must meet specific criteria for sustainability, demonstrating that it benefits local residents and minimises environmental impact. Since 2015, customers have experienced 5 million TUI Collection excursions.

Markets & Airlines

Our Markets & Airlines business consists of our Northern Region, Central Region and Western Region segments.

With our three regions – Northern, Central and Western – we have well-positioned sales and marketing structures providing about 21 million customers (Fiscal 2019) a year with attractive holiday experiences. Our sales activities are based on online and offline channels. The travel agencies include Group-owned agencies as well as joint ventures and agencies operated by third parties. In order to offer our customers a wide choice of hotels, our source market organisations have access to a large portfolio of TUI hotels. They also have access to third-party hotel bed capacity, some of which has been contractually committed.

Our own flight capacity continues to play a key role in our business model. A combination of owned and third-party flying capacity enables us to offer tailor-made travel programmes for each individual source market region and to respond flexibly to changes in customer preferences. Thanks to the balanced management of flight and hotel capacity, we are able to develop destinations and better optimise the margins of both service providers. We believe that our airline load factors are sector leading while operating at 48% capacity (August 2021) with 96% in the Netherlands, 84% in Germany, 79% in Belgium and 72% in the UK.

Northern Region

The Northern Region segment comprises tour operator activities and airlines in the UK, Ireland and the Nordics. In addition, the Canadian strategic venture Sunwing and the associated company TUI Russia have been included within this segment.

Central Region

The Central Region segment is made up of the tour operator activities and airlines in Germany and the tour operator activities in Austria, Poland, Switzerland and Italy.

Western Region

The tour operator activities and airlines in Belgium and the Netherlands and tour operator activities in France are included within the Western Region segment.

All other segments

All other segments include our business activities for the new markets, the corporate centre functions of TUI AG and the interim holdings, as well as central touristic functions.

12.6. Sales and marketing channels

In order to offer our customers a wide choice of hotels, our source market organisations have access to a large portfolio of TUI hotels. They also have access to third-party hotel bed capacity, some of which has been contractually committed. In the Nine-Month Period 2021, 74% of our sales were through our own channels, and 54% of our Markets sales were made online.

Offline channels

The travel agencies that market and sell our holiday offerings include Group-owned and franchised agencies as well as joint ventures and agencies operated by third parties.

During 2018 and 2019, we acquired or increased our investments in travel agencies and travel services business in multiple markets. These transactions included:

- Acquisition of a company in Turkey, and increase of our stake in another Turkish company from 15% to 100%, with the goal of securing accommodation capacity in Turkey as a destination and increasing the earnings potential of our destination Club Magic Life Masmavi, previously operated under a franchise agreement
- The acquisition of several travel agencies in Germany and the Netherlands in order to expand our footprint in the German and Dutch markets.

On 30 July 2020, TUI announced plans to close 166 branches in the UK and Ireland. We believe that this decision will allow us to expand online in response to a major shift in customer behaviour, with approximately 65% of all TUI UK bookings in recent years taking place online.

On 21 August 2020, TUI announced plans to close up to 60 of the approximately 450 branches in Germany. Although decreasing demand as a consequence of the COVID-19 pandemic has intensified our programme for cost reduction, we had announced before the outbreak of the pandemic our intention to restructure our sales channels in German in response to the increasing prevalence of online bookings.

In addition TUI is restructuring and repositioning TUI France to focus on high margin core club brands such as Marmara, Lookea and Nouvelles Frontières. As part of this, TUI plans to sell or close some owned travel agencies, keeping third party retail as our key distribution channel, creating a significantly leaner organisation. The plan anticipates a total headcount reduction of between 500 to 600 roles assuming all owned retail shops are sold which supports a path to break-even levels from fiscal year 2021 onwards.

Online channels

Our online channels primarily consist of our own websites as well as our apps, providing our customers with relevant travel information and booking options. Given the increasing importance of online channels for inspiration as well as for booking and managing the holiday, we are strengthening our portfolio of digital platforms, as reflected in the acquisition of Musement and the launch of GDN-OTA.

In Fiscal 2019, we acquired the technology start-up Musement, based in Milan (Italy), one of the leading digital platforms for tours, activities and excursions at destinations.

Furthermore, we launched GDN-OTA - our new OTA platform in Spain, Portugal, India, Brazil, China and Malaysia. GDN-OTA currently focuses on the accommodation-only market and combined flight offerings based on airline partnerships. Unlike our traditional package markets, we do not operate an own airline in these markets but source aircraft seats flexibly. Initially, we plan to run the GDN-OTA platform as a customer acquisition engine rather than focusing on maximising profits, attracting business with very competitive product pricing. Longer term, however, our goal is to drive as many new customers as possible into our own hotels and to cross-sell our own products, with the objective of generating additional margins in our Holiday Experiences businesses.

We believe that TUI UK is the leading brand of choice in the UK with an estimated 42% traffic share which we believe is higher than the share of our nearest competitors.

In addition to our own marketing activities, social media can contribute significantly to our marketing profile. Dedicated sites such as TripAdvisor as well as individual channels such as Instagram and Facebook are, essentially, technologically advanced forms of “word of mouth” advertising, such as unsolicited and unpaid reviews and recommendations. Word of mouth recommendations have always been important to companies in guest services businesses such as tourism; social media greatly amplify its effect, as they are accessible to very large audiences worldwide. In addition to our social media channels, we have developed the TUI app which is available on smartphones and tablets. Furthermore, we currently expect to launch a new brand platform in October 2021.

12.7. Intellectual property

We operate more than 200 brands of local and international tour operators, destination agencies, cruise lines, airlines and hotels. We believe that many of our brands enjoy high rates of customer recognition and brand loyalty in their markets.

The Company owns all trademarks of our TUI master brand concept and other relevant trademarks for the European market.

Our brand with the red 'smile' – the smiling logo formed by the three letters of our brand name "TUI" – stands for our aspiration to ensure consistent customer experience, digital presence and competitive strength. In recent years, in order to further leverage the appeal and strength of our core brand and tap the associated growth potential, we have created a global branding and consistent brand experience. We believe that TUI is now among the best-known travel brands in our core European source markets.

In addition, our joint venture TUI Cruises owns the trademark "Hapag-Lloyd" for tourism and related businesses; Hapag-Lloyd AG, the former TUI subsidiary operating the maritime transportation and container shipping segments of the historical Hapag-Lloyd business, owns the trademark for the cargo logistics and container shipping business fields, together with related future business areas other than air freight. TUI Group's activities that use the Hapag-Lloyd brand include Hapag-Lloyd Cruises and travel agencies.

In 2015, we began a strategic project to capitalize on the strength of our master brand on a global scale by migrating the majority of existing tour operator and airline brands to the TUI brand. We launched this brand migration in the Netherlands in October 2015. Rebranding in Belgium and the Nordics followed in 2016. In the UK, we migrated from the Thomson brand at the beginning of Fiscal 2018. We believe that this brand migration strategy has enhanced and strengthened our competitive position, expanded our customer base and made our expenditure to preserve and enhance consumer awareness of the TUI brand more efficient.

As is common in the tourism industry, we or our licensees license or franchise the use of some of our travel agency and hotel brands to third parties. We believe this is a cost-efficient way to increase our marketing impact and sales without incurring significant fixed costs.

We regard maintaining and protecting our trademark portfolio as a key element of our business. We protect our major brands in the manner we believe appropriate to best protect and advance our business interests in each of our markets, including extending our trademarks and defending them against infringement. We also monitor "domain grabbing", the unauthorised registration of our trademark and internet domain names. From time to time we use third-party services to monitor the internet for activity relating to our major trademarks.

Our internet domain names are an important aspect of our market appearance and the online distribution of our products. We have applied to ICANN for the registration of our own new generic Top Level Domain, ".tui". We monitor the use of "TUI" and other trademarks as domain names.

We experience occasional trademark oppositions, similarities with existing trademarks in local markets and domain grabbing. Given the size of our trademark and internet domain name portfolio, we regard these minor incidents as within the ordinary course of business. Other than these incidents, there have been no material violations, disputes or litigation in relation to any of our intellectual property rights, including our master brands, in recent years.

12.8. Legal proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the previous 12 months preceding the date of this prospectus which may have, or have had in the recent past significant effects on the Company and/or the Group's financial position or profitability.

12.9. Employees

As of 30 June 2021, we had 46,518 employees. We engage customer service representatives at many of our destinations on a seasonal basis.

The following table shows personnel by segment at the dates indicated:

	Nine-Month Period[2]		30 September[2]	
	2020	**2021**	**2019**	**2020**
Hotels & Resorts	9,754	18.312	29,898	16,041
Cruises[1]	340	58	342	64
TUI Musement	3,807	4,510	9,565	4,708
Holiday Experiences	**13,901**	**22.880**	**39,805**	**20,813**
Northern Region	11,149	9,210	11,936	10,746
Central Region	9,090	7,636	10,645	8,940
Western Region	5,666	4,495	6,713	5,602
Markets & Airlines	**25,905**	**21,341**	**29,294**	**25,288**
All other segments	2,287	2,297	2,374	2,229
TUI Group	**42,093**	**46,518**	**71,473**	**48,330**

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

(2) Includes all employees of TUI companies with active employment contracts, i.e. also employees who were on short-time working or similar government programmes at the balance sheet date.

The following table shows the average number of employees serving in each of the indicated geographical markets during our most recent completed fiscal year:

	Fiscal 2020
Germany	8,841
UK	10,478
Spain	5,564
Other EU	12,028
North and South America	3,080
Other Regions	8,339
Total	48,330

12.10. Insurance

We believe that we are adequately insured, to standards customary in our industry, against all customarily covered losses and risks, subject to customary deductibles, exclusions and coverage limits. We regularly review our insurance policies and adjust them as necessary.

The risks we insure against include:

- Aviation,
- Marine, including oil pollution,
- Property Damage & Business Interruption,
- Third-party liability for bodily injury and property damage,

- Terror (PD&BI),
- Directors & Officers Liability,
- Crime,
- Legal Aid,
- Cyber and
- Employee Benefits.

We also maintain insurance policies to cover certain environmental risks, where necessary.

We expect to be able to renew our existing insurance policies. Due to many external effects mainly driven by the COVID-19 pandemic, one of our main challenges will be to secure capacities with price increases to be kept below market standards. We have not experienced any material disputes with our insurers in respect of claims we have made. With respect to consequences of the COVID-19 pandemic, we are insured only for business interruptions. As of the date of this prospectus, our insurers have paid our claims under these policies in full.

12.11. Facilities

We own or lease a number of administrative buildings. As at 30 June 2021, the carrying amount of our real estate used for administrative purposes, other than hotels, was approximately €93 million, of which approximately €7 million represented land and approximately €86 million represented buildings.

The following table describes our most important administrative buildings as of 30 June 2021:

Location	Key Functions	Facilities
Karl-Wiechert-Allee 4 Hanover Germany	Head Office of TUI AG	55,000 m^2 Usable space: 44,000 m^2, Leased by TUI AG and 100% occupied by TUI AG and some of its subsidiaries
Karl-Wiechert-Allee 23 Hanover Germany	German Tour Operator	55,000 m^2 Usable space: 44,496 m^2 Owned by TUI AG 90% occupied by TUI Deutschland GmbH and 10% occupied by other TUI AG subsidiaries
Wigmore House Wigmore Lane Luton, Bedfordshire UK	UK Tour Operator	16,725 m^2 Leased by TUI Northern Europe Ltd 100% occupied by TUI UK

Our real estate companies, which are part of All other segments, own agricultural land, woodland and other land in Germany. As of 30 June 2021, TUI's real estate portfolio comprised a total of approximately 0.46 million square meters.

There are no major encumbrances on properties we own, and we are not aware of any encumbrances on properties we lease that could materially affect our business.

13. Regulatory Environment

This section describes the regulatory environment, other than with respect to environmental matters, in which we operate in and that may materially affect our business. For a description of environmental regulations that affect our business, see "*14. Environmental Matters*".

Our business operations are subject to government regulation in the form of national, local and EU laws and regulations and international conventions. Because government regulation is subject to continuous revision, we cannot predict the continuing cost of regulatory compliance or the future impact of government regulation on our business operations. New laws and regulations may be adopted that could increase our compliance costs or affect our business. See "*1. Risk Factors*".

Regulation of our airline operations

Traffic rights

The regulatory system for international air transport is based on principles established by the Convention on International Civil Aviation of 1944 (the "**Chicago Convention**"). The Chicago Convention, which has been adopted by virtually every country worldwide, sets forth the general principle that each country has complete and exclusive sovereignty over the airspace above its territory and therefore has the right to control the operation of air services over or into its territory. As a result, traffic rights between countries are governed by a large number of bilateral and multilateral air traffic agreements.

These agreements usually designate the airlines, the airports, authorised routes, the capacity to be offered by airlines and procedures for the agreement of tariffs. International air transport has been liberalised to a large extent within the European Union. Since 1997, there is a single European aviation market and all EU airlines have been allowed to operate on all routes within the EU Member States.

Tariff restrictions have also been relaxed.

A relatively recent development regarding international agreements in aviation is the occurrence of so-called open skies agreements. The European Union, as well as certain EU Member States have entered into open sky agreements with non-EU countries, aiming at reciprocally liberalising the aviation sectors of the involved parties according to market-based standards and reducing restrictions contained in the Chicago Convention on flight routes and airline and airport designations.

The EU has also entered into "open sky agreements" with non-EU countries including the US, Canada and Morocco reducing restrictions contained in the Chicago Convention on flight routes and airline and airport designations. Further open sky agreements are being negotiated, including with Turkey.

The ECJ decided in 2002 that certain provisions of open sky agreements violate EU law. As a consequence, the EU and its Member States have concluded a comprehensive Air Transport Agreement ("**ATA**") with the United States (the "**EU-U.S. Open Skies Agreement**"), which became effective in 2008. The European Union's ultimate objective is to create a transatlantic Open Aviation Area, i.e., a single air transport market between the EU and the U.S. with free flows of investment and no restrictions on air services, including access to the domestic markets of both parties.

The ATA has been amended by a protocol in 2010, which has been applied provisionally, pending ratification by all signatories. Norway and Iceland, who are fully integrated into the single European aviation market ("**Single European Sky**") joined the ATA in June 2011.

Following the withdrawal of the UK from the EU and the end of the Brexit transition period the UK ceased to be a party of the EU-U.S. Open Skies Agreement. The UK has since concluded an open-skies agreement with the US which came into effect on 1 January 2021.

On 1 December 2017, the Multilateral Agreement between the EU and its Member States, the Republic of Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, the Republic of Iceland, the Republic of Montenegro, the Kingdom of Norway, the Republic of Serbia and the United Nations Interim Administration Mission in Kosovo on the Establishment of a European Common Aviation Area ("**ECAA**") entered into force. The Agreement serves to open the Single European Sky to the ECAA. Under this Agreement, the ECAA shall be based on, inter alia, free market access, equal conditions of competition, and common rules including, inter alia, the areas of air traffic management. Following the withdrawal of the UK from the EU and the end of the transition period, the UK is no longer part of the ECAA and the Single European Sky. The EU and the UK have agreed a post-Brexit Trade and Cooperation Agreement ("**TCA**") which came into effect in 1 January 2021. The TCA provides for the continuation of air traffic services between the UK and the EU but removed access for UK airlines to internal EU routes (the ability to fly between two EU airports) and for EU airlines to fly internal UK routes (between two UK airports) meaning that UK airlines have no access to the single EU/EEA aviation market. UK airlines flying into the EU will be treated as foreign carriers and will need a foreign carrier permit from the European Aviation Safety Authority ("**EASA**"). EU airlines will require similar permits from the United Kingdom Civil Aviation Authority ("**CAA**").

The International Civil Aviation Organisation ("**ICAO**"), a specialised agency of the United Nations, has developed standards and recommended practices covering a wide range of matters, including aircraft operations, personnel licensing, security, accident investigations, navigation services, airport design and operation and environmental protection. Germany, the UK and the other countries where TUI holds an air operator license are all members of the ICAO.

The International Air Transport Association ("**IATA**") is a global trade organisation of the air transport industry and currently represents ca 290 airlines in 120 countries, covering 82% of the world's total air traffic. IATA provides a forum for the coordination of tariffs on international routes. IATA also facilitates international cooperation on areas of technical safety, security, navigation and flight operations and the development of communication standards and administrative procedures. IATA regulations are applicable to our airline business on two levels.

First, we must obtain IATA accreditation in order to act as an intermediary and sell tickets for and on behalf of an IATA airline. Second, our flight booking operations are required to continuously comply with the IATA Passenger Sales Agency Rules and the terms of the Passenger Sales Agency Agreement – both of which are resolutions by the Passenger Agency Conference under the umbrella of the IATA.

In order to receive IATA accreditation, the IATA examines the applicant to determine whether it has the necessary qualifications (mainly qualified staff) and financial standing to become an "accredited" intermediary and maintain such status as "accredited" intermediary. Continued reporting obligations mainly involve the reporting of annual audited financial statements and the prior notification of certain changes affecting the IATA-accredited intermediary, some of which may require the entering into of a new Passenger Sales Agency Agreement, such as the acquisition of such IATA-accredited intermediary by a person who is not itself accredited or any change in the legal nature of the IATA-accredited intermediary. IATA-accredited intermediaries may also be subject to reviews initiated by IATA administrators, usually this occurs if the IATA administrator considers that it is likely that the IATA-accredited intermediary no longer has the necessary qualifications for accreditation or fails to meet certain financial requirements.

From time to time and last with the 42nd Edition of 1 March 2021, IATA issued new versions of the Passenger Sales Agency Rules, which may result in certain countries modifying IATA accreditation criteria. We are required to comply with such changes in the different jurisdictions where we operate, which may include changes to our capital structure or guarantees.

Additionally, under certain circumstances, namely, when operating under the merchant model, IATA may require us to post guarantees in order to minimise our airlines' credit risk. Parameters adopted by IATA to assess intermediaries' credit-worthiness may vary from one jurisdiction to another and based on its annual review of our financial statements, IATA may modify guarantee requirements applicable to us. The Group entities are materially compliant with IATA requirements in this respect. Upon the occurrence of certain events such as an acquisition, IATA may monitor compliance by intermediaries with its regulations, particularly the financial undertakings, in which case the guarantees posted may be amended or IATA may require additional guarantees.

IATA also regulates the frequency on which settlement (remittance) is due by accredited intermediaries. Such frequency varies between jurisdictions and is subject to amendment. IATA regulations currently provide that frequency of payment may vary from one jurisdiction to another and occurs at least once a month.

Licenses and certificates

Our airlines are regulated by, and must hold operating licenses that are issued by, the aviation authorities in their home countries. For example, TUIfly GmbH is regulated and licensed by the German Federal Aviation Authority (*Luftfahrt-Bundesamt*, LBA) and TUI Airways Limited (previously Thomson Airways Limited) ("**TUI Airways**") is regulated and licensed by the UK Civil Aviation Authority (CAA).

National airline licencing rules have been harmonised across the European Union. As a result, operating licenses are now valid throughout the EU on the basis of Regulation (EC) No 1008/2008. In order to receive an operating licence, EU airlines must amongst others:

- have their principal place of business in an EU Member State,
- hold a valid air operator certificate in accordance with Regulation (EU) No 2018/1139,
- have one or more aircraft at its disposal through ownership or a dry lease agreement,
- have air services as their main occupation,
- be owned by more than 50% and be effectively controlled by EU Member States or nationals of EU Member States;
- meet certain financial conditions;
- comply with insurance requirements; and
- comply with the provisions on good repute.

If a competent licencing authority is no longer satisfied that the airline can meet its actual and potential obligations for a 12 month period, it shall suspend or revoke the airline's operating licence.

Following the end of the Brexit transition period, the CAA is now responsible for issuing operating licences for UK airlines. Regulation (EC) No 1008/2008 remains largely in force in the UK as retained EU law, although with some changes to access to routes, pricing and emergency measures (see next paragraph). UK airlines must have their principal place of business in the UK and hold a valid air operator certificate issued by the CAA. The other requirements are broadly in line with EU requirements without the ownership restriction, although there are ownership restrictions on an airline flying into the EU (see below).

According to Regulation (EC) No 1008/2008, Member States may limit or refuse capacity on air traffic routes to respond to sudden unavoidable and unforeseeable problems or for environmental reasons. In addition, airlines require further licences, for example for the operation of routes outside the EU and for the use of certain rights set forth in international aviation agreements.

On 25 May 2020, Regulation (EU) 2020/696 was adopted, amending Regulation (EC) No 1008/2008 in view of the COVID-19 pandemic. Regulation (EU) 2020/696 temporarily amended Regulation (EC) No 1008/2008 by (i) suspending, until the end of 2020, the obligation for Member States to suspend or revoke the operating licence of any air carrier which may fail to fulfil its financial obligations for the next year, (ii) providing that, until the end of 2020, Member States may temporarily keep justified and proportionate emergency measures in place for a period beyond 14 days, limited to the duration of public health risks clearly linked to the pandemic, (iii) allowing for authorisations for suppliers of ground handling services at EU airports that expire in the period 28 May 2020 to 31 December 2021 to be prolonged until 31 December 2022 and (iv) introducing, until the end of 2020, an urgent procedure for the selection of suppliers of ground handling services during the crisis, so that contracts can be awarded more efficiently. On 16 December 2020, another two Regulations addressing the COVID-19 pandemic were adopted: Regulation (EU) 2020/2114 prolonged the period during which the urgent procedure for the selection of suppliers of ground handling services is applicable until 31 December 2021. Regulation (EU) 2020/2115 suspended the obligation for Member States to suspend or revoke the operating licence of any air carrier which may fail to fulfil its financial obligations for another year until end of 2021.

Following the end of the Brexit transition period, UK ownership and effective control no longer qualifies as EU ownership and effective control. Therefore, airlines that are partially owned or effectively controlled by the UK or by UK nationals run the risk of falling below the 50% threshold. As a consequence, the grounds for an operating licence under Regulation (EC) No 1008/2008 may no longer be fulfilled.

On the basis of the European Economic Area Agreement, the regime under Regulation (EC) No 1008/2008 applies not only to EU Member States but also to EEA Member States. The Member States of the EEA are the EU Member States plus Norway, Iceland and Liechtenstein. The UK is no longer a contracting party of the European Economic Area Agreement following the end of the Brexit transition period, and UK or UK nationals are no longer entitled to an operating license under Regulation (EC) No 1008/2008.

The national aviation authorities are also responsible for enforcing technical standards and safety rules concerning the operation and maintenance of aircraft. Aircraft may only be flown if they have a certificate of airworthiness and their engines, equipment and maintenance procedures must also be certified. All flight crew and certain maintenance staff must be licensed.

Security

According to Article 13 of Regulation (EC) No. 300/2008 and Section 9 of the German Air Security Act (*Luftsicherheitsgesetz*), an air carrier is required to demonstrate specific security measures as set out in and in compliance with a security programme (*Luftsicherheitsplan*) approved by the German air traffic authority. Similar national rules apply in the UK, Belgium, Netherlands and Sweden where TUI also holds an airline operating license.

Slots

Access to the main international airports is allocated by the allotment of slots. At heavily used and congested airports, slots are a scarce commodity. Within the EU, slots at major airports are allocated according to Council Regulation (EEC) No 95/93, as last amended by Regulation (EU) 2021/250 addressing the COVID-19 pandemic, while at smaller airports, national law determines slot allocation. Under the EU regulations, slots are allocated twice a year, with priority given to the airline that held the equivalent slot in the preceding period.

Airlines may exchange slots among themselves under certain circumstances. Under Regulation (EEC) No 95/93, the pure trading of slots for payment (i.e., without a corresponding exchange), so-called "*secondary trading"*, is not expressly prohibited. The European Commission has proposed a "recast" of the rules on slots aiming for a more efficient allocation of available capacities. The proposal is currently under scrutiny in the legislative procedure between the Council of the EU and the European Parliament.

Under the TCA, following the end of the Brexit transition period, the UK and EU have agreed that the UK will regulate slots at UK airports in a transparent, effective and non-discriminatory manner. A reciprocal obligation is imposed on the EU. Although the UK may adopt a more liberal approach in the long run towards the allocation and trading of slots, the TCA does impose a "level playing field" requirement, meaning that significant divergence from EU rules may be restrained. The EU Regulations dealing with slots are currently operating as retained EU law in the UK under the EUWA.

Rights of passengers

Passenger rights are regulated by national and EU law; in addition, international agreements may apply with regard to, for example, liability for accidents.

At the European level, Regulation (EC) No. 261/2004 repealed Regulation (EC) No. 295/91 and broadened the rights of air travel passengers in case of the cancellation or substantial delay of flights in terms of compensation, support payments and other benefits. The Sturgeon judgment of the ECJ of 19 November 2009 reinterpreted Regulation (EC) No. 261/2004 so as to read into it an obligation on airlines to pay compensation of between €250 and €600 for flight delays exceeding three hours.

Moreover, by judgment of 23 October 2012, for example, the ECJ ruled that Art. 5 to 7 of Regulation (EC) No. 261/2004 must be interpreted as meaning that passengers whose flights are delayed are entitled to compensation under that regulation where they suffer, on account of such flights, a loss of time equal to or in excess of three hours, that is, where they reach their final destination three hours or more after the arrival time originally scheduled by the air carrier. Such a delay does not, however, entitle passengers to compensation if the air carrier can prove that the long delay was caused by extraordinary circumstances which could not have been avoided even if all reasonable measures had been taken, namely circumstances beyond the actual control of the air carrier.

In a recent judgment of 23 March 2021, the ECJ held that Article 5 (3) of Regulation (EC) No. 261/2004 must be interpreted as meaning that strike action which is entered into upon a call by a trade union of the staff of an operating air carrier, in compliance with the conditions laid down by national legislation, which is intended to assert the demands of that carrier's workers and which is followed by a category of staff essential for operating a flight does not release the air carrier from its obligation to pay compensation to passengers.

The ECJ's jurisdiction, the EU Charter of Fundamental Rights that enshrines certain political, social and economic rights for EU citizens and factual changes were taken into consideration when issuing a proposal to amend Regulation (EC) No 261/2004. The proposed regulation aims to eliminate grey zones and gaps in the current law and to ensure a better compliance and enforcement of the law. However, the legislative procedure has not yet been completed yet. The first reading in the EU parliament took place in February 2014 and the EU Council discussed the proposal in June 2014. This and other ongoing aviation files remained on hold within the Council for several years, pending resolution of the dispute between Spain and the UK over the inclusion of Gibraltar's airport in the Regulation. Discussions on the revision of the EU's air passenger rights regulations resumed in November 2019. In early 2020, the

Council made some progress, putting forward new compromise proposals with the aim of reaching a general approach within the Council. The German EU Presidency in the second half of 2020 did however not follow through on this, and also the Croatian EU Presidency in the first half of 2021 does not treat the file as a priority.

Following the end of the transition period, Regulation (EC) No. 261/2004 remains largely in force in the UK as retained EU law. Specific amendments were made pursuant to the Air Passenger Rights and Air Travel Organisers' Licencing (Amendment) (EU Exit) Regulations 2019 to make it compatible with UK domestic law. As part of these amendments, the fixed amounts of compensation were converted into British pound, ranging from £220 to £520.

Moreover, as regards the liability of an airline, the Convention for the Unification of Certain Rules for International Carriage by Air (the "**Montreal Convention**") was adopted in May 1999. The convention consolidated, updated and replaced all previous agreements on air carrier liability, including the 1929 Warsaw Convention. The Montreal Convention came into force in all EU Member States on 28 June 2004, and was implemented into German law in 2004. Passengers may claim up to 1,288 Special Drawing Rights ("**SDRs**") (approximately €1,458.39 as of 17 July 2020) for lost, damaged or delayed luggage. This compares with the previous weight-based compensation system under the 1929 Warsaw Convention, which continues to apply to cargo.

Finally, in case of a passenger's death or bodily injury the Montreal Convention establishes strict carrier liability for damages of up to 128,821 SDRs (approximately €156,559.60 as of 17 July 2020) for each passenger while the carrier's liability for damages caused by delay in the carriage of persons is limited to 5,346 SDRs (approximately €6,497.14 as of 17 July 2020) for each passenger.

Ownership structure and compliance documentation

The granting and maintenance of an operating license for a German air carrier is primarily governed by Regulation (EC) No 1008/2008 and Section 20 of the German Air Traffic Act (*Luftverkehrsgesetz*). Regulation (EC) No 1008/2008 requires that an air carrier must be owned and continue to be owned directly or through majority ownership by EU Member States or nationals of EU Member States and must at all times be effectively controlled by such EU Member States or such nationals. It also provides that any entity, which directly or indirectly participates in the controlling shareholding of an air carrier, must meet the requirements set out above. The air carrier must at all times be able to demonstrate to the EU Member State responsible for the operating licence that it meets these requirements.

In addition to the national and EU regulations, bilateral air transport agreements entered into between Germany and other countries also require a certain ownership structure. These agreements grant air traffic rights (for example the right for scheduled flights over the territory and the right to land) to Germany, which are then passed on to the German air carriers by way of designation. Some of these bilateral agreements still provide that the air carriers designated by a country must be owned in a substantial part (i.e., usually majority-owned) by nationals or companies of that country, and effectively be controlled by nationals of that country. Some air traffic agreements do not require a certain ownership structure or refer to "EU nationality" rather than to German or another specific nationality. Following EU law in the wake of jurisprudence by the European Court of Justice, existing bilateral agreements with nationality clauses should in fact whenever possible be amended to include a horizontal EU clause so that airlines from other EU Member States, regardless of their national ownership structure as long as they are EU owned and controlled, can also enjoy the traffic rights granted on equal footing.

Following the end of the Brexit transition period, the TCA provides that a UK air carrier which is majority owned and controlled by UK nationals, or a UK air carrier which was holding a UK operating licence at the end of the Brexit transition period and is majority owned and effectively controlled by UK or EU or EFTA nationals, may operate commercial aircraft between the UK and the EU (assuming it otherwise meets UK regulatory standards). EU designated carriers which are majority owned and controlled by EU or EFTA nationals may operate between the EEA and UK.

Regulation affecting our Tour Operator business

ATOL regulations

An Air Travel Organiser's License ("**ATOL**") granted by the Civil Aviation Authority is required by law in the UK in certain circumstances, including when a firm sells a flight package which it has organised itself or a flight from the UK plus overseas accommodation or overseas car hire (or both). ATOL holders generally must post a bond that covers all components of the package holidays they sell, in order to provide security if the tour operator goes out of business. A number of our businesses operating in the UK, including TUI UK, hold ATOLs. In April 2021, the Civil Aviation Authority launched a consultation on potential changes to the ATOL regime in respect of the use of customer monies for the funding of an ATOL holder's operations. The options considered include a segregation of funds, meaning that any customer prepayment would become restricted cash. The Civil Aviation Authority has indicated that before implementing any changes to the ATOL regime in this regard, it will first undertake a business impact assessment, undertake another consultation on specific proposals and may decide to offer a transition period.

Package Travel Directive

Council Directive 90/314/EEC of 13 June 1990 on package travel, package holidays and package tours (the "**1990 Package Travel Directive**") imposed liability on companies selling package holidays for all components of the package holiday, including services to be provided by third parties such as airlines, hotel companies and local tour companies. The directive included provisions that regulate claims of travel customers regarding the remedy of defects, damages and the withdrawal of customers from package holidays.

The scope of the 1990 Package Travel Directive was limited to the non-occasional sale of package tours by an "*organiser"* (defined as a person who organises packages and sells or offers them for sale, whether directly or through a retailer) or a "*retailer"* (defined as a person who sells or offers for sale packages put together by an organiser) to a consumer, to the exclusion of individually organised tours or to the delivery of single travel services, such as a scheduled flight or hotel accommodation.

For purposes of the 1990 Package Travel Directive, "*package"* means a combination previously put together by an organiser or a combination of elements tailored by the travel agent at the request of the consumer including not fewer than two of the following elements: transportation, accommodation or other tourist services not ancillary to transportation or accommodation but which account for a significant part of the package. Additionally, in order to be covered under the "*package"* definition, such combinations are required to be sold or offered for sale at an inclusive price and the services must cover a period of more than 24 hours or include overnight accommodation.

Insofar as we act as organisers or retailers, our activities are impacted by the provisions of the 1990 Package Travel Directive and implementing national legislations, primarily with respect to

- minimum standards concerning the information to be provided to consumers;
- formal requirements for package travel contracts, including mandatory rules concerning cancellation, modification and the civil liability of package tour organisers or retailers; and

- providing effective protection to consumers in the event of the package tour organiser's insolvency, namely repayment of the price and repatriation of consumers.

Under the 1990 Package Travel Directive, Member States were allowed to choose between mandatory joint liability of the organiser and the retailer or to split liabilities in consideration of organisers, and retailers' traditional roles and responsibilities. Therefore, we may be subject to different standards of liability depending on the jurisdictions in which we operate.

On 25 November 2015, the new Directive (EU) 2015/2302 on package travel and linked travel arrangements was adopted (the "**2015 Package Travel Directive**"). This new Directive entered into force on 31 December 2015 and had to be transposed into national law by the EU Member States by 1 January 2018, being applicable from 1 July 2018. The new Directive replaces and extends the protection of the 1990 Package Travel Directive to cover not only traditional package holidays, but also give protection to consumers who book other forms of combined travel (e.g., a self-chosen combination on a website of a flight plus hotel or car rental). The 2015 Package Travel Directive broadens the concept of "*package"* and will apply to:

- pre-arranged packages (ready-made holidays from a tour operator made up of at least two elements: transport, accommodation or other services, e.g., car rental);
- customised packages (selection of components by the traveller and bought from a single business online or offline); and
- linked travel arrangements (if the consumer, after having booked one travel service on one website, is invited to book another service through a targeted link or similar and the second booking is made within 24 hours).

The 2015 Package Travel Directive therefore results in additional and more stringent regulatory requirements applicable to our operations.

Following a report issued on 1 March 2021, the European Commission will perform an in-depth analysis by 2022 to assess if any further changes to the Package Travel Directive are needed. This review will focus on the main issues identified, including the continuing difficulties experienced in delimiting between "packages" and "linked travel arrangements", the increased pressure on insolvency protection systems and the impacts from COVID-19 on the sector and the level of consumer protection.

The 2015 Package Travel Directive was transposed into UK law through the Package Travel and Linked Travel Arrangements Regulations 2018 (the "**Package Travel Regulations 2018**"), which continues to apply following the end of the transition period. Specific amendments were made pursuant to the Package Travel and Linked Travel Arrangements (Amendment) (EU Exit) Regulations 2018 in view of Brexit. This includes amendments prescribing that organisers of packages and traders facilitating linked travel arrangements which are established in Member States of the European Union are no longer exempted from the requirement to provide security in accordance with Part 5 (insolvency protection) of the Package Travel Regulations 2018.

Effects of the COVID-19 pandemic

The COVID-19 pandemic has resulted in an unprecedented disruption of the global tourism industry, including our operations.

In the UK, the CMA has announced investigations of business responses to customers across a number of industries, including tourism and air travel. Regarding package travel organisers, since March 2020, the CMA has received over 23,000 consumer complaints, primarily related to handling of holidays cancelled because of the pandemic. They included claims that customers were not informed of their full rights under these circumstances, were charged cancellation fees when the law entitles them to a full refund, or were forced to accept vouchers instead of a cash refund.

Although we also offer vouchers, we agreed with the CMA in September 2020, to pay by the end of that month any outstanding refund requests for customers whose holidays were cancelled as a result of the COVID-19 pandemic, and to contact customers with unused credit notes, to make them aware that these could be converted to a refund. We will regularly report to the CMA in respect of the time required to issue requested refunds. In May 2021, we also undertook to the CMA that we would improve the display of information related to travellers' refund rights in certain package travel contracts, refund credit notes and other customer communications.

Regulation affecting our hotels and destination agencies

Our hotels and destination agencies are subject to a variety of laws and regulations in the countries in which they operate and, on a periodic basis, must obtain licenses and permits, for example those required for the construction and design of buildings and to sell alcoholic beverages. We are subject to a broad range of labour, environmental and health and safety regulations in each jurisdiction in which we operate. We believe that we have obtained all required licenses and permits and that TUI Group's businesses are conducted in substantial compliance with applicable laws.

Regulation affecting our business as a whole

National level regulation

The laws of certain jurisdictions may set forth additional license or other requirements for the operation of our travel agency business.

In particular, we could become subject to the Cuban Assets Control Regulations ("**CACR**"). Travel service providers who are, or are owned or controlled by, U.S. citizens, U.S. residents, or U.S. corporations or other organizations, or their foreign branches or subsidiaries, are subject to the U.S. embargo against Cuba, expressed principally through CACR and administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"). The CACR also extend to all persons physically located in the United States as well as all persons engaging in transactions that involve property in or otherwise subject to the jurisdiction of the United States. Currently, we are not subject to the CACR, but we could become subject to the CACR if U.S. citizens or residents or a U.S. company or its foreign subsidiary obtained control of the Company. The CACR provide that companies subject to the CACR must obtain authorisation from OFAC before providing travel-related services in connection with authorised travel to or from Cuba. Criminal penalties for violating the CACR range up to 20 years in prison, $1,000,000 in corporate fines, and $250,000 in individual fines. Civil penalties of up to $91,816 per violation may also be imposed. The CACR require those dealing with Cuba (including travelling to Cuba) to maintain records for five years and, upon request from OFAC, to furnish information regarding such dealings. In the event that we become subject to the CACR, our resulting compliance obligations could conflict with our obligations under the EU's blocking statute (Council Regulation (EC) 2271/96), which prohibits compliance by EU operators with any requirement or prohibition under US sanctions targeting Cuba.

Data protection and e-commerce regulations

Like other companies operating in the EU and the UK, we are subject to increasing regulation relating to data protection, which impose obligations on how we collect, process, store, transfer, secure and delete data relating to living persons. For example, the Group is subject to a number of laws and regulations relating to privacy and data protection, including:

- the EU GDPR (as defined above) and EU Directive 2002/58/EC;

- any law, enactment, regulation or order transposing, implementing, adopting, supplementing or derogating from the EU GDPR or the EU Directive 2002/58/EC in each member state; and
- the UK GDPR (as defined above, i.e. the EU GDPR as it forms "retained EU law" as defined in the EUWA), the UK Data Protection Act 2018 and the Privacy and Electronic Communications (EC Directive) Regulations 2003.

Though the formal Brexit transition period ended on 31 December 2020, the TCA provided for an interim period in which the UK was not to be considered a third country for the purposes of EU data protection laws, so long as UK data protection laws did not change. This interim period ended upon the European Commission formally adopting an adequacy decision for the UK (in the context of the protection of personal data in accordance with the EU GDPR in June 2021. The UK government indicated in September 2021 an intention to reform UK data protection laws and has initiated a formal consultation process. Any changes to the UK data protection regime imposed by such reform may represent a divergence from the level of protection offered by the EU GDPR. This would risk the withdrawal of the formal adequacy decision granted by the European Commission to the UK in June 2021 (in the context of the protection of personal data in accordance with the EU GDPR) as the UK may no longer be considered by the European Commission to offer sufficient protection for personal data for this to remain in place. If the adequacy decision were to be withdrawn as a consequence of any reform of UK data protection laws, the UK would become a third country for the purposes of EU data protection laws.

Additionally, because we conduct a significant part of our business online, we must comply with applicable regulations and legislation on electronic commerce (including those in the EEA and UK). These regulations and laws impose obligations in relation to the management and provision of e-commerce and online services, including in relation to the:

- pre-contractual information to be provided to consumers on our activities (and other transparency obligations in relation to the online service);
- regulation of commercial communications that we send to consumers;
- formal rules for entering into electronic contracts;
- regulation of the consumer's choice of payment instrument;
- regulating the use of cookies, location data, opt-in rules for marketing (including email marketing);
- the implementation of appropriate cybersecurity measures, and
- the liability of intermediary service providers.

14. Environmental Matters

Economic, environmental and social sustainability is a cornerstone of our strategy for continually enhancing the value of the TUI Group and beyond. We aim to create the conditions for long-term economic success and assume responsibility for sustainable development in the tourism sector along with being a pioneer for new initiatives.

The goals we set ourselves in our sustainability strategy include ‘Step lightly’, where we aim to reduce the environmental impact of our business operations and to fix goals for improvements in all Group areas.

14.1. Emissions standards – EU and UK

Under the United Nations Framework Convention on Climate Change (“**UNFCCC**”) and the Kyoto Protocol, certain contracting states entered into obligations to control and reduce emissions of greenhouse gases. To comply with its obligations under public international law, the EU introduced a scheme in 2003 to limit greenhouse gas emissions and for the trading of allowances that applies to certain industrial installations. In December 2018, world leaders at the 24th Conference of the Parties (“**COP24**”) agreed on rules for implementing the 2015 Paris Agreement, which aims to limit a rise in average world temperatures to “well below” 2°C above pre-industrial levels.

Because they consume fossil fuels, our aircraft, cruise ships and hotels contribute to emissions. Our flight and cruise operations are subject to various emissions-related regulations, the most significant of which we describe in this section.

Aviation

Since 2012, emissions from all flights within the EEA are included in the EU emissions trading system (“**EU ETS**”). The EU ETS is a cap and trade system that requires businesses operating aircraft routes within the EU to measure their carbon dioxide emissions and account for those emissions by surrendering credits. From 2021, it is planned to apply the linear reduction factor of the Emissions Trading Directive on the allocated credits. This amounts to 2.2 percent reduction per year. The EU has already announced its intention to gradually reduce the credits available under the EU ETS further. If credits are reduced, operating costs will increase even for airlines that hold their emissions stable, as the credits threshold will be reached earlier.

Following the end of the Brexit-related transition period on 31 December 2020 at 11pm GMT (the “**Transition Period**”), the UK has introduced its own emissions trading scheme (“**UK ETS**”), which applies from 1 January 2021 and is modelled on the EU ETS. The UK ETS has been established under new statutory instruments – primarily the Greenhouse Gas Emissions Trading Scheme Order 2020. The UK ETS applies to aircraft operators operating above applicable thresholds and covers UK domestic flights and flights departing from the UK to Gibraltar, the EEA and offshore installations.

As with the EU ETS, the UK ETS imposes an overall cap on the total amount of certain greenhouse gases that can be emitted by in-scope sectors. The cap on UK ETS allowances allocated each year will initially be set below the UK’s expected notional share of the EU ETS cap for Phase IV (2021-30). The UK Government has stated that this is a temporary cap and that it will consult on an appropriate trajectory for the UK ETS to align with the Government’s net zero 2050 target. Notwithstanding the introduction of the new UK ETS, the UK remains a participant of the EU ETS in respect of the 2020 compliance year. Although no decision has been made, it is possible that the UK will link the UK ETS with the EU and Switzerland to include flights inbound from the EU and flights from the UK to Switzerland.

In October 2016, International Civil Aviation Organization adopted the Carbon Offsetting and Reduction Scheme for International Aviation (“**CORSIA**”), in order to monitor, report and offset annual CO_2 emissions from international civil aviation that exceed 2019 levels. Unlike the EU

ETS, which is a "cap and trade" program that sets an upper limit for the total amount of emissions, CORSIA is an "offsetting scheme" under which total emissions may increase, but must be compensated by offsets. To compensate for CO_2 emissions above 2019 levels in international aviation and achieve carbon-neutral growth over time, emitters would purchase emissions units.

The scheme, which is overseen by ICAO, is supposed to deliver projects that will reduce carbon by around 2.5 billion tons between 2021 and 2035. 88 countries have currently signed up.

The Council of ICAO adopted the First Edition of Annex 16 — Environmental Protection, Volume IV — CORSIA in June 2018. This edition is also called International Standards and Recommended Practices ("**SARPs**"). The SARPs set the monitoring, reporting and verification rules as well as the rules for deletion of certificates, e.g., offsets. To implement these rules in EU law the Directives EU 2018/2066, EU 2018/2067 and EU 2019/1603 have been passed.

Participation of ICAO member states in CORSIA is voluntary during the pilot and first phases (2021 – 2026), becoming mandatory for all member states as of 2027.

Since October 2016, however, 88 states, including all EU member states and the UK, have expressed their intention to participate voluntarily in the scheme from the start. In June 2020 the EU member states formally decided that they will participate voluntarily. From May 2020 airline operators are required to submit their emissions report covering the operator's 2019 CO_2 emissions, together with the associated verification report to the state to which the operator is attributed. Starting in August 2020 the state has to submit to ICAO the state's emissions report for the aggregated 2019 CO_2 emissions of the operators attributed to the State.

In July 2020, the European Commission published the roadmap for the legislative initiative aimed at amending the EU ETS regarding aviation, which is part of the European Green Deal. This initiative, planned for the second quarter of 2021, will serve to implement CORSIA by the EU in a way that is consistent with the EU's 2030 climate objectives. The initiative will also propose to increase the number of allowances being auctioned under the system as far as aircraft operators are concerned.

In January 2021, the UK's Department of Transport published a consultation on the first of two statutory instruments ("**SIs**") being proposed in order to implement the CORSIA SARPs into national legislation. The first SI will cover the monitoring, reporting and verification of CO_2 emissions and the second SI (likely to come into force in 2022) will implement the CO_2 emissions offsetting obligations of CORSIA and be designed to take into account the new UK ETS.

As of January 2019, all TUI airlines monitor and record all international flights as per their Emission Monitoring Plan for CORSIA. TUI airlines submitted their second verified emissions report in early 2021.

Cruises

As of the date of this prospectus, the EU imposes a system for monitoring, reporting and verification ("**MRV**") of carbon emissions by ships:

The MRV system for ships exceeding 5,000 gross tonnage (GT) on all voyages to, from and between ports in the European Economic Area (EEA) has applied since 2018 (pursuant to Regulation EU 2015/757 (the "**EU MRV Regulation**"). Regulations EU 2016/1928 and EU 2016/1927 provide templates for monitoring plans, emissions reports and documents of compliance. Since January 2018 monitoring plans are obligatory and since 2019, shipping companies have to submit emission reports to the states in which those ships are registered ("**Flag States**").

On the international level, the International Maritime Organization ("**IMO**") adopted an initial strategy on the reduction of greenhouse gas emissions from ships in April 2018. The initial strategy envisages reducing the total annual greenhouse gas emissions by at least 50% by 2050 compared to 2008. The initial strategy is due to be revised by 2023. From January 2019 the IMO established an IMO Data Collection System. The system requires owners of large ships (above 5,000 gross tonnage) engaged in international shipping to report information on fuel consumption to their Flag States. The Flag States then report the aggregated data to the IMO, which shall produce an annual summary report to the IMO Marine Environment Protection Committee.

As a result, from 2019, ships calling into EEA ports have to report under both the EU MRV Regulation and the IMO Data Collection System. In February 2019, the European Commission made a proposal to amend the EU MRV Regulation to take appropriate account of the global data collection system (COM (2019) 38 final 2019/0017(COD)).

Following the end of the Transition Period, the EU MRV Regulation (and Regulations 2016/1928 and 2016/1927) have been retained under UK law (subject to certain amendments to ensure that the regime for the MRV of carbon emissions continues to operate effectively since the UK has left the EU). Ships visiting UK ports are required to carry a document of compliance issued under the UK regime. Under the UK regime, ships are not required to monitor and report on voyages that do not start or end at a port in the UK.

The EU's and the UK's MRV systems do not currently use a cap and trade system like that of the EU ETS and the UK ETS. It is possible, however, that the EU and the UK will extend the EU ETS and/or UK ETS, or a similar system, to shipping.

14.2. Other environmental regulations affecting our operations

Aviation

Our airlines are subject to international, national and, in some cases, local environmental regulation standards.

Since 1 April 2002, our aircraft must comply with the noise requirements set forth in Chapter 3 of Annex 16 to the Chicago Convention. Certain airports in Europe have established local noise restrictions, including limits on the number of hourly or daily operations or the time of such operations. These restrictions may cause curtailment of service or increases in operating costs and could limit our ability to expand operations at affected airports. Directive 2002/49/EC sets a general framework for the assessment and management of noise. Noise is a devolved issue in the UK, with England, Wales, Scotland and Northern Ireland having transposed Directive 2002/49/EC into domestic law through various complementary regimes (which continue to apply following the end of the Transition Period).

For airports with more than 50,000 civil aircraft movements per calendar year Regulation (EU) No. 598/2014 establishes rules and procedures with regard to the introduction of noise-related operating restrictions at EU airports within a balanced approach. Following the end of the Transition Period, Regulation (EU) No. 598/2014 is retained EU law in the UK (subject to certain amendments to ensure that domestic legislation continues to operate effectively following the UK's withdrawal from the EU).

In February 2013, the ICAO Committee on Aviation Environmental Protection (CAEP) agreed on a new CO_2 certification requirement, as well as new global noise standards that will result in quieter skies and airports. The CO_2 certification requirement will form the basis of future work to complete an Aircraft CO_2 Standard. In February 2016, the ICAO CAEP further approved amendments to Annex 16 Volume I "Aircraft Noise" and Volume II "Aircraft Engine Emissions" of the Chicago Convention, which have meanwhile entered into force.

Since January 2011, an air traffic surcharge has applied to all flights departing from Germany. Under Sec. 11 of the German Air Travel Tax Act (*Luftverkehrsteuergesetz*, LuftVStG), the level of this surcharge depends on the flight duration. As of the date of this prospectus, the surcharge levels are €12.88, €32.62 and €58.73 per passenger/flight. This surcharge has contributed significantly to increased costs for airlines, to the extent they are unable to pass the cost increase on to passengers. Some EU member states are considering abolishing the tax exemption for aviation fuel. Directive 2003/96/EC allows EU member states to tax aviation fuel for domestic flights and, by means of bilateral agreements, fuel used for intra-member state flights. Aviation fuel currently incurs no duty in the UK.

Cruises

Some destinations actually consider regional regulations that push for zero-emission limits. Norway already has introduced Tier III restrictions by 2025 and plans to implement zero-emission measures for cruise ships from 2026 onwards in the heritage fjords and the EU Parliament has recently pushed for zero emission at berth from 2030 onwards.

TUI is considering this development in the operational and investment processes of our cruise sector, as it could affect operational flexibility due to potential changes in the ship deployment (i.e., mandatory shore power usage for ships).

14.3. Climate protection and resource efficiency

Airlines

The airlines we operate are among Europe's most carbon-efficient, and we aim to continuously improve this efficiency. Beyond renewing the fleet, we have implemented the following measures to support our efficiency goals:

- Process optimisation, e.g., single-engine taxiing in and out, acceleration altitude reduction, drag reduction, mass and balance optimisation and wind uplinks
- Weight reduction, e.g., introduction of carbon brakes and water uplift optimisation
- Flight planning optimisation, e.g., alternate distance optimisation and minimum fuel optimisation
- Implementation of fuel management systems to improve fuel analysis, identify further opportunities and track savings

We did not meet the aviation carbon intensity target of 10% by 2020 that was set as part of our Better Holidays, Better World sustainability strategy. This was based on efficiency measures as well as fleet renewal (our average fleet age was 9.6 years in Fiscal 2020). Unfortunately, with the grounding of the Boeing 737 Max and the deliveries that were scheduled, this has significantly impacted progress against this target. Finally the COVID-19 crisis made it impossible to fulfil our relative target which is based on load factors and fuel burn.

We have implemented environmental management systems based on the internationally recognised ISO 14001 standard. All of our airlines hold an ISO 14001:2015 certification. Our Central Region Airline, TUI fly Germany is also registered in the EU Eco-Management and Audit Scheme (EMAS).

We monitor relative emissions, which we also report in the form of CO_2 equivalents (CO_2e). In addition to CO_2, these emissions include the other five greenhouse gases affecting the climate, as listed in the Kyoto Protocol: methane (CH_4), nitrous oxide (N_2O), hydro-fluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6).

Cruises

TUI Cruises continues to operate a modern and technology advanced fleet. A smart energy management system, efficient air conditioning, innovative lighting controls and the use of waste heat from the engines all contribute to a significantly reduced carbon footprint. The IMO has defined particularly stringent NOx limit values for ship new builds in specified Nitrogen

Emission Control Areas (NECAS) off the North American coast. Equipped with a main engine that is completely compliant with TIER III, the new *Mein Schiff 2* fully meets these criteria.

Sulphur emissions from the new builds in the fleet are reduced by up to 99% thanks to new scrubber systems that treat exhaust fumes before releasing them.

The new build ships are fitted with advanced emission purification systems which they can operate in a completely closed-loop system, with zero discharge into the sea. This means that the scrubbers from the exhaust gas treatment system do no discharge any used scrubber wash water at sea but instead dispose of it exclusively on shore. TUI Cruises applies this self-imposed policy, not only in the designated special emission control areas of the North and Baltic Seas, the English Channel and North America but also in the other areas that TUI Cruises travels to, such as the Mediterranean, Asia, Caribbean and Central America.

Hapag-Lloyd Cruises ships exclusively use 0.1% low-sulphur marine gas oil. This reduces the sulphur emissions of Hapag-Lloyd Cruises' fleet up to 80% and reduces particulates by up to 30%. All Hapag-Lloyd Cruises ships feature Tributyltin-free underwater coatings, seawater desalination systems for water treatment purposes as well as a biological sewage treatment system for wastewater. Waste is separated on board in an environmentally-friendly manner prior to disposal on land by specialized companies in accordance with international regulations (MARPOL).

Hapag-Lloyd Cruises' *Hanseatic Nature*, *Inspiration* and *Spirit* are also equipped with modern environmental technology. The optimisation of the hull and the use of a rudder with a special propeller contribute to a reduction in fuel consumption. The ships are equipped with SCR catalysts, which reduce nitrogen oxide emissions by almost 95 percent, and have the option of using shore power.

In 2020 two vessels, TUI Cruises' *Mein Schiff 4* and Hapag-Lloyd Cruises' *EUROPE 2*, started to equip the final installations to use shore-to-ship power, with other vessels in the fleet already prepared to also be fitted with the needed technical installation.

Our UK based cruise line, Marella Cruises has further developed its environmental data management systems and processes which has helped to drive environmental performance. The fleet continues to operate as efficiently as possible. This is achieved through the installation of new equipment on board such as an air conditioning plant, and operating single engine running, or drifting on passage, so that the engines can run at their most efficient speed.

As well as TUI Cruises and Hapag-Lloyd Cruises, Marella cruise ships are covered by an ISO 14001 environmental certification.

In financial year 2020, relative carbon emissions in Cruises increased by 32% due to the temporary stop of cruise operations caused by COVID-19.

As part of a pilot project, TUI Cruises carried out a waste analysis on board *Mein Schiff 4* and subsequently tested measures to reduce food waste. The measures saved 17% of food waste. Proven measures were subsequently rolled out across the entire fleet.

Hotels

Together with our hotel partners we constantly work on improving our sustainability performance. We have found our hotels with sustainability certifications deliver on average better environmental performance and higher customer satisfaction.

We have included a sustainability clause in contracts with our accommodation suppliers outlining minimum expectations and the requirement to work towards credible sustainability certification recognized by the Global Sustainable Tourism Council (GSTC). TUI is supporting its hotel partners by providing guidance and consultancy to enable our hotel partners to prepare for certification. In Fiscal 2020 already 83% of TUI Hotels & Resorts held a sustainability certification according to GSTC.

While in financial year 2019 we were able to increase the number of customers staying in a hotel which is certified to a GSTC-recognised standard to 10.3 million (exceeding our 2020 target), in financial year 2020, due to the stop of operations caused by COVID-19 we were not able to report further growth. Over the course of six years (2015 to 2020), 43 million ‘greener and fairer’ holidays had been delivered.

In January 2019, Robinson Club Jandia Playa became the first international hotel outside of Germany to earn the German Sustainable Business Council (DGNB) platinum certification. The new building of the Robinson Club on Fuerteventura in Spain’s Canary Islands incorporates state-of-the-art standards and is a prime example of sustainable construction in tourism, achieving a DGNB total performance index of 825%, the third highest ranking among hotels worldwide. The DGNB system considers all aspects of sustainable construction: ecology, economy, socio-cultural and functional aspects, technology, processes and location.

Due to the increasing importance, TUI continues its engagement in reducing food waste across its hotel business. Through workshops in Gran Canaria, Turkey and Mallorca, several TUI hoteliers were already trained in the use of more sustainable food as well as measures to reduce food waste. Effective waste management aims to conserve resources and reduce environmental impacts and costs through recycling practices. Our owned and partner hotels implement various measures to reduce waste, for example through a stronger focus on local procurement and reducing packaging via buying in bulk.

Plastic reduction

Growing plastic pollution negatively impacts travel and tourism, particularly near the beaches and oceans so important to our destinations. We signed the International Tourism Plastic Pledge along with others who recognize the urgency and the need to work together to reduce plastic pollution. TUI Group is part of the UNWTO-backed Global Tourism Plastics Initiative.

Recognising the industry’s role, our focus is on preventing waste in the first place by reducing single-use plastic from our operations. We succeeded to remove 250 million pieces of single-use plastics by early 2020 through concerted efforts across our hotels, cruise ships, airlines, destinations and offices. We also roll out Plastic Reduction Guidelines for hotels and organise dedicated workshops on the topic for TUI Hotels.

15. Material Agreements

15.1. Commercial agreements

Joint Venture Agreement with Respect to TUI Cruises

On 17 December 2007, the Company and Royal Caribbean Cruises Ltd. entered into a joint venture agreement with respect to the development and operation of a cruise line business targeting German-speaking countries through TUI Cruises. Each of the joint venture partners holds 50% in TUI Cruises.

Prior to our transfer of Hapag-Lloyd Cruises to TUI Cruises (see below), TUI Cruises owned seven cruise ships: *Mein Schiff Herz*, *Mein Schiff 1*, *Mein Schiff 2*, *Mein Schiff 3*, *Mein Schiff 4*, *Mein Schiff 5* and *Mein Schiff 6*. This fleet will be expanded by three additional cruise ships to be commissioned in 2023, 2024 and 2026. *Mein Schiff Herz* is intended to be allocated to Marella Cruises to replace an older ship in 2023.

Under the joint venture agreement, the parties have set up a shareholders' committee consisting of four members with two members to be appointed by each party. Certain matters with respect to the business operations of TUI Cruises are made subject to the consent of the shareholders' committee, including the approval of business plans, appointing members of the management, structural changes, capital expenditures, transactions between TUI Cruises and the joint venture partners and financing arrangements. TUI Cruises shall have at least two managing directors who operate through a managing committee consisting of the chief executive officer and the chief financial officer and, potentially, any further managing director and are responsible for the day-to-day business.

The joint venture agreement furthermore contains provisions regarding deadlock situations in the shareholders' committee, pursuant to which the parties shall use reasonable efforts to resolve continuing disagreements in good faith. If the parties fail to resolve the deadlock in a certain period of time, the parties have the right to either buy from or sell to the other party all of their shares and proportional shares in shareholder loans.

The joint venture agreement also contains a change of control clause pursuant to which each joint venture partner has the right to initiate the procedure set forth for deadlock situations as described above. Change of control with respect to the Company is defined as a person acquiring effective control over more than 50% of the Company's voting shares.

Transfer of Hapag-Lloyd Cruises to TUI Cruises

In February 2020 TUI AG agreed to sell all shares in Hapag-Lloyd Cruises, and to transfer ownership in all Hapag-Lloyd Cruses' cruise ships, to TUI Cruises. The ships to be transferred under this transaction were the three expedition cruise vessels *Hanseatic Nature*, *Hanseatic Inspiration*, *Bremen* (to be replaced in 2021 by the newbuild *Hanseatic Spirit*) and two luxury cruise vessels, *Europa* and *Europa 2*.

The transaction was completed in July 2020 with disposal proceeds in the amount of approximately €690 million, of which €70 million are to be received over the next two years. The first stage of disposal proceeds has been received in the third quarter and full deconsolidation has been completed in the final quarter of Fiscal 2020.

The disposal is line with our previously outlined asset-right strategy to deliver additional profitable growth at a lower level of capital intensity, whilst facilitating the growth and international expansion of Hapag-Lloyd Cruises through our proven joint venture structure TUI Cruises.

Joint Venture Agreement and other arrangements with respect to Jaz Hotels & Resorts S.A.E.

On 1 March 2006, the Company acquired a majority participation in the Egyptian hotel management company Egypt Hotels S.A.E. and entered into a joint venture agreement with the remaining shareholders which all belong to the HEC Group, a group of companies controlled by the Egyptian citizen Mr. Hamed El Chiaty (the "**HEC Group**"). Previously, starting in May 1996, predecessor-companies of the Company had acquired a majority participation in an Egyptian hotel management company called Egyptotel S.A.E. and a 50% participation in an Egyptian hotel management company called SolyMar for Management of Tourist Resorts S.A.E. and entered into respective joint venture agreements with the remaining shareholders of both companies, which all belonged to the HEC Group. In December 2008, the three aforementioned hotel management companies were merged into Egypt Hotels S.A.E. Subsequent to the merger, Egypt Hotels S.A.E. was renamed Jaz Hotels & Resorts S.A.E. As of the date of this prospectus, the Company holds 50.94% of the shares in Jaz Hotels & Resorts S.A.E. and the HEC Group holds the remaining 49.06%.

The purpose of Jaz Hotels & Resorts S.A.E. is to manage or operate specialised and first class hotels, resort hotels and restaurants in Egypt, Oman, Jordan and the United Arab Emirates under the brands Jaz and Iberotel. According to the joint venture agreement, profits are shared equally among the Company and the HEC Group. The Company is entitled to appoint four members of the board; the HEC Group is entitled to appoint the remaining three board members. Mr. Hamed El Chiaty has been appointed chairman of the board. Certain important matters (for example the appointment of general managers, material borrowings, important agreements, substantial changes to the structure of the company) require a majority of 80% in the board with an affirmative vote of at least one director representing the Company and one director representing HEC Group. The joint venture agreement also includes a right of first refusal of the shareholders if another shareholder intends to sell its shares to a third party. If the HEC Group intends to sell any of their current hotel activities to third parties, they must first offer such hotels for sale to Egypt Hotels S.A.E. or to the Company.

In addition to the joint venture agreement, the Company is party to various shareholders' agreements with the HEC Group with respect to the various joint venture hotel owning; management and marketing companies which own and work with the relevant hotels in Egypt and the United Arab Emirates. The Company has granted the HEC Group an option to purchase up to all shares held by the Company in Jaz Hotels & Resorts S.A.E. and other hotel owning and management companies if a change of control at the level of the Company occurs. Change of control in this context occurs if: (i) a shareholder or a group of shareholders holds or acquires shares or voting rights from shares in the Company provided that these shares would grant a de facto majority in the Company's shareholders' meetings based on the average presence in the annual general shareholders' meetings of the Company over the last three years; (ii) one third of the shareholders' representatives on the Company's Supervisory Board can be attributed to one shareholder or a group of shareholders; or (iii) the shareholders' meeting of the Company approves a transaction pursuant to which a shareholder or a group of shareholders of the Company would acquire either in the Company or in its tourism business shares or voting rights would grant a de facto majority in the Company's shareholders' meetings based on the average presence in the annual general shareholders' meetings of the Company over the last three years.

Shareholder agreements in Canada

On 14 January 2010, Sunwing Travel Group entered into a partnership with TUI Group. Sunwing Travel Group Inc. ("**STGI**") was formed being a vertically integrated travel company based in Toronto that encompasses tour operations, an airline and retail travel agencies. The company has different classes of shares. TUI Group holds 25% of the voting shares, but a 49% effective economic interest with the majority voting shares and economic interest held ultimately by the Hunter family. The shareholder agreement identifies the board composition, being seven members with three members appointed by TUI Group, and a number of reserved matters requiring approval from both shareholders including capital expenditure, acquisitions, disposals, financing above certain thresholds as well as terms on dividend policy and related party transactions.

Blue Diamond Hotels & Resorts Inc. ("**BD**"), a hotel operation and development group also including Nexus Tours, a Caribbean destination management company, was established in 2011 and incorporated in Barbados. BD operates a chain of luxury beach holiday resorts and hotels in the Caribbean and Mexico. As a result of a corporate reorganization effective 30 September 2016, BD became a wholly owned subsidiary of STGI. The shareholder agreement for BD identifies certain reserved matters specific to BD requiring shareholders' approval including level of capital spend, acquisitions, disposals, related party transactions and dividend policy. The board comprises five members of which two are appointed by TUI Group.

Vacation Express Inc., a U.S. based tour operator, also became a wholly owned subsidiary of STGI as a result of the aforementioned corporate reorganization.

The shareholder agreements furthermore contain provisions regarding (i) a right of first refusal of a shareholder, if the other shareholder obtains a third party offer and (ii) a tag-along right, according to which a shareholder must not transfer shares and proportional shares in shareholder loans to a third party offeror, unless the third party offeror also offers to purchase all the shares and shareholder debt of the other shareholder.

Transaction with respect to the disposal of the Company's stake in Riu Hotels

On 27 May 2021, (i) DEFAG Beteiligungsverwaltungs GmbH III, a subsidiary of the Company ("**DEFAG III**"), (ii) Saranja S.L., a company incorporated in Mallorca, Spain, belonging to the RIU group ("**Saranja**"), and (iii) the Company, entered into a memorandum of understanding (the "**MoU**") in relation to the disposal of the Company's 49% stake in Riu Hotels, held through DEFAG III, to Saranja, which then held the remaining 51% (the "**RIU Transaction**").

The MoU set out the main material terms and conditions of the RIU Transaction, and the undertaking of DEFAG III and Saranja to incorporate them in the final transaction documents by means of which DEFAG III sold and transferred and Saranja bought and acquired the shares in Riu Hotels against payment of the purchase price, which amounted to approximately €670 million, including earn-out-elements.

Following the Signing of the MoU, the parties agreed that the rights and obligations under the MoU shall be assigned from Saranja to Riu Hotels, and hence lead to an acquisition of own shares by Riu Hotels.

The final RIU Transaction documents were executed and the payment of the purchase price (excluding earn-out) of approximately € 540 million was made on 30 July 2021 ("**Closing**"), resulting in Riu Hotels holding 49% of its own shares previously held by the Company and, as a consequence, RIU group holding 100% of the ownership of 19 hotel properties which are operated under the RIU Hotels & Resorts brand as well as two more hotels that are currently under development. TUI insofar continued its asset-right strategy.

The main RIU Transaction documents are governed by Spanish common Law (*derecho común español*).

The core of the long-standing strategic hotel partnership between RIU and TUI AG continues to be the 50:50 joint venture RIUSA II (as defined below) with around 100 hotels and resorts worldwide, being described in the following paragraph. This joint venture not impacted by the RIU Transaction continues to manage and distribute all RIU hotels and resorts world-wide - including the 21 properties that were transferred to the RIU group upon Closing.

Joint Venture Agreement and other arrangements with respect to RIUSA II, S.A.

RIUSA II S.A. ("**RIUSA II**") is a fully-consolidated company through which the Company operates the RIU branded hotels. The Company holds, through its subsidiary DEFAG Beteiligungsverwaltungs GmbH I ("**DEFAG I**"),50% of the shares in RIUSA II with the remaining 50% being held by Hotel Obelisco S.A., a company wholly owned by the Riu family and incorporated in Mallorca, Spain ("**Obelisco**").

Pursuant to the articles of association of RIUSA II, if either of the shareholders wish to sell their shares in RIUSA II, there are pre-emption rights in favour of the remaining shareholders who may acquire the shares being disposed (such shares to be allocated to the interested shareholders) pro rata to their existing shareholdings in RIUSA II. If no shareholders wish to acquire the shares, the company itself shall have 30 days to acquire the shares and redeem them afterwards. The pre-emption rights outlined above will not apply in circumstances where the proposed transfer is in favour of a company in which the selling shareholder holds 100% of the share capital. Pursuant to the RIUSA II JV Agreement (as defined below) any limitations on the transfer of shares in RIUSA II contained in the articles of association do not apply to any transfer of the shares held by the Company in favour of: (i) a wholly owned company; or (ii) a company whose shareholders are the same individuals.

The Company entered into a joint venture agreement with Obelisco in respect of RIUSA II on 28 September 1993 ("**RIUSA II JV Agreement**"). The RIUSA II JV Agreement contains provisions pursuant to which the Company undertakes that any incorporation of any new hotel or touristic complex will have to be approved by the board of directors of RIUSA II and that all hotels and touristic complexes (except for those in Greece, Turkey, Tunisia, Austria and Germany) managed by either party to the joint venture agreement will be operated by RIUSA II. Obelisco undertakes not to compete with the Company in countries such as Austria or Greece where the Company already has established hotels and touristic complexes. In addition, upon the incorporation of any new hotel by RIUSA II, the Company will have the option to enter into an exclusivity, semi-exclusive or non-exclusive commercial arrangement with respect to that hotel (subject to certain occupancy thresholds being reached).

Pursuant to a purchase option agreement entered into by the Company and Obelisco on 27 June 2007, the Company granted Obelisco the right to acquire a minimum of 20% and a maximum of 50% of the RIUSA II share capital from the Company (i.e., up to 100% of the Company's interest in RIUSA II) (the "**RIUSA II Call Acquisition Right**") if:

- any shareholder, or group of shareholders, obtains shares in the Company which allows such shareholder(s) to control the Company's General Shareholders' Meetings (to be calculated using the average majorities of shareholders in the Company's General Shareholders' Meetings over the last three years);
- a third of the members of the Company's Supervisory Board is controlled or appointed by a new shareholder or group of shareholders; or
- the Company's shareholders approve a merger or demerger causing a situation in which a shareholder, or group of shareholders, obtains a majority of the voting rights at a general shareholders' meeting of the Company's shareholders,

(each such event a "**RIUSA II Change of Control Event**").

The Company must promptly notify RIUSA II of the occurrence of a RIUSA II Change of Control Event. RIUSA II shall exercise its option within one month after the occurrence of such event. Should RIUSA II not make use of this right, it may do so in the same month of the following two years.

As a result of the low shareholder attendance at the shareholders' meeting of the Company held on 25 March 2021, the RIUSA II Change of Control Event has been triggered due to Unifirm's 32.00% shareholding in the Company. Accordingly, the RIUSA II Call Acquisition

Right may be executed in 2021, 2022 and 2023. Obelisco has granted a waiver for the execution of the RIUSA II Call Acquisition Right in 2021. However, a waiver is still subject to successful negotiations between the Company and Obelisco for a potential execution of the RIUSA II Call Acquisition right in 2022 and 2023. There is no assurance that Obelisco will grant such waiver.

An amendment to the RIUSA II JV Agreement was entered into on 27 June 2007, and contains an additional purchase option in favour of Obelisco should the Company reduce the number of hosts it allocates to hotels managed by RIUSA II by 20% provided that the Company cannot prove that such reduction was not a result of the Company's performance. Should Obelisco acquire any additional shares in RIUSA II from the Company (irrespective of whether based on this amendment or following a RIUSA II Change of Control Event), the provisions of the RIUSA II JV Agreement will cease to have effect.

It is noted that the Company has assigned in trust a minor partial share in DEFAG I to Obelisco pursuant to an agreement between the Company, Saranja, Obelisco, DEFAG III and DEFAG I dated 14 December 2012 (the "**Trust Agreement**"). DEFAG I has acceded to all of the joint venture agreements as well as all other agreements entered into by the Company in respect of RIUSA II. On that basis, each of the provisions described above that relate to the Company will also apply to DEFAG I.

In accordance with the terms of the Trust Agreement, Obelisco is not permitted to dispose of its share in DEFAG I without the written consent of the Company and any rights conferred to it as a shareholder of DEFAG I will be exercised in accordance with instructions from the Company (unless such instructions require the consent of Obelisco under the DEFAG I articles of association).

Either the Company or Obelisco may generally terminate the Trust Agreement upon providing one year's notice, for the first time with effect 31 December 2027. But, additionally, the Company and Obelisco have agreed to enter into negotiations after 31 December 2024, in order to renew the Trust Agreement. If no agreement is reached by 31 December 2027, or if at any time the agreement is terminated for cause DEFAG I will be obliged to offer its shares in RIUSA II to Obelisco without delay. If Obelisco does not accept the offer within three months DEFAG I will be free to dispose of the shares in accordance with RIUSA II's articles of association. In accordance with the articles of association of DEFAG I, Obelisco has the right to appoint one of the two members of the DEFAG I advisory board with the remaining member being appointed by the Company. The role of the advisory board is to supervise DEFAG I's Management Board. The advisory board must also unanimously approve certain reserved matters in circumstances where the management board or either Obelisco or the Company have an influence on such matters including any transfer of the shares in DEFAG I or a change of control of DEFAG I such that a party, which is not wholly-owned either directly or indirectly by the Company, acquires a legal or factual majority in the shareholders' meeting or designates at least one third of the members of the advisory board or a managing director of DEFAG I (a "**DEFAG I Change of Control**"). In addition, DEFAG I's articles of association provide that:

- any transfer of the shares in DEFAG I requires the prior written consent of all shareholders;
- Obelisco possesses a right of pre-emption if the Company wants to sell its shares in DEFAG I to a third party (unless, in either case, the transfer is to the Company); and
- Obelisco must approve, among other things, any actual or potential DEFAG I Change of Control or a merger of DEFAG I with a third party or measures for a transformation (*Umwandlung*) of DEFAG I.

Obelisco and the Company have also agreed that the shares in RIUSA II can only be disposed or transferred to a 100% subsidiary of the Company so long as the articles of association of that recipient subsidiary mirror those of DEFAG I (as described above and including the right of Obelisco to appoint a member of the advisory board) and the subsidiary accedes to, and accepts joint and several liability for all obligations of the Company and/or DEFAG I under, the shareholder agreement entered into by, among others, the Company, DEFAG I and Obelisco dated 14 December 2012 and in relation to the holding of the shares in RIUSA II.

It is further noted that the Company may, at any time, transfer to itself the shares in RIUSA II from DEFAG I at which point the arrangements Trust Agreement will cease to be valid.

Boeing Contract for the Purchase of Boeing 737 MAX Aircraft

On 30 May 2013, TUI Travel Aviation Finance Limited ("**TTAFL**"), a wholly owned subsidiary of TUI Travel, entered into an agreement with The Boeing Company ("**Boeing**") in connection with the purchase of Boeing 737 MAX aircraft (the "**Boeing Contract**"). Under the terms of the Boeing Contract, TTAFL agreed to purchase sixty Boeing 737 MAX aircrafts comprising forty B737MAX-8 variant and twenty B737MAX-9 variant (the "**Aircraft**"), each with certain substitution rights which allow TTAFL to change the variant of a particular Aircraft (subject to certain limitations and notice periods). The Aircraft are for delivery commencing in 2018 and ending in 2023, although TTAFL has the flexibility to defer delivery dates subject to appropriate notice and certain other conditions. As at July 2012, the aircraft list price for the sixty Boeing 737 MAX aircraft was approximately $6.09 billion (being $97,779,300 for each B737MAX-8 aircraft and $104,925,300 for each B737MAX-9 aircraft). The aircraft basic price for each Aircraft is increased by: (i) an escalation factor; and (ii) certain "buyer-furnished" or "seller purchased" equipment which TTAFL may request Boeing to install. The escalation factor is designed to increase the aircraft basic price, to account for economic fluctuations, of any individual Aircraft by applying a formula which reflects increases in certain published U.S. employment cost and consumer price indices between the time the aircraft basic price was set and the month of delivery of the relevant Aircraft. The final aircraft basic price is also subject to increases or decreases resulting from changes to the relevant specifications of the Aircraft. Boeing granted to TTAFL certain price concessions, allowances and other support items as part of the Boeing Contract. These price concessions take the form of credit memoranda issued to TTAFL which TTAFL may apply towards the final balance of the purchase price at delivery of the Aircraft or the purchase of goods and services from Boeing. The various credit memoranda, allowances and support will reduce the effective price of the Aircraft to TTAFL.

The Boeing Contract requires that periodic advance payments be made in respect of each Aircraft. These advance payments secure the delivery positions and contribute to the costs incurred by Boeing in the construction of each Aircraft. Boeing's standard advance payment schedule requires Boeing customers to have paid 30% of the aircraft basic price, adjusted by the addition of escalation until delivery. TTAFL agreed certain variations to the standard schedule which provides benefits to TTAFL. On delivery of each Aircraft, TTAFL is required to pay the outstanding balance of the Aircraft price.

Pursuant to the Boeing Contract, Boeing will provide TTAFL with warranties on the Aircraft, including certain warranties against defects in design, materials or workmanship and a warranty that the Aircraft conform to the agreed specifications, and agreed to indemnify TTAFL against certain intellectual property infringement claims that may be brought in respect of the Aircraft and any other claims in connection with any demonstration or test flights of the Aircraft. Boeing also provided certain guarantees, relating to matters of the performance of the Aircraft. TTAFL provided Boeing with certain indemnities with respect to equipment furnished by TTAFL for installation in the Aircraft.

In addition to the Aircraft, TTAFL was granted, subject to certain conditions, the right to purchase up to a further sixty Boeing 737 MAX aircraft, comprising fifty 737 MAX-8 variant and ten 737 MAX-9 variant (the "**Option Aircraft**"). The Option Aircraft are available at the same terms and conditions as apply to the Aircraft and have been allocated specific delivery positions which run largely concurrently with the Aircraft. The Option Aircraft require a deposit to be placed by TTAFL and if TTAFL wishes to exercise any of its rights in relation to Option Aircraft, it will be required to provide a minimum period of notice to Boeing.

On 7 July 2016, TTAFL entered into an agreement with Boeing to exercise its right to purchase ten Option Aircraft with scheduled delivery dates commencing in 2019 and ending in 2020. On 17 June 2017, TTAFL entered into an agreement with Boeing to change the Boeing 737 MAX aircraft variants such that fifty 737 MAX-8 and twenty 737 MAX-9 were changed to fifty two 737 MAX-8 and eighteen 737 MAX-10 variant (as at July 2015, the aircraft list price of $118,809,733 applies to each of the eighteen 737 MAX-10 aircraft).

On 18 December 2017, TTAFL entered into an agreement with Boeing to exercise its right to purchase two 737 MAX-8 Option aircraft.

During the period October to December 2018, TTAFL entered into agreements with Boeing to: exercise 5 x B737-8 Option aircraft and to substitute 3 x B737MAX-8 aircraft with 3 x B737MAX-10 aircraft.

In June and September 2021, TTAFL entered into (i) a debt finance transaction secured against three new B737MAX-8 with a debt facility amount of $ 117.2 million ($39.1 million per aircraft) structured as a finance lease, and (ii) a sale & leaseback transaction for six B737MAX-8, for a period between 10 and 12 years, with a maximum lease commitment of $231.5 million ($46.5 million per aircraft).

As of the date of this prospectus, TUI has taken delivery of twenty five B737MAX-8 aircraft, a further fifty two aircrafts on order are not yet delivered (31 x B737MAX-8 and 21 x B737MAX-10). In addition, there are 41 Option Aircrafts remaining.

Either party may terminate the Boeing Contract if the other party becomes subject to insolvency proceedings or otherwise ceases trading or disposes of all or substantially all of its business. TTAFL has the right to terminate the Boeing Contract with respect to a particular Aircraft if the delivery of the relevant Aircraft is delayed for more than twelve months.

TTAFL also entered into an agreement with CFM International S.A. ("**CFM**" and the "**CFM Agreement**") on 30 May 2013, under which CFM will provide support for the LEAP-1B Engines installed on the Aircraft purchased directly from Boeing under the Boeing Contract and, in addition, TTAFL agreed to purchase a minimum of eight spare LEAP-1B Engines at January 2012 an aggregate list price of approximately $102.3 million. The CFM Agreement provides TTAFL with the benefit of credits, concessions and special guarantees from CFM in respect of the LEAP-1B Engines for the Aircraft, spare LEAP-1B Engines and also for LEAP-1B Engines installed on any of the Option Aircraft purchased by TTAFL as well as spare LEAP-1B Engines for any such Option Aircraft with an agreement to purchase sufficient spare engines to maintain the spare engine ratio equivalent to an additional 2 spare engines for every 15 737 MAX aircraft purchased. Under the CFM Agreement, CFM additionally provided certain concessions, guarantees and warranties, relating to both the installed engines purchased via Boeing and the spare engines purchased from CFM, in a direct agreement which is related to the Boeing Contract.

Agreement between TUI and Boeing on measures to mitigate the consequences of the 737 MAX grounding

On 3 June 2020, TUI announced that an agreement had been reached between TUI and Boeing regarding a comprehensive package of measures to mitigate the consequences of the grounding of the 737 MAX. The agreement provides compensation which covers a significant portion of the financial impact, as well as credits for future aircraft orders. The compensation receivable was included in other receivables and sold in the Nine-Month Period 2021 and consequently derecognized.

In addition, both parties have agreed to a revised delivery schedule for the 61 737 MAX aircraft on order, meaning that TUI will get fewer 737 MAX deliveries from Boeing than previously planned in the next several years. The associated payment schedules have been adapted accordingly. As a result of this less than half of the originally planned 737 MAX aircrafts will be delivered to TUI in the next two years.

On average, compared with the original scheduling, the 737 MAX deliveries will be delayed by approximately two years. This will significantly reduce TUI's capital and financing requirements for aircraft in the coming years and supports TUI's plan to reduce the size of fleet of its five European airlines in the wake of the Corona crisis.

The delivery period for the firm aircraft will end in 2025 instead of 2023, although TTAFL has the flexibility to defer delivery dates subject to appropriate notice and certain other conditions. The remaining Option Aircraft delivery positions no longer run largely concurrently with the Aircraft delivery positions. Instead, they occur largely after the delivery positions of the Aircraft.

Boeing Contracts for the Purchase of up to seven Boeing 787-9 Aircraft

On 17 April 2015, TUI Airways entered into contract with Boeing in relation to the substitution of the purchase of two B787-8 aircraft with deliveries in 2016 to two B787-9 aircraft with deliveries in 2016 and 2017. In addition to this substitution, TUI Airways also agreed to purchase one additional B787-9 aircraft with a delivery in 2018 and was granted the option to acquire one B787-9 aircraft with a delivery in 2019. On 1 June 2016, TUI Airways entered into a contract with Boeing to exercise its right to purchase the 787-9 Option aircraft with delivery month of May 2019 and concurrently accelerate the delivery month to March 2018. The aircraft list price, as at July 2012, for this B787-9 Aircraft for delivery in March 2018 is $237.5 million.

On 8 November 2016, TUI Airways entered into contract with Boeing in relation to two additional 787-9 aircraft with deliveries in October 2019 and November 2019. The aircraft list price in July 2015 is $258.6 million per aircraft. In addition, TUI Airways entered into a contract with Boeing to provide one additional B787-9 Option Aircraft with delivery month of October 2020 with July 2015 list price of $258.6 million.

On 5 November 2019 TUI Airways exercised its right to purchase an additional B787-9 aircraft with an accelerated scheduled delivery month of December 2020. In June 2020 Boeing have advised a delay to delivery of the B787-9 aircraft to October 2021. Boeing will make available for Customer the option to purchase up to two additional model 787-9 Aircraft. The aircraft list price in July 2015 was $258.6 million.

Boeing granted to TUI Airways certain price concessions, allowances and other support items as part of the aircraft purchase agreements. These price concessions take the form of credit memoranda issued to TUI Airways which TUI Airways may apply towards the final balance of the purchase price at delivery of the Aircraft or the purchase of goods and services from Boeing. The various credit memoranda, allowances and support will reduce the effective price of the Aircraft to TUI Airways.

The first six of the seven committed B787-9 aircraft were delivered in June 2016, May 2017, March 2018, May 2018 and two in November 2019 leaving the remaining firm commitments for one B787-9 aircraft delivering in October 2021.

15.2. Existing financing arrangements

The following section describes certain financing arrangements to which TUI Group and certain of TUI Group's subsidiaries are a party. Although the descriptions below do not purport to be complete and are subject to, and qualified in their entirety by reference to, the underlying documents, they summarize the material terms and conditions of those documents.

The Syndicated Facilities Agreement

On 15 September 2014, the Company entered into the Syndicated Facilities Agreement. The Syndicated Facilities Agreement was subsequently amended on 26 September 2014, 17 December 2015 and 20 July 2017, and amended and restated on 8 April 2020, 13 August 2020 and 27 July 2021. As of the date of this prospectus, the Syndicated Facilities Agreement consists of the following Syndicated Facilities:

- the Cash Facility, a €1,535,000,000 revolving credit facility for cash drawings made available by twenty commercial banks;
- the KfW Facility, a €2,850,000,000 revolving credit facility, made available by KfW as state lender; and
- the Bonding Facility, a €215,000,000 letter of credit facility for issuing bonds, bank guarantees and letters of credit provided by commercial banks.

The lenders for each facility as of the last amendment and restatement on 27 July 2021 were as follows:

- *Cash Facility:*
  - Bank of America Europe Designated Activity Company, formerly known as Bank of America Merrill Lynch International Designated Activity Company
  - Bank of China Limited, Zweigniederlassung Frankfurt am Main Frankfurt Branch
  - Barclays Bank Ireland PLC
  - BRED Banque Populaire
  - Citibank N.A., London Branch
  - COMMERZBANK Aktiengesellschaft, Filiale Luxemburg
  - Crédit Agricole Corporate and Investment Bank Deutschland
  - Crédit Industriel et Commercial, London Branch
  - Deutsche Bank Luxembourg S.A.
  - DNB Bank ASA
  - HSBC Trinkaus & Burkhardt AG
  - Hamburg Commercial Bank AG
  - ING Bank N.V., London Branch
  - Landesbank Baden-Württemberg
  - Landesbank Hessen-Thüringen Girozentrale
  - Lloyds Bank plc (until 20 July 2022)
  - Natixis
  - Norddeutsche Landesbank – Girozentrale
  - Société Générale S.A.
  - Société Générale S.A. Frankfurt Branch
  - UniCredit Bank AG
- *KfW Facility*: KfW
- *Bonding Facility:*
  - Barclays Bank Ireland PLC
  - COMMERZBANK Aktiengesellschaft, Filiale Luxemburg
  - DNB Bank ASA
  - HSBC Trinkaus & Burkhardt AG
  - Lloyds Bank plc (until 20 July 2022)
  - Société Générale S.A. Frankfurt Branch

- UniCredit Bank AG, London Branch

The guarantors for each facility as of the last amendment and restatement on 27 July 2021 (the "**Syndicated Facility Guarantors**" and each a "**Syndicated Facility Guarantor**") were as follows:

- The Company;
- First Choice Holidays Finance Limited (a company incorporated in England and Wales and registered with the Registrar of Companies for England and Wales (the "**Registrar**") under number 04094619);
- First Choice Holidays Limited (a company incorporated in England and Wales and registered with the Registrar under number 00048967);
- Leibniz-Service GmbH (a company incorporated in Germany and registered with the commercial register of the district court of Hanover under number HRB 6100);
- Preussag Beteiligungsverwaltungs GmbH IX (a company incorporated in Germany and registered with the commercial register of the district court of Hanover under number HRB 58050);
- TUI Aviation Holding GmbH (a company incorporated in Germany and registered with the commercial register of the district court of Hanover under number HRB 60690);
- TUI Airways Limited (a company incorporated in England and Wales and registered with the Registrar under number 00444359);
- TUI Belgium NV (a company incorporated in Belgium and with registered number (*Ondernemingsnummer*) 0408.479.965);
- TUI Deutschland GmbH (a company incorporated in Germany and registered with the commercial register of the district court of Hanover under number HRB 62522);
- TUI Travel Aviation Finance Limited (a company incorporated in England and Wales and registered with the Registrar under number 06986537);
- TUI Travel Holdings Limited (a company incorporated in England and Wales and registered with the Registrar under number 06638818);
- TUI Travel Limited (a company incorporated in England and Wales and registered with the Registrar under number 06072876);
- TUI UK Limited (a company incorporated in England and Wales and registered with the Registrar under number 02830117);
- TUI UK Transport Limited (a company incorporated in England and Wales and registered with the Registrar under number 01014599); and
- TUI Group Fleet Finance Limited (a company incorporated in England and Wales and registered with the Registrar under number 10688932).

The Syndicated Facilities can be used for general corporate purposes of the Company and its subsidiaries.

The KfW Facility was originally made available in an amount of €1,800,000,000 in April 2020 and subsequently increased by €1,050,000,000 (the "**KfW Increase Amount**") to its current size in August 2020. The Company's drawing of the KfW Increase Amount was conditioned, among other things, on the issuance of the 2020 Bonds with Warrants. This additional financing was also subject to a waiver by the holders of the originally 2.125% notes due 26 October 2021 of the limitation of indebtedness covenant of the terms and conditions of the notes. This waiver was obtained on 9 September 2020 and became effective on 16 October 2020.

The Syndicated Facilities benefit from guarantees that the Syndicated Facility Guarantors have provided to the lenders and issuing banks for advances under the Syndicated Facilities Agreement. The group of subsidiaries acting as Syndicated Facility Guarantors is the same as the group of guarantors guaranteeing the 2018 Schuldschein (see below). In addition, pursuant to the terms of the Syndicated Facilities Agreement, subject to certain exceptions, a subsidiary of the Company must accede as a Syndicated Facility Guarantor if (i) its gross adjusted assets (excluding goodwill and intangible assets) equals or exceeds 10% of the Group's gross adjusted assets, or (ii) the pre-tax profits of that subsidiary exceeds the higher of €30 million and 10% of the pre-tax profits of the Group, with gross adjusted assets and pre-tax profits being determined from the subsidiaries' financial statements which were consolidated into the latest audited consolidated financial statements of the Company. The Syndicated Facilities Agreement also contains a mechanism for subsidiaries to cease to be a Syndicated Facility Guarantor in certain circumstances. On 27 July 2021, TUI Group Fleet Finance Limited became an additional guarantor under the Syndicated Facilities Agreement and 2018 Schuldschein.

Certain guarantees are subject to jurisdiction-specific limitation language, and there are exceptions where certain subsidiaries which would otherwise meet the threshold are not required to provide guarantees.

Any voluntary prepayment of the Syndicated Facilities may be re-borrowed on the terms of the Syndicated Facilities Agreement, but mandatory or involuntary prepayments or cancellations may not be re-borrowed.

The final maturity of the Syndicated Facilities is 19 July 2024, except for the commitments of Lloyds Bank plc which will be cancelled on 20 July 2022. In each case, the availability period ends one month prior to that date.

The base interest rate on drawings under the Cash Facility, is EURIBOR plus margin. The annual margin is 4.50%, subject to the following changes based on the long term credit rating of the Company (provided that no reduction can occur if any Event of Default has occurred and is continuing and change of the margin shall only apply to amounts which are utilised after the date on which a relevant change occurred):

- *B-/B3 or lower*: 4.50%;
- B/B2: 3.75%;
- *B+/B1:* 3.00%; and
- *BB-/Ba3 or higher*: 2.50%.

While an Event of Default is continuing, the highest rate of margin set out above applies.

The base interest rate on drawings under the KfW Facility, which can only be made in euro, is EURIBOR plus margin. The annual margin is 4.50%, subject to the following changes based on the long term credit rating of the Company (provided that no reduction can occur if any Event of Default has occurred and is continuing and change of the margin shall only apply to amounts which are utilised after the date on which a relevant change occurred):

- *B-/B3 or lower*: 4.50%;
- *B/B2*: 3.75%; and
- *B+/B1 or higher*: 3.00%.

While an Event of Default is continuing, the highest rate of margin set out above applies.

The Company pays a fixed issuance fee for issuances under the Bonding Facility. In relation to the Cash Facility and the KfW Facility, the Company must pay the following utilisation fees on a quarterly basis in arrears:

- Cash Facility:

- outstanding amount of less than 33% of the total commitments: 0.10% per annum;
- outstanding amount of between 33% and 66% of the total commitments: 0.25% per annum; and
- outstanding amount of, or exceeding, 66% of the total commitments: 0.50%.

- KfW Facility:

  - (a) utilisation not exceeding €1.80 billion:
  - utilisation of less than €594 million: 0.10% per annum;
  - utilisation of between €594 million and €1.188 billion: 0.25% per annum; and
  - utilisation of between €1.188 billion and €1.80 billion: 0.50% per annum.

  - (b) utilisation exceeding €1.80 billion:
  - utilisation between €1.80 billion and €2.325 billion: 4.00% per annum; and
  - utilisation exceeding €2.325 billion: 6.00% per annum;

  provided that, if the KfW Facility has been partially cancelled by way of mandatory or voluntary cancellation, the utilisation fee payable in accordance with this paragraph (b) will be reduced by 50% for an amount equal to the amount of such cancellation so that the utilisation fee for an amount equal to the cancelled amount shall be computed at the rate of 2.00% per annum (in the case of a utilisation between €1.80 billion and €2.325 billion) or 3.00% per annum (in the case of a utilisation exceeding €2.325 billion).

As at 4 October 2021, the latest practicable date prior to publication of this prospectus, the Company had drawn:

- an aggregate €1,486.5 million, or approximately 96.9%, of the Cash Facility; and

- €375.0 million, or approximately 13.2%, of the KfW Facility.

As at 4 October 2021, the Company had utilized €149.4 million, or approximately 69.5%, under the Bonding Facility.

Under the terms of the Syndicated Facilities Agreement, each obligor must ensure that its payment obligations thereunder rank at least *pari passu* with all its other unsecured and unsubordinated indebtedness (except for obligations mandatorily preferred by law and not by contract).

No *in rem* security has been granted in favour of the lenders under the Syndicated Facilities Agreement.

The consent of KfW is required for any majority lender decision until the KfW Facility has been repaid and cancelled in full. The Cash Facility and the Bonding Facility may only be accelerated with the consent of KfW unless KfW has cancelled commitments under the KfW Facility and declared all or any amounts outstanding in respect of the KfW Facility to be immediately due and payable. Certain changes to the Syndicated Facilities Agreement may be made with the consent of the Company and KfW only.

Conditions for utilisation of KfW Facility

As most recently amended, the Syndicated Facilities Agreement sets additional conditions for utilisation of the KfW Facility. In addition to the issuance of the 2020 Bonds with Warrants, in each case as described below, these conditions include:

- a requirement that amounts outstanding under the Cash Facility equal at least 96.8% (prior to 20 July 2022) or 98.63% (after 20 July 2022) of commitments under the Cash Facility; and

- ongoing compliance with an obligation to provide updates on developments in the COVID-19 pandemic and the Company's response thereto.

The Syndicated Facilities Agreement and any non-contractual obligations arising out of or in connection with it are governed by German law.

Covenants

The Syndicated Facilities Agreement contains certain covenants, including restrictions on the incurrence of indebtedness and restrictions on disposals and asset sales. In response to the effects of the COVID-19 pandemic on the Group's results of operations and financial condition, in April 2020 a covenant holiday was agreed with the lenders under the Syndicated Facilities Agreement, lasting through and including 31 March 2021. Under the terms of the covenant holiday, the Company was not required to test compliance with the two ratio-based financial covenants of the Syndicated Facilities Agreement during that period. On 9 June 2021, the required majority of the lenders under the Syndicated Facilities Agreement agreed to further suspend the Company's obligation to comply with those financial covenants of the Syndicated Facilities Agreement through and including 31 March 2022 (such covenant holiday as extended, the "**Syndicated Facilities Covenant Holiday**").

Financial covenants. Except during the Syndicated Facilities Covenant Holiday, under the Syndicated Facilities Agreement the Company is obligated to ensure that, in respect of any Test Period (as defined below):

- the ratio of Net Borrowings (as defined below) on the last day of that Test Period to EBITDA for that Test Period is not more than:
  - 4.5 to 1 in respect of the first two Test Periods falling after the Syndicated Facilities Covenant Holiday; and
  - 3 to 1 in respect of any Test Period thereafter; and
- the ratio of EBITDAR to Net Fixed Charges is not less than:
  - 2.25 to 1 in respect of the first two Test Periods falling after the Syndicated Facilities Covenant Holiday; and
  - 2.5 to 1 in respect of any Test Period thereafter.

In addition, during the Syndicated Facilities Covenant Holiday, the Company shall ensure that at the end of each month the Average Liquidity (as defined below) over three months, based on (i) the actual Liquidity during such month and the immediately preceding month and (ii) the forecasted Liquidity during the immediately following month, does not fall below €400 million.

As used in the Syndicated Facilities Agreement:

- "**Accounting Group**" means the Company and each other person whose results are consolidated into the consolidated financial statements of the Company from time to time;

- "**Average Liquidity**" means the aggregate of the daily Liquidity derived on the respective business days in Hanover falling in the months referred to in the description of the Average Liquidity covenant above divided by the number of respective business days in Hanover.

- "**Borrowings**" means, as at any particular time, the aggregate figure for current and non-current financial liabilities and lease liabilities of the Accounting Group (*Finanzschulden und Leasingverbindlichkeiten*) on a consolidated basis as set out in the balance sheet of the relevant consolidated financial statements of the Company at that time;

- “**Cash and Cash Equivalents**” means the aggregate figure for cash and cash equivalents (*Finanzmittel*) of the Accounting Group set out in the balance sheet of the relevant consolidated financial statements of the Company reduced by cash and cash equivalents that were subject to restraints on disposal (*Verfügungsbeschränkungen unterliegende Finanzmittel*) and any cash collateral provided to comply with any applicable law or regulation or required by governmental or regulatory agencies or trade associations or to provide cash cover for any guarantee granted by any third party to comply with any applicable law or regulation or required by governmental or regulatory agencies or trade associations, other than any Security Interest (as defined in the Syndicated Facilities Agreement) over that cash and cash equivalents (i) constituted by a right of set-off or a right to consolidate accounts arising from netting arrangements in place from time to time in respect of the member of the Accounting Group’s bank accounts or (ii) in relation to cash collateralisation of any Borrowings;

- “**EBITDA**” means, in relation to any Test Period, the aggregated figure for “Earnings before interest, taxes, depreciation and amortisation (EBITDA)” (*Ergebnis vor Ertragsteuern, Zinsen und Abschreibungen* (EBITDA)) of the Accounting Group and consolidation effects for that Test Period adjusted for one-off effects (*Sondereinflüsse*) excluding depreciation on purchase price allocation (*Kaufpreisallokation*) as set out in the relevant consolidated financial statements of the Company for that Test Period;

- “**EBITDAR**” means, in relation to any Test Period, EBITDA for that Test Period; before taking into account the aggregated figure for rental expenses (*Mietaufwendungen*) of the Accounting Group and consolidation effects as set out in the relevant consolidated financial statements of the Company for that Test Period;

- “**Liquidity**” means the euro-equivalent of:

  - the aggregate amount of cash and cash equivalents (*Finanzmittel*) freely available for the Company (for the avoidance of doubt, not including any cash and cash equivalents that were or are subject to restraints on disposal (*Verfügungsbeschränkungen unterliegende Finanzmittel*) or any cash collateral provided to comply with any applicable law or regulation or required by governmental or regulatory agencies or trade associations or to provide cash cover for any guarantee granted by any third party to comply with any applicable law or regulation or required by governmental or regulatory agencies or trade associations, other than any Security Interest (as defined in the Syndicated Facilities Agreement) over that cash and cash equivalents:

    - constituted by a right of set-off or a right to consolidate accounts arising from netting arrangements in place from time to time in respect of the Company’s bank accounts; or

    - in relation to cash collateralisation of any Borrowings;

  - available commitments under the Cash Facility and the KfW Facility; and

  - available commitments under any other committed debt facility agreement with a remaining minimum commitment term of three months (for the avoidance of doubt, not including any uncommitted (*bis auf Weiteres*) credit lines),

  provided that the euro-equivalent shall be determined:

  - for each business day in Hanover falling in any month referred to under the first prong in the description of the Average Liquidity covenant above on the basis of an applicable exchange rate as of the immediately preceding business day in Hanover; and

  - for each business day in Hanover falling in the month referred to under the second prong in the description of the Average Liquidity covenant above on the basis of the exchange rate applicable: (1) pursuant to an annual plan (until end of September 2021) and (2) as of the end of the month as of which the Average Liquidity is tested (after end of September 2021).

- "**Net Borrowings**" means, at any time the aggregate of the Borrowings of the Accounting Group less the consolidated Cash and Cash Equivalents held at that time by the Accounting Group;

- "**Net Fixed Charges**" means the aggregate of:

  - the figure for interest expenses (*Zinsaufwendungen*) of the Accounting Group for that Test Period as set out in the notes to the relevant consolidated financial statements of the Company; less

  - the figure for interest income (*Zinserträge*) of the Accounting Group for that Test Period as set out in the notes to the relevant consolidated financial statements of the Company; and

  - the aggregated figure for rental expenses (*Mietaufwendungen*) of the Accounting Group and consolidation effects as set out in the relevant consolidated financial statements of the Company for that Test Period; and

- "**Test Period**" means;

  - each financial year of the Company; and

  - each period beginning on the first day of the second half of a financial year of the Company and ending on the last day of the first half of its next financial year.

Covenants with respect to the KfW Facility. The Syndicated Facilities Agreement includes certain covenants specific to the KfW Facility:

The Company must use proceeds from the KfW Facility as well as any proceeds from the Cash Facility in excess of €762 million in compliance with the KfW Special Programme for Direct Participation in Syndicated Financing (*KfW-Sonderprogramm* "*Direktbeteiligung für Konsortialfinanzierung*", programme number 855) (the "**KfW Programme**").

In particular, the Company must ensure that commitments under the KfW Facility are at all times no more than 80% of the aggregate of (i) the total commitments under the KfW Facility and (ii) the total commitments under the Cash Facility in excess of €762 million. If necessary, the Company must cancel KfW Facility commitments in amounts necessary to ensure compliance with this ratio.

As long as any amounts are outstanding under the KfW Facility, the Company must ensure that there are amounts outstanding under the Cash Facility equal to at least 96.8% (prior to 20 July 2022) and 98.63% (after 20 July 2022) of total Cash Facility commitments.

As long as the KfW Facility is not repaid and cancelled in full, the Company may not make equity investments or extend shareholder loans (other than shareholder loans arising in the ordinary course of the joint venture's business conduct) to joint ventures in excess of:

- €250 million per fiscal year, if the Company has utilised the KfW Facility in excess of 50% of the total commitments under the KfW Facility; or

- €500 million per year, if the Company has utilised the KfW Facility in amount equal to or below 50% of the total commitments under the KfW Facility.

After the KfW Facility has been repaid and cancelled in full, the Company shall not (and the Company shall ensure that each member of the Group will not) apply any amounts towards capital measures in the form of equity investments into, or shareholder loans (other than shareholder loans arising in the ordinary course of its business conduct) to, any joint venture in excess of €500 million per financial year of the Group if the ratio of Net Borrowings to EBITDA for a Test Period is equal or more than 3.0 to 1. This undertaking shall apply until the ratio of Net Borrowings to EBITDA for any subsequent Test Period is less than 3.0 to 1. If the Company or any other member of the group applies amounts towards capital measures in the form of equity investments into, or shareholder loans (other than shareholder loans arising in the ordinary course of its business conduct) to, any joint venture in excess of €500 million per financial year of the Group, the Company shall provide a statement to the facility agent confirming that the pro forma ratio of Net Borrowings to EBITDA is less than 3.0 to 1.

For so long as the KfW Facility is not repaid and cancelled in full, the Company may not make proceeds from the KfW Facility available to any Group company incorporated, seated or having a branch in any country listed in the European Union's list of non-cooperative jurisdictions for tax purposes (as updated from time to time, the "**EU Black List**").

If the Company incurs new debt financing whose aggregate yield to maturity (as determined in accordance with the terms of the Syndicated Facilities Agreement) exceeds that of the KfW Facility, KfW may require the Company to agree to amend the Syndicated Facilities Agreement to ensure that the aggregate yield (as determined in accordance with the Syndicated Facilities Agreement) on the new debt financing no longer exceeds that of the KfW Facility. This requirement does not apply to capital markets debt and equity-like hybrid instrument such as convertible bonds or silent participations and it does not apply if the new debt financing is not comparable to the financing provided under the KfW Facility.

Mandatory prepayments

The Syndicated Facilities Agreement contains customary obligations to cancel commitments and prepay amounts under the Syndicated Facility in the event of illegality or (at the relevant lender's option) upon a change of control or a sale or disposal of the whole or substantially the whole of the Group's assets. For the purposes of the Syndicated Facilities Agreement, a "**change of control**" occurs if a person, or group of persons acting in concert, acquires and holds, directly or indirectly, control over more than 50% of

- the Company's issued share capital, or
- voting rights in the shares of the Company.

In addition, the Syndicated Facilities Agreement gives KfW the option to require the Company to prepay amounts and cancel commitments under the KfW Facility, in whole or in part, under certain circumstances:

- the Company's general shareholders' meeting resolves payment of a dividend before the KfW Facility is repaid and cancelled in full;
- a general meeting of the Company held in 2020 or 2021 adopts a share buy-back resolution unless the management board of the Company promptly publicly declares that it will not make use of the authorisation pursuant to such share buy-back resolution;
- a general meeting of the Company held in 2022 or thereafter adopts a share buy-back resolution unless: (i) such share buy-back resolution explicitly states that the contained authorisation to buy back shares shall only be effective or may only be utilised after the KfW Facility has been repaid and cancelled in full; or (ii) the management board of the Company promptly publicly declares that it will not make use of the authorisation

pursuant to such share buy-back resolution prior to the KfW Facility being repaid and cancelled in full;

- in respect of the share buy-back resolution adopted at the general meeting of the Company in February 2020, the supervisory board or management board of the Company adopts any resolution to make use or otherwise make use of the authorisation granted pursuant to such share buy-back resolution;
- the management board of the Company proposes at a general meeting of the Company held in 2020 or thereafter to adopt a share buy-back resolution;
- within four weeks of receiving proceeds from a disposal of TUI's river cruises business operating under the brand TUI River Cruises, the Company will repay amounts and cancel commitments under the KfW Facility in an amount equal to those proceeds. If, following this repayment and cancellation, there are no further KfW Facility commitments, the Company will repay and cancel commitments under the Cash Facility in an amount equal to any remaining proceeds;
- if KfW is of the reasonable opinion that the aggregate amounts of state aid the Company have received, including the KfW Facility, exceeds the maximum amount of state aid permissible for the Group under the European Commission's temporary framework for state aid measures to support the economy in the COVID-19 outbreak, subject only to discussions between the Company and KfW during a certain discussion period, during which the Company may not request additional loans under the KfW Facility (an "**Unpermitted Cumulation Prepayment**"); or
- if the European Commission has adopted a recovery decision or injunction requiring KfW to withdraw financing under the KfW Facility in full or in part (an "**Injunction Prepayment**").

The Syndicated Facilities Agreement further provides that: (i) on 1 April 2022, the Company shall apply an amount equal to the Repayment Proceeds (as defined below) received until then and (ii) with regard to any Repayment Proceeds received after 1 April 2022, the Company shall apply such Repayment Proceeds within five business days after the date of the receipt of any such Repayment Proceeds as follows:

- firstly, in cancellation of the New Loan Facility and prepayment of loans under the New Loan Facility in an amount necessary to ensure that the aggregate outstanding loans under the New Loan Facility does not exceed the remaining commitments under the New Loan Facility after any such cancellation;
- secondly:
  - either in repayment of the 2020 Bonds to the extent the WSF does not require the amounts outstanding under the 2020 Bonds to exercise its conversion rights under the 2020 Warrants if the WSF so agrees; or
  - in cancellation of the commitments under the KfW Facility and prepayment of the KfW Facility in an amount necessary to ensure that the aggregate outstanding amount under the KfW Facility does not exceed the remaining commitments under the KfW Facility after any such cancellation with the proviso that the Company notifies the facility agent at least three business days in advance of any such prepayment; and
- thirdly, in case the Repayment Proceeds are applied secondly in repayment of the 2020 Bonds, in cancellation of the commitments under the KfW Facility and prepayment of the KfW Facility in an amount necessary to ensure that the aggregate

outstanding amount under the KfW Facility does not exceed the remaining commitments under the KfW Facility after any such cancellation with the proviso that the Company notifies the facility agent at least three business days in advance of any such prepayment.

As used in the Syndicated Facilities Agreement:

- "**Repayment Proceeds**" means:

  - in respect of all Relevant Proceeds received until (and including) 20 July 2022 in aggregate, an amount equal to the lower of: (i) 50% of any Relevant Proceeds received; and (ii) €700 million; and

  - in respect of any Relevant Proceeds received after 20 July 2022, an amount equal to 50% of such Relevant Proceeds.

- "**Relevant Proceeds**" means the net proceeds actually received after 1 June 2021 from (i) any capital increases or convertible instruments on the level of the Company, (ii) high yield bonds or (iii) asset disposals, in each case, provided that only transactions will be taken into account which individually result in net proceeds exceeding €50 million and further provided that:

  - the proceeds from transfers, sales or other disposals of shares in RIU Hotels (i.e. the RIU Transaction); and

  - the TUI River Cruises disposal proceeds (provided that they are applied in accordance with the relevant mandatory prepayment provision described above),

  will not be taken into account.

Events of default related to the KfW Facility

In addition to events of default customary in agreements of this nature, which include cross-default on other financial indebtedness in an aggregate amount of €50 million or more, it is an event of default under the Syndicated Facilities Agreement:

- if the Company fails to comply with the covenants relating to the KfW Programme, requiring it to ensure that there are amounts outstanding under the Cash Facility equal to at least 96.8% (prior to 20 July 2022) and 98.63% (after 20 July 2022) of total Cash Facility commitments, or requiring it not to make proceeds of the KfW Facility available to Group companies on the EU Black List; or

- if representations given by the Company as to its status as an undertaking in difficulties for the purpose of EU regulations on state aid, as to its financial condition, as to the proportion of its financial indebtedness represented by funds provided by KfW, or as to the status of Group companies with respect to the EU Black List are materially incorrect or misleading.

Acceleration of the Syndicated Facilities upon an event of default

In case of an event of default under the Syndicated Facilities Agreement:

- lenders representing 66 2/3% of the commitments under the Cash Facility have the right to accelerate all or part of the Cash Facility and demand immediate repayment of relevant outstanding amounts;

- each issuing bank providing a commitment under the Bonding Facility has the right to accelerate all or part of its commitments under the Bonding Facility and demand immediate repayment of relevant outstanding amounts; and

- lenders representing 66 2/3% of the commitments under the KfW Facility (which is currently solely provided by KfW) have the right to accelerate all or part of the commitments under the KfW Facility and demand immediate repayment of relevant outstanding amounts.

However, as long as the KfW Facility has not been repaid and cancelled in full or (in case of the Cash Facility) accelerated, any acceleration under the Cash Facility or the Bonding Facility will always require the prior approval of the state lender (as such term is defined in the Syndicated Facilities Agreement, i.e., currently KfW).

The 2018 Schuldschein

On 27 June 2018, the Company as borrower entered into Schuldschein loan agreements dated 28 June 2018 (the "**2018 Schuldschein Agreements**") with an aggregate nominal amount of €425 million and tenors of five, seven and ten years due on 24 July 2023, 2025 and 2028, including fixed and floating rate tranches.

The loans that make up the 2018 Schuldschein have an average initial term of 6.4 years and an average annual interest rate of approximately 1.7%, hedging costs included.

The 2018 Schuldschein Agreements provided that certain subsidiaries of the Company would execute an initial subsidiary guarantee pursuant to which those subsidiaries would unconditionally guarantee all of the Company's obligations under the 2018 Schuldschein and the 2018 Schuldschein Agreements on the terms and conditions set forth therein as initial guarantors (such initial subsidiary guarantors, the "**2018 Schuldschein Initial Subsidiary Guarantors**"). On 28 June 2018, the Company and the 2018 Schuldschein Initial Subsidiary Guarantors entered into an initial subsidiary guarantee pursuant to which each 2018 Schuldschein Initial Subsidiary Guarantor agreed to provide an unconditional notes guarantee on the terms and subject to the conditions set forth in the 2018 Schuldschein Agreements (the "**2018 Schuldschein Initial Subsidiary Guarantee**", and together with the 2018 Schuldschein Agreements, the "**Existing Schuldschein Agreements**"). On 13 August 2020, TUI Aviation Holding GmbH became an additional guarantor under the Syndicated Facilities Agreement and 2018 Schuldschein.

Under the Existing Schuldschein Agreements, the Company's obligations under the 2018 Schuldschein are purported to rank *pari passu* with all other outstanding unsecured and subordinated indebtedness of the Company. The 2018 Schuldschein Initial Subsidiary Guarantors are identical to the group of subsidiaries acting as Syndicated Facility Guarantors under the Syndicated Facilities Agreement, and will change from time to time following any changes in the group of Syndicated Facility Guarantors.

Covenants

The 2018 Schuldschein Agreements contain restrictive covenants including those described below.

Financial covenant. Under the 2018 Schuldschein Agreements, the Company is obligated to maintain a ratio of Net Borrowings to EBITDA of no more than 3.0 to 1.0.

For the purposes of the 2018 Schuldschein Agreements, as at any date on which the Company measures compliance with the financial covenant:

- "**Net Borrowings**" means total consolidated financial indebtedness, as shown on the statement of financial position as at the end of the most recently completed fiscal year, less cash and cash equivalents (other than any cash or cash equivalents pledged to secure indebtedness); and
- "**EBITDA**" means EBITDA for the most recently completed fiscal year, including consolidation effects as shown in the section "Key figures by segment and sector" in

our annual report for that fiscal year, less one-off costs (other than write-downs on purchase price allocation) as shown in the section "Management Report" in the annual report under the heading "Report on Economic Position".

The Company tests for compliance with the financial covenant as at the end of each fiscal year, that is, 30 September of each calendar year. As soon as possible, and in any event not later than 120 days, after the end of each fiscal year, the Company is obligated to provide creditors under the Schuldschein, through the paying agent, with a compliance certificate in which the ratio of net borrowings to EBITDA for the preceding fiscal year are disclosed, showing how the ratio was calculated.

If the ratio exceeds 3.0 to 1.0, interest on the 2018 Schuldschein is stepped up by 0.75%, from and including the next interest payment date following failure to comply with the financial covenant, through and including the next interest payment date following submission of a compliance certificate showing that the ratio no longer exceeds 3.0 to 1.0.

If the Company fails to provide the required compliance certificate within the required time and does not provide the certificate within a reasonable period thereafter granted to cure this failure, or if the certificate provided is incorrect, the Company will be deemed to have timely provided a correct certificate showing that the ratio of net borrowings to EBITDA for the preceding fiscal year exceeded 3.0 to 1.0. In that event, interest on the 2018 Schuldschein is stepped up by 0.75%, from and including the next interest payment date following the latest date at which the compliance certificate was to have been provided, through and including the next interest payment date following submission of a compliance certificate showing that the ratio does not exceed 3.0 to 1.0.

Negative pledge. With the exceptions described below, so long as 2018 Schuldschein is outstanding, the Company will not be permitted to create a security interest over any of its assets to secure present or future Capital Markets Indebtedness, without at the same time providing the same or an equivalent security interest to secure the 2018 Schuldschein.

For the purposes of the 2018 Schuldschein, "**Capital Markets Indebtedness**" means:

- any indebtedness in the form of bonds, notes or other securities that are or can be traded, quoted, dealt in or listed on a securities exchange; and
- obligations arising from certificates of indebtedness (Schuldscheindarlehen).

However, the negative pledge does not apply to security interests:

- granted to secure financing of any productive assets; or
- securing indebtedness of subsidiaries that was incurred and outstanding on the date on which they were acquired or they otherwise became subsidiaries.

Reporting covenant. In addition to the certificate relating to compliance with the financial covenant described above, the Company is obligated to provide creditors under the 2018 Schuldschein, through the paying agent or by publication on our website, with various reports and information.

Except as described below, the Company must provide these reports and information as soon as possible, and in any case not later than 120 days, after the end of each fiscal year.

The reports and information required under this covenant are:

- the audited consolidated financial statements for the fiscal year;
- as soon as possible, and in any case not later than 90 days, after the end of the first half of each fiscal year, the unaudited consolidated financial statements for the fiscal

half-year, unless the Company elects to have those financial statements audited, in which case they must be provided no later than 120 days after the end of the fiscal half year;

- standalone financial statements for the subsidiary guarantors of the 2018 Schuldschein. In the case of guarantors in the UK, Denmark, Norway or Sweden, the Company must provide these financial statements no later than 270 days after the end of each fiscal year; and
- a certificate of compliance with the negative pledge.

In addition, to the extent permissible under applicable law, regulation or stock exchange rules, the Company must promptly report any facts or events likely to have a material adverse effect on the 2018 Schuldschein Agreements or on the consolidated or standalone results of operations or financial condition, or which give (or would, with the passage of time or giving of notice, give) the creditors the right to terminate the agreement.

Change of control

In the event of a change of control, the creditors under each of the 2018 Schuldschein Agreements may require the Company to prepay the 2018 Schuldschein. For purposes of the 2018 Schuldschein Agreements, a "change of control" occurs:

- if a person, or group of persons acting in concert, acquires and holds, directly or indirectly, control over more than 50% of
  - the Company's issued share capital; or
  - voting rights in the shares of the Company;
- if the Company enters into a merger with a third party, unless immediately after the merger holders that represented 100% of the voting rights of the Company own at least a majority of the voting rights of the person surviving the merger; or
- if the Company sell all or substantially all consolidated assets, unless each transferee becomes a guarantor of the 2018 Schuldschein and is, or becomes, a subsidiary of the Company.

Cross-acceleration

The terms of the loans that comprise the 2018 Schuldschein provide that each lender may terminate the loans granted by it and require immediate repayment in the event that any of the Company's other bank debt or capital markets debt exceeding €50 million is accelerated upon default.

The 2020 Bond with Warrants

On 1 October 2020 the Company issued the 2020 Bond with Warrants to the WSF in the principal amount of €150 million. The 2020 Warrants have subsequently been detached from the 2020 Bonds and are, therefore, separate instruments.

The 2020 Bonds are divided into 1,500 bonds and bear interest at an annual rate of 9.5% and have an initial term of six years. That term will be extended annually by one year so long as there are any commitments under the KfW Facility in excess of €1.80 billion. The 2020 Bonds are subordinated to the Company's other indebtedness but rank senior to the shares of the Company. The WSF is free to transfer the 2020 Bonds to third parties at any time after 16 October 2020.

Beginning one year after issuance of the 2020 Bonds, the Company may request the WSF to sell the 2020 Bonds to it for a price equal to the nominal value plus accrued interest upon four months' notice at any time after the KfW Facility in excess of €1.80 billion (i.e., the KfW Increase Amount) has been cancelled and the outstandings under the KfW Facility in excess of €1.80 billion have been repaid in full. However, the WSF is not required to sell the 2020 Bonds to the Company if and to the extent it sells the 2020 Bonds to a third party within the four months following the request. In that case, the Company may terminate the 2020 Bonds with a further notice period of four months.

The 2020 Warrants confer the right to receive a maximum of up to 58,674,899 shares of the Company. The initial exercise price per share is approximately €2.56 (which corresponds to the minimum issue price at defined in section 9 para. 1 of the German Stock Corporation Act (*Aktiengesetz*; AktG) at the time of the issuance of the 2020 Bonds with Warrants). The period for the exercise of the 2020 Warrants is 10 years. The Company has exercised its authority to use existing conditional capital, excluding pre-emptive rights of shareholders, to issue shares upon an exercise of the 2020 Warrants. If the 2020 Warrants were, as at the date of this prospectus, fully exercised, the 2020 Warrants would represent a stake in the Company of around 5.3%. The 2020 Warrants may be freely exercised by its owner, provided that the WSF may not exercise the conversion right itself. The WSF is free to sell the 2020 Warrants to third parties at its discretion after 16 October 2020. There are no termination rights in respect of the 2020 Warrants.

The terms and conditions of the 2020 Warrants provide for protections against dilution of the bondholder's interests. In particular, a capital reduction without a share consolidation as implemented under the Stabilisation Package by reducing the registered share capital of the Company to €590,415,100.00 and the nominal value notionally allocated to each share to €1.00, entails a pro rata reduction of the exercise price per share and the exercise price per share was reduced to €1.00 accordingly. Furthermore, if another capital reduction was to be effected by a consolidation of shares, the exercise price per share would remain unchanged (thus, increasing the proportionate amount of share capital attributable to the shares which may be acquired by exercise of the 2020 Warrants).

In addition, until the WSF has sold all 2020 Bonds to a third party or the Company has satisfied all payment obligations in respect of the 2020 Bonds (or a combination of these two options has occurred in respect of the 2020 Bonds), under an umbrella agreement with the WSF there are a number of restrictive covenants which, among other things:

- forbid the Company to make dividend payments or (subject to certain exceptions) make other payments to related parties or buy back shares;
- restrict the way the Company conducts business;
- restrict the Company's ability to purchase or make investments in other companies or expand its business; and
- limit the ways in which the Company may remunerate board members.

As noted above, the 2020 Bonds are subordinated to our other indebtedness but rank senior to the shares of the Company.

ECP Programme

On 17 December 2017, we established a European Commercial Paper Programme (the ("**ECP Programme**"). We amended the ECP programme on 6 March 2020. Under the ECP Programme, a syndicate of banks including ING Bank N.V., COMMERZBANK Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, DNB ASA, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Landesbank Baden-Württemberg and Natixis, as dealers, have agreed from time to time to place our issuances of short-term European commercial paper in a maximum aggregate outstanding principal amount of €500.0 million.

As of the date of this prospectus, there are no amounts outstanding under our ECP Programme. In consequence of our current financial position and the covenants contained in our other financing arrangements, we are not currently able to make issuances under the ECP Programme. We do not expect to make use of the ECP Programme over the near to medium term.

The 2021 Convertible Bonds

On 16 April 2021, the Company issued EUR 400,000,000 5.00% senior unsecured convertible bonds due 16 April 2028 with a denomination of EUR 100,000 per bond convertible into ordinary registered shares of the Company. On 6 July 2021, the Company increased the aforementioned convertible bonds by issuing further senior unsecured bonds convertible into ordinary registered shares of the Company due 2028 in an aggregate principal amount of €189.6 million which were consolidated and form a single issue (*Gesamtemission*) with the €400 million convertible bonds issued on 16 April 2021 (together the "**2021 Convertible Bonds**").

Pursuant to the terms and conditions of the 2021 Convertible Bonds (the "**Terms and Conditions**"), the 2021 Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company ranking *pari passu* among themselves and, in the event of the dissolution, liquidation or insolvency of the Company or any proceeding to avoid insolvency of the Company, *pari passu* with all other present and future unsubordinated and unsecured obligations of the Company, save for such obligations which may be preferred by applicable law.

The 2021 Convertible Bonds grant a conversion right (the "**Conversion Right**"), under which new ordinary registered shares with no par value of the Company (the "**Settlement Shares**") will be delivered upon exercise of the Conversion Right during the Conversion Period. The 2021 Convertible Bonds are convertible at the option of the bondholder from 27 May 2021 to the close of business on the 10th business day prior to the maturity date on 16 April 2028 or, on any early redemption at the option of the Company, to the close of business on the 10th business day prior to the date set for redemption (the "**Conversion Period**"). The conversion date in respect of the 2021 Convertible Bonds is the first business day on which all requirements for the exercise of the Conversion Right specified in Terms and Conditions have been fulfilled, or, if such business day falls within an excluded period (the "**Excluded Period**"), the first business day after the end of such Excluded Period (the "**Conversion Date**").

The Conversion Right entitles the holder of each bond to convert the respective bond in whole, but not in part, at the conversion price of initially EUR 5.3631, subject to adjustments as provided in the Terms and Conditions (the "**Conversion Price**") into Settlement Shares on any business day during the Conversion Period. The number of Settlement Shares to be issued or delivered upon exercise of a Conversion Right shall be determined by dividing the principal amount of the 2021 Convertible Bonds to be converted by the relevant Conversion Price in effect on the relevant Conversion Date.

The relevant Conversion Price in respect of the 2021 Convertible Bonds is subject to customary adjustment provisions as set out in the Terms and Conditions.

On giving not less than 30 or more than 60 days' notice to the holders of the 2021 Convertible Bonds, the Company may redeem all, but not some only, of the outstanding 2021 Convertible Bonds with effect on the redemption date (the "**Redemption Date**") (which will be no earlier than 7 May 2026 and no later than the last day of the Conversion Period) at their principal amount plus accrued interest to such date. However, such notice may only be given if the parity value (which is the principal amount divided by the Conversion Price in effect on such day, multiplied by the adjusted share price on such trading day, the "**Parity Value**") on at least 20 trading days in any period of 30 consecutive trading days ending not earlier than seven trading days prior to the giving of the notice of redemption in respect of the 2021 Convertible Bonds exceeds EUR 130,000.

The Terms and Conditions provide for the following events of default (subject, in certain cases, to grace periods and materiality thresholds):

- the Company fails to pay principal or interest or any other amount in respect of the 2021 Convertible Bonds within 15 days from the relevant due date;
- the Company fails to duly perform any other obligation arising from the 2021 Convertible Bonds and such default, except where such default is incapable of remedy, continues unremedied for more than 30 days after the Company has received notice thereof from a bondholder;
- any Relevant Indebtedness of the Company or any Material Subsidiary is declared to be or otherwise becomes due and payable prior to its stated maturity as a result of any default (however described);
- any Relevant Indebtedness of the Company or any Material Subsidiary is not paid when due or within any applicable grace period, as the case may be;
- the Company or any Material Subsidiary fails to pay when due or within any applicable grace period, as the case may be, any amount payable by it under any present or future guarantee or indemnity for any Relevant Indebtedness;
- any security granted by the Company or any Material Subsidiary for any Relevant Indebtedness is declared enforceable upon the occurrence of an event entitling to enforcement, unless the aggregate amount of all Relevant Indebtedness referred to above is less than EUR 50,000,000 (or its equivalent in any other currency or currencies);
- the Company or any Material Subsidiary suspends its payments or announces its inability to meet its financial obligations;
- a competent court opens insolvency proceedings against the Company or any Material Subsidiary or the Company, any Material Subsidiary or any third-party institutes such a proceeding, and such proceeding has not been dismissed or stayed within 60 days after the commencement thereof;
- the Company is wound up, unless this is effected in connection with a merger, reorganisation or another form of combination with another company or in connection with a restructuring, and the other or the new company assumes all obligations of the Company arising under the Bonds;
- the Company or any Material Subsidiary ceases to carry out all or substantially all of its business (unless its business will continue to be carried out by one or several current or future Subsidiaries); and
- any law, governmental order, decree or enactment will gain recognition in the Federal Republic of Germany whereby the Company is legally prevented from performing its obligations under the Bonds and this situation is not cured within 90 days.

For the purposes of the events of default set out above, the term "**Relevant Indebtedness**" means any present or future indebtedness for or in respect of monies borrowed or raised and "**Material Subsidiary**" means a subsidiary of the Company which has total assets or net sales (excluding intra-group items) representing 5% or more of the total assets or net sales of the Company and its subsidiaries, calculated on a consolidated basis, as further described in the Terms and Conditions.

The right to declare 2021 Convertible Bonds due will terminate if the situation giving rise to it has been cured before such right is exercised.

Any notice declaring the 2021 Convertible Bonds due will be made by means of a declaration in writing in the German or English language to the Company (through the principal paying agent) in accordance with the rules and procedures of the clearing system together with evidence that such bond holder at the time of such notice is a holder of the relevant 2021 Convertible Bonds by means of a certificate of the custodian or in any other appropriate manner.

The 2021 Convertible Bonds are governed by the laws of the Federal Republic of Germany.

15.3. Agreements relating to the Stabilisation Package

WSF Term Sheet, WSF Framework Agreement and Silent Participation Agreements

On 2 December 2020, the Company entered into the WSF Term Sheet with the WSF regarding the WSF's entry into the Silent Participations and the further measures under the Stabilisation Package. The terms and conditions of the relationship between the Company and the WSF agreed in the WSF Term Sheet are reflected in the WSF Framework Agreement and the terms and conditions of the Silent Participations are reflected in the Silent Participation Agreements. The WSF Framework Agreement and the Silent Participation Agreements were entered into on 4 January 2021.

According to the Silent Participation Agreement for the Non-Convertible Silent Participation, the Non-Convertible Silent Participation will participate in the accumulated losses (*Bilanzverlust*) of the Company in accordance with the German Commercial Code (*Handelsgesetzbuch*; HGB). The testing of the loss participation will be made in each case at the end of a fiscal year in accordance with off-set in the following order: (i) first, all other revenue reserves (*andere Gewinnrücklagen*) and capital reserves (*Kapitalrücklagen*), (ii) second, the Non-Convertible Silent Participation and (iii) then, subscribed capital.

The Non-Convertible Silent Participation is excluded from repayment to the extent that the amount of Non-Convertible Silent Participation that is reported in shareholders' equity operates as retained earnings blocked from distribution under the German Commercial Code (HGB). The distribution stop does not apply to the extent that the amount of the distribution stop is covered by other profit reserves.

The book value of the Non-Convertible Silent Participation is reduced by loss offsetting. To replenish the book value of Non-Convertible Silent Participation up to the nominal amount in subsequent financial years, an available unappropriated balance sheet profit according to the unconsolidated financial statements pursuant to the German Commercial Code (HGB) is applied in the following order: first subscribed capital, Non-Convertible Silent Participation and then other revenue reserves.

Furthermore, the WSF Framework Agreement provides for:

- *representation on the Supervisory Board* (*Aufsichtsrat*): the Executive Board (*Vorstand*) and the Supervisory Board (*Aufsichtsrat*) will, to the extent legally permissible, endeavour to procure that two persons nominated by the WSF will become members of the Supervisory Board (one of whom, provided such person has the relevant professional experience, will also join the audit committee of the Company) and the

Company will further endeavour to procure, to the extent legally permissible, that the WSF will have the right to send an observer to meetings of the Supervisory Board;

- *WSF consent rights*: the WSF has consent rights in relation to certain material corporate actions in respect of the Company, including utilising authorised capital, creating authorised and contingent capital, capital increases, capital reductions, issuance of convertible instruments (such measures may be subject to the right of the WSF to participate in such capital measures by way of contributing (as contribution in kind) the Non-Convertible Silent Participation as dilution protection for the WSF), undertaking significant M&A activity or committing to or repaying significant financing arrangements (including debt financing and hybrid financing);

- *dividend policy*: the Company may not make dividend payments, repurchase shares, grant other equity instruments, pay coupons or make other profit distributions other than to the WSF and if not otherwise mandatorily obligated. In addition, to the extent legally permissible, there may be certain limitations on the ability of certain Group companies to distribute dividends, unless (directly or indirectly) wholly owned by the Company;

- *restructuring plan*: the Company is obligated to submit a restructuring plan in line with the guidelines made by the European Commission in connection with its approval of the Stabilisation Package with the aim that six years following the grant of the Stabilisation Package, the equity stake still existing at that time is not less than 15% of the share capital of the Company;

- *termination strategy*: the Company will present a strategy for terminating the elements of the Stabilisation Package granted by the WSF or the KfW, including a repayment plan twelve months after the Stabilisation Package. Subsequently, the Company undertakes to report annually on such termination strategy, and annually or semi-annually on the other undertakings;

- *economic sustainability, green and digital transformation*: certain undertakings to ensure compliance with the EU goals and national obligations regarding economic sustainability, green and digital transformation;

- *avoidance of distortion of competition*: undertakings to avoid distortion of competition, including unless at least 75% of the Silent Participations have been sold or repaid, the Company is obligated not to acquire a stake of more than 10% in any competitor, subject to certain exceptional circumstances;

- *dilution protection*: although the Non-Convertible Silent Participation is not convertible to Shares, in order to enable the WSF to maintain a stake of up to 25% plus one share after it has exercised all its rights of conversion, the WSF may use, under certain conditions and for the purpose of dilution protection, the Non-Convertible Silent Participation as contribution in kind in the context of the issuance of new shares;

- *rights in relation to significant transactions*: the WSF is granted certain rights prior to significant business transactions to protect its participation on the boards and in meetings that make decisions in relation to these significant transactions; and

- *remuneration*: additional limitations on the Group concerning remuneration of board members, including board members not being granted any bonuses and unless at least 75% of the Silent Participations have been sold or repaid, no board member of the Company or of a material subsidiary having a basic salary which exceeds the basic salary such member enjoys on 31 December 2019, in each case and unless otherwise noted, for so long as any part of the Silent Participations remain in issue and held by the WSF and the WSF holds shares in the Company following conversion of the Convertible Silent Participation and/or the 2020 Warrants (or from the participation in any capital increase). The Silent Participations cannot be cancelled until the KfW Facility and the New Loan Facility have been cancelled and repaid in full and the 2020 Bonds have been repaid or sold to a third party by the WSF (and, in the case of the Convertible Silent Participation, until the Non-Convertible Silent Participation has been terminated and repaid in full). The WSF will be obligated to sell any shares obtained after conversion of the Convertible Silent Participation and/or the 2020 Warrants once the KfW Facility and the New Loan Facility have been cancelled and repaid in full, the 2020 Bonds have been repaid or sold to a third party by the WSF and the Silent Participations have been converted or terminated and repaid in full, provided the WSF will be able to sell at a minimum price.

A monitor may be appointed to observe the restrictions imposed on the Company in connection with the Stabilisation Package.

The conditions to which the grant by the WSF of the Silent Partnerships and other measures under the Stabilisation Package were subject include the following:

- State Aid Approval from the EU Commission; and
- any necessary antitrust approvals (if any) where the absence of such approval would prohibit completion;
- the Resolutions having been passed by shareholders at the Extraordinary General Meeting;
- Unifirm agreeing to exercise its Subscription Rights and the entry by Unifirm into the commitments under the commitment and backstop agreement entered into by Unifirm in connection with the January Issuance;
- banks underwriting the balance of the January Issuance up to €500 million; and
- commitment of the other elements of the Stabilisation Package.

New Loan Facility Agreement

On 4 January 2021, the Company entered into the New Loan Facility Agreement. The New Loan Facility Agreement was subsequently amended on 27 July 2021. As at 4 October 2021 (being the latest practicable date prior to publication of this prospectus), the Company had not drawn any amounts under the New Loan Facility.

The lenders for the New Loan Facility as of the last amendment and restatement on 27 July 2021 were as follows:

- Bank of America Europe Designated Activity Company, formerly known as Bank of America Merrill Lynch International Designated Activity Company;
- Barclays Bank Ireland PLC;
- Citicorp North America, Inc.;
- COMMERZBANK Aktiengesellschaft, Filiale Luxemburg;
- Deutsche Bank Luxembourg S.A.;
- Landesbank Baden-Württemberg; and
- KfW.

The New Loan Facility can be used for general corporate purposes of the Company and its subsidiaries and the final maturity is 19 July 2024.

The New Loan Facility benefits from guarantees granted by the same guarantors as guarantee the Syndicated Facilities Agreement provided that, potentially, any member of the Group granting security for the New Loan Facility may also need to become a guarantor under the New Loan Facility Agreement.

Prepayment and Cancellation

The New Loan Facility Agreement contains customary obligations to cancel commitments and prepay amounts under the New Loan Facility, which provide for, *inter alia*:

- that the other lenders may also demand a *pro rata* cancellation and prepayment if and to the extent KfW demands an Unpermitted Cumulation Prepayment or an Injunction Prepayment which has substantially the same terms as described above for the Syndicated Facilities Agreement;
- that the lenders under the New Loan Facility Agreement will only receive repayment/and or cancellation if the KfW Facility and the Cash Facility have been repaid and cancelled in full;
- that the majority lenders (i.e. lenders representing 66 2/3 per cent. of the commitments under the New Loan Facility Agreement) may demand a full cancellation of all commitments and repayment of all outstanding loans under the New Loan Facility Agreement if the Convertible Silent Participation or the Non-Convertible Silent Participation are terminated or cancelled by the Company;
- that the Company will need to use the net proceeds from the sale or a sale and lease back of all or part the Company's German headquarters in Hanover, Germany (the "**Hanover Property**") (which are expected to be in the area of €30 million if the sale or sale and lease back occurs) to partially cancel and prepay the New Loan Facility;

On 30 September 2021, the Company has received net proceeds in an amount of €30 million for the sale and lease back of the Hanover Property. Accordingly, the New Loan Facility was cancelled in an amount of €30 million as of 30 September 2021 in accordance with the New Loan Facility Agreement.

In the New Loan Facility Agreement the Company undertakes to prepay and cancel the New Loan Facility in priority to the facilities under the Syndicated Facilities Agreement.

The Company may utilise the New Loan Facility only, among other conditions precedent, if there are outstanding loans under the Cash Facility which are equal to at least 96.8% (prior to 20 July 2022) or 98.63% (after 20 July 2022) of the total commitments of the Cash Facility and there are outstanding amounts under the KfW Facility which are equal to the total commitments under the KfW Facility.

The base interest rate on drawings under the New Loan Facility is calculated by reference to EURIBOR, with a 0% floor, plus annual margins applicable to the long term credit rating assigned to the Company as follows:

- B-/B3 or lower: 4.50%;
- B/B2: 3.75%; and
- B+/B1 or higher: 3.00%.

The Company pays a utilisation fee of 5.00% per annum.

The New Loan Facility Agreement provides that, among others, the Company and the lenders under the New Loan Facility Agreement will enter into a security agency agreement to appoint a security agent and govern how the security will be held and administered by such security agent and that reasonable security as defined in the New Loan Facility Agreement will be held by a security agent, determined by the Company and the lenders by mutual agreement; such security takes account of the restrictions regarding the granting of security included in the Syndicated Facilities Agreement and allows for the replacement of security again with the mutual agreement of the Company and the lenders or certain lenders. Currently it is contemplated that the security will extend to:

- The Robinson Club trademark portfolio which is held by Robinson Club GmbH and, against this background, it is possible that the New Loan Facility Agreement may include restrictions regarding the sale of this trademark portfolio; and
- the Hanover Property if the binding agreement for the disposal of the Hanover Property, which the Company entered into on 6 September 2021 has not been effected or the purchase price in relation to the disposal has not been paid in full by 30 November 2021.

The purchase price in relation to the disposal of the Hanover Property has been paid in full on 30 September 2021. Accordingly, the Hanover Property will not serve as security for the New Loan Facility.

Furthermore, the New Loan Facility Agreement provides that certain provisions regarding amount and number of drawdowns are met.

Subject to the above and, in each case, certain amendments, the other terms applicable to the Syndicated Facilities under the Syndicated Facilities Agreement relating to:

- repayment;
- covenants;
- reporting;
- events of default, provided that an event of default under the Syndicated Facilities Agreement will always also constitute an event of default under the New Loan Facility Agreement; and
- rank of payment obligations,

equally apply to the New Loan Facility.

Similar to the Syndicated Facilities Agreement, in response to the effects of the COVID-19 pandemic on the Group’s results of operations and financial condition, on 9 June 2021, the required majority of the lenders under the New Loan Facility agreed to provide the Company with a covenant holiday, lasting through and including 31 March 2022 (the “**New Loan Facility Covenant Holiday**”). Under the terms of the New Loan Facility Covenant Holiday, the Company is not required to test compliance with the two ratio-based financial covenants of the New Loan Facility during that period.

The New Loan Facility Agreement and any non-contractual obligations arising out of or in connection with it are governed by German law.

15.4. Agreements relating to the January Issuance

Shareholder commitment and backstop and underwriting agreements

Shareholder Commitment

In connection with the January Issuance, the existing shareholder Unifirm had undertaken to the Company to exercise its subscription rights at the subscription price and to subscribe directly these new shares. Furthermore, Unifirm had undertaken to (i) deliver a subscription certificate for the new shares attributable to its subscription rights, and (ii) pay the subscription price per such new share within the first three business days of the Subscription Period (for this purpose excluding public holidays in Russia). In this context, Unifirm also agreed not to sell or otherwise dispose of any of its shares in the Company until the settlement of the capital increase in connection with the January Issuance.

Backstop and underwriting agreements

For the remainder of the capital increase in connection with the January Issuance, on 1 December 2020, Unifirm had agreed with the Company as follows:

- Unifirm would purchase unplaced rump shares up to a maximum aggregate shareholding in the Company by Unifirm of 36.0% of the registered share capital after the implementation of the capital increase in connection with the January Issuance (the "**Unifirm Conditional Commitment**"); or

- in the event that Unifirm had received a communication from BaFin that any of the conditions imposed by BaFin for the BaFin Waiver had been breached or was reasonably likely to be breached in the future (unless Unifirm has caused or would cause such breach at its will), it would purchase unplaced rump shares at the subscription price up to a maximum aggregate shareholding in the Company of 29.9% of the registered share capital after the implementation of the capital increase in connection with the January Issuance (the "**Unifirm Unconditional Commitment**", together, the "**Unifirm Underwriting Commitments**").

The BaFin Waiver was granted on 18 December 2020 to Unifirm and its controlling shareholders; see below, "—*BaFin Waiver*".

The maximum aggregate underwriting commitment of Unifirm was €130.7 million and it, together with the maximum fees payable, fell within the smaller related party transactions provisions of UK Listing Rule 11.1.10R. Unifirm received an underwriting fee of 2.75% for the Unifirm Unconditional Commitment and an underwriting fee of 2.00% for the Unifirm Conditional Commitment. As set out in the Company's announcement of 2 December 2020, pursuant to the requirements of the UK Listing Rule 11.1.10R, Merrill Lynch International, in its capacity as joint sponsor to the Company, provided written confirmation to the Company that the terms of the Unifirm Underwriting Commitments were, in its opinion, fair and reasonable as far as the shareholders of the Company are concerned.

Unifirm had further undertaken to the Company to pre-fund the Unifirm Unconditional Commitment by paying the subscription price per new share comprised thereof to an escrow account at the latest within the first three business days of the subscription period (for this purpose excluding public holidays in Russia).

The obligations of Unifirm were subject to certain conditions, including the execution of the WSF Framework Agreement with terms and conditions substantially as set forth in the WSF Term Sheet and the joint global coordinators in the January Issuance underwriting the unplaced rump shares not purchased by Unifirm. After the registration of the implementation of the capital increase in the commercial register there was no termination right.

In return, and as set out above, the Company was obliged to pay Unifirm a fee of 2.75% for the part of its commitment covering an increase of its shareholding from 24.89% to 29.9% and a fee of 2.00% for the part of its commitment covering an increase of its shareholding from 29.9% to 36.0% (in each case calculated on the basis of the subscription price per new share per its commitment). The maximum fees to be paid by the Company to Unifirm amounted to €3,055,357.11.

The Joint Global Coordinators agreed with the Company in the underwriting agreement for the January Issuance to underwrite the remainder of the unplaced rump shares at the subscription price.

Sponsor Agreement

On 29 December 2020, the Company, Deutsche Bank and Merrill Lynch International (the "**January Issuance Sponsors**") entered into a sponsors' agreement (the "**January Issuance Sponsor Agreement**") pursuant to which each of the January Issuance Sponsors agreed to act as a sponsor to the Issuer pursuant to UK Listing Rules with respect to the applications for the UK Admission, on the terms and subject to the conditions set out in the sponsors' agreement. Pursuant to side letters entered into between the Issuer and each of Sponsors, the Company agreed to pay each of the Sponsors a sponsor fee of €1.5 million. The Company gave certain customary representations, warranties and undertakings to the January Issuance Sponsors and customary indemnities to the January Issuance Sponsors and to certain persons connected with them under the January Issuance Sponsor Agreement.

Relationship Agreement

On 15 December 2020 the Company and Unifirm entered into a relationship agreement which took effect upon Unifirm becoming the holder of 30% or more of the Company issued share capital and, as a result, a controlling shareholder as defined in the UK Listing Rules (for the purposes of this sub-section, a "**controlling shareholder**") (the "**Relationship Agreement**"). The principal purpose of the Relationship Agreement is to ensure that the Company and its subsidiaries are capable of carrying on an independent business.

The Relationship Agreement will continue for so long as (a) the shares are listed on the premium listing segment of the Official List of the FCA and traded on London Stock Exchange plc's Main Market for listed securities and (b) Unifirm is a controlling shareholder of the Company.

Under the Relationship Agreement, Unifirm undertakes to, and to procure that its associates (as defined in the UK Listing Rules) will:

- conduct all transactions and arrangements with any member of the Group at arm's length and on normal commercial terms;
- not take any action which would have the effect of preventing the Company from complying with its obligations under the UK Listing Rules; and
- not propose or procure the proposal of any shareholder resolution which is intended or appears to be intended to circumvent the proper application of the UK Listing Rules.

Unifirm also undertakes to, and (insofar as it is legally able) to procure that its associates (as defined in the UK Listing Rules) will:

- not take any action which would affect the ability of any member of the Group to carry on its business independently of Unifirm and/or any of its associates;
- abstain from voting on any resolution required under the UK Listing Rules to approve a "related party transaction" with Unifirm or any of its associates; and

- enforce (and not to amend or terminate without the consent of the Company) an agreement between Unifirm and certain of its ultimate indirect shareholders not to take actions which would result in Unifirm being in breach of the Relationship Agreement.

The Relationship Agreement also contains Unifirm's agreement to facilitate separate resolutions and/or the determining of separate majorities where the UK Listing Rules require separate resolutions and/or separate majorities of all shareholders on the one hand and all shareholders excluding a controlling shareholder and its associates on the other hand.

BaFin Waiver

On 18 December 2020, BaFin granted Unifirm and its controlling shareholders the BaFin Waiver, exempting Unifirm from the obligation to make a mandatory offer for all shares of the Company if its shareholding reaches or exceeds 30% of all shares outstanding. Under the Unifirm Conditional Commitment, Unifirm was entitled to acquire new shares in the January Issuance such that its aggregate shareholding in the Company is up to a maximum of 36% of all outstanding shares; the BaFin Waiver enabled Unifirm to do so without the obligation of making a mandatory offer.

The BaFin Waiver was subject to a number of conditions. Unifirm was obligated to notify BaFin confirming the completion or performance of various measures relating to the January Issuance and the wider Stabilisation Package, including the approval of the Resolutions by the Extraordinary General Meeting, the performance of Unifirm's obligations described above under "*—Shareholder commitment and backstop and underwriting agreements*", and the issuance to the WSF of the Convertible Silent Partnership.

Furthermore, BaFin was entitled to revoke the BaFin Waiver if Unifirm had failed to exercise its subscription rights in full or to fulfil its obligations under the Unifirm Underwriting Commitments, if the Extraordinary General Meeting had failed to approve the resolutions in connection with the January Issuance, or if the WSF had failed to provide the nominal amount of the Convertible Silent Partnership.

15.5. Agreements relating to the Capital Increase

Shareholder commitment and underwriting agreement

Shareholder commitment agreement

On 6 October 2021, the Company entered into the Commitment Agreement with Unifirm.

In connection with the Offering, the existing shareholder Unifirm (holding 32.00% of the registered share capital of the Company) has undertaken to the Company to exercise its Subscription Rights at the Subscription Price and to subscribe directly these New Shares. Furthermore, Unifirm has undertaken to (i) deliver a subscription certificate for the New Shares attributable to its Subscription Rights, and (ii) pay the Subscription Price per such New Share on or before two business days prior to the last day of the Subscription Period (for this purpose being a day on which banks are open for trading in Frankfurt am Main, London and Moscow). In this context, Unifirm also agreed not to sell or otherwise dispose of any of its shares in the Company until the earlier of the settlement of the Capital Increase and 16 November 2021.

Unifirm is a related party of the Company for the purposes of the UK Listing Rules and is therefore subject to the requirements of the UK Listing Rules relating to related party transactions. However, any new shares taken up by Unifirm by exercising its entitlement in a pre-emptive offering (including pursuant to the Commitment Agreement) will not be a transaction to which the related party transaction rules would apply. This is because pursuant to LR 11.1.6R(2) and to LR 11 Annex 1, paragraph 2(1), a take up by a related party of new securities under its entitlement in a pre-emptive offering is not a transaction to which Listing Rule 11 applies.

In the unlikely event of a termination of the Underwriting Agreement by the Joint Global Coordinators, the Commitment Agreement ends and the Company will use its reasonable best efforts to enter into a new agreement with Unifirm. The Commitment Agreement also ends if the Subscription Period has not started to run by 15 October 2021.

Because of his association with Unifirm, Mr Alexey Mordashov did not take part in the Supervisory Board's consideration of the Commitment Agreement.

Underwriting agreement

On 6 October 2021, the Company and the Underwriters entered into an Underwriting Agreement. For further details please see *22.1 Underwriting Agreement.*

Sponsor Agreement

On 6 October 2021, the Company and the Sponsors entered into a Sponsors' Agreement pursuant to which each of the Sponsors has agreed to act as a sponsor to the Issuer pursuant to UK Listing Rules with respect to the applications for the UK Admission, on the terms and subject to the conditions set out in the sponsors' agreement. Pursuant to side letters entered into between the Issuer and each of Sponsors, the Company has agreed to pay each of the Sponsors a sponsor fee of €1.0 million. The Company has given certain customary representations, warranties and undertakings to the Sponsors and customary indemnities to the Sponsors and to certain persons connected with them under the Sponsor Agreement. Each of the Sponsors may terminate the Sponsor Agreement if, among other things:

- there has, in the opinion of the Sponsor, been a breach by the Company of the warranties given in the Sponsor Agreement or a material breach by the Company of any provision of the Sponsor Agreement;
- the Underwriting Agreement is terminated for any reason; or
- any matter arises which a Sponsor considers to affect its ability to perform its functions under the UK Listing Rules or fulfil the obligations of a sponsor.

16. Corporate Bodies

The Company's governing bodies are the Executive Board (*Vorstand*), the Supervisory Board (*Aufsichtsrat*) and the Shareholders' Meeting (*Hauptversammlung*). The Company has a two-tier management and control system, consisting of the Executive Board and the Supervisory Board. The powers of these governing bodies are determined by the Stock Corporation Act, the Articles of Association (*Satzung*) and the internal rules of procedure of the Executive Board (*Geschäftsordnung für den Vorstand*) and the Supervisory Board (*Geschäftsordnung für den Aufsichtsrat*).

16.1. Executive Board

Our Executive Board currently consists of six members.

The Executive Board manages our business in accordance with the provisions of the relevant statutes, the Articles of Association, the resolutions of the General Shareholders' Meeting, and the Executive Board's by-laws. It represents the Company in its dealings with third parties.

Our Supervisory Board appoints the members of the Executive Board and has the power to remove a member of the Executive Board before the expiry of his or her term for good cause. Executive Board members are appointed in principle for a term of three years and may be re-appointed to subsequent terms.

Members

The following table sets forth the current members of the Group's Executive Board and their areas of responsibility and relevant positions within and outside TUI Group. Where an entity outside the TUI Group is indicated, the relevant member of the Executive Board serves on the Supervisory Board or comparable controlling body of that entity.

Member	Current term ends	Function
Friedrich Joussen......	September 2025	CEO of TUI Group
David Burling............	May 2024	Member of the Executive Board, CEO Markets & Airlines
Sebastian Ebel..........	December 2023	Member of the Executive Board, CFO
		BRW Beteiligungs AG, EVES Information Technology AG, TCT TechnikCentrumThale GmbH, Aerosys AG i.G., Compass GmbH
Peter Krüger.............	December 2023	Member of the Executive Board, CSO
		Old Court Management Limited, Adviser for Start-Up „Honest-Homes, Inc"
Sybille Reiß	June 2024	Member of the Executive Board, CHRO, Labour Director
Frank Rosenberger ...	December 2023	Member of the Executive Board, CIO, Future Markets
		Peakwork AG

Friedrich Joussen was born in Duisburg, Germany in 1963. He studied electrical engineering, graduating from the RWTH Aachen (*Rheinisch-Westfälische Technische Hochschule Aachen*) in 1988. Before joining TUI in 2012, Mr. Joussen's professional career was primarily in in telecommunications, first at Mannesmann AG and later at Vodafone Plc. Mr. Joussen has been the chairman of the Executive Board of TUI AG since 2013.

David Burling was born in Preston, UK in 1968. He studied Management Science at Loughborough University and obtained a first-class honours degree in 1990. Mr. Burling began his professional career in 1990 at Thomson Holidays, where he held various positions. Mr. Burling has been member of the Executive Board of TUI AG since 2015.

Sebastian Ebel was born in Brunswick, Germany in 1963. He studied economic sciences at the Technical University of Brunswick and Philipps University of Marburg and graduated in 1986. Mr. Ebel began his professional career in 1987 at Salzgitter AG, initially as a trainee, subsequently moving to Strategy. Mr. Ebel has been a member of the Executive Board of TUI AG since 2014.

Peter Krüger was born in Würzburg, Germany in 1976. He completed his Diploma in Finance at University of Nuremberg. His academic education also comprises studies at University of California Los Angeles (UCLA), Columbia Business School in New York and IMD in Lausanne. Prior to joining TUI in July 2017 with responsibility for investor relations and special projects, Mr. Krüger was a Managing Director in M&A advisory at Deutsche Bank, where his career in investment banking spanned 13 years. Since July 2018, Mr. Krüger has been Group Director responsible for Group Strategy, Mergers and Acquisitions.

Sybille Reiß was born in Rinteln/Weser, Germany, in 1976. She studied social sciences and business administration at the University of Hanover. Sybille has been with TUI since 2003 in various HR functions, both in Germany and internationally. Since 2016, she has been Labour Director and member of the Management Board of TUI Deutschland GmbH as well as HR Director for the Central Region, which, in addition to the German operating company, also includes the subsidiaries in Austria, Poland and Switzerland as well as the airline TUI fly. In 2019, in addition to this role, she took on international responsibility for HR in the Group's Markets and Airlines segment.

Frank Rosenberger was born in Wasserlos (now Alzenau), Germany in 1968. He studied at the Technical Universities of Darmstadt and Helsinki and obtained a degree in industrial engineering and management. Mr. Rosenberger began his management career in 1994, holding various management functions at Mannesmann and Vodafone. Mr. Rosenberger has been member of the Executive Board of TUI AG since 2017.

The business address at which each member of the Executive Board may be contacted is TUI AG, Karl-Wiechert-Allee 4, 30625 Hanover, Germany.

Remuneration of the Executive Board

The annual remuneration that we pay to members of our Executive Board consists of the following components:

- fixed remuneration (base salary);
- annual performance-based remuneration;
- deferred compensation (a performance share plan based on virtual shares);
- fringe benefits; and
- pension entitlements.

Remuneration of individual Executive Board members granted by TUI AG for Fiscal 2020 (in accordance with Sec. 314 (6)(a) of the German Commercial Code):

Member	Fixed remuneration[1]	JEV[2]	LTIP[2]	Total
		(€ in thousands)		
Friedrich Joussen	1,081.3	0.0	9,750.7	10,832.0
David Burling	638.0	0.0	3,675.3	4,313.3
Birgit Conix	664.2	0.0	0.0	664.2
Sebastian Ebel	664.0	0.0	0.0	664.0
Dr. Elke Eller[3]	680.4	0.0	0.0	680.4
Frank Rosenberger	588.0	0.0	2,737.4	3,325.4
Total	**4,315,9**	**0.0**	**16,163.4**	**20,479.3**
Previous year	4,592.8	0.0	3,250.5	7,843.3

(1) Incl. fringe benefits (without insurances from group contracts); reflects the voluntary waiver of all members of the Executive Board of 30% of their fixed remuneration for April and May as well as a further 30% for the months June to September for Mr Burling due to national measures in the UK).

(2) In August 2020, the members of the Executive Board have notified KfW of a voluntary waiver of all payouts from the JEV and LTIP variable remuneration elements. In fact, the LTIP tranches that expired as at 30 September 2020 would have resulted in the following payouts for the members of the Executive Board: Friedrich Joussen: €103 thousand, David Burling: € 34.8 thousand, Sebastian Ebel: €34.8 thousand, Dr Elke Eller: €29.2 thousand and Frank Rosenberger: € 15.7 thousand.

(3) Dr. Elke Eller was replaced by Sybille Reiß as of 1 July 2021.

In addition, as at 30 September 2020, we had set aside or accrued a total amount of €16,649.6 thousand to provide for pension, retirement and similar benefits for the members of the Executive Board.

There are no so-called “golden parachutes” or similar termination benefits owed to the Executive Board members.

In addition to the Executive Board, we also have a Group Executive Committee which currently consists of five members.

16.2. Supervisory Board

Our Supervisory Board (*Aufsichtsrat*) currently consists of 20 members.

The Supervisory Board appoints the members of our Executive Board. It provides on-going advice and supervision for the Executive Board in managing the Company. The individual advisory and oversight tasks of the Supervisory Board are set out in Terms of Reference. Accordingly, the Supervisory Board is closely involved in entrepreneurial planning processes and the discussion of strategic projects and issues. In addition, there is a defined list of specific Executive Board decisions requiring the consent of the Supervisory Board, some of which call for detailed review in advance and require the analysis of complex facts and circumstances from a supervisory and consultant perspective (own business judgement). Given that the Company falls within the scope of the German Co-Determination Act (*Mitbestimmungsgesetz* – MitbestG; the “**Co-Determination Act**”), its Supervisory Board is composed of an equal number of shareholder representatives and employee representatives. According to the Act, employee representatives include a senior manager and three trade union representatives.

Shareholder representatives are elected by the General Shareholders’ Meeting. Employee representatives are elected by the Company’s employees in Germany under the principle of co-determination (*Mitbestimmung*).

Pursuant to the Co-Determination Act, the Company's shareholders elect ten members of the Supervisory Board at the General Shareholders' Meeting. The Group employees or their delegates elect the remaining ten members, including three members of the Supervisory Board proposed by trade unions. The Supervisory Board members elect one of the members as Chairman (*Vorsitzender*) and according to the Articles of Association one or several members as Vice-Chairman (*Stellvertreter*) with a majority of two thirds of its total number of members. If the majority of two thirds is not obtained, a second election is held in which the shareholder representatives on the Supervisory Board elect the Chairman and the employee representatives on the Supervisory Board elect the Vice-Chairman.

The term of a member of the Supervisory Board expires at the end of the fifth General Shareholders' Meeting following the General Shareholders' Meeting in which the member was elected or any such shorter term as determined in the resolution to elect the members of the General Shareholders' Meeting. If a member of the Supervisory Board retires, or is removed from office prior to the end of its term of office, the substitute member's term of office expires at the end of the term of the resigning or removed board member, unless the General Shareholders' Meeting resolves otherwise.

Members

The following table sets forth the current members of the Company's Supervisory Board and their relevant positions within and outside the TUI Group. Where an entity outside the TUI Group is indicated, the relevant member of the Supervisory Board serves on the supervisory board or comparable controlling body of that entity.

Member	**Current term ends**	**Relevant positions within TUI Group**	**Relevant positions outside TUI Group**
Dr. Dieter Zetsche	*2023*	Chairman of the Supervisory Board	Veta Health LLC
Frank Jakobi	*2026*	Deputy Chairman of the Supervisory Board[1]	None
Ingrid-Helen Arnold	*2024*	Member of the Supervisory Board	Heineken N.V., Südzucker AG, AGRANA Beteiligungs-AG
Andreas Barczewski	*2026*	Member of the Supervisory Board[1]	Vereinigung Cockpit e.V.
Peter Bremme	*2026*	Member of the Supervisory Board[1]	TÜV Nord AG, Ver.di
Dr. Jutta A. Dönges	*2025*	Member of the Supervisory Board	Bundesrepublik Deutschland Finanzagentur GmbH, COMMERZBANK Aktiengesellschaft, FMS Wertmanagement AöR
Prof. Dr. Edgar Ernst	*2025*	Member of the Supervisory Board	Metro AG, Vonovia SE, Deutsche Prüfstelle für Rechnungslegung e.V.
Wolfgang Flintermann	*2026*	Member of the Supervisory Board[1]	Deutscher Reisepreis-Sicherungsverein VVaG
María Garaña Corces	*2024*	Member of the Supervisory Board	Adobe Inc., Alantra Partners, S.A., Liberbank, S.A.
Stefan Heinemann	*2026*	Member of the Supervisory Board[1]	None
Janina Kugel	*2025*	Member of the Supervisory Board	Kugel&Associates GmbH, Pensions-Sicherungs-Verein Versicherungsverein auf

			Gegenseitigkeit, Konecranes Plc., Kyndryl Inc.
Vladimir Lukin	*2024*	Member of the Supervisory Board	OOO Severgroup
Coline Lucille McConville	*2024*	Member of the Supervisory Board	Fevertree Drinks PLC, Trevis Perkins PLC, 3i Group PLC
Alexey Mordashov	*2025*	Member of the Supervisory Board	PAO Severstal, JSC "Severstal Management", Lenta IPJSC, Nord Gold PLC, JSC "Power Machines"
Mark Muratovic	*2026*	Member of the Supervisory Board[1]	
Carola Schwirn	*2026*	Member of the Supervisory Board[1]	Ver.di, Eurogate Geschäftsführungs-GmbH & Co. KGaA
Anette Strempel	*2026*	Member of the Supervisory Board[1]	None
Joan Trían Riu	*2024*	Member of the Supervisory Board	RIU Hotels&Resorts, RIUSA II, S.A., Ahungalla Resorts Ltd., Riu Hotels S.A.
Tanja Viehl	*2026*	Member of the Supervisory Board[1]	Vereinigung Cockpit e.V.
Mag. Stefan Weinhofer	*2026*	Member of the Supervisory Board[1]	None

1) Elected by employees.

Dr. Dieter Zetsche was born in Istanbul, Turkey in 1953. He studied electrical engineering and graduated as an engineer in 1976. He obtained his Engineering Doctorate (Dr.-Ing.) in 1982 at the University of Paderborn. Dr. Zetsche began his professional career in 1976 at the Research Division of Daimler-Benz AG, now Daimler AG. From 2006 to 2019, Dr. Zetsche was chairman of the management board (*Vorstand*) of Daimler AG. Dr. Zetsche has been the chairman of the Supervisory Board of TUI AG since 2019.

Frank Jakobi was born in Ahlen / Westfalen, Germany in 1962. He is a trained travel agent. Mr. Jakobi began his professional career as a travel agent in travel agency distribution in 1982. Mr. Jakobi has been the Deputy Chairman of the Supervisory Board of TUI AG since 2007.

Ingrid-Helen Arnold was born in Munich, Germany in 1968. She received her Master of Business Administration from the University of Applied Science Ludwigshafen in 1996. Ms Arnold began her professional career in 1992 as a junior accountant at Lafarge Inc., Canada. Ms Arnold has been a member of the Supervisory Board of TUI AG since 2020.

Andreas Barczewski was born in Gevelsberg, Germany in 1967. He studied aerospace in Aachen, Germany. Mr. Barczewski began his professional career in 1991 at TUIfly GmbH (formerly Hapag-Lloyd Fluggesellschaft mbH) as a First Officer. Mr. Barczewski has been a member of the Supervisory Board of TUI AG since 2006.

Peter Bremme was born in Vechta, Germany in 1960. After attending university degree courses in secondary education at the Westphalian Wilhelms Universität of Münster, he obtained his 1st state examination for the teaching profession. Mr. Bremme began his professional career in 1988 as a commercial employee in the technical department, GFM – GETAS Market Research Assistant, GFM - Panelforschung. Mr. Bremme has been a member of the Supervisory Board of TUI AG since 2014.

Dr. Jutta A. Dönges was born in Hanau, Germany, in 1973. She studied Industrial Engineering and Management – Mechanical Engeneering from 1992 to 1997 and obtained her doctorate from the Johann Wolfgang Goethe-University Frankfurt am Main in 2001. Mrs.

Dönges started her career at the Investment Banking Division of Goldman Sachs & Co. oHG in Frankfurt am Main, Germany, where she held several positions in the Investment Banking Division from 1997 to 2010. From 2010 to 2013, she was Managing Director and Co-Head of Corporate Finance Germany at SEB AB. In 2015, Jutta Dönges, became member of the Executive Board of the Federal Agency for Financial Market Stabilisation (FMSA) and was appointed Chair of the Board beginning of 2016. She was also member of the Plenary Session of the Single Resolution Board, Brussels, member of the Resolution Committee of the European Banking Association, London, and member of the Financial Stability Committee (AFS), Berlin. Jutta Dönges was appointed Member of the Executive Board of the Federal Republic of Germany – Finance Agency GmbH in January 2018. In addition to her current role, she holds non-executive positions at COMMERZBANK Aktiengesellschaft and FMS-Wertmanagement AöR. She has been a member of the Supervisory Board of TUI AG since 2021.

Prof. Dr. Edgar Ernst was born in Oberlahnstein, Germany in 1952. He studied mathematics at the University of Cologne and graduated as a Master of Operations Research at the RWTH Aachen (*Rheinisch-Westfälische Technische Hochschule Aachen*) in 1980. Prof. Ernst obtained his doctorate (Dr. rer. Pol.) from the RWTH Aachen. He began his professional career in 1977 at the RWTH Aachen and the Open University Hagen. Prof. Ernst has been a member of the Supervisory Board of TUI AG since 2011.

Wolfgang Flintermann was born in Flensburg, Germany in 1969. He studied business economics at the University of Siegen. Mr. Flintermann began his professional career in 1996 as an audit manager at Deloitte GmbH in Hanover. Mr. Flintermann has been a member of the Supervisory Board of TUI AG since 2016.

María Garaña Corces was born in Madrid, Spain in 1970. She studied business administration at the University San Pablo and received her Master in Business Administration from the Harvard University, Graduate School of Business Administration in 1998. Ms Garaña Corces began her professional career in 1993 as an analyst consultant at Anderson Consulting, Spain. Ms Garaña Corces has been a member of the Supervisory Board of TUI AG since 2020.

Stefan Heinemann was born in Hanover, Germany in 1979. He completed his education as IT specialist in the field of application development. Mr. Heinemann began his professional career in 2002 at TUI Info Tec GmbH as system programmer. Mr. Heinemann has been a member of the Supervisory Board of TUI AG since 2020.

Janina Kugel was born in Stuttgart, Germany, in 1970. She studied economics at the Johannes Gutenberg-University of Mainz, Germany, and at the Università degli Studi di Verona, Italy. Mrs. Kugel started her professional career at Accenture as management consultant in 1997. She has been member of the Supervisory Board since 2021.

Vladimir Lukin was born in Moscow, Russia in 1978. He studied law at the Moscow State University. Mr. Lukin began his professional career in 1997 as a Paralegal at Freshfields Bruckhaus Deringer. Mr. Lukin has been a member of the Supervisory Board of TUI AG since 2019.

Coline Lucille McConville was born in Penrith, NSW, Australia in 1964. She obtained a Bachelor of Jurisprudence and Bachelor of Laws in 1985, graduated from the University of New South Wales in 1989 and received an MBA from the Harvard Business School in 1992. Ms McConville began her professional career in 1989 as an Associate at LEK Partnership, Munich. Ms McConville has been a member of the Supervisory Board of TUI AG since 2014.

Alexey Mordashov was born in Cherepovets, Russia in 1965. He studied at the Leningrad Institute of Engineering and Economics where he obtained a Bachelor of Arts/Science in 1988. Mr. Mordashov received honorary doctorates from the Saint Petersburg State University of

Engineering and Economics (2001) and the Newcastle Business School of Northumbria University (2003). He began his professional career in 1988 at ZAO Severstal as Senior Economist. Mr. Mordashov has been a member of the Supervisory Board of TUI AG since 2016.

Mark Muratovic was born in Hanover, Germany, in 1973. He is a trained travel agent. Mr. Muratovic started his professional career in the sales support of the service center of TUI Deutschland GmbH in 1999. He has been member of the Supervisory Board of TUI AG since 2021.

Carola Schwirn was born in Stürzelberg, Germany, in 1961. She attended university degree courses in education focusing on adult education at the Universities of Cologne and Frankfurt. Ms Schwirn began her professional career in 1990 as a placement officer and agent at the Central Placement Office (*Zentralstelle für Arbeitsvermittlung, ZVA*). Ms Schwirn has been a member of the Supervisory Board of TUI AG since 2014.

Anette Strempel was born in Hanover, Germany in 1966. She is a trained travel agent. Ms Strempel began her professional career in 1992 at Fischer Reisen GmbH (Hanover-Langenhagen Airport). Ms Strempel has been a member of the Supervisory Board of TUI AG since 2009.

Joan Trían Riu was born in Palma de Mallorca, Spain, in 1983. He obtained a degree in Management in ESADE in 2005, a Master in Business Administration (joint program in ESADE and McCombs Business School at the University of Texas in Austin) in 2006 and attended the Senior Executive Program for the JSF Travel & Tourism Business School in partnership with IESE Business School in 2017. Mr. Trían Riu started his professional career in 2007 as an investment banking analyst for M&A in the Real Estate and Lodging Group in Citi. Mr. Trían Riu has been a member of the Supervisory Board of TUI AG since 2019.

Tanja Viehl was born in Bad Nauheim, Germany, in 1986. She studied law at the Justus-Liebig-University Giessen, Germany, from 2005 to 2010 and finished her legal clerkship at the Higher Regional Court of Frankfurt am Main in 2013. She has been member of the Supervisory Board of TUI AG since 2021.

Mag. Stefan Weinhofer was born in Vienna, Austria, in 1974. He studied law at the University of Vienna (Mag. jur.). Mr. Weinhofer began his professional career in 2000 at TUI Österreich GmbH (Legal, Customer Services, Quality Management). Mr. Weinhofer has been member of the Supervisory Board of TUI AG since 2016.

The business address at which each member of the Supervisory Board may be contacted is TUI AG, Karl-Wiechert-Allee 4, 30625 Hanover, Germany.

Supervisory Board committees

The Supervisory Board can form committees from among its members. Apart from the full Supervisory Board, a total of five committees are in place at the date of this prospectus: the Presiding Committee, Audit Committee, Strategy Committee, and Nomination Committee. The Mediation Committee formed pursuant to Sec. 27 (3) of the Co-Determination Act did not have to meet.

Presiding Committee

The Presiding Committee’s principal duties are:

- lead on various Executive Board issues (including succession planning, new appointments, terms and conditions of service contracts, remuneration, proposals for the remuneration system); and
- preparation of the meetings of the Supervisory Board.

As at the date of this prospectus, the members of the Presiding Committee are Dr. Dieter Zetsche (chairman), Peter Bremme, Prof. Dr. Edgar Ernst, Frank Jakobi, Alexey Mordashov and Anette Strempel.

Audit Committee

The Audit Committee's principal duties are:

- supports the Supervisory Board in performing its monitoring function (in particular accounting and financial reporting);
- monitoring the effectiveness and proper functioning of internal controls, the risk management system, the internal audit department and the legal compliance system;
- selecting the external auditors.

As at the date of this prospectus, the members of the Audit Committee are Prof. Dr. Edgar Ernst (chairman), Dr. Jutta Dönges, Stefan Heinemann, Frank Jakobi, Vladimir Lukin, Mark Muratovic, Stefan Weinhofer and Dr. Dieter Zetsche. In addition to the Chairman of the Audit Committee, at least one other member has expertise in the field of accounting and experience in the use of accounting principles and internal control systems.

Nomination Committee

The Nomination Committee's principal duty is to propose suitable shareholder candidates to the Supervisory Board.

As at the date of this prospectus, the members of the Nomination Committee are Dr. Dieter Zetsche (chairman), Prof. Dr. Edgar Ernst and Alexey Mordashov.

Strategy Committee

The Strategy Committee's principal duty is to advise the Executive Board in developing and implementing the corporate strategy. As at the date of this prospectus, the members of the Strategy Committee are Dr. Dieter Zetsche (chairman), Dr. Jutta Dönges, Prof. Dr. Edgar Ernst, Frank Jakobi, Vladimir Lukin, Alexey Mordashov and Coline McConville.

Mediation Committee

The Mediation Committee's principal duty is to propose Executive Board candidates to the Supervisory Board if an ordinary election pursuant to Sec. 31 (2) of the Co-Determination Act cannot be achieved.

As at the date of this prospectus, the members of the Mediation Committee are Dr. Dieter Zetsche (chairman), Prof. Dr. Edgar Ernst, Frank Jakobi and Carola Schwirn.

Remuneration of the Supervisory Board

The annual compensation that we pay to members of our Supervisory Board consists of two fixed components:

- a fixed remuneration; and
- an additional fixed remuneration for each membership of a Supervisory Board committee (presiding committee, audit committee and strategy committee but not the nomination committee).

The fixed remuneration is currently €90.0 thousand. The chairman of the Supervisory Board receives three times this amount and the deputy chairman receives twice this amount. The additional fixed remuneration for each membership on a committee is currently €42.0 thousand, with the chairman of the audit committee receiving three times this amount and the chairman of the strategy committee twice this amount. The members of the Supervisory Board receive no further remuneration components and no fringe benefits.

The following table shows the compensation we paid to the members of the Supervisory Board during Fiscal 2020, our most recently completed fiscal year:

Member	Fixed Remuneration[1]		Additional fixed remuneration (Remuneration for committee)		Attendance fee		Remuneration for Supervisory Board mandates in the Group		Total
	€ in '000	In %	€ in '000	%	€ in '000	%	€ in '000	%	
Dr. Dieter Zetsche	229.5[2]	58.9	126.0	32.3	34.0	8.7			389.5
Frank Jakobi	166.5	57.6	93.8[3]	32.4	29.0	10.0			289.3
Peter Long[9]	153.0[2]	50.0	126.0	41.2	27.0	8.8			306.0
Ingrid-Helen Arnold[4]	44.0	81.5	--	--	10.0	18.5	--	--	54.0
Andreas Barczewski	76.5	47.4	42.0	26.0	21.0	13.0	21.8	13.5	161.3
Peter Bremme	76.5	54.8	42.0	30.1	21.0	15.1	--	--	139.5
Prof. Dr. Edgar Ernst	76.5	28.4	168.0	62.3	25.0	9.3	--	--	269.5
Wolfgang Flintermann	76.5	84.5	--	--	14.0	15.5	--	--	90.5
María Garaña Corces[4]	44.0	83.0	--	--	9.0	17.0	--	--	53.0
Angelika Gifford[9]	76.5	41.0	84.0	45.0	26.0	13.9	--	--	186.5
Valerie Gooding[5]	32.8	59.5	15.3	27.8	7.0	12.7	--	--	55.1
Stefan Heinemann[7]	12.3	86.0	--	--	2.0	14.0	--	--	14.3
Dr. Dierk Hirschel[9]	76.5	54.8	42.0	30.1	21.0	15.1	--	--	139.5
Janis Kong[5]	32.8	59.5	15.3	27.8	7.0	12.7	--	--	55.1
Vladimir Lukin	76.5	63.1	26.8[6]	22.1	18.0	14.8	--	--	121.3
Coline McConville	76.5	55.2	42.0	30.3	20.0	14.4	--	--	138.5
Alexey Mordashov	76.5	42.6	84.0	46.8	19.0	10.6	--	--	179.5
Michael Pönipp[9]	76.5	45.6	51.8[3]	30.9	24.0	14.3	15.5	9.2	167.8
Carola Schwirn	76.5	84.5	--	--	14.0	15.5	--	--	90.5
Anette Strempel	76.5	54.4	42.0	29.9	22.0	15.7	--	--	140.5
Ortwin Strubelt[8]	67.5	44.9	63.0	41.9	20.0	13.3	--	--	150.5
Joan Trian Riu	76.5	84.5	--	--	14.0	15.5	--	--	90.5
Stefan Weinhofer	76.5	84.5	--	--	14.0	15.5	--	--	90.5
Total	**1,853.4**	**--**	**1,064.0**	**--**	**418.0**	**--**	**37.3**	**--**	**3,372.7**

(1) Taking into account a voluntary waiver of 30% of the fixed remuneration for the months April to September 2020.

(2) Taking into account an additional voluntary waiver of 30% of the remuneration as chairman/deputy chairman for the months April to September 2020.
(3) Pro rata temporis indication of committee remuneration as of 07.07.2020.
(4) Pro rata temporis indication of all remuneration components as of 11.02.2020.
(5) Pro rata temporis indication of all remuneration components until 11.02.2020.
(6) Pro rata temporis indication of committee-remuneration as of 11.02.2020.
(7) Pro rata temporis indication of all remuneration components as of 21.07.2020.
(8) Pro rata temporis indication of all remuneration components until 30.06.2020.
(9) As of the date of this prospectus, resigned as a member of the supervisory board.

There are no so-called "golden parachutes" or similar termination benefits owed to the Supervisory Board members.

16.3. Good standing

No current member of our Executive Board or Supervisory Board has at any time during the previous five years:

- been convicted of any fraudulent offences;
- served in the administrative, management or supervisory body of any company that has filed for or been declared bankrupt or put into receivership, administration or liquidation;
- been subject to any public incrimination or sanctions by statutory or regulatory authorities, including designated professional bodies; or
- been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of the company or from acting in the management or conduct of the affairs of any company.

16.4. Conflicts of interest

There are no conflicts of interest between any duties to the Company of the current members of the Executive Board or Supervisory Board and their private interests or other duties.

In accordance with the WSF Framework Agreement that the Company entered into with the WSF dated 4 January 2021, the WSF was involved in the selection of the candidates Dr. Jutta Dönges and Ms. Janina Kugel for the Supervisory Board as the WSF Framework Agreement provides for the obligation of the Executive Board (*Vorstand*) and the Supervisory Board (*Aufsichtsrat*), to the extent legally permissible, to endeavour to procure that two persons nominated by the WSF will become members of the Supervisory Board. Other than that, no current member of the Executive Board has been appointed, and no member of the Supervisory Board has been elected, pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others. There are no family relationships between any current members of the Executive Board or Supervisory Board.

At the date of this prospectus, the current members of the Executive Board and of the Supervisory Board do not have any conflicts of interest or potential conflicts of interests between any duties to the TUI Group and their private interests or their other duties. To avoid potential conflicts of interests controls are in place (voting bans). Furthermore shareholding current members of the Executive Board and the Supervisory Board do not vote with their shares (neither belonging directly to them nor controlled) for their own discharge in the general shareholders' meeting.

16.5. Shareholdings of Executive Board and Supervisory Board members

The following table shows information on the direct and indirect share ownership of the current members of the Executive Board and Supervisory Board as of the date of this prospectus. As at that date, no current member of the Executive Board or Supervisory Board held options over the Company's shares.

Member	**Shares**

Friedrich Joussen	855,788
Dr. Dieter Zetsche	195,500
Peter Krüger	80,687
David Burling	30,351
Sebastian Ebel	23,725
Stefan Heinemann	10,641
Frank Rosenberger	9,310
Anette Strempel	8,684
Wolfgang Flintermann	4,472
Mark Muratovic	3,742
Frank Jakobi	2,401
Sybille Reiß	745
All Executive Board and Supervisory Board members as a group	1,226,046

Current members of the Executive Board and Supervisory Board not listed in the table above do not own any shares of the Company. No current member of the Executive Board or Supervisory Board held shares in an amount greater than 0.1% of our total outstanding shares. Alexey Mordashov holds indirectly the shares of Unifirm.

16.6. Restrictions on transfer

The current members of the Executive Board and Supervisory Board have not agreed to any restrictions on the disposal of their holdings in the Company's securities.

However, the Company has implemented a Group-wide policy for share dealings by restricted persons, which includes members of the Executive Board and Supervisory Board. This policy provides for closed periods for share dealings prior to financial reporting dates. The Company has also implemented an internal transaction clearance process to ensure that restricted persons do not engage in share dealings at certain times, such as when the Company has made a self-exemption under the MAR.

16.7. Stock based compensation plans

LTIP for members of the Executive Board

The Long Term Incentive Plan (LTIP) is assessed over a period of four years. Virtual shares are granted in annual tranches. For Executive Board members, an individual target amount is defined in their service agreements, which is translated into a provisional number of virtual shares on the basis of the average Xetra share price of TUI AG shares in the 20 trading days prior to the beginning of the performance reference period. Payment at the end of the four-year performance period is determined on the basis of the average development of earnings per share (EPS). To determine a final number of virtual shares the degree of target achievement is being multiplied with the provisional number of virtual shares. The payout is obtained by the multiplication of the final number of virtual shares with the average Xetra price of TUI AG shares over the last 20 trading days in the respective performance reference period.

LTIP for Band 2 employees

The Band 2 LTIP scheme is for senior executives below Executive Board level who directly influence, and have a significant impact on, TUI Group strategy and performance. Its conditions are harmonized with the Executive Board's LTIP, with the notable exception of the three year performance period instead of four years. The long-term incentive is granted annually to eligible Band 2 executives in the form of a phantom Performance Share Plan. An individual PSP award (grant) is confirmed to the participant annually.

oneShare

oneShare is our employee share programme. Eligible employees who participate in oneShare can acquire TUI AG shares under preferential conditions. The preferential conditions include a discount on the “investment shares” bought during a twelve month investment period plus one “matching” share per three held investment shares after a lock up period of two years. Investment shares are created via capital increase, while matching shares are bought on the market. Eligible employees decide once a year about their participation in oneShare. The Fiscal 2019 oneShare tranche contained “Golden Shares”, similar to the tranches started during the previous fiscal years. Each participant was awarded twelve shares free of charge, which were not subject to any restrictions. Due to the COVID-19 pandemic, the tranche in Fiscal 2020 and 2021 did not take place.

16.8. Corporate governance

In September 2021, the Executive Board and the Supervisory Board declared that the Company had complied, and would comply with the exception of several recommendations in Section G.I. (Executive Board remuneration) with the recommendations of the German Corporate Governance Code (the “**German Code**”) in its applicable version.

Section G.I. of the German Code includes recommendations and suggestions on the remuneration of the executive board and supervisory board. In the framework of the Stabilisation Package agreed with the WSF, restrictions were agreed for the Company regarding the remuneration of the members of the Executive Board. These restrictions result in variable or comparable compensation components not being granted to the Executive Board members during the stabilization measures and consequently not being constituted. To this extent, recommendations G.6 (Share of variable remuneration resulting from long-term and short-term targets), G.7 (Determination of performance criteria for all variable remuneration components), G.9 sentence 1 (Determination of the amount of variable remuneration to be granted) and G.11 sentence 1 (Consideration of extraordinary developments for variable remuneration) are void and as a precautionary measure, a deviation from these recommendations is declared.

In addition, at the time of the original listing of its shares on the London Stock Exchange, TUI AG announced it would comply with the UK Corporate Governance Code (the “**UK Code**”) to the extent practicable.

In many respects, the requirements of the German Code and the UK Code are similar. However, certain elements of the two codes are not mutually compatible, in some cases due to the different legal regimes for German and British companies. The Company has disclosed any necessary deviations from the UK Code in its Declaration of Compliance pursuant to DTR 7.2 and LR 9.8.7R of the UK Code.

17. Major Shareholders

17.1. Shareholder structure

TUI AG's share capital as of the date of this prospectus amounts to €1,099,393,634.00 divided into 1,099,393,634 ordinary registered shares with no-par value (*auf den Namen lautende Stückaktien*).

The following table shows our shareholder structure before the Offering and our expected shareholder structure after the Offering is completed, including (in so far as is known to the Company) the name of any person other than a current member of our Supervisory Board or Executive Board who, directly or indirectly, has an interest in the Company's capital or voting rights which is notifiable under German law, together with the amount of each such person's interest, as at the date of this prospectus:

	Before Offering		After Offering	
Shareholder	**Shares**	**%**	**Shares**[1]	**%**[1]
Unifirm Limited[2]	351,805,964	32.00	519,332,613	32.00
JPMorgan Chase & Co.[3]	60,006,295	5.46[4]	88,580,721	5.46
The Goldman Sachs Group, Inc.[5]	55,983,920	5.09[6]	82,642,929	5.09
Riu Hotels S.A.[7]	39,018,916	3.55	57,599,352	3.55

(1) Assumes that each major shareholder shown above exercises all its Subscription Rights.

(2) Unifirm, to the knowledge of the Company, is owned 65% by KN-Holding Limited Liability Company, whose ultimate owners are Kirill and Nikita Mordashov, sons of Alexey Mordashov, who is a member of the Company's Supervisory Board. The remaining 35% of Unifirm is indirectly owned by Alexey Mordashov through Severgroup Limited Liability Company and Rayglow Limited. We have been informed that Alexey, Kirill and Nikita Mordashov have entered into a shareholders' agreement as a result of which each is deemed to be ultimate beneficial owner of Unifirm's 32.00% stake in the Company.

(3) Directly held by J.P. Morgan Securities plc, J.P. Morgan Securities LLC, JPMorgan Chase Bank and National Association which are ultimately controlled by JPMorgan Chase & Co.

(4) Thereof 0.17% attributed to shares and 5.29% held through instruments before the Offering and 0.17% and 5.29%, respectively, after the Offering (assuming subscription rights for shares held via instruments may be exercised in full).

(5) Directly held by Goldman Sachs Asset Management L.P., Goldman, Sachs & Co. Wertpapier GmbH, Goldman Sachs International Bank, Goldman Sachs & Co. LLC and Goldman Sachs International which are ultimately controlled by the Goldman Sachs Group, Inc.

(6) Thereof 0.07% attributed to shares and 5.02% held through instruments before the Offering and 0.07% and 5.02%, respectively, after the Offering (assuming subscription rights for shares held via instruments may be exercised in full).

(7) Riu Hotels S.A. holds 3.55% of the shares in TUI AG. Riu Hotels S.A. is controlled by SARANJA S.L. which holds 100% of the shares in Riu Hotels S.A and is controlled by Luis Riu and Carmen Riu.

Under its terms, the WSF (or its legal successor) has the right (i) to convert the Convertible Silent Participation to shares, receiving one share for each €1.00 in nominal value of the silent participation that it converts, and furthermore, (ii) to receive a maximum of up to 58,674,899 shares of the Company under the 2020 Warrants, up to a maximum of 25% of outstanding shares plus one share. Assuming that the WSF executed its conversion right under the Convertible Silent Participation and its right to receive shares of the Company under the 2020 Warrants in full immediately following the consummation of the Offering, there would be 2,101,589,311 shares outstanding and the major shareholders of the Company would be as shown in the following table:

	After Offering	
Shareholder	**Shares**[1]	**%**[1]
Unifirm	519,332,613	24.71
WSF	478,674,899	22.78[2]
JPMorgan Chase & Co.	88,580,721	4.21
The Goldman Sachs Group, Inc.	82,642,929	3.93
RIU Hotels S.A.	57,599,352	2.74

1) Assumes that each major shareholder other than WSF exercised all its Subscription Rights.
2) Plus one share.

The voting rights of our major shareholders do not differ from those of all other shareholders.

17.2. Controlling shareholders

As of the date of this Prospectus, the Company is directly controlled by Unifirm within the meaning of section 29 para. 2 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*; "**WpÜG**"). Unifirm, to the knowledge of the Company, is owned 65% by KN-Holding Limited Liability Company, whose ultimate owners are Kirill and Nikita Mordashov, sons of Alexey Mordashov, who is a member of the Company's Supervisory Board. The remaining 35% of Unifirm is indirectly owned by Alexey Mordashov through Severgroup Limited Liability Company and Rayglow Limited. We have been informed that Alexey, Kirill and Nikita Mordashov have entered into a shareholders' agreement as a result of which each is deemed to be ultimate beneficial owner of Unifirm's stake in the Company and as such indirectly control the Company. The restrictions imposed by German law, in particular the Stock Corporation Act (*Aktiengesetz*) on the possibility of a controlling shareholder exercising undue influence, have been complied with by Unifirm and the Company. The Articles of Association do not contain any special regulations to ensure that such influence is not abused.

17.3. Potential change of control

Some of TUI AG's outstanding financing instruments contain change of control clauses. A change of control occurs in particular if a party or parties acting in concert directly or indirectly acquires control over at least 50% or the majority of the voting shares in TUI AG.

In the event of a change of control, we must offer to repurchase the 2018 Schuldschein. Furthermore, in the event of a change of control, each holder of the 2021 Convertible Bonds may request the conversion into new ordinary registered shares of the Company subject to a conversion price adjustment or may declare the 2021 Convertible Bonds held due as of the date the change of control occurred. Each lender under our Syndicated Facilities Agreement has the right to cancel the facilities and demand repayment. As at 4 October 2021 (being the latest practicable date prior to publication of this prospectus), the amounts drawn under the facilities of the Syndicated Facilities Agreement were €375.0 million under the KfW Facility and €1,486.5 million under the Cash Facility. As at 4 October 2021, the Company had utilized €149.4 million of the Bonding Facility.

Beyond this, there are no agreements in guarantee, leasing, option or other financing contracts that might cause material early redemption obligations that would be of significant relevance for the Group's liquidity. Apart from the financing instruments mentioned above, a framework agreement between Riu Hotels S.A. and TUI AG includes a change of control clause. A change of control occurs if a shareholder group represents a predefined majority of annual shareholders' meeting attendees or if one third of the shareholder representatives on the Supervisory Board are attributable to a shareholder group. In the event of a change of control, Riu Hotels S.A. is entitled to acquire at least 20% and at most all shares held by TUI in RIUSA II S.A.

A similar agreement concerning a change of control at TUI AG has been concluded with El Chiaty Group. Here, too, a change of control occurs if a shareholder group represents a predefined majority of annual shareholders' meeting attendees or if one third of the shareholder representatives on the Supervisory Board are attributable to a shareholder group. In that case, El Chiaty Group is entitled to acquire at least 15% and at most all shares held by TUI in each of the joint hotel companies in Egypt and the United Arab Emirates.

A change of control agreement has also been concluded for the joint venture TUI Cruises between Royal Caribbean Cruises Ltd and TUI AG in the event of a change of control in TUI AG. The agreement gives the partner the right to demand termination of the joint venture and to purchase the stake held by TUI AG at a price which is lower than the selling price of their own stake under certain circumstances.

18. Related Party Transactions

We engage in transactions with related parties in the ordinary course of our business. The related parties in the majority of these transactions are joint ventures and associated companies. Because we do not control a majority of the voting securities of these entities, we do not include them in our consolidated financial statements as subsidiaries. We conduct our transactions with these related parties in our tourism business. They relate primarily to the provision of hotel and related services and to finance leases.

We believe that all of these transactions in Fiscal 2019 and Fiscal 2020 and through the date of this prospectus as set out below under "*—UK Listing Rules*" were conducted on arms-length terms. During this period, we have entered into three transactions with these related parties outside the ordinary course of business: (i) the transfer of Hapag-Lloyd Cruises to TUI Cruises as described below under "*—Transfer of Hapag-Lloyd Cruises*" (ii) the Unifirm commitment and backstop agreement on 1 December 2020, as a result of which Unifirm became the holder of more than 30% of the Company's issued share capital and, as a result, a controlling shareholder as defined in the UK Listing Rules (please see also "*15.4 Agreements relating to the January Issuance"* for further details) and (iii) the sale of TUI Travel's 10% interest in Togebi to KN-Holding, as described below under *"—Sale of interest in Togebi*".

In Fiscal 2019 and Fiscal 2020 and through the date of this prospectus, our transactions with members of our Executive Board and Supervisory Board in the ordinary course of business were limited to payment of agreed compensation. See "*16.1. Corporate Bodies—Executive Board—Remuneration of the Executive Board*" and "*16.2. Corporate Bodies—Supervisory Board—Remuneration of the Supervisory Board*". During this period we did not enter into transactions outside the ordinary course of business with the members of our Executive Board or Supervisory Board or with our major shareholders.

18.1. Hapag-Lloyd transfer

In February 2020, TUI AG agreed to sell Hapag-Lloyd Cruises, and to transfer ownership in all of Hapag-Lloyd Cruises' ships, to TUI Cruses. The sale of our shares in Hapag-Lloyd Cruises closed in July 2020. The transfers of ownership in Hapag-Lloyd Cruises' ships were completed over a period of approximately one week thereafter. See "*15. Material Agreements—Joint Venture Agreement with Respect to TUI Cruises—Transfer of Hapag-Lloyd Cruises to TUI Cruises*".

18.2. UK Listing Rules

Unifirm is a related party of the Company for the purposes of the UK Listing Rules as it is controlled by the family of Mr Alexey Mordashov, a member of the Company's Supervisory Board (*Aufsichtsrat*), and is a substantial shareholder of TUI which is entitled to exercise, or control the exercise of, 32.00% of the votes able to be cast at general meetings of the Company.

The Unifirm backstop underwriting commitment in connection with the January Issuance was a related party transaction under Chapter 11 of the UK Listing Rules. The maximum aggregate underwriting commitment of Unifirm was €130.7 million. This maximum commitment, together with the maximum fees payable to Unifirm, fell within the "smaller related party transactions" provisions of Listing Rule 11.1.10R. Pursuant to the requirements of Listing Rule 11.1.10R, Merrill Lynch International, in its capacity as joint sponsor to the Company, provided written confirmation to the Company that the terms of the Unifirm backstop underwriting commitment were, in its opinion, fair and reasonable as far as the shareholders of the Company were concerned.

Because of his association with Unifirm, Mr Alexey Mordashov did not take part in the Supervisory Board's consideration of the commitment and backstop agreement entered into in connection with the January Issuance.

18.3. Sale of interest in Togebi

On 26 March 2021 we completed an agreement with KN-Holding in relation to the sale of TUI Travel's 10% interest in Togebi to KN-Holding, the existing 90% shareholder of TUI Russia. The disposal has been agreed for an off-set value of $11.9 million. TUI Travel's shares in Togebi were previously been written down to zero in our consolidated accounts. We entered in to the transaction on arm's length terms and in compliance with Chapter 11 of the UK Listing Rules as a sponsor's written confirmation has been obtained stating that the agreement is fair and reasonable as far as TUI Group's shareholders are concerned.

19. General Information on the Company and the Group

19.1. Legal and commercial name

As of the date of this prospectus, the Company's legal name is TUI AG. The Company's commercial name is "TUI AG" or "TUI".

19.2. Corporate form, registration and purpose

The Company was originally founded as a state-owned entity by the Prussian state government in 1923 under the name "Preussische Bergwerks- und Hütten-Aktiengesellschaft" to own and operate the Prussian state's coal and non-ferrous metal mines, smelters and salt works. The Company was partially privatized in 1959 and fully privatized in 1969. In 1964, the Company changed its name to PREUSSAG Aktiengesellschaft. Until the mid-1990s, the Company was active predominantly in the areas of industry, transport and natural resources.

In the early 1990s, prospects for the TUI Group's traditional activities became less attractive. For this reason the Company made the strategic decision to concentrate on new growth sectors and dispose of most of its industrial activities. Accordingly, the Company implemented its strategy to reorient the TUI Group's focus on tourism and logistics from the mid-1990s on. In 2002, the Company changed its name to TUI AG. In 2006, the Company sold its last industrial holding. In 2007, the Company established TUI Travel by merging its distribution, tour operator and airline destination services operations with those of First Choice Holidays PLC. After selling a majority shareholding in its Hapag-Lloyd container shipping business in March 2009, the Company now focusses fully on its core tourism business, with a strong focus on tour operating, hotels and resorts and cruises. After the merger with TUI Travel PLC, TUI undertook a strategic review of its touristic business. As a result, TUI disposed of Hotelbeds Group and Specialist Group. TUI now focusses on hotels, cruises and destination services delivering holiday experiences and tour operators as the selling and marketing side of the TUI Group.

As a stock corporation (*Aktiengesellschaft*) established under German law, TUI AG is subject to the German Stock Corporation Act (*Aktiengesetz*). The Company's financial year ends on 30 September of each calendar year. The Company was established for an indefinite term. It is domiciled in Hanover and Berlin, Germany. Its legal entity identifier (LEI) is 529900SL2WSPV293B552.

Pursuant to article 3(1) of its Charter (*Satzung*), the corporate purpose of the Company is to engage on a commercial basis in tourism (including all associated services and project developments), the acquisition of interests in enterprises active in tour operating, commercial air transportation, passenger shipping, the hotel industry, the leisure industry, in travel agents as well as other services, namely in its own facilities or in facilities of affiliated companies, as well as the bundling of affiliated companies under a centralised management.

19.3. Fiscal year

Our fiscal year ends on 30 September of each calendar year.

19.4. Registered office and contact information

The Company's registered offices are in Berlin and Hanover, Germany. The Company is registered in the commercial register (*Handelsregister*) of the district court (*Amtsgericht*) of Berlin-Charlottenburg under HRB 321 and the commercial register of the district court (*Amtsgericht*) of Hanover under HRB 6580. Its business address is TUI AG, Karl-Wiechert-Allee 4, 30625 Hanover, Germany. The Company can be reached by telephone at +49 (511) 566-00. Our website is at www.tuigroup.com. Information on our website is not part of this prospectus.

19.5. Group structure

The following table presents an overview of our corporate structure as at the date of this prospectus:

TUI AG, Germany

- 100%: Leibniz-Service GmbH, Germany
  - 100%: TUI Aviation Holding GmbH, Germany
    - 100%: TUIfly GmbH, Germany
    - 100%: TUI Airlines Belgium NV, Belgium
    - 100%: TUIfly Nordic AB, Sweden
    - 100%: TUI Airlines Nederland B.V., Netherlands
  - 100%: TUI Deutschland GmbH, Germany
    - 100%: TUI Customer Operations GmbH, Germany
  - 100%: I'tur GmbH, Germany
  - 100%: TUI (Suisse) AG, Switzerland
  - 100%: TUI Austria Holding GmbH, Austria
  - 100%: TUI InfoTec GmbH, Germany
  - 100%: TUI Poland Sp.z o.o, Poland
  - 100%: TUI Aviation GmbH, Germany
  - 100%: TUI Business Services GmbH, Germany
- 100%: TUI TRAVEL LIMITED, UK
  - 100%: TUI TRAVEL HOLDINGS LIMITED, UK
    - 100%: FIRST CHOICE HOLIDAYS LIMITED, UK
    - 100%: TUI UK Limited, UK
    - 100%: TUI Travel Aviation Finance Limited, UK
    - 100%: TUI Northern Europe Limited, UK
- 100%: TUI CANADA HOLDINGS INC., Canada
  - 49%: SUNWING TRAVEL GROUP INC, Canada
- 100%: Robinson Club GmbH, Germany
  - 100%: MAGIC LIFE Assets GmbH, Austria
- 100%: TUI Belgium N.V., Belgium
  - 100%: TUI FRANCE SA, France
  - 100%: TUI Nederland Holding N.V., Netherlands
- 100%: DEFAG Beteiligungsverwaltungs GmbH I, Germany
  - 50%: RIUSA II S.A., Spain
- 100%: DEFAG Beteiligungsverwaltungs GmbH III, Germany
- 100%: TUI Nordic Holding AB, Sweden
  - 100%: TUI Sverige AB, Sweden
- 100%: TUI HOLDING SPAIN S.L.U., Spain
- 100%: TUI Insurance Services GmbH, Germany

100%: TUI Immobilien Services GmbH, Germany

100%: TUI Group Services GmbH, Germany

100%: Preussag Beteiligungsverwaltungs GmbH IX, Germany

50%: TUI Cruises GmbH, Germany

100%: Hapag-Lloyd Kreuzfahrten GmbH, Germany

19.6. Significant subsidiaries

The following table presents our significant subsidiaries as at the date of this prospectus:

Subsidiary / Joint Venture	Registered Office and Jurisdiction of Organization	Aggregate Interest (%)
Blue Diamond Hotels and Resorts Inc.	St Michael, Barbados	49[1]
RIUSA II S.A.	Palma de Mallorca, Spain	50[2]
Sunwing Travel Group Inc.	Toronto, Canada	49[3]
TUI Airways Limited	Luton, UK	100
TUI Belgium N.V.	Oostende, Belgium	100
TUI Cruises GmbH	Hamburg, Germany	50
TUI Deutschland GmbH	Hanover, Germany	100
TUI Travel Aviation Finance Limited	Luton, UK	100
TUI Travel Holdings Limited	Luton, UK	100
TUI UK Limited	Luton, UK	100
TUI UK Transport Limited	Luton, UK	100

1) TUI Group holds 25% of the voting shares, but a 49% effective economic interest.
2) RIUSA II S.A. is a fully-consolidated company within TUI Group.
3) TUI Group holds 25% of the voting shares, but a 49% effective economic interest.

19.7. Auditors

Deloitte GmbH Wirtschaftsprüfungsgesellschaft were most recently elected by the annual general shareholders' meeting of the Company on 25 March 2021 and subsequently appointed by our Supervisory Board to serve as the auditor for Fiscal 2021. They have been our independent auditors since 2017 and audited our consolidated financial statements for Fiscal 2020 and the Company's statutory financial statements for Fiscal 2020, included in this prospectus beginning on page F-1.

Deloitte are a member of the German Chamber of Public Auditors (*Wirtschaftsprüferkammer*).

19.8. Publications

We publish our announcements on our website (www.tuigroup.com).

19.9. Credit ratings

As of the date of this prospectus, our credit rating from Moody's is Caa1 and our credit rating from Standard & Poor's is CCC+. In both cases, the ratings agency have assigned a stable outlook.

20. Share Capital

20.1. Issued share capital and shares

As of the date of this Prospectus, the registered share capital (*Grundkapital*) of the Company amounts to €1,099,393,634. It is divided into 1,099,393,634 no-par-value shares (*Stückaktien*). This means that, as of the date of this Prospectus, each share represents a nominal value of €1.00.

Under German corporate law, the price at which new shares are issued cannot be less than the nominal value represented by each share.

20.2. Capital Increase

In the course of the Offering, the Company will conduct the Capital Increase. In doing so, it will increase its registered share capital (*Grundkapital*) by €523,520,778.00, after which its registered share capital will be €1,622,914,412.00, divided into 1,622,914,412 shares with a nominal value of €1.00 per share.

20.3. Authorised Capital 2018

Pursuant to Article 4.4 of the Articles of Association, the Executive Board is authorised, with the consent of the Supervisory Board, to increase the share capital of the Company in one or more stages until 12 February 2023 by up to €22,258,529.63 (in words: euro twenty-two million two hundred fifty-eight thousand five hundred twenty-nine and cent sixty-three) in total by issuing new registered shares to employees in return for contributions in cash (Authorised Capital 2018) and to take decisions on the content of the shares and the terms of share issuance. The shareholders' pre-emptive rights are disapplied in order to be able to issue the shares created from the authorised capital to employees of the Company and its Group companies. The new shares may also be issued to an appropriate credit institution which undertakes to subsequently transfer the shares to the beneficiaries exclusively. The amount of shares issued disapplying the shareholders' pre-emptive rights may not exceed 2% of the share capital neither at the time the authorisation takes effect or nor at the time the authorisation is used.

20.4. Authorised Capital 2021/I

Pursuant to Article 4.5 of the Articles of Association, the Executive Board is authorised, subject to the consent of the Supervisory Board, to increase the share capital of the Company once or several times until 24 March 2026 by an amount not to exceed €109,939,363.00 (in words: euro one hundred and nine million nine hundred and thirty-nine thousand three hundred and sixty-three) in total (Authorised Capital 2021/I) by issuing new registered shares in return for contributions in cash. Shareholders are, in principle, entitled to pre-emption rights. The shares may be acquired by one or several banks with the obligation that the shares be offered to the shareholders for subscription. The Executive Board may, with the consent of the Supervisory Board, disapply shareholders' pre-emption rights if the issue amount of the new shares is not significantly lower than the market price for previously issued shares with the same terms. The number of new shares issued on the basis of this authorisation, plus the shares issued or sold on the basis of an authorisation to sell pursuant to sections 71 (1) no. 8 sentence 5 and 186 (3) sentence 4 AktG after the Annual General Meeting has passed the resolution on this authorisation on 25 March 2021 (date of resolution) until such time as it has been exercised must not exceed the limit specified in section 186 (3) sentence 4 AktG of 10% of the share capital existing on the date of the resolution or (if lower) the share capital existing on the date of issue of the new shares. Further, shares that are issued or to be issued on the basis of bonds with conversion rights or conversion or warrant obligations issued in accordance with section 186 (3) sentence 4 AktG after the date of resolution until such time as the authorisation has been exercised must be taken into account when calculating this limit. However, the total portion of the share capital attributable to new shares for which pre-emption rights have been disapplied under these authorisations must not – together with the portion of the share capital attributable to own shares or new shares from authorised capital or relating to conversion or warrant rights or obligations from bonds that were sold or issued on or after 25 March 2021 subject to the disapplication of pre-emption rights – exceed 10% of the share capital; this threshold is to be calculated on the basis of the amount of the share capital existing either on 25 March 2021, or at the time the new shares are issued, whichever is the lowest. The Executive Board may further, subject to the consent of the Supervisory Board, disapply shareholders' pre-emption rights in respect of fractional amounts in line with German market practice and German company law, there will be no entitlement to fractional shares or the proceeds of any sale of aggregated fractional entitlements as part of the Offering under Listing Rule 9.5.13. The Executive Board is authorised, subject to the consent of the Supervisory Board, to determine the further details of the capital increase and its implementation.

20.5. Authorised Capital 2021/II

Pursuant to Article 4.7 of the Articles of Association, the Executive Board is authorised, subject to the consent of the Supervisory Board, to increase the Company's share capital once or several times until and including 24 March 2026 by issuing new registered shares against contributions in cash or in kind by an amount not to exceed €417,000,000.00 (in words: euro four hundred seventeen million) in total (Authorised Capital 2021/II). Shareholders are, in principle, entitled to pre-emption rights. The pre-emption rights may be granted indirectly in that shares may also be subscribed by one or several credit institutions or equivalent entities as defined in section 186 (5) sentence 1 AktG with the obligation to offer them to the shareholders for subscription. However, the Executive Board is authorised, subject to the consent of the Supervisory Board, to disapply shareholders' pre-emption rights to the extent necessary in order to grant holders of bonds with conversion or warrant rights or obligations issued or to be issued by TUI AG or its subsidiaries the pre-emption rights they would be entitled to after exercising the conversion or warrant rights or fulfilling the conversion or warrant obligations. Furthermore, shareholders' pre-emption rights may be disapplied in respect of fractional amounts in line with German market practice and German company law such that there will be no entitlement to fractional shares or the proceeds of any sale of aggregated fractional entitlements as part of the Offering under Listing Rule 9.5.13. In addition, the Executive Board may, with the consent of the Supervisory Board, disapply shareholders' pre-emption rights insofar as the capital increase against contributions in kind is performed in order to acquire companies, parts of companies, interests in companies or other assets (including receivables). However, the total portion of the share capital attributable to new shares for which pre-emption rights have been disapplied under these authorisations must not – together with the portion of the share capital attributable to own shares or new shares from authorised capital or relating to conversion or warrant rights or obligations from bonds that were sold or issued on or after 25 March 2021 subject to the disapplication of pre-emption rights – exceed 10% of the share capital; this threshold is to be calculated on the basis of the amount of the share capital existing either on 25 March 2021, or at the time the new shares are issued, whichever is the lowest. Pre-emption rights will also be deemed disapplied if the sale or issue is effected by applying section 186 (3) sentence 4 AktG directly, analogously or mutatis mutandis. The Executive Board is also authorised, subject to the consent of the Supervisory Board, to determine the further details of the capital increase and its implementation.

20.6. Conditional Capital 2016

Pursuant to Article 4.6 of the Articles of Association, the share capital is conditionally increased by up to €150,000,000.00 (in words: euro one hundred and fifty million) by issuing up to 58,674,900 new registered shares with dividend rights from the beginning of the financial year in which they were issued (Conditional Capital 2016). The conditional capital increase will be effected only to the extent that holders or creditors of convertible bonds, bonds with warrants, profit-sharing rights or income bonds (or combinations thereof) with conversion or warrant rights or obligations issued by TUI AG or its Group companies for cash until and including 8 February 2021 on the basis of the authorisation resolved by the Annual General Meeting on 9 February 2016 exercise their conversion or warrant rights or to the extent that conversion or warrant obligations under these bonds are fulfilled and to the extent that no other forms of fulfilment are employed when servicing such obligations. The Executive Board is authorised, subject to the consent of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase. The Company made use of the Conditional Capital 2016 by issuing the 2020 Bond with Warrants to the WSF in the principal amount of €150 million on 1 October 2020. For a detailed description of the 2020 Bond with Warrants, please see *15. Material Agreements – 15.2 Existing financing arrangements – 2020 Bond with Warrants*.

20.7. Conditional Capital WSF

Pursuant to Article 4.8 of the Articles of Association, the share capital of the Company is conditionally increased in accordance with section 7a WStBG by up to EUR 420,000,000.00 by issuing up to 420,000,000 new registered no-par value shares, each presenting a pro rata amount of the share capital of EUR 1.00. The conditional capital increase serves to grant no-par value shares upon the relevant exercise of the conversion right granted to the Economic Support Fund within the meaning of section 15 StFG (WSF) in accordance with the resolution of the Extraordinary General Meeting of 5 January 2021 under agenda item 3 in respect of the Convertible Silent Participation as described there. The new shares shall be issued at the minimum issue price (section 9 (1) AktG) of EUR 1.00. The new no-par value shares are entitled to receive dividends from the beginning of the financial year in which they are issued; to the extent permitted by law, the Executive Board may determine the profit participation of new no-par value shares in derogation therefrom as well as from section 60 (2) AktG, even for a financial year already ended. The exchange ratio shall be 1:1, this is to say one new no-par value share will be issued for each EUR 1.00 of the nominal amount of the Convertible Silent Participation to be converted. The conditional capital increase is only implemented to the extent that the WSF (or its legal successor, e.g., following an assignment) makes use of its conversion right. With the approval of the Supervisory Board, the Executive Board shall be empowered to stipulate further details of the conditional capital increase and its implementation. The Supervisory Board is authorised to amend the wording of Article 4 (1) and (8) of the Charter in accordance with the implementation of the conditional capital increase.

20.8. Conditional Capital 2021

Pursuant to Article 4.9 of the Articles of Association, the share capital is conditionally increased by up to EUR 109,939,363.00 (in words: Euro one hundred and nine million nine hundred and thirty-nine thousand three hundred and sixty-three) by issuing up to 109,939,363 new registered shares with dividend rights from the beginning of the financial year in which they were issued (Conditional Capital 2021). The conditional capital increase will be effected only to the extent that holders or creditors of convertible bonds, bonds with warrants, profit-sharing rights or income bonds (or combinations thereof) with conversion or warrant rights or obligations issued by TUI AG or its Group companies for cash until and including 24 March 2026 on the basis of the authorisation resolved by the General Meeting on 25 March 2021 exercise their conversion or warrant rights or to the extent that conversion or warrant obligations under these bonds are fulfilled and to the extent that no other forms of fulfilment are employed when servicing such obligations. The Executive Board is authorised, subject to the consent of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase.

20.9. Equity-linked securities

Based on the on the authorisation of the management board of the Company to issue convertible bonds and the creation of a conditional share capital (Conditional Capital 2021) in the amount of up to €109,939,363.00 consisting of up to 109,939,363 ordinary registered shares pursuant to Article 4.9 of the Articles of Association described above, the Company issued € 400 million senior unsecured convertible bonds and €189.6 million senior unsecured convertible bonds by means of a tap issuance due 2028, convertible into ordinary registered shares with no par value of the Company. Please refer to section "*15. Material Agreements—Existing financing agreements—2021 Convertible Bonds*" for a more detailed description.

21. Dividends and Dividend Policy

As part of our response to the effects of the COVID-19 pandemic on our business, we have requested and received emergency state aid. As a consequence, we will not pay dividends as long as amounts under these financings remain outstanding. Therefore, the Executive Board and the Supervisory Board may not submit a recommendation for a dividend payment to the general shareholders' meeting. This does not apply to the extent that a legal obligation of a disbursement of dividends consists. See "*15. Material Agreements—15.3. Agreements relating to the Stabilisation Package*". In particular, no dividend will be proposed or paid for Fiscal 2021.

Disregarding the suspension of dividend payments during the term of the duration of these financings, our general dividend policy is part of the capital allocation framework that we updated in Fiscal 2019. The framework reflects the following financial priorities:

- organic growth,
- payout of a core dividend,
- accretive Mergers & Acquisitions and portfolio optimisation, and
- return of excess cash to shareholders.

The overarching target of the capital allocation framework is a solid statement of financial position. Following a leverage ratio of 3.0x for financial year 2019 (the calculation of which was based on a slight modification, as IFRS 16 had not yet been applied), the impact of COVID-19 and its cause for negative EBITDA in financial year 2020 resulted in a negative leverage ratio with limited value. The company expects its operating result to recover and its balance sheet structures to stabilise after the COVID-19 pandemic ends and therefore the company aims to deliver a leverage ratio of less than 3.0x again.

Subject to the prior targets, the availability of distributable profits, sufficient headroom in cash and the legal considerations described below, the Company's dividend policy is based on a core dividend payout of 30-40% of the Group's Underlying earnings after taxes, or EAT, after minority interests and at a constant currency rate, with a dividend floor (minimum payout) of €0.35 per share. We reserve the right to adjust the dividend floor in accordance with the number of New Shares placed since the introduction of the policy. We define Underlying EAT as Underlying EBIT minus interest expenses adjusted by separately disclosed items minus tax based on underlying tax rate of currently 18% minus minorities adjusted for separately disclosed items.

The annual general shareholders' meeting of the Company decides on the appropriation of any net retained profit, including whether that profit will be disbursed in part or in whole to shareholders.

Our Executive Board and Supervisory Board are required to submit a recommendation on the appropriation of profit. The general shareholders' meeting is not bound by that recommendation.

Entitlement to receive a dividend arises on the date on which the general shareholders' meeting resolves the dividend. Individual shareholders have no claim to the disbursement of dividends unless the general shareholders' meeting has passed a resolution to that effect.

There are no restrictions on, or special processes for, dividends for non-resident shareholders.

By law, claims to the payment of dividends generally become time-barred after three years, after which time the Company may refuse to make any disbursement. Forfeited dividend claims accrue to the Company.

We expect to publish information about any dividends that the general shareholders' meeting resolves and about the paying agents we engage in the Federal Gazette and as a UK regulatory announcement. We also upload the results of the shareholders' meeting to the National Storage Mechanism system maintained by the FCA and publish them on our website (www.tuigroup.com).

22. Underwriting

Under the terms and subject to the conditions of the Underwriting Agreement, each Underwriter has agreed, severally and not jointly, subject to certain terms and conditions, to (i) subscribe for all new Shares not directly subscribed for by Unifirm at the beginning of the Subscription Period, (ii) deliver the Subscription Price per such New Share to the Company, (iii) offer the New Shares not subscribed for by Unifirm to the existing shareholders of the Company (other than Unifirm) at the Subscription Price, (iv) thereafter offer the Rump Shares at a price at least equivalent to the Subscription Price to institutional investors, with the obligation to keep any Unplaced Rump Shares being left thereafter, in each case limited to the number of New Shares set forth below:

Underwriter	Maximum Number of New Shares	Percentage of the Offering
Barclays Bank Ireland PLC One Molesworth Street Dublin 2 D02 RF29 Ireland	60,519,003	11.56
BofA Securities Europe SA 51 rue La Boétie 75008 Paris France	60,519,002	11.56
Citigroup Global Markets Europe AG Reuterweg 16 60323 Frankfurt am Main Germany	60,519,002	11.56
Deutsche Bank Aktiengesellschaft Taunusanlage 12 60325 Frankfurt am Main Germany	60,519,002	11.56
HSBC Trinkaus & Burkhardt AG Königsallee 21/23 40212 Düsseldorf Germany	60,519,002	11.56
COMMERZBANK Aktiengesellschaft Kaiserstraße 16 (Kaiserplatz) 60311 Frankfurt am Main Germany	17,799,706	3.40
Landesbank Baden-Württemberg Am Hauptbahnhof 2 70173 Stuttgart Germany	17,799,706	3.40
Natixis 30 avenue Pierre Mendès France 75103 Paris France	17,799,706	3.40
Total	**355,994,129**	**68.00**

New Shares attributable to the Subscription Rights of the existing shareholder Unifirm will be subscribed for directly by Unifirm.

22.1. Underwriting Agreement

On 6 October 2021, the Company and the Underwriters entered into an Underwriting Agreement. Pursuant to the Underwriting Agreement, the Underwriters have agreed to:

- offer the New Shares not directly subscribed for by Unifirm to the existing shareholders of the Company (other than Unifirm) in the Subscription Offer and thereafter to offer the Rump Shares at a price at least equivalent to the Subscription Price in the Rump Placement; and
- to underwrite any remaining Unplaced Rump Shares and to subscribe for all New Shares not directly subscribed for by Unifirm within the first three business days (for this purpose excluding public holidays in Russia) of the Subscription Period.

The Underwriters may sub-underwrite their commitments and may involve one or more selling agents in connection with the Offering and, in this context, may share part of the commission with such selling agents. Their obligations are subject to the fulfilment of certain conditions, including the non-occurrence of a material adverse change.

In return, the Company is obliged to indemnify the Underwriters from certain liabilities and to pay them a base fee of 2.25% of the gross proceeds from the Offering (excluding the gross proceeds from the direct subscription by Unifirm) and a discretionary fee of up to 0.50% of the gross proceeds of the Offering (excluding the gross proceeds from the direct subscription by Unifirm). In addition, the Company will pay to Deutsche Bank for its services as subscription agent a fee of €50,000.00.

In the Underwriting Agreement, the Company further agreed that, for a period of 90 days after the settlement of the Capital Increase, it will not, except as agreed between the Company and the WSF, KfW or any other state entity in connection with further state aid measures, carry out any capital increase or issue any convertible bonds, exchangeable bonds or other securities which are convertible, exchangeable, exercisable into, or otherwise give the right to subscribe for or acquire its ordinary shares, whether directly or indirectly; or enter into any swap or other agreement, arrangement or transaction that transfers, confers or allots, in whole or in part, directly or indirectly, any of the economic consequences of the ownership of its shares (whether any such swap, agreement, arrangement or transaction is to be settled by delivery of ordinary shares, cash or otherwise) without the prior written consent of the Joint Global Coordinators on behalf of the Underwriters (Lock-up).

The Joint Global Coordinators on behalf of the Underwriters are entitled to terminate the Underwriting Agreement under certain circumstances at any time prior to the filing of the application for registration of the implementation of the Capital Increase with the Commercial Registers. Such circumstances include, a suspension of trading on or by any of the Hanover Stock Exchange, the Frankfurt Stock Exchange, the London Stock Exchange or the New York Stock Exchange or any other regulated financial market within the European Economic Area, a suspension of trading of any securities of the Company, a general moratorium on commercial banking activities, an outbreak of hostilities or escalation of hostilities or terror attacks or any material adverse change in national or international financial, political, industrial or economic conditions. The Joint Global Coordinators cannot terminate the Underwriting Agreement after the application for registration of the implementation of the Capital Increase has been filed with the Commercial Registers, save that the Joint Global Coordinators may terminate the Underwriting Agreement if the Company successfully withdraws the application for registration of the implementation of the Capital Increase with both Commercial Registers which is at the discretion of each Commercial Register, or the Commercial Registers do not register the Capital Increase within the timeframe specified in the subscription certificate to be issued by the Underwriters (currently two business days from the date of the application, *i.e.*, until 29 October 2021).

If the Joint Global Coordinators successfully terminate the Underwriting Agreement in any such case set out above, the obligation of the Joint Global Coordinators to underwrite and purchase the New Shares shall terminate and the Company shall return the subscription certificates for the New Shares and the bank confirmations to the respective subscribers having previously issued such documents and release any amounts already credited to the capital increase account. In such circumstances, Unifirm's subscription under the Unifirm Commitment will also be cancelled.

22.2. Sponsor Agreement

In addition to the Underwriting Agreement, the Sponsors have entered into the Sponsor Agreement with the Company on 6 October 2021. For further details please see *15.5 Agreements relating to the Capital Increase—Sponsor Agreement.*

22.3. Commitment Agreement

In addition to the Underwriting Agreement, the Company has entered on 6 October 2021 into the Commitment Agreement with Unifirm. For further details please see *15.5 Agreements relating to the Capital Increase—Shareholder commitment and underwriting agreement—Shareholder commitment agreement.*

22.4. Interests of parties participating in the Offering

In connection with the Offering and the admission to trading of the Company's shares, the Underwriters have formed a contractual relationship with the Company.

The Underwriters are acting exclusively for the Company and no one else in connection with the Offering and on coordinating the structuring and execution of the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein. Upon successful implementation of the Offering, the Underwriters will receive a commission and the size of this commission depends on the results of the Offering. As a result of these contractual relationships, the Underwriters have a financial interest in the success of the Offering at the best possible terms.

Each of the Underwriters and their respective affiliates may have engaged in transactions with, and provided various commercial banking, investment banking, financial advisory transactions and services in the ordinary course of their business with the Company and/or its affiliates for which they would have received customary fees and commissions. Each of the Underwriters and their respective affiliates may provide such services to the Company and/or its affiliates in the future.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) in the Company and its affiliates for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments.

In addition, each of BofA Securities, Barclays and HSBC (acting as Joint Global Coordinators in the Capital Increase) as well as COMMERZBANK, Landesbank Baden-Württemberg and Natixis (acting as Joint Bookrunners in the Capital Increase) or their respective affiliates are lenders under the Cash Facility, or may in the future be, lenders, and in some cases agents or managers for the lenders, under certain of the Group's credit facilities and other credit arrangements. The Company expects to use any net proceeds it receives from the sale of the

New Shares primarily to repay financial indebtedness, which may include such credit facilities and other credit arrangements. In their capacity as lenders, such lenders may, in the future, seek a reduction of a loan commitment to the Company or its affiliates, or impose incremental pricing or collateral requirements with respect to such facilities or credit arrangements, in the ordinary course of business. In addition, certain of the Underwriters or their affiliates that have a lending relationship with the Company or its affiliates may routinely hedge their credit exposure to the Company and/or its affiliates consistent with their customary risk management policies; a typical hedging strategy would include these Underwriters or their affiliates hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Company's securities.

In connection with the Offering, each of the Underwriters and any of their respective affiliates, may take up a portion of the New Shares and the Subscription Rights as a principal position and in that capacity may retain, subscribe for, purchase, sell, offer to sell or otherwise deal for their own accounts in such New Shares and Subscription Rights and other securities of the Company or related investments in connection with the Offering or otherwise. Accordingly, references in this document to the New Shares and Subscription Rights being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue, offer, subscription, acquisition, placing or dealing by each of the Underwriters and any of their affiliates in such capacity. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps, warrants or contracts for difference) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Subscription Rights or New Shares. None of the Underwriters or any of their affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

There are no other interests on the part of the parties participating in the Offering that are of material importance for the Offering. There are no conflicts of interests.

23. Selling and Transfer Restrictions

23.1. Selling restrictions

The distribution of this prospectus and the sale of the Securities may be restricted by law in certain jurisdictions. No action has been or will be taken by the Company or the Underwriters to permit a public offering of the Securities or the possession or distribution of this prospectus (or any other offering or publicity materials or application form(s) relating to the Securities, other than the offers contemplated in the prospectus in Germany and the UK. Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this prospectus comes are required to inform themselves about and observe any such restrictions, including those set out in the following paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

United States

The Securities have not been, and will not be, registered under the Securities Act or with the securities regulatory authorities of any individual state of the United States of America, and may not be offered, sold, exercised, pledged, transferred or delivered, directly or indirectly, to or within the United States, except in a transaction not subject to, or pursuant to an exemption from, the registration requirements of the Securities Act and, in each case, in accordance with any applicable securities laws of any state.

The Securities are being offered and sold in the United States only to QIBs in reliance on Section 4(a)(2) of the Securities Act or, only with respect to the New Shares, Rule 144A under the Securities Act or another exemption from the registration requirements of the Securities Act. The Securities are being offered outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. Prospective investors are hereby notified that sellers of the New Shares may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A thereunder. The offering of the New Shares is being made in the United States through the U.S. broker-dealer affiliates of the underwriters.

In addition, until 40 days after the commencement of the Offering, an offer or sale of the New Shares into or within the United States by a dealer (whether or not such dealer is participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in reliance on Rule 144A or another available exemption from registration under the Securities Act.

All holders of Securities outside the United States, to the extent applicable, will be deemed to have approved and confirmed that they are exercising or acquiring the Securities within the context of an offshore transaction in compliance with Rule 903 or 904 of Regulation S under the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), no Securities have been offered or will be offered pursuant to the Offering to the public in that Relevant State, other than the offer contemplated in the prospectus in Germany, provided that the issuer has consented in writing to the use of the prospectus offers to be made in Relevant States other than Germany under the following exemptions under the Prospectus Regulation:

(1) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(2) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Underwriters for any such offer; or

(3) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer shall require the Company or any Underwriter to publish a prospectus pursuant to Article 3, or to supplement a prospectus pursuant to Article 23, of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any Securities in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Offering, the Securities so as to enable an investor to decide to purchase or subscribe for any Securities.

24. Taxation in Germany

The following section presents a number of key German taxation principles which generally are or can be relevant to the acquisition, holding or transfer of shares both by a shareholder (an individual, a partnership or corporation) that has a tax domicile in Germany (that is, whose place of residence, habitual abode, registered office or place of management is in Germany) and by a shareholder without a tax domicile in Germany. The information is not exhaustive and does not constitute a definitive explanation of all possible aspects of taxation that could be relevant for shareholders. The information is based on the tax law in force in Germany as of the date of this prospectus (and its interpretation by administrative directives and courts) as well as typical provisions of double taxation treaties that Germany has concluded with other countries. Tax law can change — sometimes retrospectively. Moreover, it cannot be ruled out that the German tax authorities or courts may consider an alternative assessment to be correct that differs from the one described in this section.

This section cannot serve as a substitute for tailored tax advice to individual shareholders. Shareholders are therefore advised to consult their tax advisers regarding the tax implications of the acquisition, holding or transfer of New Shares and regarding the procedures to be followed to achieve a possible reimbursement of German withholding tax (*Kapitalertragsteuer*). Only such advisors are in a position to take the specific tax-relevant circumstances of individual shareholders into due account.

Shareholders are subject to taxation in connection with the holding of New Shares (see below "*Taxation of Dividends*"), the sale of New Shares or Subscription Rights (see "*Taxation of Capital Gains*") and the gratuitous transfer of New Shares or Subscription Rights (see "*Inheritance and Gift Tax*")

24.1. Taxation of dividends

Withholding tax

Dividends distributed by the Company are generally subject to a withholding tax in the amount of 25% plus a solidarity surcharge of 5.5% thereon (i.e., a total of 26.375%). If the New Shares are admitted to be held in a collective deposit with a German collective deposit bank for securities and are deposited with such common depository in Germany, the Company is generally not responsible for withholding the tax at the source, but the tax is withheld for the account of the shareholder and remitted to the competent tax office by the German bank, German financial services institution, German securities trading enterprise or German securities trading bank (including German branches of foreign institutions) with which the New Shares are deposited or that administers the New Shares and that disburses or credits the dividends to the shareholder or that disburses the dividends to a foreign institution, or by the collective deposit bank for securities if it disburses the dividends to a foreign institution. The basis for the withholding tax is the dividend resolved by the general shareholders' meeting.

The withholding tax must generally be deducted regardless of whether and to what extent the dividend is exempt from taxation at the level of the shareholder and whether the shareholder is a person residing in Germany or in a foreign country.

In the case of dividends distributed to a company within the meaning of Art. 2 of the Council Directive No. 2011/96/EU of 30 November 2011 ("**EU Parent Subsidiary Directive**") domiciled in another Member State of the European Union, an exemption from withholding tax will be granted upon request if further prerequisites are satisfied (*Freistellung im Steuerabzugsverfahren*). This also applies to dividends distributed to a permanent establishment located in another Member State of the European Union of such a parent company or of a parent company tax resident in Germany if the participation in the Company is effectively connected with this permanent establishment. The key prerequisite for the application of the EU Parent Subsidiary Directive is that the shareholder has held a direct participation in the share capital of the Company of at least 10% for at least one year. In certain other cases, companies domiciled in another European Union or European Economic Area Member State may be entitled to a refund of withholding tax, although the minimum holding requirements of the EU Parent Subsidiary Directive are not met.

The tax effectively being payable on distributions to other foreign resident shareholders is generally reduced in accordance with a double taxation treaty if Germany has concluded such double taxation treaty with the country of residence of the shareholder and if the shareholder does not hold his New Shares either as part of the assets of a permanent establishment or a fixed place of business in Germany or as business assets for which a permanent representative has been appointed in Germany. The reduction of the withholding tax, if applicable, is generally granted in such a manner that the difference between the total amount withheld, including the solidarity surcharge, and the tax liability determined on the basis of the tax rate set forth in the applicable double taxation treaty (generally 15%) is refunded by the German tax administration upon request (Federal Central Tax Office (*Bundeszentralamt für Steuern*)).

In the case of dividends received by corporations whose statutory seat and effective place of management are not located in Germany and who are therefore not tax resident in Germany, generally two-fifths of the withholding tax deducted and remitted can be refunded without the need to fulfil all prerequisites required for such refund under the EU Parent Subsidiary Directive or under a double taxation treaty.

In order to receive a refund pursuant to a double taxation treaty or the aforementioned option for foreign corporations, the shareholder has to submit a completed form for refund (available at the Federal Central Tax Office (http://www.bzst.de) as well as at the German embassies and consulates) together with a withholding tax certificate (*Kapitalertragsteuerbescheinigung*) generally issued by the institution that withheld the tax.

The exemption from withholding tax in accordance with the EU Parent Subsidiary Directive and the aforementioned options for a refund of the withholding tax depend on whether certain additional prerequisites (in particular so-called substance requirements) are fulfilled.

The aforementioned reductions of (or exemptions from) withholding tax are restricted if (i) the applicable double taxation treaty provides for a tax reduction resulting in an applicable tax rate of less than 15% and (ii) the shareholder is not a corporation that directly holds at least 10% in the equity/capital of the Company and is subject to tax on its income and profits in its state of residence without being exempt. In this case, the reduction of (or exemption from) withholding tax is subject to the following three cumulative prerequisites: (i) the shareholder must qualify as beneficial owner of the New Shares for a minimum holding period of 45 consecutive days occurring within a period of 45 days prior and 45 days after the due date of the dividends, (ii) the shareholder has to bear at least 70% of the change in value risk related to the New Shares during the minimum holding period without being directly or indirectly hedged, and (iii) the shareholder must not be required to fully or largely compensate directly or indirectly the dividends to third parties. However, these further prerequisites do not apply if the shareholder has been the beneficial owner of the New Shares for at least one uninterrupted year upon receipt of the dividends.

Taxation of Dividends Derived by German Tax Resident Shareholders

Taxation of dividend income for German tax resident shareholders who hold their New Shares as private assets. Dividends that are derived by a German tax resident shareholder who holds the New Shares as private assets constitute income from capital investment, which is subject to a special, flat income tax rate of 25% plus a solidarity surcharge of 5.5% thereon (i.e., a total of 26.375%). The income tax liability for the dividends is generally satisfied through the deduction of the withholding tax (so-called flat tax regime, *Abgeltungsteuer*). Except for an annual lump-sum allowance for savers (*Sparer-Pauschbetrag*) in the amount of €801 (€1,602 for married couples and registered partners filing jointly) income-related expenses (*Werbungskosten*) may not be deducted from income from capital investment. The shareholder may request his total income from capital investments (including the dividends) to be subject to taxation at the individual, progressive income tax rate together with his other taxable income rather than the flat tax rate for capital investments, if this results in his tax liability being lower. The tax base is the gross income less the lump-sum allowance for savers in the amount of €801 (€1,602 for married couples and registered partners filing jointly) with no deduction for income-related expenses to generate the income. In such a case, the withholding tax can either be credited against the income tax liability of the shareholder or refunded in the amount of the excess, subject to the rules on the restriction of withholding tax credit as described below under "*—Taxation of dividend income for German tax resident shareholders who hold their New Shares as business assets*".

Exceptions from the final flat tax regime apply upon application to shareholders that hold at least 25% of the shares in the Company and shareholders that hold at least 1% of the shares in the Company (in both instances, including but not limited to the New Shares) and through professional work for the Company are able to exercise significant entrepreneurial influence on the business activities of the Company.

If applicable, church tax generally has to be withheld based on an automatic data access procedure, unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the Federal Central Tax Office. Where church tax is not levied by way of withholding, it is determined by means of an income tax assessment.

Taxation of dividend income for German tax resident shareholders who hold their New Shares as business assets. The flat tax does not apply to dividends paid on New Shares held by a German tax resident shareholder as business assets. The taxation depends on whether the shareholder is a corporation, an individual entrepreneur or partnership (co-entrepreneurship, *Mitunternehmerschaft*). The withholding tax (including solidarity surcharge) withheld and remitted can either be credited against the income tax or corporate income tax liability of the shareholder or refunded in the amount of the excess.

Pursuant to special rules on the restriction of withholding tax credit, the credit of withholding tax is subject to the following three cumulative prerequisites: (i) the shareholder must qualify as beneficial owner of the New Shares for a minimum holding period of 45 consecutive days occurring within a period of 45 days prior and 45 days after the due date of the dividends, (ii) the shareholder has to bear at least 70% of the change in value risk related to the New Shares during the minimum holding period without being directly or indirectly hedged, and (iii) the shareholder must not be required to fully or largely compensate directly or indirectly the dividends to third parties. Absent the fulfilment of all of the three prerequisites, three fifths of the withholding tax imposed on the dividends must not be credited against the shareholder's (corporate) income tax liability, but may, upon application, be deducted from the shareholder's tax base for the relevant assessment period. A shareholder that has received gross dividends without any deduction of withholding tax due to a tax exemption without qualifying for a full tax credit has to notify the competent local tax office accordingly and has to make a payment in the amount of the omitted withholding tax deduction. The special rules on the restriction of withholding tax credit do not apply to a shareholder whose overall dividend earnings within an assessment period do not exceed €20,000 or that has been the beneficial owner of the New Shares for at least one uninterrupted year upon receipt of the dividends.

Corporations. If the German tax resident shareholder is a corporation, effectively 95% of the dividends, subject to certain exceptions for enterprises in the financial and insurance sectors (see "*Special Rules for Credit Institutions, Financial Services Institutions, Financial Enterprises as well as Life Insurance and Health Insurance Companies and Pension Funds*") are generally exempt from corporate income tax and the solidarity surcharge. No minimum holding period needs to be observed. 5% of the dividends are deemed non-deductible business expenses, and are therefore subject to corporate income tax (plus solidarity surcharge) at a tax rate totaling 15.825%. However, if the corporation directly holds less than 10% of the share capital of the Company at the beginning of the calendar year, the full amount of any dividends received is taken into account when determining the corporation's taxable income for corporate income tax purposes. The acquisition of a shareholding of at least 10% is deemed to have occurred at the beginning of the calendar year. Aside from this, business expenses actually incurred and directly connected to the dividends may be deducted. The dividends are subject to trade tax in the full amount (after deduction of the business expenses economically connected to them) unless the corporation held a participation of at least 15% in the share capital of the Company at the beginning of the relevant tax assessment period (trade tax participation exemption). In this latter case, the dividends are not subject to trade tax. However, trade tax is levied on the amount deemed to be non-deductible business expenses (i.e., in the amount of 5% of the dividend). Depending on the assessment rate set by the municipality the trade tax is normally imposed at an effective rate of approximately 7 to 18.55% of the trade income (*Gewerbeertrag*).

***Individual entrepreneurs*.** If the German tax resident shareholder is an individual entrepreneur who holds the shares as business assets, only 60% of the dividends are subject to the progressive personal income tax plus solidarity surcharge at a tax rate totaling up to approximately 47.5% and, if applicable, church tax (partial income taxation method; *Teileinkünfteverfahren*). Only 60% of the business expenses economically connected to the dividends are deductible for tax purposes. If the New Shares belong to a German permanent establishment of a commercial business of the shareholder, the dividend income (after deduction of the business expenses economically connected to it) is, in addition to personal income tax, also subject to trade tax in the full amount unless the shareholder held a participation of at least 15% in the share capital of the Company at the beginning of the relevant tax assessment period (trade tax participation exemption). In this latter case, the net amount of the dividends, (i.e., after deduction of the business expenses directly connected to them) is exempt from trade tax. In general, the trade tax may be credited, completely or partially, against the personal income tax of the shareholder in accordance with a lump-sum tax credit method, depending on the assessment rate set by the local municipality and the personal tax situation.

***Partnerships*.** If the German tax resident shareholder is a partnership being engaged or deemed to be engaged in a business (co-entrepreneurship), the personal income tax or corporate income tax is not charged at the level of the partnership, but at the level of the respective partner. The taxation of each partner depends on whether the partner is a corporation or an individual. If the partner is a corporation, dividends forming part of the partner's profit share are taxed in accordance with the principles applicable to corporations, i.e., effectively 95% of the dividends are tax exempt, but dividends from a direct shareholding of less than 10% of the Company's share capital are fully subject to taxation (see above under "Corporations"). Indirect shareholdings via a partnership are attributed to the partners on a pro-rata basis and are deemed to be direct shareholdings. If the partner is an individual, the taxation is based on the principles applicable to individual entrepreneurs, i.e., the partial income taxation method applies (see "Individual entrepreneurs") to the dividends included in the individual partner's profit share.

In addition, the dividends are subject to trade tax at the level of the partnership if the New Shares are attributable to a permanent establishment of a commercial business of the partnership in Germany, and this generally in the full amount. If the partner in the partnership is an individual, the trade tax on his profit share which is paid by the partnership may generally be credited, completely or partially, against his personal income tax, depending on the assessment rate set by the local municipality and the personal tax circumstances.

If the partnership held a participation of at least 15% in the share capital of the Company at the beginning of the relevant tax assessment period, the dividends, after deduction of the business expenses economically connected thereto, should generally not be subject to trade tax. However, in this case, trade tax should be levied on 5% of the dividends to the extent they are attributable to the profit share of such corporate partners to whom at least 10% of the shares in the Company are attributable on a look-through basis, since such portion of the dividends should be deemed to be non-deductible business expenses. The remaining portion of the dividend income attributable to other than such specific corporate partners (which includes individual partners and should, under a literal reading of the law, also include corporate partners to whom, on a look-through basis, only participations in the share capital of the Company of less than 10% are attributable) should (after the deduction of business expenses economically related thereto) not be subject to trade tax.

Shareholders Domiciled in Foreign Countries. Shareholders who are not tax resident in Germany and hold their New Shares through a permanent establishment or a fixed place of business in Germany, or as business assets for which a permanent representative has been appointed in Germany, are subject to the taxation in Germany in respect of their dividend income. The situation described above for shareholders tax resident in Germany who hold their New Shares as business assets applies accordingly (see section "*Taxation of dividend income for German tax resident shareholders who hold their shares as business assets*"). The withholding tax deducted and remitted to the tax authorities (including solidarity surcharge) is either credited against the personal income tax or corporate income tax liability or refunded in the amount of an excess of such.

In all other situations, the German tax liability is satisfied for the dividends with the deduction of withholding tax. The withholding tax is only refunded in the situations described above under section "*Withholding Tax*".

24.2. Taxation of capital gains

Taxation of Capital Gains for German Tax Resident Shareholders

Taxation of capital gains for German tax resident shareholders who hold their New Shares or Subscription Rights as private assets. Capital gains from the sale of New Shares acquired by a German tax resident shareholder that are held as private assets are generally subject to personal income tax in Germany- irrespective of any holding period - as income from capital investment at a special, flat tax rate for income from capital investment of 25% (plus a solidarity surcharge of 5.5%, i.e., a total of 26.375%). This also applies to gains from the sale of Subscription Rights.

The amount of the taxable capital gain from the sale is the difference between (a) the proceeds from the sale and (b) the cost of acquisition of the New Shares or Subscription Rights and the expenses directly related to the sale. The acquisition costs of Subscription Rights are deemed to be €0.

The only deduction available from the overall income from capital investment is the annual lump-sum allowance for savers (*Sparer-Pauschbetrag*) in the amount of €801 (€1,602 for married couples and registered partners filing jointly). Income-related expenses (*Werbungskosten*) may not be deducted from capital gains. Losses from the sale of New Shares may only be offset against capital gains arising from the sale of the shares in stock corporations. Losses from the sale of Subscription Rights may only be offset against positive income from capital investment.

According to the German Federal Ministry of Finance (*Bundesministerium der Finanzen*), the exercise of Subscription Rights is not equivalent to a sale. Shares acquired by exercising Subscription Rights are considered to be acquired at the price of subscription and at the time of the exercise.

If New Shares or Subscription Rights are deposited with or administered by a German bank, German financial services institution, German securities trading enterprise or a German securities trading bank (including German branches of foreign institutions) or such an institution sells the New Shares or Subscription Rights and disburses or credits the proceeds from the sale (a "**German Disbursing Agent**"). The tax on the capital gains is generally settled by way of withholding through the German Disbursing Agent which is required to deduct a withholding tax of 26.375% (including solidarity surcharge) of the capital gains from the sale proceeds and remit it to the tax authority (final flat tax regime, *Abgeltungsteuer*).

If applicable, church tax generally has to be withheld based on an automatic data access procedure, unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the Federal Central Tax Office. Where church tax is not levied by way of withholding, it is determined by means of an income tax assessment.

If the withholding tax on the capital gains or, if applicable, the church tax on the capital gains has not been withheld by a German Disbursing Agent, the German tax resident shareholder is required to report the capital gains in his income tax return. The income tax and, if applicable, the church tax on the capital gains are then collected by way of assessment.

The shareholder may request his total income from capital investments to be subject to taxation at the individual, progressive income tax rate together with his other taxable income rather than the flat tax rate for capital investments, if this results in his tax liability being lower. The tax base is the gross income less the lump-sum allowance for savers in the amount of €801 (€1,602 for married couples and registered partners filing jointly) with no deduction for income-related expenses to generate the income. In such a case, withholding tax can either be credited against the individual, progressive income tax or refunded in the amount of the excess.

Irrespective of any holding period or the date of acquisition, a gain from the sale of New Shares or Subscription Rights is not subject to the final flat tax regime, but rather the individual, progressive income tax if the German tax resident shareholder, or in the case of a gratuitous acquisition his legal predecessors, or, if the New Shares have been transferred gratuitously on several succeeding occasions, one of his legal predecessors, at any time during the five years preceding the sale, directly or indirectly held a participation of at least 1% in the share capital of the Company (a "**Qualified Participation**"). In this case, the partial income taxation method (*Teileinkünfteverfahren*) applies to gains from the sale of New Shares, i.e., only 60% of the gains from the sale of New Shares are subject to taxation and only 60% of a loss from the sale of New Shares and any expenses economically related to the sale of the New Shares are tax deductible. In case of a Qualified Participation, the partial income taxation method should also apply to capital gains or losses associated with the Subscription Rights. Unlike under the flat tax regime, the acquisition costs of Subscription Rights are calculated as a fraction of the original acquisition costs of the underlying shares which is split off from the shares and attributed to the Subscription Rights (aggregate value method). Upon exercise of a Subscription Right, its acquisition costs increase the acquisition costs of the newly acquired shares. Withholding tax is also deducted by a German Disbursing Agent in the case of a Qualified Participation, but this does not have the effect of a settlement of the shareholder's tax liability. The shareholder is therefore required to report the capital gain in his income tax return. Upon the shareholder's assessment, the withholding tax withheld and remitted (including solidarity surcharge) can either be credited against the personal income tax liability or refunded in the amount of the excess. The exercise of Subscription Rights should not be considered equivalent to a sale in the case of a Qualified Participation.

Taxation of capital gains for German tax resident shareholders who hold their New Shares as business assets. Capital gains from the sale of New Shares or Subscription Rights held by German tax resident shareholders as business assets are not subject to the flat tax regime. The taxation of capital gains depends on whether the shareholder is a corporation, an individual or a partnership (co-entrepreneurship). Capital gains derived by enterprises in the financial and insurance sectors or pension funds are subject to the special rules described below (see section "*Special Rules for Credit Institutions, Financial Services Institutions, Financial Enterprises as well as Life Insurance and Health Insurance Companies and Pension Funds*").

Corporations. If the German tax resident shareholder is a corporation, effectively 95% of the gains from the sale of New Shares, irrespective of the amount of the participation and irrespective of any holding period, are generally exempt from corporate income tax (including solidarity surcharge) and trade tax. 5% of the gains are deemed to be non-deductible business expenses and, therefore, are subject to corporate income tax (plus solidarity surcharge) at a tax rate totalling 15.825% and trade tax (depending on the trade assessment rate set by the local municipality, generally between 7 and 18.55%). Capital losses and other reductions in profit in connection with the New Shares sold may, generally, not be deducted as business expenses.

By contrast, the full amount of the gains from the sale of Subscription Rights is subject to corporate income tax (plus solidarity surcharge) and trade tax. Capital losses and other reductions in profit in connection with the Subscription Rights should be tax-deductible, subject to general restrictions. The exercise of Subscription Rights should not be considered equivalent to a sale.

Individual entrepreneurs. If the German tax resident shareholder is an individual entrepreneur who holds the New Shares as business assets, 60% of the capital gains from the sale of the New Shares are subject to progressive personal income tax plus solidarity surcharge at a total tax rate of up to approximately 47.5% and, if applicable, church tax (partial income taxation method). Only 60% of any capital losses and expenses economically connected to the sale can be deducted for tax purposes. If the New Shares are attributable to a permanent establishment of a commercial business of the shareholder in Germany, 60% of the capital gains from the sale of the New Shares are additionally subject to trade tax. The partial income taxation method also applies to gains or losses from the sale of Subscription Rights that are held by the individual entrepreneur as business assets. The exercise of Subscription Rights should not be considered equivalent to a sale.

In general, the trade tax may be credited, completely or partially, against the personal income tax of the shareholder in accordance with a lump-sum tax credit method, depending on the assessment rate set by the local municipality and the individual tax circumstances.

Partnerships. If the German tax resident shareholder is a partnership being engaged or deemed to be engaged in a business (co-entrepreneurship), the personal income tax or corporate income tax is not charged at the level of the partnership, but at the level of the respective partner. The taxation of each partner depends on whether the partner is a corporation or an individual. If the partner is a corporation, the capital gains from the sale of New Shares and Subscription Rights included in the partner's profit share are subject to taxation in accordance with the principles applicable to corporations (see above the bullet "Corporations"). Capital gains included in the profit share of an individual partner are accordingly subject to the principles applicable to individual entrepreneurs (i.e., the partial income taxation method), see above the bullet "Individual entrepreneurs").

In addition, the capital gains are subject to trade tax at the level of the partnership if the New Shares are attributable to a permanent establishment of a commercial business of the partnership in Germany, and this generally in the amount of 60% to the extent they are attributable to the profit share of an individual partner and generally in the amount of 5% to the extent they are attributable to the profit share of a corporate partner. Capital losses or other reductions in profit in connection with the New Shares sold are not taken into account for purposes of trade tax to the extent they are attributable to a partner that is a corporation, and subject to general restrictions only 60% of these losses or expenses are taken into account to the extent they are attributable to a partner who is an individual. Capital gains and losses realized from the sale of a Subscription Right are fully taken into account for purposes of trade tax within the scope of general restrictions to the extent they are attributable to the profit share of a corporate partner. By contrast, if the partner is an individual, the capital gains from the sale of Subscription Rights included in the profit share are arguably only subject to trade tax at a rate of 60%; accordingly losses and reductions of profits related to the sale of Subscription Rights should in this case only be deductible at a rate of 60% subject to general restrictions. The exercise of Subscription Rights held as business assets should not be treated as a sale of such Subscription Rights.

In general, if the partner of the partnership is an individual, the trade tax paid by the partnership and attributable to his profit share is completely or partially credited against the shareholder's personal income tax in accordance with a lump-sum tax credit method, depending on the assessment rate set by the local municipality and the individual tax circumstances.

Withholding tax. In the case of a German Disbursing Agent, capital gains from the sale of New Shares or Subscription Rights held as business assets are generally subject to withholding tax just as in the case of a shareholder who holds the New Shares or Subscription Rights as private assets (see section "*Taxation of capital gains for German tax resident shareholders who hold their New Shares or Subscription Rights as private assets*"). The German Disbursing Agent may, however, refrain from levying withholding tax if (i) the shareholder is a corporation tax-resident in Germany, or (ii) the shareholder holds the New Shares or Subscription Rights as assets of a business in Germany and declares this to the Disbursing Agent in the officially required pre-printed form and certain further prerequisites are fulfilled. If a German Disbursing Agent nonetheless withholds tax on capital gains, the tax withheld and remitted (including solidarity surcharge) can either be credited against the personal income tax or corporate income tax liability or refunded in the amount of the excess.

Shareholders Domiciled in Foreign Countries

Capital gains derived by non-German tax resident shareholders are subject to German taxation only if the selling shareholder holds a Qualified Participation in the Company or holds the New Shares or Subscription Rights through a German permanent establishment or fixed place of business or as business assets for which a permanent representative is appointed in Germany.

In the case of a Qualified Participation (as defined in section "*Taxation of capital gains for German tax resident shareholders who hold their New Shares or Subscription Rights as private assets*"), 5% of the gains from the sale of New Shares and 100% of the gains from the sale of Subscription Rights are generally subject to corporate income tax plus solidarity surcharge if the shareholder is a corporation. If the shareholder is an individual, only 60% of the gains from the sale of the New Shares are subject to the individual, progressive personal income tax plus solidarity surcharge (partial income taxation method). Arguably, the partial income taxation method also applies to gains from the sale of Subscription Rights by an individual. However, most double taxation treaties provide for an exemption from German taxation of the capital gain and assign the right to tax to the shareholder's country of residence subject to certain exemptions in case of the sale of shares in a land rich company. In the opinion of the German tax administration, in the case of a Qualified Participation there is no duty to levy withholding tax.

In the case of capital gains or losses from the sale of New Shares or Subscription Rights held through a permanent establishment in Germany or a fixed place of business, or as business assets for which a permanent representative has been appointed in Germany, the description above for German tax resident shareholders who hold their New Shares as business assets applies accordingly (see section "*Taxation of capital gains for German tax resident* *shareholders who hold their New Shares as business assets*"), provided that a German Disbursing Agent may only refrain from levying withholding tax, if the shareholder declares to the German Disbursing Agent in an officially prescribed form that the New Shares are held as assets of a German business, and certain further prerequisites are fulfilled.

24.3. Special rules for credit institutions, financial services institutions, financial enterprises as well as life insurance and health insurance companies and pension funds

If credit institutions and financial services institutions hold or sell New Shares which are allocable to their trading portfolio (*Handelsbestand*) within the meaning of the German Commercial Code (*Handelsgesetzbuch*) then neither the exemption from corporate income tax (95%) nor the partial-income method will apply to dividends or capital gains and capital losses arising from the sale of New Shares, i.e., dividends and capital gains are fully subject to corporate income tax and correspondingly capital losses can be offset in full for tax purposes. The same applies for financial companies within the meaning of the German Banking Act if credit institutions or financial services institutions hold, directly or indirectly, a participation of more than 50% in such financial company and if the New Shares have to be recorded in the current assets (*Umlaufvermögen*) of the financial company at the time of initial recording. The dividends may be exempt from trade tax if a participation of at least 15% is held in the Company's share capital at the beginning of the relevant tax assessment period. Similarly, the 95% exemption for corporate income tax does not apply to dividends paid with respect to, or capital gains and losses arising from the sale of, New Shares held by life insurance and health insurance companies and pension funds which are allocable to capital investments; for these shareholders an exemption from trade tax in case of a participation of at least 15% in the Company's share capital is also not available.

24.4. Inheritance and gift tax

The transfer of New Shares or Subscription Rights to another person upon death or by way of a gift is generally subject to German inheritance tax or gift tax if:

- the decedent, the person making the gift, the heir, the person receiving the gift or the other person acquiring the assets has at the time of the transfer of the assets his domicile or ordinary residence, place of management or registered office in Germany or is a German citizen who has not permanently resided in a foreign country for longer than five years without having a German residence, or
- the New Shares or Subscription Rights belong to business assets of the decedent or the person making the gift for which a permanent establishment was maintained in Germany or for which a permanent representative was appointed, or
- the decedent or the person making the gift, either himself or together with other persons related to him, held a direct or indirect participation of at least 10% in the share capital of the Company at the time of the transfer.

The few German double taxation treaties on inheritance tax and gift tax presently in force usually provide that German inheritance tax or gift tax can only be charged in the case of (i) above and also with certain restrictions in case of (ii). Special rules apply to certain German citizens living outside Germany and former German citizens.

24.5. Other taxes

No German capital transfer taxes, value-added taxes, stamp taxes or similar taxes apply to the acquisition, sale or other form of transferring New Shares or Subscription Rights. However, an entrepreneur can opt to pay value-added tax on the sale of New Shares or Subscription Rights, despite being generally exempt from value added tax, if the New Shares or Subscription Rights are sold to another entrepreneur for the entrepreneur's business. Wealth tax *(Vermögensteuer)* is presently not levied in Germany.

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common Financial Transaction Tax ("**FTT**") in relation to which the negotiations between the member states of the European Union which originally intended to introduce the FTT have failed. Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**") have resumed negotiations regarding the introduction of the FTT. Additional member states of the European Union may decide to participate. The scope of such tax and the timing of its implementation remain unclear. However, the latest proposal, brought up by finance ministers of Germany and France, dates on 2019. This proposal covered transactions of issued shares of companies seated in one of the participating states with a market capitalisation of over one billion euro. Instead of a comprehensive FTT, this represents a bare taxation of shares. Prospective holders of the New Shares or Subscription Rights are advised to seek their own professional tax advice in relation to the FTT.

25. Financial Information

Unaudited condensed consolidated interim financial statements as at and for the six-month period ended 30 June 2021

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited condensed consolidated income statement of TUI Group for the period from 1 Oct 2020 to 30 Jun 2021

€ million	Notes	Q3 2021	Q3 2020	9M 2021	9M 2020
Revenue	(1)	649.7	71.8	1,365.9	6,710.4
Cost of sales	(2)	1,124.2	1,009.0	2,642.4	7,968.7
Gross loss		**- 474.5**	**- 937.3**	**- 1,276.4**	**- 1,258.3**
Administrative expenses	(2)	216.5	202.7	604.2	731.1
Other income	(3)	10.1	4.5	20.9	97.6
Other expenses	(4)	1.0	14.9	9.2	18.6
Impairment of goodwill	(9)	-	67.7	-	67.7
Impairment (+) / Reversal of impairment (-) of financial assets	(20)	- 6.8	72.1	- 35.9	95.6
Financial income	(5)	- 1.9	4.8	25.0	27.2
Financial expense	(5)	100.5	74.9	356.5	204.6
Share of result of investments accounted for using the equity method	(6)	- 69.4	- 107.4	- 226.5	- 63.7
Impairment (+) / Reversal of impairment (-) of net investments in joint ventures and associates	(6)	-	51.2	- 0.5	53.0
Earnings before income taxes		**- 846.9**	**- 1,518.8**	**- 2,390.7**	**- 2,367.7**
Income taxes (expense (+), income (-))	(7)	92.9	- 9.1	47.3	- 43.1
Group loss		**- 939.8**	**- 1,509.6**	**- 2,438.0**	**- 2,324.7**
Group loss attributable to shareholders of TUI AG		- 934.8	- 1,481.4	- 2,409.6	- 2,342.8
Group loss / profit attributable to non-controlling interest	(8)	- 5.0	- 28.2	- 28.4	18.1

Earnings per share

€	Q3 2021	Q3 2020	9M 2021	9M 2020
Basic and diluted loss / earnings per share	- 0.85	- 2.51	- 2.66	- 3.98

Unaudited condensed consolidated statement of comprehensive income of TUI Group for the period from 1 Oct 2020 to 30 Jun 2021

€ million	Q3 2021	Q3 2020	9M 2021	9M 2020
Group loss	**- 939.8**	**- 1,509.6**	**- 2,438.0**	**- 2,324.7**
Remeasurement of defined benefit obligations and related fund assets	- 124.5	- 389.8	- 268.8	68.3
Other comprehensive income of investments accounted for using the equity method that will not be reclassified	9.4	0.7	39.3	- 44.1
Fair value gain/loss on investments in equity instruments designated as at FVTOCI	0.2	- 17.3	- 0.3	- 25.6
Income tax related to items that will not be reclassified (expense (-), income (+))	85.1	104.3	118.0	1.2
Items that will not be reclassified to profit or loss	**- 29.8**	**- 302.1**	**- 111.8**	**- 0.2**
Foreign exchange differences	- 15.1	- 18.9	48.0	- 140.3
Cash flow hedges	39.0	166.8	92.9	- 277.6
Other comprehensive income of investments accounted for using the equity method that may be reclassified	1.2	10.7	- 22.1	5.7
Income tax related to items that may be reclassified (expense (-), income (+))	- 6.7	- 28.5	- 28.8	78.1
Items that may be reclassified to profit or loss	**18.4**	**130.1**	**90.0**	**- 334.1**
Other comprehensive income	**- 11.4**	**- 172.0**	**- 21.8**	**- 334.3**
Total comprehensive income	**- 951.2**	**- 1,681.6**	**- 2,459.8**	**- 2,659.0**
attributable to shareholders of TUI AG	- 945.4	- 1,650.5	- 2,443.6	- 2,634.6
attributable to non-controlling interest	- 5.8	- 31.1	- 16.2	- 24.4

Unaudited condensed consolidated statement of financial position of TUI Group as at 30 Jun 2021

€ million	Notes	**30 Jun 2021**	30 Sep 2020
Assets			
Goodwill	(9)	2,999.0	2,914.5
Other intangible assets		542.7	553.5
Property, plant and equipment	(10)	3,278.9	3,462.5
Right-of-use assets	(11)	3,094.3	3,227.9
Investments in joint ventures and associates		646.2	1,186.7
Trade and other receivables	(12) (20)	206.3	402.4
Derivative financial instruments	(20)	7.7	7.4
Other financial assets	(20)	8.2	10.6
Touristic payments on account		112.4	149.9
Other non-financial assets		230.5	423.2
Income tax assets		9.6	9.6
Deferred tax assets		178.3	299.6
Non-current assets		**11,314.2**	**12,647.8**
Inventories		54.2	73.2
Trade and other receivables	(12) (20)	476.6	486.3
Derivative financial instruments	(20)	44.6	88.9
Other financial assets	(20)	13.6	14.9
Touristic payments on account		635.4	555.5
Other non-financial assets		135.2	113.4
Income tax assets		45.9	70.9
Cash and cash equivalents	(20)	1,524.4	1,233.1
Assets held for sale	(13)	391.7	57.2
Current assets		**3,321.7**	**2,693.4**
Total assets		**14,635.9**	**15,341.1**

Unaudited condensed consolidated statement of financial position of TUI Group as at 30 Jun 2021

€ million	Notes	30 Jun 2021	30 Sep 2020
Equity and liabilities			
Subscribed capital		1,099.4	1,509.4
Capital reserves		5,253.5	4,211.0
Revenue reserves		- 8,618.8	- 6,168.8
Silent participation		1,091.0	-
Equity before non-controlling interest		**- 1,174.9**	**- 448.4**
Non-controlling interest		650.2	666.5
Equity	(19)	**- 524.7**	**218.1**
Pension provisions and similar obligations	(14)	988.2	983.6
Other provisions		701.9	912.1
Non-current provisions		**1,690.1**	**1,895.7**
Financial liabilities	(15), (20)	4,304.0	3,691.7
Lease liabilities	(16)	2,644.6	2,712.6
Derivative financial instruments	(20)	15.0	44.0
Other financial liabilities	(17), (20)	5.6	7.2
Other non-financial liabilities		197.7	198.4
Income tax liabilities		56.7	61.3
Deferred tax liabilities		63.4	192.7
Non-current liabilities		**7,287.1**	**6,908.1**
Non-current provisions and liabilities		**8,977.2**	**8,803.7**
Pension provisions and similar obligations	(14)	29.1	31.4
Other provisions		478.1	390.3
Current provisions		**507.3**	**421.6**
Financial liabilities	(15), (20)	274.9	577.3
Lease liabilities	(16)	663.2	687.3
Trade payables	(20)	1,316.3	1,611.5
Derivative financial instruments	(20)	26.8	274.8
Other financial liabilities	(17), (20)	325.9	422.0
Touristic advance payments received	(18)	2,587.4	1,770.1
Other non-financial liabilities		466.0	447.8
Income tax liabilities		15.7	82.4
Current liabilities		**5,676.2**	**5,873.2**
Liabilities related to assets held for sale		-	24.5
Current provisions and liabilities		**6,183.5**	**6,319.3**
Total equity, liabilities and provisions		**14,635.9**	**15,341.1**

Unaudited condensed consolidated statement of changes in Group equity of TUI Group for the period from 1 Oct 2020 to 30 Jun 2021

€ million	Subscribed capital	Capital reserves	Revenue reserves	Silent participation	Equity before non-controlling interest	Non-controlling interest	Total
Balance as at 30 Sep 2020	**1,509.4**	**4,211.0**	**- 6,168.8**	**-**	**- 448.4**	**666.5**	**218.1**
Dividends	-	-	-	-	-	- 0.1	- 0.1
Share-based payment schemes	-	-	0.7	-	0.7	-	0.7
Issuance of convertible bonds	-	95.7	-	-	95.7	-	95.7
Capital increase	509.0	27.7	-	1,091.0	1,627.7	-	1,627.7
Capital reduction	- 919.0	919.0	-	-	-	-	-
Other	-	-	- 6.9	-	- 6.9	-	- 6.9
Group loss	**-**	**-**	**- 2,409.6**	**-**	**- 2,409.6**	**- 28.4**	**- 2,438.0**
Foreign exchange differences	-	-	35.7	-	35.7	12.2	47.9
Financial assets at FVTOCI	-	-	- 0.3	-	- 0.3	-	- 0.3
Cash Flow Hedges	-	-	92.9	-	92.9	-	92.9
Remeasurements of defined benefit obligations and related fund assets	-	-	- 268.8	-	- 268.8	-	- 268.8
Other comprehensive income of investments accounted for using the equity method	-	-	17.2	-	17.2	-	17.2
Taxes attributable to other comprehensive income	-	-	89.2	-	89.2	-	89.2
Other comprehensive income	**-**	**-**	**- 34.1**	**-**	**- 34.1**	**12.2**	**- 21.9**
Total comprehensive income	-	-	- 2,443.7	-	- 2,443.7	- 16.2	- 2,459.9
Balance as at 30 Jun 2021	**1,099.4**	**5,253.5**	**- 8,618.8**	**1,091.0**	**- 1,174.9**	**650.2**	**- 524.7**

Unaudited condensed consolidated statement of changes in Group equity of TUI Group for the period from 1 Oct 2019 to 30 Jun 2020

€ million	Subscribed capital	Capital reserves	Revenue reserves	Silent participation	Equity before non-controlling interest	Non-controlling interest	Total
Balance as at 30 Sep 2019 (adjusted)	**1,505.8**	**4,207.5**	**- 2,259.2**	**-**	**3,454.2**	**711.4**	**4,165.6**
Adoption of IFRS 16	-	-	- 13.7	-	- 13.7	-	- 13.7
Balance as at 1 Oct 2019	**1,505.8**	**4,207.5**	**- 2,272.9**	**-**	**3,440.5**	**711.4**	**4,151.9**
Dividends	-	-	- 318.1	-	- 318.1	- 0.2	- 318.3
Share-based payment schemes	-	-	3.4	-	3.4	-	3.4
Effects on the acquisition of non-controlling interest	-	-	- 0.3	-	- 0.3	- 1.3	- 1.6
Group loss	**-**	**-**	**- 2,342.8**	**-**	**- 2,342.8**	**18.1**	**- 2,324.7**
Foreign exchange differences	-	-	- 97.7	-	- 97.7	- 42.5	- 140.2
Financial assets at FVTOCI	-	-	- 25.6	-	- 25.6	-	- 25.6
Cash Flow Hedges	-	-	- 277.6	-	- 277.6	-	- 277.6
Remeasurements of defined benefit obligations and related fund assets	-	-	68.3	-	68.3	-	68.3
Other comprehensive income of investments accounted for using the equity method	-	-	- 38.4	-	- 38.4	-	- 38.4
Taxes attributable to other comprehensive income	-	-	79.3	-	79.3	-	79.3
Other comprehensive income	**-**	**-**	**- 291.7**	**-**	**- 291.7**	**- 42.5**	**- 334.2**
Total comprehensive income	-	-	- 2,634.5	-	- 2,634.5	- 24.4	- 2,658.9
Balance as at 30 Jun 2020	**1,505.8**	**4,207.5**	**- 5,222.4**	**-**	**490.9**	**685.5**	**1,176.5**

Unaudited condensed consolidated cash flow statement of TUI Group for the period from 1 Oct 2020 to 30 Jun 2021

€ million	Notes	**9M 2021**	9M 2020
Group loss		- 2,438.0	- 2,324.7
Depreciation, amortisation and impairment (+) / write-backs (-)		723.7	1,212.1
Other non-cash expenses (+) / income (-)		190.0	161.1
Interest expenses		352.3	188.7
Dividends from joint ventures and associates		13.4	7.0
Profit (-) / loss (+) from disposals of non-current assets		- 5.9	- 82.6
Increase (-) / decrease (+) in inventories		6.0	19.7
Increase (-) / decrease (+) in receivables and other assets		224.9	504.1
Increase (+) / decrease (-) in provisions		- 230.2	- 9.2
Increase (+) / decrease (-) in liabilities (excl. financial liabilities)		74.4	- 1,635.2
Cash outflow from operating activities	(23)	**- 1,089.4**	**- 1,959.0**
Payments received from disposals of property, plant and equipment and intangible assets		294.6	106.3
Payments received from disposals of consolidated companies (less disposals of cash and cash equivalents due to divestments)		51.3	342.1
Payments received from the disposals of other non-current assets		23.5	84.3
Payments made for investments in property, plant and equipment and intangible assets		- 220.6	- 442.6
Payments made for investments in consolidated companies (less cash and cash equivalents received due to acquisitions)		- 1.9	- 41.3
Payments made for investments in other non-current assets		- 21.5	- 88.6
Cash inflow / cash outflow from investing activities	(23)	**125.4**	**- 39.9**
Payments received from capital increases*		1,722.9	-
Payments made for acquisition of own shares		-	- 1.0
Payments made for interest increase in consolidated companies		-	- 1.6
Dividend payments			
TUI AG		-	- 318.1
subsidiaries to non-controlling interest		-	- 0.6
Payments received from the raising of financial liabilities		711.7	3,335.0
Payments made for redemption of loans and financial liabilities		- 452.7	- 77.5
Payments made for principal of lease liabilities		- 454.0	- 476.9
Interest paid		- 299.6	- 155.4
Cash inflow from financing activities	(23)	**1,228.3**	**2,303.9**
Net change in cash and cash equivalents		**264.3**	**305.0**
Development of cash and cash equivalents	(23)		
Cash and cash equivalents at beginning of period		**1,233.1**	**1,747.6**
Change in cash and cash equivalents due to exchange rate fluctuations		27.0	- 9.1
Net change in cash and cash equivalents		264.3	305.0
Cash and cash equivalents at end of period		**1,524.4**	**2,043.6**
of which included in the balance sheet as assets held for sale		-	55.6

* This line comprises the payments received from the capital increase, the silent participations and the convertible bond.

NOTES

General

The TUI Group and its major subsidiaries and shareholdings operate in tourism. TUI AG, based in Hanover and Berlin, Germany, is TUI Group's parent company and a listed corporation under German law. 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 Group are referred to as "Interim Financial Statements", the unaudited condensed consolidated income statement of TUI Group is referred to as "income statement", the unaudited condensed consolidated statement of financial position of TUI Group is referred to as "statement of financial position", the unaudited condensed consolidated statement of comprehensive income of TUI Group is referred to as "statement of comprehensive income" and the unaudited condensed consolidated statement of changes in TUI Group equity is referred to as "statement of changes in equity".

The Interim Financial Statements cover the period from 1 October 2020 to 30 June 2021. The Interim Financial Statements are prepared in euros. Unless stated otherwise, all amounts are stated in million euros (€m).

The Interim Financial Statements were approved for publication by the Executive Board of TUI AG on 11 August 2021.

Accounting principles

Declaration of compliance

The consolidated interim financial report for the period ended 30 June 2021 comprise the Interim Financial Statements and the Interim Management Report in accordance with section 115 of the German Securities Trading Act (WpHG).

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

In accordance with IAS 34, the Interim Financial Statements are published in a condensed form compared with the consolidated annual financial statements and should therefore be read in combination with TUI Group's consolidated financial statements for financial year 2020. The Interim Financial Statements were reviewed by the Group's auditor.

Going concern reporting in accordance with the UK Corporate Governance Code

The TUI Group covers its day-to-day working capital requirements through cash on hand, balances and borrowings from banks. The 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 30 June 2021 was €6.3bn.

Net debt

	30 June 2021	30 Sep 2020	Var. %
Financial debt	4,578.9	4,269.0	+ 7.3
Lease liabilities	3,307.8	3,399.9	- 2.7
Cash and cash equivalents	1,524.4	1,233.1	+ 23.6
Short-term interest-bearing investments	13.6	14.9	- 8.7
Net debt	**6,348.7**	**6,420.9**	**- 1.1**

The global travel restrictions to contain COVID-19 had a strong negative impact on the Group's earnings and liquidity development from the end of March 2020. To cover the resulting liquidity requirements, the Group also received financing measures in two steps from the Federal Republic of Germany in FY 2020, in particular in the form of a credit line from KfW totalling €2.85bn and an option bond from the Economic Stabilization Fund (WSF) in the amount of €150m with initial option rights to around 58.7m shares. The option bond was issued to the Economic Stabilization Fund on 1 October 2020. In the second quarter of FY 2021, TUI secured further funds from a further financing package of €1.8bn agreed with Unifirm Ltd, a banking consortium and KfW as well as the WSF.

The preconditions for all components of the third financing package were created at the Extraordinary General Meeting of TUI AG on 5 January 2021. This included in particular the resolution to reduce the capital stock from €2.56 per share to €1.00 per share and the subsequent capital increase of around €509m.

The WSF and TUI AG subsequently signed the agreement on two silent participations totalling €1.091bn. The WSF measures comprise a silent participation convertible into shares in TUI of €420m (Silent Participation I) and a second silent participation (Silent Participation II) of €671m. As of 30 June 2021, silent participation I and II were fully paid in. In the IFRS consolidated financial statements, the silent participations are shown as equity due to their nature and are therefore not included in the Group's net debt. As part of the third financing package, KfW also participated in an additional loan facility together with private banks in the amount of €200m.

TUI AG successfully completed its capital increase on 28 January 2021. The gross issue proceeds amounted to around €568m. The Group's share capital increased nominally by just under €509m to around €1.099bn.

TUI used the funds from the capital increase to repay the outstanding senior bond (October 2016 - October 2021) of €300m ahead of schedule on 23 February 2021, in accordance with the terms and conditions of the bond. In accordance with the agreement on the loans granted by KfW under the three financing packages, the early redemption of the senior bond extended their maturities until July 2022.

On 16 April 2021, TUI AG issued a convertible bond with a total nominal amount of €400m, which was increased by a total nominal amount of almost €190m in July 2021. TUI received a total of more than €600m from the overall issue of the convertible bond. Provided the convertible bond has not been converted, redeemed or repurchased and retired ahead of schedule, it will be redeemed at its nominal amount on 16 April 2028. Investors have the option to convert the convertible bond into registered shares of TUI. TUI intends to use the proceeds from the overall issuance of the convertible bonds to refinance and to reduce drawings on the KfW facilities and to repay these facilities later.

On 27 May 2021, TUI AG agreed to sell its 49% stake in RIU Hotels S.A. to a company of the Riu Group owned by Carmen and Luis Riu. The transaction was completed on 31 July 2021 and resulted in a net cash inflow of €541,4m, which will be used to reduce the Group's debt. Further purchase price payments will be made in FY 2023 and 2024 if RIU Hotels S.A. achieves agreed earnings targets.

Already in H1 2021, cash inflows were also generated from the sale and leaseback of aircraft and spare parts.

On 27 July 2021, TUI agreed with the bank consortium and KfW on an extension of TUI AG's revolving credit facility ("RCF") and KfW credit line (both tranches) totalling €4.7bn to summer 2024. TUI Group's revolving credit facilities currently amount to €4.8bn. For regulatory reasons due to Brexit, the credit line of a British bank (around €80m cash and €25m guarantee line) cannot be extended beyond summer 2022, so that thereafter the credit lines will total €4.7bn until 2024.

The TUI Group's current credit facilities comprise the following

- €1.75bn credit line from 20 private banks (incl. €215m guarantee line)
- €1.8bn KfW from 1st financing package
- €1.05bn KfW from 2nd financing package
- €0.2bn KfW and private banks from 3rd financing package.

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

COVID-19 pandemic, the review is currently suspended. On 9 June 2021 and again when the credit lines were extended, TUI AG's creditor banks agreed to a further suspension of the review of these covenants until the end of March 2022, so that the review will now only be resumed in September 2022. In addition, higher limits will be applied at the first two cut-off dates before normalised limits have to be complied with from September 2023.

Currently, the TUI Group continues to be affected by the negative financial impact of the COVID 19 pandemic. In Q3 2021, the lifting of travel restrictions led to an increase in bookings for the current summer season, in particular in Germany, Belgium, the Netherlands and Poland, while the English market showed a weaker development due to the later lifting of travel restrictions. At the time of preparing this report (11 August 2021), around 4.2m customers had booked travel from our 2021 summer programme, an increase of 1.5m bookings since our H1 2021 update. Adjusting for the latest changes in travel restrictions imposed across our markets, we have flexed our capacity plan assumption for our peak summer season (July to October 2021) to around 60% of Summer 2019 volume.

Due to ongoing changes in travel restrictions, it remains impossible to predict when we will be able to fully resume our travel programme. In particular, it is not possible at this time to reliably predict how quickly vaccination against the COVID-19 virus can be completed in each country, whether new variants of the virus will emerge, and when medications will be available to treat COVID-19 disease. However, it is now foreseeable that sufficient vaccines will be available in our key source markets and destinations to ensure a further recovery in travel in the FY 2022.

With the customer deposits received and expected for the peak season in the summer (July to October 2021), additional funds from the convertible bond placed in Q3 2021, the cash inflow from the sale of RIU Hotels S.A. and the extension of the revolving credit facilities including the further suspension of the review of financial covenants, the Executive Board believes that, despite the existing risks, the TUI Group currently has sufficient funds, and will continue to have sufficient funds in the future, resulting both from borrowing and from operating cash flows, to meet its payment obligations and to continue as a going concern. The Executive Board anticipates that as at 30 June 2021, a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern no longer exists. Therefore, as at 30 June 2021, the Executive Board no longer identifies any material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The Executive Board no longer considers the remaining risk with regard to a further pandemic-related change in booking behaviour as a threat to the company as a going concern. In its assessment, the Executive Board assumes that the booking figures will gradually recover in the financial year 2022 and that the booking behaviour in the financial year 2023 will largely correspond to the pre-pandemic level. The Executive Board assumes that there will be no further long-term closures and lockdowns that could affect travel behaviour. Nevertheless, customer bookings may deteriorate due to new travel restrictions, insufficient vaccination coverage against the COVID-19 virus in individual countries, and virus variants for which there is insufficient vaccination protection, thereby affecting the Company's performance.

In accordance with Regulation 30 of the UK Corporate Governance Code, the Executive Board confirms that, in its opinion, it is appropriate to prepare the 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.

At the end of the financial year 2020 TUI assumed that the travel activities could be resumed in the first half of the financial year 2021. Due to the later resumption of the travel business in comparison to the assumptions made at the financial year end 2020, there are indications that certain assets of TUI Group companies may be impaired. Accordingly, the assets of TUI Group, in particular the business entities carrying goodwill, as well as property, plant and equipment and shareholdings were tested for impairment as of 30 June 2021.

The impairment test required estimates and judgement regarding the underlying assumptions, in particular the weighted average cost of capital after income tax (WACC) used as a discounting basis, the growth rate in perpetuity and the forecasts for future cash flows including the underlying budget assumptions based on corporate planning. Changes in these assumptions may have a substantial impact on the recoverable amount and the level of a potential impairment.

The basic assumption of corporate planning is still that the travel activity can be resumed in the summer of the financial year 2021. After a further recovery in financial year 2022 it is our unchanged expectation, that the Group's business will recover at the latest in the financial year 2023 to the level of the years before the outbreak of the COVID-19-pandemic. In comparison to the assumptions at financial year end 2020 it is now expected that level of travel activity in the summer will be lower especially as there was nearly no business from 1 October 2020 to spring 2021.

For information on the calculation of the weighted average cost of capital and growth rate, please refer to the section "Goodwill".

The accounting and measurement methods adopted in the preparation of the Interim Financial Statements as at 30 June 2021 are materially consistent with those followed in preparing the annual consolidated financial statements for the financial year ended 30 September 2020, 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 2021, TUI Group has initially applied the following standards and interpretations, amended or newly issued by the IASB and endorsed by the EU, on a mandatory basis:

New applied standards in financial year 2021

Standard	Applicable from	Amendments	Impact on financial statements
Amendments to IAS 1 & IAS 8 Definition of Materiality	1 Jan 2020	Materiality is a key concept in preparing financial statements according to IFRS. The amendments refine the definition of 'material' and clarify how to apply materiality. The amendments also align the definition of 'material' and ensure consistency in the application of that concept across all IFRS Standards.	No impact.
Framework Amendments to References to the Conceptual Framework in IFRS Standards	1 Jan 2020	The revised Conceptual Framework includes revised definitions of an asset and a liability, and new guidance on measurement and derecognition, presentation and disclosure. References to the Conceptual Framework in existing Standards are updated. The revised Conceptual Framework is not subject to the Endorsement Process.	No impact.
Amendments to IFRS 3 Definition of a business	1 Jan 2020	The amendments to IFRS 3 clarify the definition of a business and make it easier for entities to determine whether an acquisition transaction results in recognition of a group of assets or a business.	The assessment process used to determine whether an acquisition of a subsidiary falls into the scope of IFRS 3 was revised in the reporting period. As a result, accounting for acquisitions of hotel companies, in particular, will now be assessed on this revised basis.
Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (Phase 1)	1 Jan 2020	The amendments relate to the provision of relief from potential consequences arising from the reform of interbank offered rates (IBORs) such as LIBOR on companies' financial reporting. They are intended to secure the continuation of hedging relationships despite the replacement of current interest rates with alternative rates. Entities also must disclose the extent to which their hedges are affected by the interest rate benchmark reform.	Not material.
Amendments to IFRS 16 COVID-19-Related Rent Concessions	1 Jun 2020	The amendments published by the IASB on 28 May 2020 provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. Lessees applying the exemption must account for the rent concessions as if they were not lease modifications. The amendments are available for rent concessions reducing lease payments due on or before 30 June 2021.	No impact. TUI does not apply the new practical expedient.

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 30 June 2021 comprised a total of 275 subsidiaries of TUI AG.

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

	Consolidated subsidiaries	Associates	Joint ventures
Balance at 30 Sep 2020	**277**	**19**	**30**
Additions	8	-	-
Incorporation	2	-	-
Expansion of business operations	1	-	-
Added to group of consolidated companies due to further acquisition of shares	5	-	-
Disposals	10	2	1
Liquidation	2	-	-
Sale	3	2	1
Merger	5	-	-
Change in ownership stake	-**	1	- 1
Balance at 30 Jun 2021	**275**	**18**	**28**

* excl. TUI AG
** Addition 1 / disposal -1

Acquisitions – Divestments

Acquisitions in the period under review

In 9M 2021, companies were acquired for a total consideration of €10.0m, comprised of deferred purchase price payments worth €3.4m, settled purchase price payments worth €4.9m and cash consideration worth €1.7m.

Summary presentation of acquisitions

Name and headquarters of the acquired company	Business activity	Acquirer	Date of acquisition	Acquired share %	Consideration transferred in € million
Karisma Hotels Adriatic d.o.o.za trgovinu i usluge, Zagreb, Croatia (subgroup)	Accommodation Service	TUI Travel Overseas Holding Limited	23.2.2021	67%	10.0
Total					**10.0**

The acquisition of the interests in Karisma Hotels Adriatic d.o.o.za trgovinu i usluge, Zagreb, Croatia, resulted in an increase of the 33% stake previously held by TUI Group to 100%. Following the application of the fair value concentration test, this acquisition is not recognised in accordance with IFRS 3. Accordingly, the purchase price is allocated to the individual acquired assets and liabilities, based on their fair value at the acquisition date.

Condensed statement of financial position as at the date of acquisition

€ million	Karisma Hotels Adriatic d.o.o.za trgovinu i usluge (subgroup)
Assets	
Non-current assets	44.0
Current assets	5.1
Equity and liabilities	
Provisions	0.9
Liabilities	38.2

No acquisitions were made after the reporting date.

Acquisitions of the prior financial year

The purchase price allocation for the companies acquired in financial year 2020 had already been finalised in the prior year.

Divestments

In March 2019, TUI Group sold its stake in the Corsair S.A. airline to Diamondale Ltd. and acquired a 27% stake in Diamondale Ltd. for €1. Since then, the investment has been carried as a TUI Group associate with a carrying amount of €1. On 30 December 2020, TUI Group sold the investment in Corsair S.A. As part of that transaction, on 29 December 2020, a 75% stake in the aircraft asset company MSN 1359 GmbH was sold to Corsair S.A. for €1. Following the divestment of the stake in MSN 1359 GmbH, previously recognised as a fully consolidated subsidiary, TUI Aviation GmbH has retained a 25% stake, recognised as an associate accounted for using the equity method. The divestment of the stake generated a loss of €3.3m, carried in Other expenses.

On 10 May 2021, the stake in the fully consolidated hotel company Enterprises Hotelières et Touristiques Paladien Lena Mary S.A. in the Western Region segment was sold for a purchase price of €6.1m. The divestment generated a gain of €2.3m, carried in Other income.

In May 2021, the disposal group Tenuta di Castelfalfi S.p.A. in the Hotels & Resorts segment was reclassified to assets held for sale due to the Group's intention to sell the entity. On occasion of the reclassification, the disposal group was written down by €4.0m to its selling price less costs to sell. The impairment is shown in the cost of sales. On 30 June 2021, the transaction was completed at a preliminary purchase price less costs to sell of €18.3m, generating a preliminary loss on disposal of €0.4m, carried in Other expenses.

Condensed balance sheet of divestments

€ million	MSN 1359 GmbH 29 Dec 2020	Tenuta di Castelfalfi S.p.A. (Subgroup) 30 Jun 2021
Assets		
Property, plant and equipment and intangible assets	24.5	13.3
Other non-current assets	-	0.1
Trade receivables	1.7	0.9
Other current assets	-	16.7
Cash and cash equivalents	2.0	0.7
	28.2	**31.7**
Provisions and liabilities		
Non-current liabilities	19.3	0.3
Current provisions	-	1.0
Trade payables	-	3.6
Other current liabilities	5.6	8.1
	24.9	**13.0**

Notes to the unaudited condensed consolidated income statement of TUI Group

The development of TUI Group's revenue and earnings in the first nine months of the financial year 2021 was still materially impacted by the suspension of most of our tour operation, aviation, hotel and cruise operations as a result of the global travel restrictions in order to contain the spread of COVID-19. TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months, however this period the impact is less evident due to the COVID-19 pandemic.

(1) Revenue

In the first nine months of the financial year 2021, consolidated revenue decreased by 79.6% year-on-year to €1.4bn. The decline was driven by the travel restrictions due to COVID-19.

External revenue allocated by destinations for the period from 1 Oct 2020 to 30 Jun 2021

€ million	Spain (incl. Canary Islands)	Other European destinations	Caribbean, Mexico, USA & Canada	North Africa & Turkey	Rest of Africa, Ind. Ocean, Asia	Other countries	**9M 2021 Revenues from contracts with customers**	Other	**9M 2021 Total**
Hotels & Resorts	61.0	20.2	55.1	6.1	15.0	0.5	157.9	-	157.9
Cruises	0.3	2.4	-	-	-	-	2.7	-	2.7
TUI Musement	5.8	14.2	7.5	4.1	5.4	0.5	37.5	-	37.5
Holiday experiences	67.1	36.8	62.6	10.2	20.4	1.0	198.1	-	198.2
Northern Region	17.9	124.7	55.8	2.8	12.4	0.5	214.1	1.0	215.1
Central Region	210.8	288.0	40.9	73.6	87.8	6.3	707.4	0.3	707.7
Western Region	73.3	96.8	38.6	11.5	1.8	0.1	222.1	0.5	222.6
Markets & Airlines	302.0	509.5	135.3	87.9	102.0	6.9	1,143.6	1.8	1,145.5
All other segments	0.6	5.3	0.7	0.1	13.9	1.9	22.5	-	22.3
Total	**369.7**	**551.6**	**198.6**	**98.2**	**136.3**	**9.8**	**1,364.2**	**1.8**	**1,365.9**

External revenue allocated by destinations for the period from 1 Oct 2019 to 30 Jun 2020

€ million	Spain (incl. Canary Islands)	Other European destinations	Caribbean, Mexico, USA & Canada	North Africa & Turkey	Rest of Africa, Ind. Ocean, Asia	Other countries	**9M 2020 Revenues from contracts with customers**	Other	**9M 2020 Total**
Hotels & Resorts	117.2	24.3	64.3	17.9	68.3	12.7	304.7	-	304.7
Cruises	101.1	129.0	96.6	0.2	60.7	96.0	483.6	-	483.6
TUI Musement	55.9	78.0	47.3	9.7	71.5	31.7	294.1	-	294.2
Holiday experiences	274.2	231.3	208.2	27.8	200.5	140.4	1,082.4	-	1,082.5
Northern Region	851.6	278.0	519.9	118.1	381.8	43.4	2,192.8	9.4	2,202.2
Central Region	697.7	470.9	179.2	392.3	485.5	7.2	2,232.8	11.2	2,244.0
Western Region	274.5	112.4	282.2	175.8	210.0	24.0	1,078.9	16.7	1,095.5
Markets & Airlines	1,823.8	861.3	981.3	686.2	1,077.3	74.6	5,504.5	37.3	5,541.7
All other segments	2.6	23.0	4.9	2.2	40.6	12.9	86.2	-	86.2
Total	**2,100.6**	**1,115.6**	**1,194.4**	**716.2**	**1,318.4**	**227.9**	**6,673.1**	**37.3**	**6,710.4**

(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 suspension of business operations as a result of COVID-19, the cost of sales declined by 66.8% to €2.6bn in 9M 2021.

Government Grants

€ million	9M 2021	9M 2020
Cost of Sales	125.2	57.9
Administrative expenses	53.5	28.9
Total	**178.7**	**86.8**

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.

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

Administrative expenses

€ million	9M 2021	9M 2020
Staff costs	398.6	500.2
Rental and leasing expenses	11.8	18.2
Depreciation, amortisation and impairment	88.8	75.1
Others	105.1	137.6
Total	**604.2**	**731.1**

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

Staff costs

€ million	9M 2021	9M 2020
Wages and salaries	952.9	1,425.2
Social security contributions, pension costs and benefits	222.7	294.3
Total	**1,175.6**	**1,719.5**

Depreciation/amortisation/impairment

€ million	9M 2021	9M 2020
Depreciation and amortisation of other intangible assets, property, plant and equipment and right-of-use assets	659.0	803.6
Impairment of other intangible assets, property, plant and equipment and right-of-use assets	77.4	339.8
Total	**736.4**	**1,143.4**

The decrease in depreciation and amortisation is attributable to revaluations and modifications of right of use assets and impairments in the prior year. In addition changes in the exchange rates caused a decline in depreciations and amortisations. €45.9m of the impairments losses (9M 2020 €75.0m) correspond to right-of-use assets, €31.3m (9M 2020 €255.5m) relate to property, plant and equipment, and €0.3m (9M 2020 €9.3m) to other intangible assets. €50.0m (9M 2020 €336.3m) of the impairments charges were presented within cost of sales. In addition reversals of impairment losses of €12.6m were recognized in cost of sales in 9M 2021.

(3) Other income

In 9M 2021 Other income mainly results from the sale of aircraft assets and the disposal of TUI Group companies. In the prior year, this item had primarily included income from the sale of TUI Group companies.

(4) Other expenses

In both the current and prior financial years, Other expenses comprise losses from the sale of TUI Group companies and the disposal of aircraft assets.

(5) Financial income and financial expenses

The net financial result declined from €-177.4m in 9M 2020 to €-331.6m in the 9M of the current financial year. This was largely driven by an increase in interest expenses resulting from the utilisation of credit facilities to cover payment obligations and by expenses incurred in connection with the early redemption of TUI Senior Notes bond on 23 February 2021 as well as lower income from bank balances. Financial income primarily resulted from foreign exchange gains on lease liabilities in accordance with IFRS 16.

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

Share of result of investments accounted for using the equity method

€ million	**9M 2021**	9M 2020
Hotels & Resorts	- 60.5	- 34.8
Cruises	- 141.5	- 7.8
TUI Musement	- 2.8	2.6
Holiday Experiences	- 204.8	- 40.0
Northern Region	- 22.5	- 25.7
Central Region	0.8	2.0
Western Region	-	-
Markets & Airlines	- 21.7	- 23.7
All other segments	-	-
Total	**- 226.5**	**- 63.7**

The result is determined by holiday cancellations, customer repatriation costs and hotel closures due to the COVID-19 pandemic. The previous year's result for cruises included a contribution to earnings from the 2019/20 winter season.

(7) Income taxes

The tax expense generated in the first nine months of the financial year 2021 is mainly attributable to a future tax rate increase, from 19% to 25%, in the United Kingdom which affects the valuation of deferred tax balances, however has no effect on cash taxes.

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

TUI Group’s result attributable to non-controlling interests is substantially a loss, primarily relating to RIUSA II Group at an amount of €25.4m (9M 2020 €19.9m profit).

Notes to the unaudited condensed consolidated statement of financial position of TUI Group

(9) Goodwill

Goodwill increased by €84.5m due to foreign exchange translation. The breakdown of goodwill by main individual cash generating unit (CGU) at carrying amounts is as follows:

Goodwill per cash generating unit

€ million	30 Jun 2021	30 Sep 2020
Northern Region	1,230.4	1,162.2
Central Region	501.6	501.7
Western Region	412.2	412.3
Riu	343.1	343.1
Marella Cruises	296.6	279.3
TUI Musement	169.8	170.1
Other	45.3	45.8
Total	**2,999.0**	**2,914.5**

The ongoing travel restrictions and the associated effect of the COVID-19 pandemic on the recovery of the tourism business in the financial year ending 2021 constitute a triggering event for impairment testing as at 30 June 2021. Goodwill was therefore tested for impairment at the level of cash generating units (CGUs).

The discount rates are calculated as the weighted average cost of capital, taking account of country-specific risks and based on external capital market information and considering the characteristics of the CGUs. The comparatively high weighted average cost of capital reflects the current market situation and the increased amount of debt capital due to the COVID-19 pandemic.

The table below provides an overview of the parameters versus the end of the previous financial year, underlying the determination of the fair values per CGU. Given the impact of the COVID-19 pandemic and the expected regeneration in the upcoming planning periods the growth rate for revenues and the EBIT margin are not comparative in a meaningful way. The table lists the CGUs to which goodwill has been allocated.

Parameters for calculation of the recoverable amount at 30 June 2021

	Planning period in years	Growth rate revenues in % p.a.***	EBIT-Margin in % p.a.***	Sustainable Growth rate** in %	WACC in %	Level	Carrying amount in € million	Recoverable amount in € million
Northern Region	2.25	8.5	2.7	0.5	11.75	3	1,720.2	2,106.7
Central Region	2.25	12.5	3.0	0.5	11.75	3	218.0	986.1
Western Region	2.25	3.3	4.2	0.5	11.75	3	311.5	932.7
RIU*	2.25	7.7	32.2	1.0	8.20	3	2,114.9	2,852.7
Marella Cruises*	2.25	21.0	12.1	1.0	8.96	3	847.5	1,062.2
TUI Musement	2.25	20.3	4.7	1.0	8.62	3	367.6	525.9
Other	2.25	1.7 to 5.2	15.1 to 15.8	1.0	8.20 to 8.94	3	540.6 to 633.3	657.6 to 746.1

* Those are groups of CGUs
** Growth rate of expected net cash inflows
*** Planned growth rate in revenues in % and EBIT-Margin after regeneration of the upcoming business

Parameters for calculation of the recoverable amount at 30 September 2020

	Planning period in years	Growth rate revenues in % p.a.	EBIT-Margin in % p.a.	Sustainable Growth rate** in %	WACC in %	Level	Carrying amount in € million	Recoverable amount in € million
Northern Region	3.00	44.1	1.0	0.5	11.75	3	1,973.2	2,516.8
Central Region	3.00	28.3	-	0.5	11.75	3	167.7	808.7
Western Region	3.00	34.8	2.1	0.5	11.75	3	321.5	872.6
RIU*	3.00	27.9	26.9	1.0	7.74	3	2,010.3	2,778.4
Marella Cruises*	3.00	32.5	1.0	1.0	9.74	3	573.6	696.4
TUI Musement	3.00	40.3	- 1.8	1.0	8.39	3	352.5	453.9
Other	3.00	40,3 to 42,3	11,3 to 12,4	1.0	7,74 to 8,80	3	568.9 to 666.5	662.8 to 778.1

* Those are groups of CGUs
** Growth rate of expected net cash inflows

The goodwill impairment test conducted as at 30 June 2021 based on cash generating units did not result in the recognition of impairment losses on capitalised goodwill. Neither an increase in WACC by 100 basis points nor a reduction by 50 basis points in the growth rate after the detailed planning period would have resulted in an impairment on capitalised goodwill. The same applies to a reduction of the disounted free cash flow of 10%.

(10) Property, plant and equipment

Compared to 30 September 2020 property, plant and equipment declined by €183.6m to €3,278.9m. A decline of €221.8m was caused by the disposal of property, plant and equipment which is mainly attributable to aircraft (€99.1m) and advance payments for future delivery of aircraft (€99.5m) and were partly due to sale and leaseback transactions. As a result of the lease transactions the new aircraft are reported as additions to right-of-use assets (for details please refer to the section 'Right-of-use-assets'). Depreciation and amortisation of €172.1m led to a further decrease in property, plant and equipment.

The decline was partly offset by additions of €191.1m, mainly attributable to additions in the segment Hotels & Resorts. The construction of two new hotels and the refurbishment of hotels in Spain, Jamaica and Zanzibar resulted in additions totalling €75.8m in the Riu Group. Furthermore, additions of property, plant and equipment of €44.0m were generated by the acquisition of Karisma (for details please refer to section 'Acquisitions in the period under review'). Other additions of €16.1m related to assets under construction and payments on account in the Cruises segment as well as additions of € 12.1m from advance payments for future delivery of aircraft.

The review of the carrying amounts of property, plant and equipment performed due to the ongoing travel restrictions resulted in total impairment charges of €31.3m, of which €28.1m were attributable to property, plant and equipment in the segment Hotels & Resorts and related to various individual items. The impairment charges of €255.5m (of which €236.6m related to third quarter) incurred in the first nine months of the previous year were attributable to ships of Marella Cruises within the segment Cruises (€119.7m, of which €101.2m incurred in the third quarter). In addition, hotel assets totalling €96.5m in the Hotels&Resorts segment as well as an aircraft totalling €24.5m were impaired. Further impairment losses to various property, plant and equipment in the prior-year period resulted from restructuring measures.

(11) Right-of-use assets

Right-of-use assets declined by €133.6m to €3,094.3m compared to the end of financial year. Cumulative depreciation/amortisation amounted to €386.4m, while additions totalled €385.0m, of which €336.2m were attributable to the delivery of aircraft and aircraft spare parts. Beside the six aircraft delivered in the first half of the financial year, a further five aircraft and one engine were taken into service in the third quarter. Other additions of €20.7m relate to Right-of-use assets for hotels.

Furthermore, there were disposals of €39.8m, of which €36.5m is mainly attributable to expiring contracts for aircraft leases. Modifications and reassessment of existing lease contracts reduced the Right-of-use assets by €31.3m. The decline is mainly due to amendments in the area of hotel capacity contracts.

The review of carrying amounts led to a total impairment of €45.9m. In the third quarter, a leased office building in All other segments was impaired by €22.4m. Further impairment losses mainly include an amount of €9.9m (of which €1.8m relate to the third quarter) for travel shops in the Northern Region. In addition, several Right-of-use assets were impaired due to various individual items. In the first nine months of the previous year, the review of the carrying amounts led to an impairments of Right-of-use assets totalling €75,0m, of which all incurred in the third quarter. This mainly related to leased hotels in the segment Hotels&Resorts (€45.7m), to leased travel shops in the Northern and Western region (€17.5m) and to ship leases in the Cruises segment (€7.9m).

On the other hand, the review of the carrying amounts led to reversal of impairment losses amounting to €12.6m, which were mainly attributable to the segment Hotels & Resorts. In the first nine months of the previous year, there were no impairment reversals on right of use assets.

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

(12) Trade and other receivables

During the first quarter of financial year 2021 TUI sold other receivables to a third party and thus derecognized it as all criteria for derecognition were met. The sale resulted in a loss, which is presented as a financial expense in the income statement.

(13) Assets held for sale

An agreement on the sale of the joint venture RIU Hotels S.A. was concluded on 27 May 2021. The transaction was completed at 31 July 2021. Accordingly, the carrying amount of the shareholding of €379.3m, recognised in Hotels & Resorts, was classified as held for sale. The purchase price initially amounts to €541.4m. Due to an earn-out clause, it may increase by an additional €127.4m, payable upon RIU Hotels S.A. delivering its operating budgets for financial years 2022 and 2023. The goal of the transaction is to decouple growth in hotels from real estate investments in the context of delivering the asset-right strategy. The transaction is expected to generate a positive result. The proceeds will be used to reduce TUI Group's debt.

In addition, an aircraft engine was reclassified to assets held for sale within the Markets & Airlines segment.

In the course of the current financial year, further assets were reclassified to assets held for sale and disposal groups as well as the related liabilities, which resulted in disposals through divestments made in the first nine months of the current financial year. All assets and disposal groups classified as held for sale as at 30 September 2020 and the related liabilities were sold in the first nine months of financial year 2021. Please refer in particular to the section 'Divestments'.

Assets held for sale

€ million	30 Jun 2021	30 Sep 2020
Aircraft	-	42.4
Investments accounted for using the equity method	379.3	13.1
Other assets	12.4	1.7
Total	**391.7**	**57.2**

(14) Pension provisions and similar obligations

The pension provisions for unfunded plans and plans with underfunding increased by €2.3m to €1,017.3m compared to the end of the financial year.

The overfunding of funded pension plans reported in other non-financial assets decreased by €184.8m to €178.5m compared to 30 September 2020.

In the third quarter, the Trustees of the UK pension plans acquired insurance policies providing a reimbursement by insurers of the payments to be made for parts of the existing obligations. The insurer did not assume the obligation to fulfill the pension commitment in this transaction. Accordingly, the insured parts of the pension plan continue to be recognised in the balance sheet.

In order to settle the insurance premium, existing assets of the plan were sold. The difference in the valuation of an insurance policy compared to the assets sold resulted in a decrease in plan assets of €174.2m, which was recognised directly in equity as a remeasurement effect.

(15) Financial liabilities

Non-current financial liabilities rose by €612.2m to €4,304.0m as against 30 September 2020. This increase was primarily attributable to an increase in liabilities to banks of €412.1m and from the placement of a convertible bond in April 2021 with a carrying amount of €334,8m for the debt component. These increases are partially offset by other declines in liabilities from bonds of €180.5m. This reflects the fact that TUI AG issued a warrant bond totalling €150.0m on 1 October 2020 in the framework of the financing package from the German government, exclusively subscribed to by the WSF. While the bond component of the warrant bond is shown under financial liabilities, the warrants are recognised in equity. Meanwhile, TUI Senior Notes bond issued on 26 October 2016 with a nominal amount of €300.0m was redeemed early on 23 February 2021.

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

In addition, there is a separate syndicated revolving credit facility of €200.0m.

As at 30 June 2021, the amounts drawn under the revolving credit facilities totalled €3,188.1m.

As at 30 June 2021, current financial liabilities declined by €302.4m to €274.9m from €577.3m as at 30 September 2020. The decrease results from a reduction in current liabilities to banks.

For more details on the terms and conditions of the credit lines provided by KfW and the placement of the convertible bond in April 2021, please refer to the section "Going Concern Reporting in accordance with the UK Corporate Governance Code".

(16) Lease liabilities

Compared to 30 September 2020 the lease liabilities decreased by €92.1m to €3,307.8m. This decrease was due to repayments of €554.8m. Furthermore, modifications and reassessments of existing lease contracts reduced the lease liabilities by €52.8m. This decline is mainly due to contract amendments in the area of hotel and hotel capacity contracts. Offsetting effects were caused by the addition of new lease contracts of €409.9m mainly relating to new aircraft, and to interest charges of €112.7m.

(17) Other financial liabilities

The other financial liabilities include touristic advance payments received for tours canceled because of COVID-19 restrictions of €222.2m (as at 30 September 2020 €351.0m), for which immediate cash refund options exist and which have to be repaid shortly if the customer opts for payment. Please see the following section for more details.

(18) Touristic advance payments received

Apart from the immediate cash refund option in certain jurisdictions, TUI Group offers its customers voucher/refund credits for trips canceled because of the COVID-19 crisis. If these voucher/refund credits are not used for future bookings within a specified period, the customer is entitled to a refund of the voucher value. The entitlement to a refund of the voucher value represents a financial liability. Due to the high level of uncertainty regarding the further development of the COVID-19 crisis and customer behavior, it is not possible for TUI Group to reliably estimate the extent of utilization of the voucher/refund credits for future bookings. As at 30 June 2021 the touristic advance payments received include €70.7m (as at 30 September 2020 €184.8m) of advance payments for cancelled trips for which customers have received voucher/refund credits which may have to be refunded after a certain period of time.

(19) Changes in equity

Overall, equity decreased by €742.8m to €-524.7m when compared to 30 September 2020.

In January 2021 TUI AG carried out a recapitalisation.

In connection with this recapitalisation, TUI Group's subscribed capital was reduced first. On a constant number of €590.4m shares the nominal value per share of 2.56 € was reduced to 1.00 €. In effect the subscribed capital was reduced by €919.0m. Subsequently a capital increase by cash contributions was carried out which led to an increase in subscribed capital in the amount of the nominal value of 1.00 € per share, i.e. an increase of the subscribed capital of €509.0m.

The above-named reduction of subscribed capital increased the capital reserve by €919.0m. Furthermore the capital reserve was increased by the share premium of the capital increase of €58.8m. The expenses of capital procurement incurred for the capital increase and the silent participation were offset against capital reserves in the amount of €31.0m. Furthermore in October 2020 a corporate bond with option rights was issued to WSF. The value of option rights increased the capital reserve by €34.5m.

In addition, an unsecured, unsubordinated convertible bond in the amount of €400,0m was issued in the third quarter of the financial year 2021. The value of the conversion rights from this bond increased the capital reserve by €62.5m. Ancillary costs of issuing the convertible bond in the amount of €1.3m were offset against the capital reserve.

In the first nine months of the financial year 2021, two silent participations were issued to the WSF. In accordance with IAS 32 both silent participations are disclosed in equity. The first silent participation in the amount of €420.0m was fully paid. It is convertible at any time, in whole or in part, into shares in TUI AG at a conversion price of €1.00, provided that the participation of the WSF resulting from the conversion does not exceed 25% plus 1 share in TUI's share capital. The second silent participation is non-convertible. It amounts to €671.0m and was fully paid in.

In the first nine months of the financial year 2021, TUI AG paid no dividend (previous year €318.1m).

TUI Group's loss in the first nine months of the financial year 2021 is attributable to the COVID-19 crisis.

The proportion of gains and losses from hedging instruments for effective hedging of future cash flows includes an amount of €92.9m (pre-tax) carried under other comprehensive income in equity outside profit and loss (previous year €-277.6m).

The revaluation of pension obligations is also recognised in 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 30 Jun 2021

€ million	Carrying amount	Category according to IFRS 9: At amortised cost	Fair value with no effect on profit and loss without recycling	Fair value with no effect on profit and loss with re-cycling	Fair value through profit and loss	Fair value of financial in-struments
Assets						
Trade receivables and other receivables	-	-	-	-	-	-
thereof instruments within the scope of IFRS 9	672.2	672.2	-	-	-	671.6
thereof instruments within the scope of IFRS 16	10.7	-	-	-	-	10.8
Derivative financial instruments						
Hedging transactions	1.0	-	-	1.0	-	1.0
Other derivative financial instruments	51.3	-	-	-	51.3	51.3
Other financial assets	21.8	13.6	6.1	-	2.1	21.8
Cash and cash equivalents	1,524.4	1,524.4	-	-	-	1,524.4
Liabilities						
Financial liabilities	4,578.9	4,578.9	-	-	-	4,581.7
Trade payables	1,316.3	1,316.3	-	-	-	1,316.3
Derivative financial instruments						
Hedging transactions	6.7	-	-	6.7	-	6.7
Other derivative financial instruments	35.1	-	-	-	35.1	35.1
Other financial liabilities	331.5	331.5	-	-	-	331.5

Carrying amounts and fair values according to classes and measurement categories according to IFRS 9 as at 30 Sep 2020

€ million	Carrying amount	Category according to IFRS 9: At amortised cost	Fair value with no effect on profit and loss without recycling	Fair value with no effect on profit and loss with re-cycling	Fair value through profit and loss	Fair value of financial in-struments
Assets						
Trade receivables and other receivables	-	-	-	-	-	-
thereof instruments within the scope of IFRS 9	875.2	875.2	-	-	-	847.1
thereof instruments within the scope of IFRS 16	13.5	-	-	-	-	39.2
Derivative financial instruments						
Hedging transactions	22.3	-	-	22.3	-	22.3
Other derivative financial instruments	74.0	-	-	-	74.0	74.0
Other financial assets	25.5	14.9	8.5	-	2.1	25.5
Cash and cash equivalents	1,233.1	1,233.1	-	-	-	1,233.1
Liabilities						
Financial liabilities	4,269.0	4,291.4	-	-	-	4,022.8
Trade payables	1,611.5	1,611.5	-	-	-	1,611.5
Derivative financial instruments						
Hedging transactions	61.3	-	-	61.3	-	61.3
Other derivative financial instruments	257.5	-	-	-	257.5	257.5
Other financial liabilities	429.2	431.3	-	-	-	430.8

The amounts shown in the previous table as at 30 September 2020 in the column "Carrying amount" (as shown in the balance sheet) may differ from those in the other columns of a given row, as these columns include all financial instruments. This means that these columns include financial instruments that are part of the disposal groups in accordance with IFRS 5. Further details on this can be found in the 2020 Annual Report.

The fair values of financial liabilities were determined, taking into account yield curves and the respective credit risk premium (credit spread).

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

The current market conditions arising from the COVID-19 pandemic have been taken into account for all financial instruments for which fair values have been calculated by adjusting the underlying parameters.

The COVID-19 pandemic significantly impacted business operations and the existing hedging strategy for currency risks and fuel price risks. It led to a temporary suspension of all travel operations and flight bans. As a result, the occurrence of numerous hedged underlying transactions can no longer be assessed as highly likely, causing a rapid decline in fuel price and foreign currency hedge requirements and therefore requiring the prospective termination of these hedges.

For the hedges affected, occurrence of the underlying transactions can no longer be expected for a future point in time, either, so that all accrued amounts from the change in the value of the hedging instruments were reclassified from cash flow hedge reserve (OCI) to the cost of sales in the income statement. Accordingly, reclassifications of €-28.3m from fuel price hedges and €-9.1m from foreign currency hedges were made as at 30 June 2021.
All future changes in the value of these de-designated hedges are taken to the cost of sales in the income statement through profit and loss and recognised as other derivative financial instruments from the date of the termination of the cash flow hedge accounting. As at 30 June 2021, the fair value of these reclassified fuel price hedges totalled €5.6m at a nominal volume of €35.0m, while the fair value of the reclassified foreign currency hedges totalled €-1.7m at a nominal volume of €343.5m.

Furthermore, the strong increase in TUI's credit risk had a direct impact on the retrospective hedge effectiveness testing. As a result, additional fuel price, interest rate and foreign currency hedges had to be terminated as they no longer met the effectiveness requirements of IAS 39 and were outside the admissible 80-125% effectiveness bandwidth.

All future changes in the value of these de-designated fuel and foreign currency hedges are taken to the cost of sales, whilst interest rate hedges are recognised in the financial result, in the income statement through profit and loss, and recognised as other derivative financial instruments from the date of the termination of the cash flow hedge accounting. As at 30 June 2021, the fair value of these reclassified fuel price hedges totalled €29.2m at a nominal value of €277.5m, while the fair value of the interest rate hedges amounted to €-12.0m at a nominal volume of €443.0m and the fair value of foreign currency hedges totalled €-5.4m at a nominal volume of €196.3m.

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

€ million	Carrying amount of financial instruments Total	Fair Value
Financial assets		
at amortised cost	2,210.2	2,209.6
at fair value – recognised directly in equity without recycling	6.1	6.1
at fair value – through profit and loss	53.4	53.4
Financial liabilities		
at amortised cost	6,226.7	6,229.5
at fair value – through profit and loss	35.1	35.1

Aggregation according to measurement categories under IFRS 9 as at 30 Sep 2020

€ million	Carrying amount of financial instruments Total	Fair Value
Financial assets		
at amortised cost	2,123.2	2,095.0
at fair value – recognised directly in equity without recycling	8.5	8.5
at fair value – through profit and loss	76.1	76.1
Financial liabilities		
at amortised cost	6,334.1	6,065.0
at fair value – through profit and loss	257.5	257.5

Fair value measurement

The following table presents the fair values of the recurring, non-recurring and other financial instruments recognised at fair value in accordance with the underlying measurement levels. The individual levels have been defined as follows in line with the input factors:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: input factors for the measurement are quoted market price other than those mentioned in Level 1, directly (as market price quotation) or indirectly (derivable from market price quotation) observable in the market for the asset or liability.
- Level 3: input factors for the measurement of the asset or liability are based on non-observable market data.

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

€ million	Total	Level 1	Level 2	Level 3
				Fair value hierarchy
Assets				
Other financial assets	**8.2**	-	-	8.2
Derivative financial instruments				
Hedging transactions	**1.0**	-	1.0	-
Other derivative financial instruments	**51.3**	-	51.3	-
Liabilities				
Derivative financial instruments				
Hedging transactions	**6.7**	-	6.7	-
Other derivative financial instruments	**35.1**	-	35.1	-

Hierarchy of financial instruments measured at fair value as of 30 Sep 2020

€ million	Total	Level 1	Level 2	Level 3
				Fair value hierarchy
Assets				
Other financial assets	**10.6**	-	-	10.6
Derivative financial instruments				
Hedging transactions	**22.3**	-	22.3	-
Other derivative financial instruments	**74.0**	-	74.0	-
Liabilities				
Derivative financial instruments				
Hedging transactions	**61.3**	-	61.3	-
Other derivative financial instruments	**257.5**	-	257.5	-

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. TUI Group records transfers from or to Level 3 at the date of the obligating event or occasion triggering the transfer. In the period under review, there were no transfers into or out of Level 3.

Level 1 financial instruments

The fair value of financial instruments for which an active market is available is based on the market price quotation at the balance sheet date. An active market exists if price quotations are easily and regularly available from a stock exchange, traders, brokers, price service providers or regulatory authorities, and if these prices represent actual and regular market transactions between independent business partners. These financial instruments are categorised within Level 1. The fair values correspond to the nominal values multiplied by the price quotations at the balance sheet 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 derivatives (OTC), are determined by means of valuation techniques. These valuation techniques maximise the use of observable market data and minimise the use of Group-specific assumptions. If all essential input factors for the determination of the fair value of an instrument are observable, the instrument is categorised within Level 2.

If one or several of the essential input factors are not based on observable market data, the instrument is categorised within Level 3.

The specific valuation techniques used for the measurement of financial instruments are:

- For over the counter bonds, debt components of warrant and convertible bonds, liabilities to banks, promissory notes and other non-current financial liabilities as well as for current other receivables, current financial liabilities and non-current trade and other receivables, the fair value is determined as the present value of future cash flows, taking account of observable yield curves and the respective credit spread, which depends on the credit rating.

- For over the counter derivatives, the fair value 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 value calculations of optional hedging instruments are determined using standard market valuation methods. The fair values determined on the basis of TUI Group's own systems are regularly compared with fair value confirmations of the external counterparties.

- Other valuation techniques, e.g. discounting future cash flows, are used for the measurement of the fair values of other financial instruments.

Level 3 financial instruments

The following table shows the development of the values of the financial instruments measured at fair value on a recurring basis categorised within Level 3 of the measurement hierarchy.

Financial assets measured at fair value in Level 3

€ million	Other financial assets IFRS 9
Balance as at 1 Oct 2019	**42.9**
Disposals	- 3.5
consolidation	- 3.5
Total gains or losses for the period	- 28.8
recognised through profit and loss	- 1.1
recognised in other comprehensive income	- 27.7
Balance as at 30 Sep 2020	**10.6**
Balance as at 1 Oct 2020	**10.6**
Disposals	-
consolidation	-
Total gains or losses for the period	- 2.4
recognised through profit and loss	- 2.1
recognised in other comprehensive income	- 0.3
Balance as at 30 Jun 2021	**8.2**

Evaluation process

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

In principle, the unobservable input parameters relate to the following parameters. The (estimated) EBITDA margin is in a range between -13% and 22%. The constant growth rate is 1%. The weighted average cost of capital (WACC) is in a range between 9.2% - 10.2%. With the exception of the WACC, there is a positive correlation between the input factors and the fair value.

Effects on results

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

(21) Contingent liabilities

As at 30 June 2021, contingent liabilities amounted to €142.5m (previous year €165.6m). They are mainly attributable to the granting of guarantees for the benefit of hotel and cruises activities and are reported at an amount representing the best estimate of the expenditure required to meet the potential obligation at the balance sheet date.

(22) Other financial commitments

Nominal values of other financial commitments

€ million	**30 Jun 2021**	30 Sep 2020
Order commitments in respect of capital expenditure	2,370.3	2,549.0
Other financial commitments	110.3	212.7
Total	**2,480.6**	**2,761.7**

As at 30 June 2021 order commitment in respect of capital expenditure declined by €178.7m as against 30 September 2020. New obligations for a cruise ship was more than off-set by delivery of aircraft and reduction in hotel commitments.

(23) Note to the unaudited condensed consolidated cash flow statement of TUI Group

The unaudited condensed consolidated cash flow statement shows TUI Group including the disposal group 'Hapag-Lloyd Cruises' which was sold last year.

For the nine months period ended 30 June 2021, cash and cash equivalents rose by €291.3m to €1,524.4m.

For the 9 months period ended 30 June 2021, the cash outflow from operating activities totalled €1,089.4m (9M 2020 cash outflow of €1,959.0m). The cash outflow from operating activities included interest inflow of €3.8m (9M 2020 €23.0m) and dividends of €13.4m (9M 2020 €7.6m). Income tax payments resulted in a cash outflow of €4.3m (9M 2020 cash inflow of €59.0m).

The cash inflow from investing activities totals €125.4m (9M 2020 €-39.9m). It comprises payments for investments in property, plant and equipment and intangible assets of €220.8m. TUI Group recorded a cash inflow of €294.6m from the sale of property, plant and equipment and intangible assets. It also includes a cash inflow of €32.9m from the sale of Hapag-Lloyd Cruises which was completed in the previous year and €19.6m from the repayment of loans in connection with the sale of the shares in Togebi Holdings Limited (TUI Russia). In the third quarter, the group received further €22.0m from the sale of consolidated companies and joint ventures. An outflow of €21.0m was made for a capital increase for TUI Cruises GmbH.

The cash inflow from financing activities totalled €1,228.3m (9M 2020 cash inflow of €2,303.9m). TUI AG received €1,723.5m from various equity measures after deducting capital procurement costs, thereof €234.0m in the third quarter. €0.5m was used to purchase shares transferred to TUI Group employees in the framework of the oneShare employee share plan. TUI AG received €446.1m from taking out loans and bonds after deducting capital procurement costs. Other TUI Group companies took out loans worth €265.6m. The repayment of financial liabilities resulted in a cash outflow of €906.7m, including an amount of €300.0m for early repayment of TUI AG senior bonds and an amount of €454.0m for lease liabilities. A cash outflow of €299.6m related to interest payments.

Cash and cash equivalents also increased by €27.0m (9M 2020 €-9.1m) due to changes in exchange rates.

As at 30 June 2021, cash and cash equivalents worth €539.9m were subject to restrictions (as at 30 September 2020 €324.0m).

On 30 September 2016, TUI AG concluded an agreement on the long-term settlement of the difference between the liabilities and the fund assets of defined-benefit pension plans in the UK. An amount of €55.3m was deposited in a bank account as a security as at the balance sheet date. TUI Group can only use these funds if alternative collateral is provided.

Further, an amount of €116.5m (as at 30 September €116.5m) was deposited with a Belgian subsidiary without acknowledgement of debt by the Belgian tax authorities in financial year 2013 in respect of long-standing litigation over VAT refunds for the years 2001 to 2011.

The remaining €368.1m (as at 30 September €155.4m) subject to restrictions 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 2020 to 30 Jun 2021

€ million	External	Group	**9M 2021 Total**
Hotels & Resorts	157.9	124.3	282.2
Cruises	2.7	-	2.7
TUI Musement	37.5	13.7	51.2
Consolidation	-	- 1.4	- 1.4
Holiday Experiences	**198.2**	**136.5**	**334.7**
Northern Region	215.1	202.7	417.8
Central Region	707.7	62.2	769.9
Western Region	222.6	97.1	319.7
Consolidation	-	- 359.5	- 359.5
Markets & Airlines	**1,145.5**	**2.4**	**1,147.9**
All other segments	22.3	3.6	25.9
Consolidation	-	- 142.6	- 142.6
Total	**1,365.9**	**-**	**1,365.9**

Revenue by segment for the period from 1 Oct 2019 to 30 Jun 2020

€ million	External	Group	**9M 2020 Total**
Hotels & Resorts	304.7	286.5	591.2
Cruises	483.6	-	483.6
TUI Musement	294.2	124.1	418.3
Consolidation	-	- 3.4	- 3.4
Holiday Experiences	**1,082.5**	**407.2**	**1,489.7**
Northern Region	2,202.2	207.2	2,409.4
Central Region	2,244.0	97.0	2,341.0
Western Region	1,095.5	118.4	1,213.9
Consolidation	-	- 412.3	- 412.3
Markets & Airlines	**5,541.7**	**10.3**	**5,552.0**
All other segments	86.2	4.7	90.9
Consolidation	-	- 422.2	- 422.2
Total	**6,710.4**	**-**	**6,710.4**

The segment data shown are based on regular internal reporting to the Executive Board. From FY 2020, the internationally more commonly used earnings measure "underlying EBIT" is used for value-based management. In FY 2020, underlying EBIT was adjusted for the earnings effect of IFRS16 ("adjusted EBIT [IAS17]") as part of internal reporting to facilitate comparability with the prior year. From the 2021 financial year, underlying EBIT (IFRS 16) is the segment performance indicator as defined by IFRS 8, the prior-year figures have been restated accordingly.

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

For the segment performance measure, all Intra-Group leases are accounted for operating rental and leasing contracts in accordance with IAS 17.

Separately disclosed items 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 TUI Group more difficult or causing distortions. These items include gains and losses 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 would be adjusted in the reconciliation to underlying EBIT.

In 9M 2021, underlying EBIT includes results of investments accounted for using the equity method of €-226.5m (9M 2020 €-63.7m), primarily generated within the sector Holiday Experiences.

Underlying EBIT by segment

€ million	9M 2021	9M 2020
Hotels & Resorts	- 268.6	- 308.0
Cruises	- 234.6	- 197.3
TUI Musement	- 96.7	- 66.5
Holiday Experiences	- 599.9	- 571.9
Northern Region	- 708.1	- 592.4
Central Region	- 377.4	- 398.7
Western Region	- 247.3	- 285.9
Markets & Airlines	- 1,332.8	- 1,277.0
All other segments	- 45.9	- 118.0
Total	**- 1,978.6**	**- 1,966.9**

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

€ million	9M 2021	9M 2020
Hotels & Resorts	29.7	149.2
Cruises	-	127.6
TUI Musement	-	2.6
Holiday Experiences	29.7	279.4
Northern Region	20.3	26.8
Central Region	3.3	7.0
Western Region	-	26.6
Markets & Airlines	23.6	60.4
All other segments	24.1	-
Total	**77.4**	**339.8**

For further details regarding the impairments effected in 9M 2021, please refer to the section 'Property, plant and equipment' and 'Right of use assets'.

Reconciliation to underlying EBIT of TUI Group

€ million	9M 2021	9M 2020
Earnings before income taxes	- 2,390.7	- 2,367.7
plus: Net interest expense (excluding expense / income from measurement of interest hedges)	336.7	173.6
plus / less: Expense (income) from measurement of interest hedges	7.4	- 7.9
EBIT	**- 2,046.6**	**- 2,202.0**
Adjustments:		
plus: Separately disclosed items	43.5	194.9
plus: Expense from purchase price allocation	24.4	40.2
Underlying EBIT	**- 1,978.6**	**- 1,966.9**

Net expenses for the separately disclosed items of €43.5m in the first nine months of financial year 2021 include income of €53m from the reversal of restructuring provisions no longer required in the Central Region due to the lower than expected reduction in fleet size at TUIfly. In addition, restructuring expenses of €89m were incurred in TUI Musement (€11m), Northern Region (€12m), Central Region (€8m), Western Region (€18m) and All other segments (€40m). Furthermore, disposal results from the sale of an investment in an aircraft asset company in Northern Region (-€2m) and Central Region (-€1m), the sale of two hotel companies in Hotels & Resorts (-€5m) and in

Western Region (€2m) as well as an expense from a subsequent purchase price adjustment of €2m in All other segments were adjusted.

Net expenses for the separately disclosed items of €195m in the first nine months of the previous year included a disposal gain of €90m from the sale of the German specialist tour operators, offset by restructuring expenses of €209m, related in particular to the planned capacity reduction at TUI fly Deutschland, a restructuring of TUI France, an expansion of the existing restructuring programme at TUI Deutschland, the planned closure of 166 travel agencies in the UK, restructuring of the TUI Musement segment and the closure of TUI Italy as well as other one-off items of €8m. Furthermore, €68m impairments of goodwill related to the Northern Hotels and TUI Blue hotel companies was adjusted for.

Expenses for purchase price allocations of €24.4m (previous year €40.2m) relate in particular to the scheduled amortization 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 ordinary business activities, maintains direct and indirect relationships with related parties. All transactions with related parties were executed on an arm's length basis.

As at 30 June 2021, Unifirm Limited, Cyprus, held 32.0% of the shares in TUI AG (as at 30 September 2020 24.9%). Unifirm Limited is controlled by the family of Russian entrepreneur Alexei Mordashov, a member of TUI's Supervisory Board. DH Deutsche Holdings Limited, a company registered in Cyprus under the control of the joint venture partner Hamed El Chiaty, decreased its equity stake to below 3.0% in H1 2021. More detailed information on related parties is provided under section 24 in the Notes to the consolidated financial statements for 2020.

(26) Significant transactions after the balance sheet date

On 6 July 2021, TUI AG increased its convertible bond of €400m, which was issued in April 2021, by €189.6m. The new bonds form a single series with the existing bonds. The terms remain unchanged. The senior unsecured convertible bonds are due on 16 April 2028 and have a coupon of 5.00% p.a., payable semi-annually. The denomination of the bond was €100,000. The initial conversion price was set at an amount of €5.3631 per share.

On 27 July 2021 TUI AG agreed with the private banks and KfW to extend the maturity of €4.7bn of the revolving credit facilities until July 2024. For further details please refer to the going concern reporting.

On 31 July 2021 the disposal of the joint venture RIU Hotels S.A. was completed. For further details please refer to the section 'Assets held for sale'.

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, 11 August 2021

Friedrich Joussen
David Burling
Sebastian Ebel
Peter Krueger
Sybille Reiß
Frank Rosenberger

REVIEW REPORT

To TUI AG, Berlin/Germany and Hanover/Germany

We have reviewed the condensed interim consolidated financial statements – comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the 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 2020 until 30 June 2021 of TUI AG, Berlin and Hanover, which are components of the financial report pursuant to § 115 sec. 7 WpHG (Wertpapierhandelsgesetz: German Securities Trading Act).The preparation of the condensed interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, and of the interim group management report which has been prepared in accordance with the requirements of the WpHG applicable to interim Group management reports is the responsibility of the entity's executive board. Our responsibility is to express a conclusion on the condensed interim consolidated financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim Group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) as well as in supplementary compliance with the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review in compliance with professional standards such that we can preclude through critical evaluation, with limited assurance, that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim Group management report has not been prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim Group management reports. A review is limited primarily to inquiries of personnel of the entity and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements of TUI AG, Berlin and Hanover, have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim Group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Hanover/Germany, 11 August 2021

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Christoph B. Schenk
German Public Auditor

Dr. Hendrik Nardmann
German Public Auditor

Audited consolidated financial statements of TUI AG as at and for the fiscal year ended 30 September 2020

CONSOLIDATED FINANCIAL STATEMENTS

Income Statement of TUI Group for the period from 1 Oct 2019 to 30 Sep 2020

€ million	Notes	2020	2019 adjusted*
Revenue	(1)	7,943.7	18,928.1
Cost of sales	(2)	9,926.1	17,489.4
Gross loss / profit		**–1,982.4**	**1,438.7**
Administrative expenses	(2)	1,017.3	987.1
Other income	(3)	574.4	21.3
Other expenses	(3)	15.2	22.5
Impairment of goodwill	(12)	68.1	–
Impairment of financial assets	(40)	180.6	4.5
Financial income	(4)	35.3	119.7
Financial expenses	(5)	321.7	171.4
Share of result of joint ventures and associates	(6)	–193.3	297.5
Impairment of net investments in joint ventures and associates	(6)	34.5	–
Earnings before income taxes		**–3,203.3**	**691.6**
Income taxes (expense [+], income [–])	(7)	–64.2	159.6
Group loss / profit		**–3,139.1**	**532.1**
Group loss / profit attributable to shareholders of TUI AG	(8)	–3,148.4	416.4
Group profit attributable to non-controlling interest	(9)	9.4	115.7

* For further information, please refer to the section 'Restatement of comparative periods'.

Earnings per share

€	Notes	2020	2019
Basic and diluted loss / earnings per share	(10)	**–5.34**	**0.71**

Statement of Comprehensive Income of TUI Group for the period from 1 Oct 2019 to 30 Sep 2020

€ million	Notes	2020	2019 adjusted*
Group loss / profit		**–3,139.1**	**532.1**
Remeasurements of defined benefit obligations and related fund assets		25.5	–19.9
Other comprehensive income of companies measured at equity that will not be reclassified		–51.6	–36.2
Fair value loss / gain on investments in equity instruments designated as at FVTOCI		–27.7	2.2
Income tax related to items that will not be reclassified	(11)	–15.2	26.3
Items that will not be reclassified to profit or loss		**–69.0**	**–27.6**
Foreign exchange differences		–185.9	96.7
Foreign exchange differences outside profit or loss		–187.0	96.7
Reclassification		1.1	–
Cash flow hedges		–316.1	–340.0
Changes in the fair value		–65.0	6.6
Reclassification		–251.1	–346.6
Other comprehensive income of companies measured at equity that may be reclassified		13.0	0.8
Changes in the measurement outside profit or loss		13.0	0.8
Income tax related to items that may be reclassified	(11)	73.3	79.5
Items that may be reclassified to profit or loss		**–415.7**	**–163.0**
Other comprehensive income		**–484.7**	**–190.6**
Total comprehensive income		**–3,623.8**	**341.5**
attributable to shareholders of TUI AG		–3,580.4	215.9
attributable to non-controlling interest		–43.4	125.6

* For further information, please refer to the section 'Restatement of comparative periods'.

Statement of financial Position of TUI Group as at 30 Sep 2020

€ million	Notes	30 Sep 2020	30 Sep 2019 adjusted*
Assets			
Goodwill	(12)	2,914.5	3,009.2
Other intangible assets	(13)	553.5	710.7
Property, plant and equipment	(14)	3,462.5	5,810.7
Right-of-use assets	(15)	3,227.9	–
Investments in joint ventures and associates	(16)	1,186.7	1,507.6
Trade and other receivables	(17), (40)	402.4	60.9
Derivative financial instruments	(40)	7.4	43.9
Other financial assets	(40)	10.6	43.0
Touristic payments on account	(18)	149.9	180.4
Other non-financial assets	(19)	423.2	369.9
Income tax assets		9.6	9.6
Deferred tax assets	(20)	299.6	202.0
Non-current assets		**12,647.8**	**11,947.9**
Inventories	(21)	73.2	114.7
Trade and other receivables	(17), (40)	486.3	876.4
Derivative financial instruments	(40)	88.9	303.8
Other financial assets	(40)	14.9	31.1
Touristic payments on account	(18)	555.5	865.4
Other non-financial assets	(19)	113.4	131.5
Income tax assets		70.9	155.7
Cash and cash equivalents	(22), (40)	1,233.1	1,741.5
Assets held for sale	(23)	57.2	50.0
Current assets		**2,693.4**	**4,270.2**
Total assets		**15,341.1**	**16,218.1**

* For further information, please refer to the section 'Restatement of comparative periods'.

Statement of financial Position of TUI Group as at 30 Sep 2020

€ million	Notes	30 Sep 2020	30 Sep 2019 adjusted*
Equity and liabilities			
Subscribed capital	(24)	1,509.4	1,505.8
Capital reserves	(25)	4,211.0	4,207.5
Revenue reserves	(26)	–6,168.8	–2,259.2
Equity before non-controlling interest		**–448.4**	**3,454.2**
Non-controlling interest	(28)	666.5	711.4
Equity		**218.1**	**4,165.6**
Pension provisions and similar obligations	(29)	983.6	1,035.6
Other provisions	(30)	912.1	775.0
Non-current provisions		**1,895.7**	**1,810.6**
Financial liabilities	(31), (40)	3,691.7	2,457.6
Lease liabilities	(31), (40)	2,712.6	–
Derivative financial instruments	(40)	44.0	59.1
Other financial liabilities	(32), (40)	7.2	15.6
Other non-financial liabilities	(34)	198.4	100.1
Income tax liabilities		61.3	70.9
Deferred tax liabilities	(20)	192.7	226.9
Non-current liabilities		**6,908.1**	**2,930.3**
Non-current provisions and liabilities		**8,803.7**	**4,740.9**
Pension provisions and similar obligations	(29)	31.4	32.4
Other provisions	(30)	390.3	361.9
Current provisions		**421.6**	**394.3**
Financial liabilities	(31), (40)	577.3	224.6
Lease liabilities	(31), (40)	687.3	–
Trade payables	(40)	1,611.5	2,830.5
Derivative financial instruments	(40)	274.8	157.1
Other financial liabilities	(32), (40)	422.0	89.6
Touristic advance payments received	(33)	1,770.1	2,911.2
Other non-financial liabilities	(34)	447.8	519.3
Income tax liabilities		82.4	81.9
Current liabilities		**5,873.2**	**6,814.1**
Liabilities related to assets held for sale	(35)	24.5	103.1
Current provisions and liabilities		**6,319.3**	**7,311.6**
Total equity, liabilities and provisions		**15,341.1**	**16,218.1**

*For further information, please refer to the section 'Restatement of comparative periods'.

Statement of Changes in Group Equity of the TUI Group for the period from 1 Oct 2019 to 30 Sep 2020

€ million	Subscribed capital (24)	Capital reserves (25)	Other revenue reserves	Foreign exchange differences	Financial assets at FVTOCI	Financial instruments available for sale	Cash flow hedges	Revaluation reserve	Revenue reserves (26)	Equity before non-controlling interest	Non-controlling interest (28)	**Total**
Balance as at 30 Sep 2018	**1,502.9**	**4,200.5**	**–1,156.3**	**–1,273.6**	**–**	**0.5**	**353.9**	**12.9**	**–2,062.6**	**3,640.8**	**634.8**	**4,275.6**
Adoption of IFRS 9	–	–	6.3	–	–	–0.5	–	–	5.8	5.8	–	5.8
Balance as at 1 Oct 2018	**1,502.9**	**4,200.5**	**–1,150.0**	**–1,273.6**	**–**	**–**	**353.9**	**12.9**	**–2,056.8**	**3,646.6**	**634.8**	**4,281.4**
Dividends	–	–	–423.3	–	–	–	–	–	–423.3	–423.3	–52.5	–475.8
Share-based payment schemes	–	–	5.0	–	–	–	–	–	5.0	5.0	–	5.0
Issue of employee shares	2.9	7.0	–	–	–	–	–	–	–	9.9	–	9.9
First-time consolidation	–	–	–	–	–	–	–	–	–	–	3.5	3.5
Group profit for the year (adjusted)	**–**	**–**	**416.4**	**–**	**–**	**–**	**–**	**–**	**416.4**	**416.4**	**115.7**	**532.1**
Foreign exchange differences	–	–	9.2	83.6	1.5	–	–8.3	0.6	86.6	86.6	10.1	96.7
Financial assets at FVTOCI	–	–	–	–	2.2	–	–	–	2.2	2.2	–	2.2
Cash flow hedges	–	–	–	–	–	–	–340.0	–	–340.0	–340.0	–	–340.0
Remeasurements of defined benefit obligations and related fund assets	–	–	–19.9	–	–	–	–	–	–19.9	–19.9	–	–19.9
Other comprehensive income of joint ventures and associates	–	–	–35.2	–	–	–	–	–	–35.2	–35.2	–0.2	–35.4
Taxes attributable to other comprehensive income	–	–	26.3	–	–	–	79.5	–	105.8	105.8	–	105.8
Other comprehensive income	**–**	**–**	**–19.6**	**83.6**	**3.7**	**–**	**–268.8**	**0.6**	**–200.5**	**–200.5**	**9.9**	**–190.6**
Total comprehensive income (adjusted)	–	–	396.8	83.6	3.7	–	–268.8	0.6	215.9	215.9	125.6	341.5

Table continues on next page

Continued from previous page

Statement of Changes in Group Equity of the TUI Group for the period from 1 Oct 2019 to 30 Sep 2020

€ million	Subscribed capital (24)	Capital reserves (25)	Other revenue reserves	Foreign exchange differences	Financial assets at FVTOCI	Financial instruments available for sale	Cash flow hedges	Revaluation reserve	Revenue reserves (26)	Equity before non-controlling interest	Non-controlling interest (28)	**Total**
Balance as at 30 Sep 2019	**1,505.8**	**4,207.5**	**–1,171.5**	**–1,190.0**	**3.7**	**–**	**85.1**	**13.5**	**–2,259.2**	**3,454.1**	**711.4**	**4.165.5**
First-time adoption of IFRS 16	–	–	–13.7	–	–	–	–	–	–13.7	–13.7	–	–13.7
Balance as at 1 Oct 2019	**1,505.8**	**4,207.5**	**–1,185.2**	**–1,190.0**	**3.7**	**–**	**85.1**	**13.5**	**–2,272.9**	**3,440.4**	**711.4**	**4,151.8**
Dividends	–	–	–318.1	–	–	–	–	–	–318.1	–318.1	–0.2	–318.3
Share-based payment schemes	–	–	2.9	–	–	–	–	–	2.9	2.9	–	2.9
Issue of employee shares	3.6	3.5	–	–	–	–	–	–	–	7.1	–	7.1
Effects from acquisitions on non-controlling interests	–	–	–0.3	–	–	–	–	–	–0.3	–0.3	–1.3	–1.6
Group profit/loss for the year	**–**	**–**	**–3,148.5**	**–**	**–**	**–**	**–**	**–**	**–3,148.5**	**–3,148.5**	**9.4**	**–3,139.1**
Foreign exchange differences	–	–	–6.1	–136.0	0.1	–	9.4	–0.7	–133.3	–133.3	–52.6	–185.9
Financial assets at FVTOCI	–	–	–	–	–27.7	–	–	–	–27.7	–27.7	–	–27.7
Cash flow hedges	–	–	–	–	–	–	–316.2	–	–316.2	–316.2	0.1	–316.1
Remeasurements of defined benefit obligations and related fund assets	–	–	25.5	–	–	–	–	–	25.5	25.5	–	25.5
Other comprehensive income of joint ventures and associates	–	–	–38.3	–	–	–	–	–	–38.3	–38.3	–0.3	–38.6
Taxes attributable to other comprehensive income	–	–	–15.2	–	–	–	73.3	–	58.1	58.1	–	58.1
Other comprehensive income	**–**	**–**	**–34.1**	**–136.0**	**–27.6**	**–**	**–233.5**	**–0.7**	**–431.9**	**–431.9**	**–52.8**	**–484.7**
Total comprehensive income	–	–	–3,182.6	–136.0	–27.6	–	–233.5	–0.7	–3,580.4	–3,580.4	–43.4	–3,623.8
Balance as at 30 Sep 2020	**1,509.4**	**4,211.0**	**–4,683.3**	**–1,326.0**	**–23.9**	**–**	**–148.4**	**12.8**	**–6,168.8**	**–448.4**	**666.5**	**218.1**

Cash flow Statement of TUI Group for the period from 1 Oct 2019 to 30 Sep 2020

€ million	Notes	2020	2019 adjusted*	Variance
Group loss / profit		– 3,139.1	532.1	– 3,671.2
Depreciation, amortisation and impairment (+) / write-backs (–)		1,573.5	509.4	1,064.2
Other non-cash expenses (+) / income (–)		313.4	– 256.1	569.5
Interest expenses		305.6	167.7	137.9
Dividends from joint ventures and associates		7.1	244.6	– 237.5
Profit (–) / loss (+) from disposals of non-current assets		– 564.3	– 5.3	– 559.0
Increase (–) / decrease (+) in inventories		33.1	– 3.1	36.2
Increase (–) / decrease (+) in receivables and other assets		627.9	– 207.9	835.8
Increase (+) / decrease (–) in provisions		74.1	– 58.3	132.4
Increase (+) / decrease (–) in liabilities		– 2,003.2	191.8	– 2,195.0
Cash outflow / cash inflow from operating activities	(42)	**– 2,771.9**	**1,114.9**	**– 3,886.8**
Payments received from disposals of property, plant and equipment and intangible assets		109.9	182.0	–72.1
Payments received / made from disposals of consolidated companies (less disposals of cash and cash equivalents due to divestments)		689.3	– 52.4	741.7
Payments received from the disposals of other non-current assets		79.1	7.7	71.4
Payments made for investments in property, plant and equipment and intangible assets		– 587.0	– 987.0	400.0
Payments made for investments in consolidated companies (less cash and cash equivalents received due to acquisitions)		– 40.8	– 242.3	201.5
Payments made for investments in other non-current assets		– 88.6	– 49.4	– 39.2
Cash inflow / cash outflow from investing activities	(43)	**161.8**	**–1,141.4**	**1,303.2**
Payments made for acquisition of own shares		–1.0	– 0.4	– 0.7
Payments received from the issuance of employee shares		7.1	9.9	– 2.8
Payments made for interest increase in consolidated companies		–1.6	–	–1.6
Dividend payments				
TUI AG		– 318.1	– 423.3	105.2
subsidiaries to non-controlling interest		– 0.6	– 52.2	51.6
Payments received from the raising of financial liabilities		3,372.4	52.5	3,319.9
Payments made for redemption of loans and financial liabilities		– 81.4	–110.1	28.7
Payments made for principal of lease liabilities		– 612.4	–122.3	– 490.1
Interest paid		– 251.9	–117.9	–134.0
Cash inflow / cash outflow from financing activities	(44)	**2,112.5**	**–763.8**	**2,876.3**
Net change in cash and cash equivalents		**– 497.6**	**–790.3**	**292.7**
Development of cash and cash equivalents	(45)			
Cash and cash equivalents at beginning of period		**1,747.6**	**2,548.0**	**– 800.3**
Change in cash and cash equivalents due to exchange rate fluctuations		–17.0	– 10.1	–6.9
Net change in cash and cash equivalents		– 497.6	–790.3	292.7
Cash and cash equivalents at end of period		**1,233.1**	**1,747.6**	**– 514.5**
of which included in the balance sheet as assets held for sale		–	6.1	– 6.1

* For further information, please refer to the section 'Restatement of comparative periods'.

NOTES

Principles and Methods underlying the Consolidated Financial Statements

General

The TUI Group and its major subsidiaries and shareholdings operate in tourism.

TUI AG, based in Karl-Wiechert-Allee 4, Hanover 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). The shares in the company are traded on the London Stock Exchange and the Hanover and Frankfurt Stock Exchanges.

These consolidated financial statements of TUI AG were prepared for the financial year 2020 comprising the period from 1 October 2019 to 30 September 2020. Where any of TUI's subsidiaries have different financial years, financial statements were prepared as at 30 September in order to include these subsidiaries in TUI AG's consolidated financial statements.

The Executive Board and the Supervisory Board have submitted a Declaration of Compliance with the German Corporate Governance Code required pursuant to section 161 of the German Stock Corporation Act (AktG) and made it permanently available to the general public on the Company's website (www.tuigroup.com).

The consolidated financial statements are prepared in euros. Unless stated otherwise, all amounts are indicated in million euros (€m). Due to the utilisation of rounded amounts there may be minor rounding differences in total and percentages.

The consolidated financial statements were approved for publication by TUI AG's Executive Board on 9 December 2020.

Accounting principles

DECLARATION OF COMPLIANCE

Pursuant to Regulation EEC No. 1606 / 2002 of the European Parliament and Council, TUI AG's consolidated financial statements as at 30 September 2020 were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union. Moreover, the commercial-law provisions listed in section 315e (1) of the German Commercial Code (HGB) were also observed in preparing the consolidated financial statements.

The accounting and measurement methods and the explanatory information and Notes to these annual financial statements for financial year 2020 are generally consistent with those followed in preparing the previous consolidated financial statements for financial year 2019, with the exception of the initial application of new or amended standards, as outlined below.

NEWLY APPLIED STANDARDS

Since the beginning of financial year 2020, TUI has adopted the following mandatory standards and interpretations amended or newly issued by the IASB and endorsed by the EU.

New applied standards in FY 2020

Standard	Applicable from	Amendments	Impact on financial statements
IFRS 16 Leases	1 Jan 2019	IFRS 16 replaces the current IAS 17 and its interpretations. For lessees, there is no longer the requirement to classify into finance and operating leases. Instead all leases are accounted for according to the so-called 'Rights of Use' approach. In the statement of financial position a lessee is to recognise an asset for the right to use the leased item and a liability for the future lease payments. There are optional exemptions for short-term leases (< 12 months) and so-called small-ticket leases. For lessors, the accounting stays largely unchanged. Lessors will continue to classify leases in accordance with the criteria transferred from IAS 17. In addition, IFRS 16 includes several other new requirements, in particular a new definition of a lease, on sale and leaseback transactions and the accounting for subleases.	The new standard has significant effects on TUI Group's financial statements. The effects are explained below.
IFRIC 23 Uncertainty over Income Tax Treatments	1 Jan 2019	The interpretation complements the rules of IAS 12 on the accounting for actual and deferred taxes to clarify the accounting for uncertainties over income tax treatments and transactions by taxation authorities or fiscal courts.	Not material.
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	1 Jan 2019	The amendments clarify that the impairment rules of IFRS 9 apply to long-term interests in associates and joint ventures that, in substance, form part of the net investment in the associate or joint venture to which the equity method is applied. Nevertheless, (as a second step) these long-term interests will have to be taken into account when the IAS 28 loss allocations are ad-justed to the value of the long-term interests.	Not material.
Various Improvements to **IFRS (2015–17)**	1 Jan 2019	The various amendments from the annual improvement project 2015–2017 cycle affect minor changes to IFRS 3, IFRS 11, IAS 12 and IAS 23.	Not material.
Amendments to IAS 19 Plan Amendment, Curtailment or Settlement	1 Jan 2019	Where an amendment, curtailment or settlement of a defined benefit plan occurs, the amendments require a company to use updated actuarial assumptions to determine its current service cost and net interest for the period. The effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).	Not material.

IFRS 16

The changes in lessee accounting for leases resulting from the adoption of IFRS 16 have a significant impact on all parts of the Interim Financial Statements and the presentation of TUI Group's statement of financial position, net assets and earnings position.

For further general information on the accounting for leases since 1 October 2019, please refer to the section 'Accounting and measurement methods'.

As a lessor, TUI Group's transition to IFRS 16 has not resulted in any changes in the accounting for existing leases, with the following exception. Due to the reclassification of existing subleases based on the right-of-use assets in the sublease in relation to the head lease, three contracts have been reclassified as finance leases and receivables of € 47.3 m have been capitalised.

Regarding the options and practical expedients available to lessees, TUI Group has decided:

- to present the right-of-use assets and lease liabilities separately in the statement of financial position.
- to use the recognition and measurement exceptions for short-term leases (with terms of 12 months or less) and for leases of low value assets. The lease payments associated with those leases are recognised as an expense in functional costs either on a straight-line basis over the lease term or another systematic basis.
- For some asset classes, in particular for vehicle and IT leases as well as for leases of hotel capacity, to not separate lease components from non-lease components when accounting for contracts that contain lease components and non-lease components.

TUI has also elected to use the option for lessees and lessors not to apply the new standard to leases of intangible assets.

TUI Group initially applies IFRS 16 as at 1 October 2019 using the modified retrospective approach and in accordance with the transition guidance. Using that method, the prior year's comparative period is not restated. The effect of the transition is reported directly in equity as at 1 October 2019.

Regarding the new definition of a lease, the option to grandfather existing leases is not used in transitioning to IFRS 16. The new rules are thus applied to all contracts existing as at 1 October 2019 falling within the scope of IFRS 16, regardless of whether TUI Group contractually operates as the lessee or lessor. In the context of the purchasing of mixed touristic accommodation services the contracting over the majority of a hotel's room capacity is identified as a lease component if TUI Group contractually commits to the supplier to the guaranteed fixed purchase of more than 90 % of a hotel's total capacity for a period of more than twelve months and no contract-exempt return of allotments for self-distribution by the hotelier is agreed and hence an irrevocable payment obligation exists.

In transitioning to the new standard, TUI Group applies the following practical expedients for lessees:

- For leases already classified as operating leases under IAS 17, the lease liability is carried at the amount of the present value of the future lease payments, determined using the incremental borrowing rate, as at 1 October 2019. The weighted average incremental borrowing rate was 4.99 %. The right-of-use asset is initially measured at the amount of the lease liability and adjusted for the amount of existing lease prepayments and accrued rent.
- For leases with a remaining term of less than one year at the date of initial application, TUI Group does not recognise any right-of-use assets and lease liabilities, in line with exercising the exception for short-term leases with lease terms of twelve months or less.
- Initial direct costs are not included in the initial measurement of the right-of-use asset as at the date of initial adoption.
- Hindsight is used in determining the lease term of contracts containing options to extend or terminate the lease.
- At the date of initial adoption, the right-of-use assets are not tested for impairment. Instead, the right-of-use assets are adjusted by the amount of any provisions for onerous leases existing as at 30 September 2019 recognised in the statement of financial position.

In transitioning to IFRS 16, right-of-use assets of € 2,390.3 m and lease liabilities of € 2,368.6 m were recognised for the first time on the balance sheet as at 1 October 2019. The table below shows a reconciliation of other financial commitments from rental and lease agreements as at 30 September 2019 to the opening balance of the lease liabilities as at 1 October 2019:

Reconciliation of IFRS 16 lease liabilities

€ million	
Financial obligations from operating leases as at 30 September 2019	**2,744.7**[1]
Recognition exception for short-term leases	– 34.6
Recognition exception for leases of low value items	– 5.9
Changes due to new definition of a lease	81.8
Changes due to assessment of renewal or termination options	178.6
Payments for non-lease components and intangible assets	–73.2
Total payment obligations from operating leases	**2,891.4**
Discounting	522.8
Present value of new IFRS 16 lease liabilities as at 1 October 2019	**2,368.6**[2]
Finance lease liabilities as at 30 September 2019	1,495.2
Other financial liabilities from finance leases as at 30 September 2019	4.7
Carrying amount of IFRS 16 lease liabilities as at 1 October 2019	**3,868.5**[2]

[1] Prior year adjusted by € 83.6 m.
[2] Thereof € 7.0 m carried in liabilities related to assets held for sale under IFRS 5.

In transitioning to IFRS 16, the carrying amounts of the assets and liabilities from finance leases existing as at 30 September 2019 are reclassified to right-of-use assets and lease liabilities as at 1 October 2019.

In total, the initial application of IFRS 16 results in the following adjustments to the statement of financial position as at 1 October 2019:

Effects of the first-time adoption of IFRS 16 on the financial position of TUI Group as at 1 Oct 2019

€ million	Carrying amount IAS 17 30 Sep 2019	Adoption of IFRS 16	Carrying amount IFRS 16 1 Oct 2019
Assets			
Other intangible assets	710.7	–13.7	697.0
Property, plant and equipment	5,810.7	–1,451.6	4,359.1
Right-of-use assets	–	3,831.6	3,831.6
Trade and other receivables	60.9	36.7	97.6
Touristic payments on account	180.4	–8.4	172.0
Non-current assets	**11,947.9**	**2,394.6**	**14,342.5**
Trade and other receivables	876.4	10.6	887.0
Touristic payments on account	865.4	–86.5	778.9
Assets held for sale	50.0	7.0	57.0
Current assets	**4,270.2**	**–68.9**	**4,201.2**
Total assets	**16,218.1**	**2,325.7**	**18,543.7**

Effects of the first-time adoption of IFRS 16 on the financial position of TUI Group as at 1 Oct 2019

€ million	Carrying amount IAS 17 30 Sep 2019	Adoption of IFRS 16	Carrying amount IFRS 16 1 Oct 2019
Equity and liabilities			
Revenue reserves	–2,259.2	–13.7	–2,272.9
Equity before non-controlling interest	**3,454.2**	**–13.7**	**3,440.4**
Equity	**4,165.6**	**–13.7**	**4,151.8**
Other provisions	775.0	2.1	777.1
Non-current provisions	**1,810.6**	**2.1**	**1,812.7**
Financial liabilities	2,457.6	–1,364.7	1,092.9
Lease liabilities	–	3,061.2	3,061.2
Other financial liabilities	15.6	–4.7	10.9
Deferred tax liabilities	226.9	–0.4	226.5
Non-current liabilities	**2,930.3**	**1,691.4**	**4,621.7**
Non-current provisions and liabilities	**4,740.9**	**1,693.5**	**6,434.4**
Other provisions	361.9	–3.5	358.4
Current provisions	**394.3**	**–3.5**	**390.8**
Financial liabilities	224.6	–130.5	94.1
Lease liabilities	–	800.3	800.3
Trade payables	2,830.5	–24.7	2,805.8
Other non-financial liabilities	519.3	–2.7	516.6
Current liabilities	**6,814.1**	**642.4**	**7,456.6**
Liabilities related to assets held for sale	103.1	7.0	110.1
Current provisions and liabilities	**7,311.6**	**645.9**	**7,957.5**
Total equity and liabilities	**16,218.1**	**2,325.7**	**18,543.7**

Going concern reporting according to the UK Corporate Governance Code

TUI Group covers its daily working capital requirements through cash, bank balances and bank loans. As at 30 September 2020, TUI Group's net debt (financial debt plus lease liabilities less cash and cash equivalents and less short-term interest-bearing investments) totalled € 6,420.9 m (as at 30 September 2019 € 909.7 m).

Net debt in particular rose due to the increase in lease liabilities recognised in the statement of financial position due to the initial application of IFRS 16. In the wake of transitioning to IFRS 16, the definition of TUI Group's net debt was adjusted. From financial year 2020, the liabilities from finance leases under IAS 17, previously included in financial liabilities, are carried as lease liabilities according to IFRS 16 alongside the liabilities from leases classified as operating leases under IAS 17. The prior year's numbers were not restated.

Net debt

€ million	**30 Sep 2020**	30 Sep 2019	Var. in %
Financial debt	4,269.0	2,682.2	+ 59.2
thereof finance leases (IAS 17)	–	1,495.2	n. a.
Lease liabilities (IFRS 16)	3,399.9	–	n. a.
Cash and cash equivalents	1,233.1	1,741.5	– 29.2
Short-term interest-bearing investments	14.9	31.1	– 52.1
Net debt	**– 6,420.9**	**– 909.7**	**– 605.8**

The increase in net debt is also a consequence of the worldwide travel restrictions to contain COVID-19, which had a strong negative impact on the Group's earnings and liquidity development from the end of the second quarter onwards.

The TUI Group was initially forced to discontinue its entire travel program due to the travel restrictions associated with the COVID-19-pandemic. Despite a certain resumption of business from May 2020, the travel business was subject to permanent restrictions, in particular due to different and changing travel restrictions in source markets and destinations. Due to increasing COVID-19 infection figures, these travel restrictions were again extended to almost all destinations relevant for the TUI Group in autumn 2020.

Due to the reasons described above, the TUI Group had a liquidity requirement in financial year 2020 that was significantly higher than the cash inflows resulting from current operations and the existing unused credit lines, despite the initiated savings measures. In order to close these liquidity gaps, additional credit lines totaling € 2.85 billion were granted in addition to the cost-cutting and payment deferral measures initiated within the Group and regional support measures in various countries. The additional credit line was made available via KfW Bank (KfW) using the existing revolving credit lines of € 1.8 billion and € 1.05 billion as part of two stabilization packages with the support of the German government. In addition, the Economic Stabilization Fund (WSF) subscribed to a warrant bond in the amount of € 150 million in October 2020. The financing commitments of € 1.8 billion available as of September 30, 2020 were fully utilized as of the balance sheet date.

On 27 March 2020 TUI AG received the approval of the German government for a bridging loan of € 1.8 bn from KfW in the framework of the state COVID 19 programmes. The loan was intended to cushion the effects of the COVID-19-pandemic until normal business operations can be resumed. The KfW loan was used to increase TUI AG's existing revolving credit facility with its banks. The contract was signed by the banking consortium of the existing RCF facility on 8 April 2020.

The KfW loan of € 1.8 bn has various tranches with different maturities and is subject to the fulfillment of certain conditions. In addition to compliance with the general rules of the KfW programme, one of the conditions of the KfW loan is that TUI AG does not make a resolution on a dividend payment during the term of the bridging loan. In a first step, the credit line will be reduced to € 1.3 bn on 1 April 2021. If TUI refinances its 2016 / 21 bond before 31 July 2021 or transfers the remaining € 1.3 bn credit liability to non-government lenders by that date, the remaining € 1.3 bn credit facility will be available until 20 July 2022. Otherwise, its term will end on October 15, 2021.

The RCF and the new KfW credit facility are also subject to compliance with certain financial covenants for debt coverage and interest coverage. The review of these covenants is currently suspended. Tests of the covenants will be resumed in September 2021. The tests will be based on the last four reported quarters prior to September 2021. We expect our results for these reporting quarters to continue to be impacted by the COVID-19-pandemic. As a result, we may not meet our financial targets. We are therefore seeking a suspension of the covenants (so-called 'covenant holiday') for the testing period ending September 30, 2021 and beyond under the RCF.

On 12 August 2020 TUI AG and KfW concluded an agreement to increase the KfW tranche of the existing Revolving Credit Facility (RCF) committed in April 2020 by € 1,050.0 m to € 2,850.0 m. The remaining RCF counterparties have agreed to this amendment. Their interest in RCF is not affected by the amendment and remains at € 1,750.0 m, of which € 215.0 m relates to a revolving credit facility. Utilization of the additional credit facility was initially dependent on TUI AG issuing a € 150.0 m equity linked bond to the Economic Stabilization Fund (WSF) and on the creditors of the bond maturing in October 2021 agreeing to a change in the terms and conditions of the bond so that TUI AG no longer has to maintain a certain interest coverage ratio. Both conditions for raising additional funds from the RCF increase were met in October 2020.

The warrant bond was issued to the Economic Stabilization Fund on October 1, 2020. The warrant bond has a term of six years and bears interest of 9.5 % per annum. After repayment and termination of the above-mentioned top-up amount of € 1,050.0 m, TUI AG has an ordinary termination right. Separable warrants were issued with the bond. The option price per share was set at the minimum amount of € 2.56 (rounded). The options have a term of 10 years and can be converted into TUI AG shares at any time.

In addition to the restrictions under the existing KfW loan, such as a waiver of dividend payments and a restriction of share buy-backs, the stabilization measure of the WSF is subject to further restrictions, among others with regard to investments in other companies as long as the WSF remains invested. Also, the remuneration of Executive Board members is subject to restrictions.

Effective October 16, 2020, the changes in the terms and conditions of the € 300.0 m bond due in October 2021 became effective. This means that TUI AG's obligation to maintain a certain interest coverage ratio until the maturity date is suspended. To this end, interest rates were increased to 9.5 % p. a. as of 1 October 2020. From April 1, 2021, an additional quarterly interest payment of 2.0 % of the outstanding nominal amount of the bond is due. Finally, TUI AG undertakes to redeem the Bonds prematurely in full or in part using certain additional funds raised by TUI AG, provided that these funds total at least € 150.0 m. The raising of funds in the framework of state subsidies or support measures, leasing agreements and sale and leaseback agreements are excluded from this provision.

The TUI Group is currently still affected by the negative financial impact of the COVID-19-pandemic. At the time of publication of this report (10 December 2020) it is not foreseeable when the travel restrictions will be lifted again and when we will be able to resume our travel program in full. In particular, it is not possible at this point in time to reliably predict how quickly a nationwide vaccination against the coronavirus can be carried out and when drugs will be available for the treatment of COVID-19 disease. Also a change in booking behavior cannot be excluded at this time.

Taking into account the financing lines still available and the low expected cash inflows in the winter season 2020 / 21 due to the pandemic, there is a risk that the TUI Group would probably no longer have sufficient financial resources to continue its business operations without further support measures or the sale of non-current assets in the short term if there is no increase in new travel bookings and the associated customer advance payments in the first calendar quarter of 2021. Overall, there is a risk that the TUI Group will not be able to continue its business operations without further external support measures and to realize its assets and service its liabilities in the normal course of business.

In order to continue to have sufficient financial resources even in the absence of an increase in new travel bookings and the associated advance payments, TUI AG has agreed with Unifirm Ltd., a syndicate of underwriting banks, KfW and the Economic Support Fund (Wirtschaftsstabilisierungsfonds – WSF) on a further financing package of € 1.8 bn for TUI. A corresponding term sheet was signed on December 2, 2020. The corresponding contracts for the individual components of the term sheet had not yet been signed at the time of publication of this report. The continuation of the Company's business operations thus depends in particular on TUI's ability to successfully implement the measures introduced in the financing package.

The package includes

- a capital increase with subscription rights of approx. € 509 m;
- a silent participation convertible into shares of TUI by the WSF of € 420 m;
- a non-convertible silent participation by the WSF of € 280 m;
- a state guarantee of € 400 m, or, alternatively, a respective increase of the non-convertible silent participation by the WSF; and
- an additional credit facility by KfW of € 500 m, and a prolongation of an existing credit facility by KfW until July 2022.

The financing package strengthens TUI's position and provides it with liquidity reserves in this volatile market environment. It also balances out the presumed travel restrictions until the beginning of the 2021 summer season. The package became necessary due to the increasing travel re-strictions caused by the rising number of infections and the associated more short-term booking behaviour of some customers.

This further financing package supplements the existing financing measures of the Federal Republic of Germany in the form of a KfW credit line at a total of € 2.85 bn and a WSF warrant bond of € 150 m with option rights for approx. 58.7 m shares.

The financing package includes a WSF financing measure in the form of a silent participation without a participation in losses generated by TUI, which can be converted into shares of TUI, in the amount of € 420 m (Silent Participation I), and a further silent participation with a participation in losses generated by TUI of € 280 m (Silent Participation II).

The conversion price for the WSF in respect of the Silent Participation I is € 1.00 per share. In case of a conversion of the Silent Participation I the WSF will obtain a participation in TUI of not more than 25 % plus one share.

The agreement on the silent participations is, inter alia, subject to the approval of the European Commission under state aid rules, the granting of the necessary merger control approvals (where there is a prohibition on implementation) and the implementation of the other components of the financing package.

In addition, KfW has undertaken – subject to market standard conditions – to participate in a further secured credit line of € 200 m and to grant a prolongation of a portion of the existing KfW credit line. The prolongation relates to a part of the existing KfW credit line of € 500 m, which would have otherwise ceased to be available on 1 April 2021 and which will after the prolongation have the same maturity as the rest of the existing KfW credit line. The agreement on the participation by KFW is, inter alia, subject to the implementation of the other components of the financing package.

The financing package also provides for a reduction of TUI's share capital from € 2.56 per share to € 1.00 per share (without merging shares), followed by a capital increase by means of a rights issue of approx. 509 m shares. The reduction of the share capital, the capital increase and the conversion rights of the WSF under the Silent Participation I are to be resolved at an extraordinary general meeting of TUI in January 2021. The subscription price shall be € 1.07 per share, implying net proceeds after fees and expenses of approx. € 509 m. As TUI's largest single shareholder, holding approx. 24.89 % of the shares, Unifirm Ltd. has irrevocably committed to exercise its subscription rights in this capital increase (the Confirmed Acquisition Declaration).

The remainder of the capital increase will be safeguarded through underwriting commitments, subject to certain terms and conditions. In this respect, Unifirm Ltd. has undertaken, in addition to its Confirmed Acquisition Declaration, and if the current shareholders do not subscribe to their new share entitlements, that it will (i) subscribe for further newly issued shares up to a total stake of 36 %, where this is possible without making a mandatory offer to the other shareholders of TUI based on an exemption from BaFin under the German Securities and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, WpÜG) (the Conditional Commitment), and (ii) otherwise subscribe for further newly issued shares up to a total stake of 29.9 % (the Unconditional Underwriting Commitment). The remaining part of the capital increase will be secured through a market standard underwriting by a banking syndicate, subject to terms and conditions in line with market practice for similar transactions, also as far as the aforementioned exemption for Unifirm Ltd. should not be granted by BaFin.

The proceeds of the capital increase will be used to repay € 300 m senior notes of TUI (due in October 2021) and so will provide a significant contribution to the extension of TUI's maturity profile. The remaining amount of the capital increase, and more generally the financing package, is intended to strengthen TUI's liquidity or to be used for general corporate purposes.

The financing measure shall also include a guarantee credit facility in the amount of € 400 m. The guarantee credit facility will be supported by a state guarantee, potentially including the federal states. It is intended to enable access to funds currently deposited for socalled cash collaterals by replacing the cash collaterals with guarantees. As an alternative, the Silent Participation II of the WSF will be increased.

In addition to the restrictions under the existing KfW loan, such as TUI's waiver of dividend payments and a restriction on share buy-backs, the silent participations by the WSF come with further restrictions, including relating to investments in other companies as long as the WSF remains invested. In addition, to the extent permitted by law, the Executive Board and the Supervisory Board shall ensure that two persons nominated by the WSF become members of the Supervisory Board of TUI.

Depending on the imminent availability of vaccines against COVID-19, TUI expects a significant reduction in current travel restrictions, and thus a significant further improvement in its working capital and liquidity situation. We continue to work on different demand scenarios for the coming seasons.

These initiated measures to strengthen liquidity depend in particular on the approval of the Extraordinary General Meeting on January 5, 2021, for the rights issue described above as well as the approval of these measures by the EU. The Executive Board of TUI AG assumes that all necessary consents and approvals will be granted and that the planned financing measures can be implemented in time.

We also assume that we will not be able to meet the financial targets as of September 30, 2021 from the existing and increased RCF. TUI's solvency is therefore at risk if a further suspension of compliance with the covenants for the test period ending on September 30, 2021 and beyond is not achieved. In addition, the KfW loans (both tranches) and the initial Revolving Credit Facility in the total amount of € 4.6 bn must be refinanced in the 2022 financial year. Due to the uncertainty regarding future business development, there is a risk that refinancing on the banking and capital markets is probably not possible and that further government support measures may be necessary.

The Executive Board believes that the successful implementation of the measures described above is likely. Due to the dependence of the TUI Group's solvency on the additional financing measures, the fact that certain conditions still have to be met for the successful implementation of the financing measures, risks with regard to the refinancing of the external loans as well as the uncertainty regarding the future development due to the COVID 19 pandemic, there are significant doubts about the TUI Group's ability to continue its business operations. Insofar, this is a material uncertainty regarding the continuation of the Group's business activities.

On the basis of the assumptions described above, we expect that, despite the existing risks, the TUI Group currently has and will continue to have sufficient funds, resulting from both borrowing and operating cash flows, to meet its payment obligations for the foreseeable future and to ensure the going concern principle accordingly.

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

Restatement of comparative periods

Due to the increasing digitalisation of the tour operator business, the IT costs incurred by Markets & Airlines will no longer be fully shown as administrative expenses from this financial year onwards, but also as cost of sales on a pro rata basis for the functional areas. This will improve the presentation of the impact of the digital transformation of our business model in the income statement.

In addition, the definition of cost of sales was changed so that costs incurred for the management of the hotel in the destinations were also shown as cost of sales. In contrast, the costs of the hotel holdings are now shown in full as administrative expenses. This presentation takes greater account of the operational character of the hotels in the destinations.

As a result, the cost of sales for the financial year increases, while the gross profit and administrative expenses decrease accordingly. The previous year's figures for the above-mentioned items were adjusted by € 232.0 m in each case to enhance comparability of the periods.

In previous years, touristic payments on account, for which TUI has acted as an agent, amounted to € 46.5 m, the same amount has been accounted for trade liabilities and other financial liabilities. As these amounts should be presented net instead of gross, the previous year's figures were adjusted by € 46.5 m.

Further immaterial prior year adjustments to the income statement as well as the adjustments of the prior-year figures in the statement of the financial position are based on adjustments to purchase price allocations finalised partly at 30 September 2019 and 30 September 2020.

Principles and methods of consolidation

PRINCIPLES

The consolidated financial statements include all significant subsidiaries directly or indirectly controlled by TUI AG. Control exists where TUI AG has power over the relevant activities, is exposed to variable returns or has rights to the returns, and has the ability to affect those variable returns through its power over the investee.

Generally, the control is exercised by means of a direct or indirect majority of voting rights. If the TUI Group holds less than the majority of voting rights in a shareholding, it may exercise control due to contractual or similar agreements, as in the case of the participation in the RIUSA II Group. Due to the contractual agreements between the shareholders and the framework agreements with TUI Group as well as the considerable importance of tour operation for the economic success of RIUSA II Group, TUI Group is able to exercise a controlling influence on decisions about the most relevant activities and consequently the amount of returns. TUI Group is subject to variable returns from RIUSA II Group, in particular due to dividend payments and fluctuations in the value of the stake itself. RIUSA II Group is therefore consolidated although TUI Group only holds a 50 % equity stake.

In assessing control, the existence and effect of potential voting rights that are currently exercisable or convertible are taken into account. Consolidation of subsidiaries starts from the date TUI gains control. When TUI ceases to control the corresponding companies, they are removed from the group of consolidated companies.

The consolidated financial statements are prepared from the separate or single-entity financial statements of TUI AG and its subsidiaries, drawn up on the basis of uniform accounting, measurement and consolidation methods and usually audited or reviewed by auditors.

Associates for which the TUI Group is able to exert significant influence over the financial and operating policy decisions within these companies are accounted for using the equity method. Generally, significant influence is assumed if TUI AG directly or indirectly holds voting rights of 20 to less than 50 per cent.

Stakes in joint ventures are also measured using the equity method. A joint venture is a company managed jointly by the TUI Group with one or several partners based on a contractual agreement, in which the parties that jointly exercise control have rights to the company's net assets. Joint ventures also include companies in which the TUI Group holds a majority or minority of voting rights but in which decisions about the relevant activities may only be taken on an unanimous basis due to contractual agreements.

The dates on which associates and joint ventures are included in or removed from the group of companies measured at equity are determined in a manner consistent with that applied to subsidiaries. At equity measurement in each case is based on the last annual financial statements available or the interim financial statements as at 30 September if the balance sheet dates differ from TUI AG's balance sheet date. This affects 37 companies with a financial year from 1 January to 31 December, four companies with a financial year from 1 November to 31 October and two companies with a financial year from 1 April to 31 March of the following year.

GROUP OF CONSOLIDATED COMPANIES

In financial year 2020, the consolidated financial statements included a total of 277 subsidiaries. The table below presents changes in the number of companies since 1 October 2019.

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

€ million	Consolidated subsidiaries	Associates	Joint ventures
Balance at 30 Sep 2019	**288**	**21**	**30**
Additions	5	–	1
Incorporation	2	–	–
Acquisition	1	–	1
Expansion of business operations	2	–	–
Change in ownership stake	1	–	–1
Disposals	17	2	–
Liquidation	2	–	–
Sale	7	2	–
Merger	8	–	–
Balance at 30 Sep 2020	**277**	**19**	**30**

* Excl. TUI AG

TUI AG's direct and indirect subsidiaries, associates and joint ventures are listed under Other Notes – TUI Group Shareholdings.

39 subsidiaries were not included in the consolidated financial statements. Even when taken together, these companies are of minor significance to the presentation of a true and fair view of the financial position and performance of the Group.

Acquisitions – Divestments

ACQUISITIONS OF THE CURRENT FINANCIAL YEAR

In financial year 2020, companies were acquired for a total consideration of € 42.6 m, comprised of deferred purchase price payments worth € 1.2 m and cash consideration worth € 41.4 m.

Summary presentation of acquisitions

Name and headquarters of the acquired company	Business activity	Acquirer	Date of acquisition	Acquired share %	Consideration transferred in € million
Kybele Turizm Yatırım San. Ve Tic. A. Ş., Istanbul, Turkey	Accommodation Service	TT Hotels Turkey Otel Hizmetleri Turizm ve ticaret A.Ş.	16.1.2020	100 %	39.9
Emder Hapag-Lloyd Reisebüro GmbH & Co. KG, Emden	Travel Agent	TUI Deutschland GmbH	24.3.2020	50 %	0.1
Six Travel Agencies in Germany	Travel Agent	TUI Deutschland GmbH	1.11.2019 – 2.1.2020	n. a.	2.4
One Travel Agency in Belgium	Travel Agent	TUI Belgium Retail N. V.	1.10.2019	n. a.	0.2
Total					**42.6**

The acquisitions of travel agencies in Germany and Belgium in financial year 2020 were carried out as asset deals – i. e. no shares were acquired – and qualified as business combinations under IFRS 3. The goal of these acquisitions is to increase the footprint in the German and Belgian markets.

Due to the acquisition of the interests in Emder Hapag-Lloyd Reisebüro GmbH & Co. KG, Emden, the 50 % stake previously held by TUI Group was increased to 100 %. The goal of the transaction is to increase TUI Group's earnings potential. The investment, previously classified as a joint venture measured at equity, was measured at fair value through profit and loss. In the framework of the remeasurement of the stake at the date of acquisition, a loss of € 1.8 m was carried in the share of result of joint ventures and associates. Below, these acquisitions are jointly presented as 'travel agencies'.

In line with TUI Group's growth strategy, the goal of the acquisition of Kybele Turizm Yatırım San. Ve Tic. A. Ş., Istanbul, Turkey, is to secure accommodation capacity in the holiday destination of Turkey and increase TUI Group's earnings potential.

Reconciliation to goodwill as at the date of first-time consolidation

€ million	Kybele Turizm Yatırım San. Ve Tic. A. Ş.	Travel Agencies
Consideration transferred	39.9	2.7
Net Assets at fair value	5.2	0.8
Goodwill	**34.7**	**1.9**

The purchase price allocation for the acquisitions in financial year 2020 are finalised and no other intangibles were identified. The difference between consideration transferred and the acquired net asset at fair value have been capitalised as goodwill. Goodwill primarily constitutes a part of the future earnings potential. The goodwill related to Kybele Turizm Yatırım San. Ve Tic. A. Ş., Istanbul, Turkey, has been allocated the segment Hotels & Resorts. Goodwill capitalised in the reporting period includes an amount of € 2.1 m expected to be tax-deductible.

Statement of financial position as at the date of first-time consolidation

€ million	Kybele Turizm Yatırım San. Ve Tic. A. Ş.	Travel Agencies
Assets		
Other intangible assets	0.8	0.7
Property, plant and equipment	46.3	–
Non-current assets	**47.1**	**0.7**
Inventories	0.1	–
Trade and other receivables	18.2	–
Other assets	0.5	0.1
Cash and cash equivalents	0.1	0.5
Equity and liabilities		
Deferred tax liabilities	8.0	–
Other provisions	1.8	0.2
Financial liabilities	35.4	–
Other liabilities	15.6	0.3
Equity	**5.2**	**0.8**
attributable to shareholders of TUI AG	5.2	0.8

There were no impairment charges with regard to trade and other receivables.

Revenue and profit contribution of newly acquired entities

€ million	Kybele Turizm Yatırım San. Ve Tic. A. Ş.
Revenue from first-time consolidation	–
Loss from first-time consolidation	–1.1
Pro-Forma revenue from 1 Oct 2019 until 30 Sep 2020	3.8
Pro-Forma loss from 1 Oct 2019 until 30 Sep 2020	–14.9

The other acquired companies would only have delivered immaterial revenue and profit contributions even if they had already been included in consolidation as at 1 October 2019.

No acquisitions were made after the reporting date.

ACQUISITIONS OF THE PRIOR FINANCIAL YEAR

As at 31 March 2020, the purchase price allocation for Papirüs Otelcilik Yatırım Turizm Seyahat İnşaat Ticaret A. Ş., Antalya, Turkey, already acquired in financial year 2019, was finalised as follows:

Impact of changes in purchase price allocations and adjustments of financial position of Papirüs Otelcilik Yatırım Turizm Seyahat İnşaat Ticaret A. Ş. on TUI Group's statement of financial position

€ million	Fair value at date of acquisition (31 May 2019)	Adjustment	Fair value at date of first-time consolidation
Assets			
Goodwill	–	21.5	21.5
Property, plant and equipment	104.5	– 27.6	76.9
Fixed assets	**104.5**	**– 6.1**	**98.4**
Other assets	1.6	–	1.6
Equity and liabilities			
Deferred tax liabilities	16.2	– 6.1	10.1
Other provisions	0.4	–	0.4
Financial liabilities	18.5	–	18.5
Other liabilities	14.4	–	14.4
Equity	**56.6**	**–**	**56.6**

In addition, the adjustments made also resulted in a reduction in the cost of sales of € 0.3 m and an increase in income taxes of € 0.1 m in the prior year.

As of 30 September 2020, the purchase price allocation for Renco (Zanzibar) Limited, Unguja, Tanzania, – meanwhile renamed into Gemma Limited – acquired in the second half of financial year 2019, was finalised without having any impact on the statement of financial position.

DIVESTMENTS

On 1 October 2019, the two specialist tour operators Berge & Meer and Boomerang in the Central Region segment, presented as held for sale, were sold to GENUI Zwölfte Beteiligungsgesellschaft mbH for € 128.3 m. The divestment of the companies generated a gain of € 90.2 m, carried in Other income. This gain comprises income from the reclassification of amounts previously carried in Other comprehensive income outside profit and loss. The disposal was realised for the most part tax-free.

Condensed balance sheet of 'Berge & Meer' and 'Boomerang Reisen' as at 1 Oct 2019*

€ million	1 Oct 2019
Assets	
Goodwill	24.0
Property, plant and equipment and intangible assets	4.2
Other non-current assets	0.9
Trade receivables	72.1
Other current assets	36.8
Cash and cash equivalents	6.1
	144.1
Provisions and liabilities	
Non-current liabilities	5.3
Current provisions	0.3
Trade payables	29.4
Touristic advance payments received	53.5
Other current liabilities	20.4
	108.9

* On a stand-alone basis

In addition, Wolters Reisen GmbH in the Central Region segment was sold on 20 December 2019 to E-Domizil GmbH for € 6.3 m. The transaction includes the disposal of € 1.7 m allocated goodwill. The disposal was realised for the most part tax-free.

At the beginning of July 2020, Hapag-Lloyd Kreuzfahrten GmbH was sold to the joint venture TUI Cruises GmbH for € 837.4 m. The purchase price consists € 706.2 m already paid in the financial year and € 71.1 m financial receivables from TUI Cruises. In addition, the amount includes the assignment of financial liabilities owed to Hapag-Lloyd Kreuzfahrten GmbH by TUI AG to TUI Cruises GmbH in the amount of €60.2m. Hapag-Lloyd Kreuzfahrten had been part of the Cruises segment and the leading provider of luxury and expedition cruises in German-speaking markets. The divestment of the company generated a gain of € 475.6 m, carried under Other income. In accordance with the accounting option exercised, the gain on disposal arising from the divestment was determined in accordance with IFRS 10, by which the gain was not reduced by the proportion which TUI Group holds in the joint venture. This gain includes income from the reclassification of amounts previously carried in Other comprehensive income outside profit and loss. The disposal was realised tax-free to a large extent, or was able to be offset against TUI AG tax losses carried forward.

Condensed balance sheet of 'Hapag-Lloyd Kreuzfahrten' as at 1 July 2020

€ million	1 July 2020
Assets	
Other intangible assets and property, plant and equipment	687.8
Trade and other receivables	7.9
Derivative financial instruments	10.2
Right-of-use assets	7.2
Income tax assets	12.6
Inventories	9.1
Touristic payments on account	17.8
Other non-financial assets	8.2
Cash and cash equivalents	55.4
Other assets	0.1
	816.3
Provisions and liabilities	
Financial liabilities	344.8
Trade payables	8.0
Derivative financial instruments	15.6
Touristic advance payments received	79.5
Deferred tax liabilities	10.0
Pension provisions and similar obligations	19.8
Other financial liabilities	16.8
Other non-financial liabilities	11.6
Lease liabilities	7.2
Other provisions and liabilities	7.6
	520.9

FOREIGN EXCHANGE TRANSLATION

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rates at the date of the transaction. Any gains and losses resulting from the execution of such transactions and the translation of monetary assets and liabilities denominated in foreign currencies at the foreign exchange rate at the date of the transaction are shown in the income statement, with the exception of gains and losses to be recognised in equity as qualifying cash flow hedges.

The annual financial statements of companies are prepared in the respective functional currency. The functional currency of a company is the currency of the primary economic environment in which the company operates.

Where subsidiaries prepare their financial statements in functional currencies other than the Euro, being the Group's reporting currency, the assets and liabilities are translated at the rate of exchange applicable at the balance sheet date (closing rate). Goodwill allocated to these companies and adjustments of the fair value arising on the acquisition of a foreign company are treated as assets and liabilities of the foreign company and also translated at the rate of exchange applicable at the balance sheet date. The items of the income statement and hence the result for the year shown in the income statement are translated at the average rate of the month in which the respective transaction takes place.

Differences arising on the translation of the annual financial statements of foreign subsidiaries are reported outside profit and loss and separately shown as foreign exchange differences in the consolidated statement of changes in equity. When a foreign company or operation is sold, any foreign exchange differences previously included in equity outside profit and loss are recognised as a gain or loss from disposal in the income statement through profit and loss.

Translation differences relating to non-monetary items with changes in their fair values eliminated through profit and loss (e.g. equity instruments measured at their fair value through profit and loss) are included in the income statement. In contrast, translation differences for non-monetary items with changes in their fair values taken to equity (e.g. financial assets at FVTOCI) are included in revenue reserves.

The TUI Group did not hold any subsidiaries operating in hyperinflationary economies in the completed financial year, nor in the previous year.

The translation of the financial statements of foreign companies measured at equity follows the same principles for adjusting carrying amounts and translating goodwill as those used for consolidated subsidiaries.

NET INVESTMENT IN A FOREIGN OPERATION

Monetary items receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, essentially constitute part of a net investment in this foreign operation. Foreign exchange differences from the translation of these monetary items are recognised in other comprehensive income. TUI Group has granted loans of this type in particular to hotel companies in North Africa and Turkey.

Exchange rates of currencies of relevance to the TUI Group

	Closing rate		Annual average rate	
1 € equivalent	**30 Sep 2020**	30 Sep 2019	**2020**	2019
Sterling	0.91	0.89	0.88	0.88
US dollar	1.17	1.09	1.12	1.13
Swiss franc	1.08	1.08	1.07	1.12
Swedish krona	10.53	10.71	10.58	10.50

CONSOLIDATION METHODS

The recognition of the net assets of acquired businesses is based on the acquisition method. Accordingly all identifiable assets and all liabilities assumed are measured at fair value as of the acquisition date. Subsequently, the consideration for the stake is measured at fair value and eliminated against the acquiree's revalued equity attributable to the acquired share. As in the prior year, the option to measure the non-controlling interests at their fair value (full goodwill method) was not used.

Any excess of acquisition costs over net assets acquired is capitalised as goodwill and recognised as an asset in accordance with the provisions of IFRS 3. Any negative goodwill is recognised immediately in profit and loss and presented as other income.

When additional shares are purchased after obtaining control, the difference between the purchase price and the carrying amount of the stakes acquired is recognised directly in equity. The effects from sales of stakes not entailing a loss of control are also recognised directly in equity. By contrast, when control is obtained or lost, gains or losses are recognised in profit and loss. In the case of business combination achieved in stages (where the acquirer held an equity interest before he obtained control), the equity stake previously held in the acquired company is revalued at the fair value applicable at the acquisition date and the resulting gain or loss is recognised in profit or loss. For transactions involving a loss of control, the profit or loss does not only comprise the difference between the carrying amounts of the disposed stakes and the consideration received but also the result from the revaluation of the remaining shares.

On loss of control of a subsidiary the gain or loss on derecognition will be calculated as the difference of the fair value of the consideration plus the fair value of any investment retained in the former subsidiary less the share of the book value of the net assets of the subsidiary. Any gains or losses previously recognised in other comprehensive income from currency translations or the valuation of financial assets and liabilities will be reclassified to the income statement. When a subsidiary is sold, any goodwill allocated to the respective subsidiary is taken into account in the calculation of the profit or loss of disposal.

The Group's associates and joint ventures are measured at equity and included at the cost to purchase as at the acquisition date. The Group's stake in associates and joint ventures includes the goodwill arising from the respective acquisition.

The Group's share in profits and losses of associates and joint ventures is carried in the income statement from the date of acquisition (Share of result from joint ventures and associates), while the Group's share in the total other comprehensive income is shown in its revenue reserves. The accumulated changes arising after the acquisition are shown in the carrying amount of the shareholding. When the share in the loss of an associated company or joint venture equals or exceeds the Group's original stake in this company, including other unsecured receivables, no further losses are recognised. Any losses exceeding that stake are only recognised to the extent that obligations have been assumed or payments have been made for the associated company or joint venture.

Where the accounting and measurement methods applied by associates and joint ventures differ from the uniform accounting rules applied in the Group, the differences are adjusted.

Intercompany receivables and payables or provisions are eliminated, as are intercompany revenue, other income and the corresponding expenses. Intercompany results from intercompany deliveries and services are reversed through profit and loss, taking account of deferred taxes. However, intercompany losses are an indicator that an asset may be impaired. Intercompany profits from transactions with companies measured at equity are eliminated in relation to the Group's stake in the companies. Intercompany transactions are provided on an arm's length basis.

Accounting and measurement methods

The consolidated financial statements were prepared according to the historical cost principle, with the exception of certain financial instruments such as financial assets and derivatives as well as plan assets from externally funded pensions benefit obligations held at fair value at the balance sheet date.

The financial statements of the consolidated subsidiaries are prepared in accordance with uniform accounting and measurement principles. The amounts recognised in the consolidated financial statements are not determined by tax regulations but solely by the commercial presentation of the financial position and performance as set out in the rules of the IASB.

REVENUE RECOGNITION

TUI recognises revenue upon transfer of control over distinct goods or services to the customer. In Markets and Airlines, TUI predominantly generates revenue from the sale of package holidays. The flights, hotel accommodation and other services included in a package holiday are transformed into one product for the customer through a significant integration service provided by TUI as tour operator within the meaning of IFRS 15, so that the package holiday constitutes one performance obligation for TUI. This revenue is recognised when TUI delivers the service for its customer, i. e. on a linear basis over the duration of the holiday tour, as customers consume their holiday on a pro rata basis. TUI generates further revenue from the sale of other tourist services, e. g. seat-only, accommodation-only, cruises, etc. Revenue is recognised when or as TUI has satisfied its performance obligation, either over time in relation to the duration of the journey if the services relate to a period of time, e. g. in the case of multi-day hotel stays, or at a point in time on the day of the performance of the performance obligation, e. g. for flight services on the day of the flight. Revenue from long-term contracts is recognised over the duration of the individual contract in accordance with IFRS 15.

Amendment fees do not constitute an independent performance obligation. Revenue is therefore recognised along with the delivery of the main performance obligation.

If TUI has control over the asset before it is delivered to the customer, TUI acts as the principal in relation to that service. Otherwise, TUI acts as an agent. As a principal, TUI carries the recognised revenue and costs in the income statement on a gross basis, e. g. for revenue from its own tour operator activities, for hotel revenue in own hotels, and for aviation revenue. When acting as an agent, TUI carries the relevant revenue on a net basis at the amount of the commission received, e. g. for car rental and hotel revenue for third-party hotels in which TUI does not have control over the hotel rooms. Passenger-related aviation taxes and fees charged by TUI on behalf of third parties and passed on to these third parties are carried in the income statement on a net basis.

TUI uses the practical expedient offered under IFRS 15.121(a). For open performance obligations as at the balance sheet date, TUI discloses all performance obligations for contracts with an original term of more than twelve months.

TUI has to pay compensation to customers for flight delays or cancellations (so-called denied boarding compensation). These payments stand in direct connection with the obligation of the flight service. Therefore these payments represent variable considerations under IFRS 15. In conclusion denied boarding compensations are shown net in revenue.

GOODWILL AND OTHER INTANGIBLE ASSETS

Acquired intangible assets are carried at cost. Internally generated intangible assets are capitalised at cost where an inflow of future economic benefits for the Group is probable and can be reliably measured. The cost to produce comprises direct costs and directly allocable overheads. Intangible assets with a finite service life are amortised over the expected useful life.

Intangible assets acquired as a result of business combinations are included at their fair value as at the date of acquisition and are amortised on a straight-line basis.

Useful lives of intangible assets

	Useful lives
Brands, licences and other rights	5 to 20 years
Transport and leasing contracts	12 to 20 years
Computer Software	3 to 10 years
Customer base as at acquisiton date	7 to 15 years

Due to the decision to accelerate the digital transformation of TUI Group the useful life of single software solutions were estimated with 1 respective 2 years. Please refer for further information to the section 'Other intangible assets'.

If there are any events or indications suggesting potential impairment, the amortised carrying amount of the intangible asset is compared with the recoverable amount. Any losses in value going beyond wear-and-tear depreciation are taken into account through the recognition of impairment charges.

Depending on the functional area of the intangible asset, amortisation and impairment charges are included under cost of sales or administrative expenses.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment at least annually. In addition, impairment tests are conducted if there are any events or indications suggesting potential impairment. The TUI Group's intangible assets with an indefinite useful life consist exclusively of goodwill.

Impairment tests for goodwill are conducted on the basis of cash generating units (CGU) or group of cash generating units.

Impairment charges are recognised where the carrying amount of the tested units plus the allocated goodwill exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and the present value of future cash flows based on continued use (value in use). The fair value less costs of disposal corresponds to the amount that could be generated between knowledgeable, willing, independent business partners after deduction of the costs of disposal.

Impairment of goodwill is shown separately in the consolidated income statement.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at amortised cost. The costs to purchase include costs to bring the asset to a working condition. The costs to produce are determined on the basis of direct costs and directly attributable indirect costs and depreciation.

Borrowing costs directly associated with the acquisition, construction or production of qualifying assets are included in the costs to acquire or produce these assets until the assets are ready for their intended use.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the underlying capitalisation rate is determined on the basis of the specific borrowing cost; in all other cases the weighted average of the borrowing costs applicable to the borrowings outstanding is applied.

Depreciation of property, plant and equipment is based on the straight-line method, based on the customary useful lives. The useful economic lives are as follows:

Useful lives of property, plant and equipment

	Useful lives
Hotel buildings	30 to 40 years
Other buildings	25 to 50 years
Cruise ships	30 to 35 years
Aircraft	
Fuselages and engines	22 to 25 years
Engine overhaul	depending on intervals, up to 12 years
Major overhaul	depending on intervals, up to 12 years
Spare parts	up to 12 years
Operating and business equipment	3 to 10 years

Moreover, the level of depreciation is determined by the residual values at the end of the useful life of an asset. The residual value assumed in first-time recognition for cruise ships and hotel complexes is between 15 % and 35 % of the acquisition costs. The determination of the depreciation of aircraft fuselages and aircraft engines in first-time recognition is based on a residual value of a maximum of 5 % of the cost of acquisition. The payments made under a power by the hour arrangement relating to maintenance overhauls are capitalised as PPE under construction up to a maintenance event at which point the cost is transferred to the appropriate PPE category.

Both the useful lives and residual values are reviewed on an annual basis when preparing the Group financial statements. The review of the residual values is based on comparable assets at the end of their useful lives as at the current point in time. Any adjustments required are recognised as a correction of depreciation over the remaining useful life of the asset. The adjustment of depreciation is recognised retrospectively for the entire financial year in which the review has taken place. Where the review results in an increase in the residual value so that it exceeds the remaining net carrying amount of the asset, depreciation is suspended. In this case, the amounts are not written back.

Any losses in value going beyond wear-and-tear depreciation are taken into account through the recognition of impairment losses. If there are any events or indications suggesting impairment, the required impairment test is performed to compare the carrying amount of an asset with the recoverable amount.

LEASES

LEASES

Leases are all agreements transferring the right to use an identified asset for a given period of time in return for a payment. As a lessee, TUI leases moveable assets such as aircraft, vehicles and cruise ships, as well as, in particular, immoveable property such as hotel buildings and land, office buildings and travel agencies. As a lessor, TUI subleases some aircraft and hotel and office space.

TUI AS LESSEE

Until 30 September 2019, the criteria of IAS 17 were applied to assign a leased asset to its economic owner. Leased property, plant and equipment for which substantially all the risks and rewards incidental to ownership were transferred to TUI as a lessee (finance leases) were capitalised. The leases were capitalised at the lower of the fair value of the asset and the present value of the minimum lease payments. The asset was depreciated over the shorter of the lease term or the useful life of the asset on the basis of the depreciation method applicable to comparable purchased or produced assets. Every lease payment was broken down into an interest portion and a redemption portion so as to produce a constant periodic rate of interest on the remaining balance of the liability. The interest portion was carried in the income statement through profit or loss.

Where economic ownership of the leased asset was attributed to the lessor in accordance with IAS 17 (operating lease), the lease payments were recognised as an expense in the income statement on a straight-line basis.

Since 1 October 2019, TUI has carried right-of-use assets and lease liabilities for all leases in the statement of financial position. At the inception of an agreement, TUI evaluates whether it is, or contains, a lease. Apart from traditional lease, tenancy or leasing contracts, service or capacity agreements may also fall within the scope of IFRS 16. In connection with the purchase of mixed tourism services, the rental or purchase of the largest portion of a hotel's room capacity is identified as a lease component if TUI commits to its contract partner to purchase a fixed allotment of more than 90 % of the hotel's capacity for a period of more than 12 months, if the agreement does not include an exemption to return committed capacity for self-marketing by the hotelier, and if therefore an irrevocable payment obligation exists. For agreements that contain one or several lease components alongside non-lease components, TUI uses the option not to separate these non-lease components, in particular for vehicle or IT leases and for hotel capacity contracts.

At the commencement date, i. e. the date from which the lessee is entitled to exercise the right to use the underlying asset, a lease liability amounting to the present value of the lease payments not yet made as at that date is recognised. The lease payments include all fixed and in substance-fixed payments less any future lease incentives to be provided by the lessor. The lease payments also include variable payments linked to an index or an (interest) rate as well as expected payments from residual value guarantees. Lease payments for the exercise of extension, purchase and termination options are included if the exercise of these options is assessed as reasonably certain. As a rule, the lease payments are discounted at the lessor's interest rate implicit in the lease. If that rate is not known to TUI, the present value is determined using the incremental borrowing rate. After initial measurement, the carrying amount is increased to reflect interest on the lease liability and reduced to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The interest expense from the subsequent measurement of the lease liability is presented in the interest result. Variable lease payments not linked to an index nor to an (interest) rate are recognised through profit or loss in the period in which the event or condition that triggers the payment occurs.

In addition, a right-of-use asset is recognised at the commencement date. Right-of-use assets for the leased items are measured at amortised cost less cumulative depreciation/amortisation and cumulative impairment and adjusted for revaluations of the lease liability. The costs of a right-of-use asset comprise the present value of the future lease payments plus initial direct costs and the lease payments made prior to commencement less any lease incentives received and the estimated costs to be incurred to restore the leased asset to the condition required by the terms and conditions of the lease. Capitalised right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the expected useful life of the right-of-use asset. If the lease transfers ownership of the leased asset to TUI by the end of the lease term, or if the lease payments reflect the future exercise of a purchase option, the right-of-use asset is depreciated over the useful life of the leased asset. Depreciation of capitalised right-of-use assets is carried in the cost of sales or in administrative expenses.

TUI applies the recognition and measurement exemptions for all short-term leases and low-value asset leases. A short-term lease is a lease that has a lease term of 12 months or less and does not contain a purchase option. The lease payments for those leases are recognised as an expense in the cost of sales or in administrative expenses on a straight-line basis over the lease term or on another systematic basis.

SALE-AND-LEASEBACK

For sale-and-leaseback transactions, TUI initially determines in accordance with IFRS 15 whether the transfer of the asset has to be accounted for as a sale. If the transfer is accounted for as a sale, TUI recognises the right-of-use asset associated with the sale-and-leaseback transaction, as seller and as lessee, at the proportion of the previous carrying amount that relates to the right of use retained. The gain or loss from the sale transaction is carried in profit or loss on a pro rata basis at the amount of the rights transferred to the buyer and lessor. If the transfer is not accounted for as a sale, TUI continues to recognise the legally transferred asset as before and carries a financial liability for the proceeds received.

TUI AS LESSOR

As a lessor, TUI classifies each lease as an operating lease or a finance lease. If TUI as a lessor has substantially all the risks and rewards incidental to ownership of the underlying asset, the lease is classified as an operating lease. If the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee, the lease is classified as a finance lease.

For subleases, since 1 October 2019 the lease classification is made by reference to the right-of-use asset arising from the head lease in accordance with IFRS 16. Until 30 September 2019 a sublease was classified by reference to the asset underlying the lease in accordance with IAS 17.

The lease payments from operating leases are recognised in revenue on a straight-line basis over the lease term. Any initial direct costs incurred in obtaining the lease are added to the carrying amount of the underlying leased item and depreciated over the lease term on a straight-line basis.

For finance leases, TUI recognises a lease receivable at an amount equal to the net investment in the lease and derecognises the underlying leased asset or the right-of-use asset from the head lease. The lease payments made by the lessees are broken down into an interest portion and a redemption portion using the effective interest rate method so as to produce a constant periodic rate of interest on the balance of the net investment. The redemption portions received are deducted from the lease receivable. The interest portion of the payments received is carried in the interest result.

FINANCIAL INSTRUMENTS

Financial instruments are contractual rights or obligations that will lead to an inflow or outflow of financial assets or the issue of equity rights. They also comprise derivative rights or obligations derived in particular from primary assets.

PRIMARY FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The classification and measurement of financial assets are determined on the basis of the business model used to manage financial assets and the related contractual cash flows. At initial recognition of financial assets, the classification comprises the categories 'Financial assets at amortised cost (AC)', 'Financial assets at fair value through other comprehensive income (FVTOCI)' and 'Financial assets at fair value through profit and loss (FVPL)'.

Primary financial assets are recognised at the value as at the trading date on which TUI Group under-takes to buy the asset. When recognised for the first time, they are either classified as at amortised costs or at fair value, depending on their objective. Primary financial assets are classified as financial assets at amortised cost when the objective of the entity's business model is to hold the financial assets to collect contractual cash flows, and when the contractual terms and conditions of the assets exclusively constitute interest and principal payments on the nominal amount outstanding.

For the financial assets held at amortised cost, a loss allowance for expected credit losses is recognised in accordance with IFRS 9. Loss allowances for financial assets are based on either full lifetime expected credit losses or 12-month expected credit losses. A loss allowance for lifetime expected credit losses is required for a financial instrument if the credit risk of that financial asset has increased significantly since initial recognition. For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit losses.

IFRS 9 allows entities to apply a simplified approach inter alia for trade receivables. Lifetime expected credit losses on all these assets can already be recognised at initial recognition.

Impairments and reversals of impairments are recognised under 'impairment of financial asset' in the income statement.

The equity instruments held in the balance sheet item 'Other financial assets' were irrevocably designated as 'Financial assets at fair value through OCI' as they are held for medium- to long-term strategic objectives. These instruments are stakes in associated non-consolidated subsidiaries, equity investments and other investments. Recognising all short-term fluctuations in the fair value in the income statement would not be in line with the Group's strategy. They are allocated to non-current assets unless the entity intends to sell them within twelve months after the balance sheet date. Dividends from these equity instruments are recognised in the income statement unless the dividends are clearly a partial repayment of the cost to purchase the equity instrument.

The cumulative gain or loss from the measurement of the equity instruments recognised in other comprehensive income will continue to be recognised in equity even after it has been derecognised and has to be reclassified to revenue reserves.

All other financial assets not recognised at amortised cost or at fair value through OCI must be measured at fair value through profit or loss.

Primary financial liabilities are recognised in the consolidated statement of financial position if an obligation exists to transfer cash and cash equivalents or other financial assets to another party. Initial recognition of a primary liability is effected at its fair value. For loans taken out, the nominal amount is reduced by discounts retained and transaction costs paid. The subsequent measurement of primary financial liabilities is effected at amortised cost using the effective interest method. TUI does not use the fair value option.

All foreign exchange differences resulting from the translation of trade accounts payable are reported as a correction of the cost of sales. Foreign exchange differences from the translation of liabilities not resulting from normal operating processes are reported under other income / other expenses, financial expenses / income or administrative expenses, depending on the nature of the underlying receivables or payables.

Assets are derecognised as at the date on which the rights for payments from the assets expire or are transferred and therefore as at the date on which essentially all risks and rewards of ownership are transferred. The rights to an asset expire when the rights to receive the cash flows from the asset have expired. For transfers of financial assets, it is assessed whether they have to be derecognised in accordance with derecognition requirements of IFRS 9.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

At initial measurement, derivative financial instruments are measured at the fair value attributable to them on the date the contract is entered into. Subsequent remeasurement is also recognised at the fair value applicable at the respective balance sheet date. Where derivative financial instruments are not part of a hedge in connection with hedge accounting, they are classified as 'at fair value through profit and loss'. The method used to recognise gains and losses depends on whether the derivative financial instrument has been fully or possibly only partly designated as a hedging instrument, and on the nature of the hedged item. Changes in the fair value are immediately recognised through profit and loss. If, by contrast, an effective hedging relationship exists, the transaction is recognised as a hedge.

TUI Group uses the accounting policy choice provided by IFRS 9, enabling entities to continue to apply the hedge accounting requirements of IAS 39. Hedge accounting is exclusively used to hedge the exposure to variability in cash flows from future transactions highly likely to occur (cash flow hedges). Hedges of balance sheet items (Fair Value Hedges), i. e. hedges of the fair value of an asset or a liability, are currently not included in hedge accounting.

Upon entering into a transaction, TUI Group documents the hedge relationship between the hedge and the underlying transaction, the risk management goal and the underlying strategy. In addition, a record is kept of the assessment, both at the beginning of the hedge relationship and on a continual basis, as to whether the derivatives used for the hedge are highly effective in compensating for the changes in the fair values or cash flows of the underlying transactions.

The effective portion of changes in the fair value of derivatives forming cash flow hedges is recognised in equity. Any ineffective portion of such changes in the fair value, by contrast, is recognised immediately in the income statement through profit and loss. Amounts taken to equity are reclassified to the income statement and carried as income or expenses in the period in which the hedged item has an effect on results.

If a hedge expires, is sold or no longer meets the criteria of IAS 39 for hedge accounting, the cumulative gain or loss remains in equity and is only recognised in the income statement through profit and loss when the originally hedged future forecasted transaction occurs. If the future transaction is no longer expected to take place, the cumulative gains or losses recognised directly in equity are immediately recognised through profit and loss.

More detailed information on the Group's risk management activities is provided in Note 40 and as well as in the 'Risk report' section of the management report.

CONTRACTUAL ASSETS AND TRADE RECEIVABLES

If TUI has fulfilled their contractual obligations, contractual assets or trade receivables are carried. Trade receivables are carried if the claim for the acquisition of the consideration is no longer subject to a condition. As a rule, this is the case when the Group is contractually entitled to issue an invoice to the customer that has not yet been paid in advance through a customer deposit. Due to the tourism business model under which customers pay for their travel services in advance, TUI does not have any contractual assets.

CONTRACTUAL COSTS

The direct costs immediately resulting from obtaining a contract, e.g. sales commissions to travel agencies for sales of travel services, are capitalised as contractual costs in the statement of financial position upon payment of the commission. As a rule, the resulting expenses are recognised over the duration of the travel service in line with the associated revenue.

INVENTORIES

The measurement method applied to similar inventory items is the weighted average cost formula.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash, call deposits, other current highly liquid financial assets with an original term of a maximum of three months and current accounts. Overdrawn current accounts are shown as liabilities to banks under current financial liabilities.

EQUITY

Ordinary shares are classified as equity. Costs directly allocable to the issue of new shares or conversion options are taken to equity on a net after-tax basis as a deduction from the issuance proceeds.

OWN SHARES

The group's holdings in its own equity instruments are shown as deductions from shareholders' equity at cost, including directly attributable transaction costs. No gain or loss is recognised in the income statement on the purchase or sale of shares. Any difference between the proceeds from sale and the original cost are taken to reserves.

PENSION PROVISIONS

The pension provision recognised for defined benefit plans corresponds to the net present value of the defined benefit obligations (DBOs) as at the balance sheet date less the fair value of the plan assets. If the value of the plan assets exceeds the value of the DBO, the excess amount is shown within other assets. The DBOs are calculated annually by independent actuaries using the projected unit credit method.

For defined contribution plans, the Group pays contributions to public or private pension insurance plans on the basis of a statutory or contractual obligation or on a voluntary basis. The Group does not have any further payment obligations on top of the payment of the contributions. The contributions are recognised under staff costs when they fall due.

OTHER PROVISIONS

Other provisions are formed when the Group has a current legal or constructive obligation as a result of a past event, where in addition it is probable that assets will be impacted by the settlement of the obligation and the level of the provision can be reliably determined.

Where a large number of similar obligations exist, the probability of a charge over assets is determined on the basis of this group of obligations. A provision is also recognised if the probability of a charge over assets is low in relation to an individual obligation contained in this group.

Provisions are measured at the present value of the expected expenses, taking account of a pre-tax interest rate, reflecting current market assessments of the time value of money and the risks specific to the liability. Risks already taken into account in estimating future cash flows do not affect the discount rate. Increases in provisions due to accretion of interest are recognised as interest expenses through profit or loss.

GOVERNMENT GRANTS

Government grants are recorded if there is reasonable assurance that TUI will comply with all attached conditions for receiving the grant and the grant will be awarded. Investment grants received are deducted from the carrying amounts of assets in property, plant or equipment where these grants are directly allocable to individual assets. If a direct allocation of grants to individual items of property, plant or equipment is not possible, or if the grants are from other government programmes, the grants and subsidies received are recognised as deferred income and shown within Other liabilities. Grants related to income are deducted from related expenses in the period in which the corresponding expenses are incurred.

TOURISTIC ADVANCE PAYMENTS RECEIVED (CONTRACT LIABILITIES)

A contract liability is an obligation of the Group to deliver goods or services for a customer for which the customer has already delivered a performance, e.g. in the form of payment of a deposit. In the tourism business model, customers pay deposits on most travel services prior to departure. The deposits received therefore constitute contract liabilities within the meaning of IFRS 15.

DEFERRED TAXES AND INCOME TAXES

Expected tax savings from the use of tax losses carried forward assessed as recoverable in the future are recognised as deferred tax assets. Regardless of the unlimited ability to carry German tax losses forward which continues to exist, the annual utilisation is limited by the minimum taxation. Foreign tax losses carried forward frequently have to be used within a given country-specific time limit and are subject to restrictions concerning the use of these losses carried forward for profits on ordinary activities, which are taken into account accordingly in the measurement.

Income tax is directly charged or credited to equity if the tax relates to items directly credited or charged to equity in the same period or some other period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference or an unused tax loss can be utilised.

Deferred taxes are measured at the tax rates and tax provisions applicable at the balance sheet date or adopted by law and expected to be applicable at the date of recognition of the deferred tax asset or the payment of the deferred tax liability.

Deferred and current income tax liabilities are offset against the corresponding tax assets if they exist in the same fiscal territory and have the same nature and maturity.

SHARE-BASED PAYMENTS

Share-based payment schemes in the Group comprise both cash-settled and equity-settled schemes.

For cash-settled transactions, the resulting liability for the Group is charged to expenses at its fair value as at the date of the performance of the service by the beneficiary. Until settlement of the liability, the fair value of the liability is re-measured at every closing date and all changes in the fair value are recognised through profit and loss.

For equity-settled transactions the fair value of the awards granted is recognised under staff costs with a corresponding direct increase in equity. The fair value is determined at the point when the awards are granted and spread over the vesting period during which the employees become entitled to the awards. The method for the calculation of the granted awards is described in Note 40.

SUMMARY OF SELECTED ACCOUNTING AND MEASUREMENT METHODS

The table below lists the key accounting and measurement methods used by the TUI Group.

Summary of selected measurement bases

Item in the statement of financial position	Measurement base
Assets	
Goodwill	At cost (subsequent measurement: impairment test)
Other intangible assets with definite useful lives	At amortised cost
Property, plant & equipment	At amortised cost
Right-of-use assets	At amortised cost
Investments in Joint ventures and Associates	At the Group's share of the net assets of the joint ventures and associates
Financial assets	
Equity Instruments	At fair value through other comprehensive income (without subsequent reclassifcation in profit or loss)
Trade and other receivables	At amortised cost (depending on the underlying business model and the contractual cashflows)
Derivative financial instruments	At fair value through profit or loss
Cash and cash equivalents	At amortised cost
Inventory	Lower of cost and net realisable value
Touristic prepayments	At cost (or lower recoverable amount)
Assets held for sale	Lower of cost and fair value less cost of disposal
Liabilities and Provisions	
Financial liabilities	At amortised cost
Provision for pensions	Projected unit credit method
Other provisions	Present value of the settlement amount
Lease liabilities	At amortised cost
Touristic advance payments received	At amortised cost
Financial liabilities	
Non-derivative financial liabilities	At amortised cost
Derivative financial liabilities	At fair value through profit or loss
Payables, trade and other liabilities	At amortised cost

Key judgements, assumptions and estimates

The presentation of the assets, liabilities, provisions and contingent liabilities shown in the consolidated financial statements is based on judgements, estimates and assumptions. Any uncertainties are appropriately taken into account in determining the values.

All estimates and assumptions are based on the conditions and assessments as at the balance sheet date. In evaluating the future development of business, reasonable assumptions are made regarding the expected future economic environment in the business areas and regions in which the Group operates.

Despite careful preparation of the estimates, actual results may differ from the estimate. In such cases, the assumptions and the carrying amounts of the assets and liabilities concerned, if necessary, are adjusted accordingly. As a matter of principle, changes in estimates are taken into account in the financial year in which the changes have occurred and in future periods.

JUDGEMENTS

The judgements made by management in applying accounting policies that may have a significant impact on TUI Group's assets and liabilities mainly relate to the following topics:

- Assessment when the Group has de facto control over an investee and therefore consolidates this investment
- Definition whether a Group company acts as an agent or as a principal in a transaction
- Determination whether an agreement is to be classified as a lease or contains a lease
- Determination of the term of the lease as a lessee in the event of agreements with extension or termination options

DETERMINATION OF THE TERM OF THE LEASE AS A LESSEE

TUI determines the term of the lease as the non-cancellable period for which the lessee has the right to use the asset, together with any periods covered by extension options, if exercise of that option by TUI is reasonably certain, as well as periods covered by termination options if TUI is reasonably certain that it will not exercise that option. Many of TUI's individually negotiated aircraft and real estate leases contain extension or termination options.

TUI applies judgement in evaluating whether it is reasonably certain that an option to renew will be exercised or that an option to terminate the lease will not be exercised. In this context, TUI considers all relevant facts and circumstances that create an economic incentive for TUI to exercise, or not to exercise, the extension or termination option, respectively. From the commencement date, TUI remeasures the lease term if there is either a significant event or a significant change in the circumstances within our control alters any of our assessments about what is reasonably certain. The lease term, for instance, is adjusted if an extension option is exercised or if a termination option is not exercised and if this had been considered differently in the original assessment.

For aircraft leases, we determine the end of the lease term on the basis of the contractually agreed return date. For medium- to long-term property agreements, e. g. office buildings, hotels or travel agency leases, options to renew the lease are included in the lease term to the extent to which TUI presumes that the future exercise of the option is reasonably certain in the individual case.

For information on potential future lease payments relating to periods after the exercise date for extension or termination options, please refer to Note 15.

ASSUMPTIONS AND ESTIMATES

Assumptions and estimates that may have a material impact on the amounts reported as assets and liabilities in the TUI Group are mainly related to the following balance sheet-related facts and circumstances:

- Future development of the travel business after the COVID-19-pandemic and impact on valuation of assets
- Establishment of assumptions for impairment tests, in particular for goodwill and property, plant and equipment
- Determination of the fair values for acquisitions of companies and determination of the useful lives of acquired intangible assets
- Determination of useful lives and residual carrying amounts of property, plant and equipment
- Determination of actuarial assumptions to measure pension obligations
- Recognition and measurement of other provisions
- Determination of the incremental borrowing rate used to measure lease liabilities
- Recoverability of future tax savings from tax losses carried forward and tax-deductible temporary differences
- Measurement of tax risks
- Recoverable amounts of touristic prepayments
- Determination that the package holiday represents a performance obligation due to the significant integration service
- Determination of period-related revenue recognition on a straight-line basis over the duration of the trip
- Determination of the ECL of financial instruments

FUTURE DEVELOPMENT OF THE TRAVEL BUSINESS AFTER THE COVID-19-PANDEMIC AND IMPACT ON THE VALUATION OF ASSETS

Due to the development of the COVID-19-pandemic, there were indications that Group assets may be impaired. Accordingly, the Group's assets, in particular the business units carrying goodwill, property, plant and equipment, other intangible assets, rights of use and companies accounted for using the equity method were tested for impairment as at 30 September 2020. The impairment tests are performed on the basis of future discounted cash inflows derived from medium-term corporate planning. Both the derivation of future cash inflows and the determination of the interest rate are subject to a high degree of assumptions and estimates and are associated with uncertainties.

The sporadic openings of destinations in summer 2020 showed that strong demand for travel can be expected once the pandemic ends. A fundamental assumption of our medium-term corporate planning is therefore that our various Group divisions will be able to gradually resume their programmes in the course of the 2021 financial year. While business activity is expected to be severely restricted in the first and second quarters, a recovery in travel activity is anticipated for the summer of the 2021 financial year, without reaching the pre-crisis level of the 2019 financial year. In particular, the timing of the resumption of travel activity in the 2021 financial year is difficult to predict. After a transitional phase in the 2022 financial year with a further increase in bookings due to the reopening of all destinations and the return of consumer confidence, it is expected that the Group's business performance will return to normal levels of demand and profitable growth in the 2023 financial year at the latest, and reach the level of the years before the outbreak of the COVID-19-pandemic.

Other key factors are the weighted average cost of capital after income taxes (WACC) on which discounting is based, the growth rate and the perpetuity. Changes in these assumptions may have a significant impact on the recoverable amount and the amount of any impairment loss.

In the following, we describe the most important assumptions used in medium-term corporate planning and in determining the weighted average cost of capital for the segments mentioned. In order to estimate the uncertainties underlying the assumptions, we have performed sensitivity analyses, which are presented in the section entitled ‚Goodwill'.

For Markets & Airlines travel activity is expected to resume in the second half of the 2021 financial year. In the 2022 financial year, all destinations will be open for travel and passenger numbers will continue to rise. Based on a prudent business plan it is expected that the number of guests in the Markets & Airlines segment will return to the level of the 2019 financial year in the 2023 financial year. The reissue of the flight permit for Boeing 737 Max aircraft and the associated cost savings compared to the 2019 business year are expected for the 2021 business year. The cost-cutting measures and restructuring measures already initiated, the increased use of online sales and investments in digitalisation will also be taken into account. These planning assumptions are subject to increased uncertainty.

The weighted average cost of capital after income taxes (WACC) of Märkte & Airlines on which the discounting is based was derived from the analysis of comparable companies using external capital market information. Due to the increased uncertainties regarding medium and long-term market expectations in the Markets & Airlines Division, a risk premium of 1.1 % was also recognised. In addition, a further premium of 2.25 % on the cost of capital was added, taking into account value-enhancing facts relating to the later commencement of travel activities in the first and second quarters of the 2021 business year, so that a total cost of capital rate of 11.75 % is applied.

In the planning of the Hotels & Resorts segment, a recovery in volume and earnings to the level of the 2019 financial year is planned for the 2022 financial year. By precisely steering demand into own hotel brands, these will recover comparatively faster. In the medium term, a further increase in revenue is planned less through capacity expansion and more through an increase in demand and a slight rise in average prices.

The weighted average cost of capital after income taxes (WACC) in the Hotels & Resorts segment is adjusted for country risks and includes an adjustment of 0.11 % to reflect the later commencement of travel activities in the 2021 financial year.

In the Cruises segment, Marella Cruises is expected to resume operations in the 2021 financial year. In the financial year 2022, the fleet, which will then be reduced, will be deployed again at the customary level, but with a slightly lower load factor than in the 2019 financial year. The load factor of the financial year 2019 will be reached in the 2023 financial year at the latest. TUI Cruises expects a return to a normal level in financial year 2022, also with a reduced fleet. Please refer to the section 'Goodwill' for information on the calculation of the cost of capital.

The development of TUI Musement depends on the development of customer numbers in the Markets & Airlines sector. However, TUI Musement will generate further growth, in particular in financial years 2021 and 2022, through the online distribution of its products, so that in financial year 2023 the revenue volume of financial year 2019 will be exceeded. For information on the calculation of the cost of capital, please refer to the section ‚Goodwill'.

BUSINESS ACQUISITIONS AND INTANGIBLE ASSETS

In accounting for business combinations, the identifiable assets, liabilities and contingent liabilities acquired have to be measured at their fair values. In this context, cash flow-based methods are regularly used, which may lead to different results depending on the underlying assumptions. In particular, some judgement is required in estimating the economic useful lives of intangible assets and determining the fair values of contingent liabilities.

Detailed information on business acquisitions and useful lives of intangible assets is provided in the section 'Acquisitions – divestments' in the section on 'Principles and methods of consolidation' and in the section on 'Goodwill and other intangible assets' of the section 'Accounting and measurement methods'.

PROPERTY, PLANT AND EQUIPMENT

The measurement of wear-and-tear to property, plant and equipment items entails estimates. The carrying amount of property, plant and equipment as at 30 September 2020 totals € 3,462.5 m (previous year € 5,810.7 m). In order to review the amounts carried, an evaluation is carried out on a regular basis to assess whether there are any indications of a potential impairment. These indications relate to a number of areas and factors, e. g. the market-related or technical environment but also physical condition. If any such indication exists, management must estimate the recoverable amount on the basis of expected cash flows and appropriate interest rates. The COVID-19-pandemic was an indicator to test property, plant and equipment for impairment as per 30 September 2020. Further, essential estimates and judgements include the definition of economic useful lives and the residual values of items of property, plant and equipment which may be recovered.

More detailed information on the useful lives and residual values of property, plant and equipment items is provided in the section 'Property, plant and equipment' in the section 'Accounting and measurement methods'.

PENSION PROVISIONS

As at 30 September 2020, the carrying amount of provisions for pensions and similar obligations totals € 1,015.0 m (previous year € 1,068.0 m). For those pension plans where the plan assets exceed the obligation, other non-financial assets amounting to € 363.3 m are shown as at 30 September 2020 (prior year € 310.0 m).

In order to determine the obligations under defined benefit pension schemes, actuarial calculations are used which rely on underlying assumptions concerning life expectancy and the discount rate.

At the balance sheet date, the fair value of the plan assets totals € 3,373.7 m (previous year € 3,397.9 m). As assets classified as plan assets are never available for short-term sale, the fair values of these plan assets may change significantly up to the realisation date.

Detailed information on actuarial assumptions is provided under Note 29.

OTHER PROVISIONS

As at 30 September 2020, other provisions of € 1,302.4 m (previous year € 1,136.9 m) are reported. When recognising and measuring provisions, assumptions are required about probability of occurrence, maturity and level of risk.

Determining whether a current obligation exists is usually based on review by internal or external experts. The amount of provision is based on expected expenses, and is either calculated by assessing the specific case in the light of empirical values, outcomes from comparable circumstances, or else estimated by experts. Due to the uncertainties associated with assessment, actual expenses may deviate from estimates so that unexpected charges may result.

More detailed information on other provisions is provided in the notes to the statement of financial position in Note 30.

LEASE LIABILITIES

As at 30 September 2020, lease liabilities worth € 3,399.9 m (previous year: finance leases of € 1,495.2 m) were carried, reflecting the present value of the future lease payments not yet made as at that date. The interest rate implicit in the lease can only be easily determined in exceptional cases. In all other cases TUI therefore uses its own incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the interest rate TUI would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Determining the incremental borrowing rate therefore regularly involves estimates regarding the interest rate the Group would have to pay. In this context, estimates are required, for instance, to determine the interest the Group companies would have to pay if no observable interest rates are available, or if adjustments are required regarding the contractually individually agreed terms and conditions such as the transaction currency or contract term. TUI determines the incremental borrowing rate using observable inputs (e. g. market interest rates, bond yields and CDS quotations) and makes specific adjustments for individual companies (e. g. country risk premiums).

DEFERRED TAX ASSETS

As at 30 September 2020, deferred tax assets totalling € 299.6 m (previous year € 202.0 m) were recognised. Prior to offsetting against deferred tax liabilities, deferred tax assets total € 707.2 m, included an amount of € 124.2 m (previous year € 116.4 m) for recognised losses carried forward. The assessment of the recoverability of deferred tax assets is based on the ability of the respective Group company to generate sufficient taxable income. TUI therefore assesses at every balance sheet date whether the recoverability of expected future tax savings is sufficiently probable in order to recognise deferred tax assets. The assessment is based on various factors including internal forecasts regarding the future earnings situation of the Group company. TUI uses a five-year planning horizon to derive the usability of tax loss carryforwards and deductible differences. If the assessment of the recoverability of future deferred tax assets changes, impairment charges may be recognised, if necessary, on the deferred tax assets.

More detailed information on deferred tax assets is available in the Notes to the statement of financial position in Note 20.

INCOME TAXES

The Group is liable to pay income taxes in various countries. Key estimates are required when determining income tax liabilities, including the probability, the timing and the size of any amounts that may become payable. For certain transactions and calculations the final tax charge cannot be determined during the ordinary course of business. After taking appropriate external advice, the Group makes provisions or discloses contingencies for uncertain tax positions based on the probable or possible level of additional taxes that might be incurred. The level of obligations for expected tax audits is based on an estimation of whether and to what extent additional income taxes will be due. Judgements are corrected, if necessary, in the period in which the final tax charge is determined.

RECOVERABLE AMOUNTS OF TOURISTIC PREPAYMENTS

At 30 September 2020, the carrying amount of touristic prepayments totals € 705.4 m (previous year € 1,045.8 m). The assessment of the recoverable amounts of touristic prepayments made to hoteliers requires judgement about the volume of future trading with hoteliers and the credit worthiness of those hoteliers. To assess the recoverability of touristic prepayments, TUI considers the financial strength of those hoteliers, the quality of the hotels as well as the demand for each hotel and the relevant destination during the past and in coming seasons.

FINANCIAL INSTRUMENTS

When measuring ECL of financial instruments under IFRS 9 TUI uses, besides historical information, reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will effect each other. It exists the uncertainty that this information will not be in line with expected Information notably with regard to the impact of the COVID-19-pandemic and the restart of the tourism activity.

Segment Reporting

Notes on the segments

The identification of operating segments is based on the internal organisational and reporting structure primarily built around the different products and services as well as a geographical structure within the TUI Group. Allocation of individual organisational entities to operating segments is exclusively based on economic criteria, irrespective of the participation structure under company law. The segments are independently managed by those in charge, who regularly receive separate financial information for each segment. They regularly report to the Group Executive Committee, which consists of six Executive Board members and six other executives. The legally binding decision regarding the use of resources is taken by the Executive Board. The TUI Group Executive Board has therefore been identified as the Chief Operating Decision Maker (CODM) in accordance with IFRS 8.

The Hotels & Resorts segment comprises all Group-owned hotels and hotel shareholdings of TUI Group.

The Cruises segment consists of the joint venture TUI Cruises, its subsidiary Hapag-Lloyd Cruises as well as the British cruise business Marella Cruises.

The TUI Musement (previously Destination Experiences) segment comprises the companies providing services in the destinations.

As of this financial year, the income statement items of the aircraft leasing companies holding the TUI Group's aircraft and subletting them within the Group have been fully allocated to the airlines using the respective aircraft (Northern Region, Central Region and Western Region segments). In the prior-year period, the aircraft leasing companies were fully included in All Other Segments, whereas in the 2019 Annual Report, the result from intra-Group subleasing was already allocated to the respective airlines (Northern Region, Central Region and Western Region segments). The figures for the previous year have been adjusted accordingly.

The Northern Region segment comprises the tour operators and airlines in the UK, Ireland and the Nordic countries and the stake in the tour operation business of the Canadian company Sunwing as well as the associate TUI Russia. This segment also includes the tour operator TUI Lakes & Mountains, which plays a major role in securing the load factor for our aircraft fleet in the UK in winter.

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

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

Apart from the above segments, the recognised items also include All other segments. This comprises the business operations for new markets and in particular the central corporate functions and interim holdings of TUI Group and the Group's real estate companies, as well as central tourism functions such as information technology.

Notes to the segment data

The selection of segment data presented is based on the regular internal reporting to the Executive Board. From financial year 2020, the Group is using 'underlying EBIT', which is more common in the international sphere, for value-oriented management. In the current financial year, the earnings effect of IFRS 16 ('underlying EBIT (IAS 17)') is removed from underlying EBIT as part of internal reporting in order to enhance year-on-year comparability. Accordingly, underlying EBIT (IAS 17) represents the Group's performance measure in accordance with IFRS 8.

We define the EBIT in underlying EBIT as earnings before interest, income taxes and result of the measurement of the Group's interest hedges. Unlike the previous KPI EBITA, EBIT by definition includes goodwill impairments.

Underlying EBIT is adjusted for by income and expense items impacting or distorting the assessment of the operating profitability of the segments and the Group due to their level and frequency. These separately disclosed items include gains on disposal from investments, major gains and losses from the sale of assets and major restructuring and integration expenses. In addition, adjustments are carried for all effects from purchase price allocations, ancillary acquisition costs and conditional purchase price payments. Adjustments made in the reconciliation to underlying EBIT also include goodwill impairments.

In the 2020 financial year, net income totalling € 119.1 m was adjusted as separately disclosed items.

Of the gains on disposal adjusted in the 2020 financial year, € 90 m resulted from the divestment of the German specialist tour operators realized at the beginning of the financial year and € 476 m from the sale of Hapag-Lloyd Kreuzfahrten to TUI Cruises.

The goodwill impairments of € 68 m adjusted in the year under review exclusively related to the Hotels & Resorts segment.

In TUI Musement, restructuring expenses of € 14 m were adjusted. A further € 46 m was attributable to the closure of travel agencies and restructuring in the tour operator and airline sectors in the Northern Region. In the Central Region, the adjusted expenses of € 191 m resulted from the planned capacity reduction at TUIfly Deutschland, an expansion of the existing restructuring program at TUI Deutschland and the restructuring of the Group's own over-the-counter distribution. The € 68 m adjusted expenses in the Western Region related in particular to the restructuring in France and further projects in Belgium and the Netherlands. A further € 7 m is attributable to one-off expenses in All Other Segments.

In addition, € 53 m were attributable to impairments on IT projects resulting from the Group's accelerated digital transformation that were hence classified as restructuring costs.

In the 2019 financial year, net costs totaling € 86.1 m were adjusted as separately disclosed items.

In the 2019 financial year, income of € 25 m from the reduction of pension obligations in the United Kingdom and € 7 m from sale and leaseback transactions were adjusted. This was offset by € 12 m in adjusted expenses from the sale of the French airline Corsair and expenses for restructuring and reorganization in Hotels & Resorts (€ 9 m), TUI Musement (€ 8 m), Northern Region (€ 34 m), Central Region (€ 39 m), Western Region (€ 12 m) and All Other Segments (€ 4 m).

The adjusted expenses of € 49.5 m (previous year € 38.8 m) from purchase price allocations mainly include scheduled amortization of intangible assets from acquisitions made in previous years.

Intra-group leases continue to be carried as operating lease, rental and leasing agreements following the transition to IFRS 16.

Apart from this indicator, internal and external revenue, depreciation and amortisation, impairments of other intangible assets (excluding goodwill), property, plant and equipment, right-of-use assets and investments as well as the share of result of joint ventures and associates are likewise shown for each segment, as these amounts are included when measuring underlying EBIT. As in the calculation of the earnings figure, these are adjusted for the IFRS 16 effect in this financial year. As a rule, inter-segment business transactions are based on the arm's length principle, as applied in transactions with third parties. No single external customer accounts for 10 % or more of revenue.

Assets and liabilities by segment are not included in the reporting to the Executive Board and are therefore not shown in segment reporting.

Depreciation / amortisation and write-backs relate to non-current assets by region and do not include goodwill impairments.

Non-current assets by region contain other intangible assets, property, plant and equipment, right-of-use assets and specific other non-current assets that do not meet the definition of financial instruments.

Segment indicators

Revenue by segment

€ million	2020 External	2020 Group	2020 Total	2019 External adjusted	2019 Group adjusted	2019 Total adjusted
Hotels & Resorts	402.4	349.0	751.4	660.0	851.8	1,511.8
Cruises	472.6	– 0.0	472.6	965.8	– 0.0	965.8
TUI Musement	306.3	155.0	461.3	856.2	375.2	1,231.4
Consolidation	– 0.0	– 3.7	– 3.7	– 0.1	– 5.7	– 5.8
Holiday experiences	1,181.3	500.3	1,681.6	2,482.0	1,221.2	3,703.2
Northern Region	2,466.6	272.3	2,738.9	6,355.2	292.2	6,647.4
Central Region	2,861.5	125.7	2,987.2	6,416.9	129.7	6,546.6
Western Region	1,348.5	155.6	1,504.1	3,237.2	167.1	3,404.3
Consolidation	– 0.0	– 541.6	– 541.6	– 0.0	– 565.1	– 565.1
Markets & Airlines	6,676.6	12.0	6,688.6	16,009.3	23.9	16,033.2
All other segments	94.9	5.9	100.8	436.7	25.9	462.6
Consolidation	–	– 518.1	– 518.1	–	– 1,270.9	– 1,270.9
Total (IAS 17)	**7,952.9**	**–**	**7,952.9**	**18,928.1**	**–**	**18,928.1**
IFRS 16 Effect	– 9.2		– 9.2	–		–
Total (IFRS 16)	**7,943.7**	**–**	**7,943.7**	**18,928.1**	**–**	**18,928.1**

Underlying EBIT (IAS 17) by segment

€ million	2020	2019 adjusted
Hotels & Resorts	– 399.6	451.8
Cruises	– 322.8	366.0
TUI Musement	– 114.6	55.7
Holiday experiences	– 837.0	873.5
Northern Region	– 975.1	58.5
Central Region	– 619.8	101.9
Western Region	– 440.8	– 28.6
Markets & Airlines	– 2,035.7	131.8
All other segments	– 160.2	– 111.8
Total	**– 3,032.8**	**893.5**

Reconciliation to underlying EBIT (IAS 17) of TUI Group

€ million	2020	2019 adjusted
Earnings before income taxes	**– 3,203.3**	**691.6**
plus: Net interest expense (excluding expense / income from measurement of interest hedges)	281.7	74.1
less / plus: Expense (income) from measurement of interest hedges	– 5.9	2.9
EBIT (IFRS 16, previous year IAS 17)	**– 2,927.4**	**768.7**
Adjustments:		
less / plus: Separately disclosed items	– 119.1	86.1
plus: Expense from purchase price allocation	49.5	38.8
Underlying EBIT (IFRS 16)	**– 2,997.0**	**893.5**
Adjustments IAS 17 / IFRS 16 (IFRS 16 impact)	– 35.8	–
Underlying EBIT (IAS 17)	**– 3,032.8**	**893.5**

Other segmental information

€ million	Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets, property, plant and equipment, right-of-use assets and investments 2020	2019 adjusted	Thereof impairment of intangible assets and property, plant, equipment and right-of-use assets 2020	2019 adjusted	Thereof amortisation/ depreciation of intangible assets and property, plant, equipment and right-of-use assets 2020	2019 adjusted	Share of result of joint ventures and associates 2020	2019 adjusted
Hotels & Resorts	204.5	111.5	77.8	2.4	126.8	109.8	–78.9	97.3
Cruises	239.9	91.6	150.4	–	89.5	91.6	–74.2	202.6
TUI Musement	36.2	27.5	5.2	0.8	31.0	26.8	–2.7	9.7
Holiday Experiences	480.7	230.6	233.5	3.2	247.2	228.1	–155.8	309.6
Northern Region	173.3	126.0	41.6	7.8	131.7	118.2	–35.0	–15.7
Central Region	79.8	48.0	15.3	0.1	64.6	47.1	–2.3	3.1
Western Region	115.4	52.5	49.9	–	65.5	52.5	–0.2	0.4
Markets & Airlines	368.6	226.5	106.8	7.9	261.9	217.8	–37.5	–12.1
All other segments	44.9	51.7	27.0	1.1	17.9	50.5	–	–
Total (IAS 17)	**894.2**	**508.8**	**367.3**	**12.2**	**526.9**	**496.4**	**–193.3**	**297.5**
IFRS 16 Effect	610.3	–	88.1	–	522.1	–	–	–
Total (IFRS 16)	**1,504.5**	**508.8**	**455.4**	**12.2**	**1,049.0**	**496.4**	**–193.3**	**297.5**

Key figures by region

€ million	External revenue by customer location 2020	2019	Non-current assets 2020	2019 adjusted*
Germany	2,504.4	5,326.6	434.5	915.7
United Kingdom	2,282.8	6,024.6	3,933.3	3,157.3
Spain	75.8	181.1	738.7	609.9
Other Europe	2,817.2	6,774.4	597.2	511.4
North and South America	140.1	305.2	510.3	539.7
Rest of the world	123.4	316.2	1,258.9	1,037.3
Total	**7,943.7**	**18,928.1**	**7,472.9**	**6,771.3**

* Prior year corrected and adjusted due to changed purchase price adjustments

Notes to the Consolidated Income Statement

The development of TUI Group's revenue and earnings in the financial year 2020 was materially impacted by the suspension of the vast majority of our tour operation, aviation, hotel and cruise operations as a result of the global travel restrictions launched from mid-March 2020 in order to contain the spread of COVID-19. TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months, however this period the impact is less evident due to the COVID-19-pandemic.

(1) Revenue

Group revenue is mainly generated from tourism services. The other revenues present income from sub-lease. In the financial year 2020, consolidated revenue decreased by 58.0 % year-on-year to € 8.0 bn.

External revenue allocated by destinations for the period from 1 Oct 2019 to 30 Sep 2020

€ million	Spain (incl. Canary Islands)	Other European destinations	Caribbean, Mexico, USA & Canada	North Africa & Turkey	Rest of Africa, Ind. Ocean, Asia	Other countries	**2020 Revenues from contracts with customers**	Other	**2020 Total**
Hotels & Resorts	190.6	56.7	27.3	32.8	81.1	13.9	402.4	–	402.4
Cruises	93.3	63.1	141.7	0.2	77.0	97.3	472.6	–	472.6
TUI Musement	40.0	85.2	54.4	15.2	77.5	34.0	306.3	–	306.3
Holiday experiences	323.9	205.0	223.4	48.2	235.6	145.2	1,181.3	–	1,181.3
Northern Region	830.9	464.5	486.9	250.8	372.7	45.8	2,451.6	10.4	2,462.0
Central Region	728.9	1,021.9	197.7	416.4	479.1	10.2	2,854.2	5.5	2,859.6
Western Region	332.2	290.8	294.2	180.7	206.4	24.3	1,328.6	17.3	1,345.9
Markets & Airlines	1,892.0	1,777.2	978.8	847.9	1,058.2	80.3	6,634.4	33.2	6,667.5
All other segments	4.1	37.8	5.0	2.2	32.6	13.2	94.9	–	94.9
Total	**2,220.0**	**2,020.0**	**1,207.2**	**898.3**	**1,326.4**	**238.7**	**7,910.6**	**33.2**	**7,943.7**

External revenue allocated by destinations for the period from 1 Oct 2018 to 30 Sep 2019

€ million	Spain (incl. Canary Islands)	Other European destinations	Caribbean, Mexico, USA & Canada	North Africa & Turkey	Rest of Africa, Ind. Ocean, Asia	Other countries	2019 Revenues from contracts with customers	Other	2019 Total
Hotels & Resorts	275.9	74.3	120.9	110.5	78.1	0.3	660.0	–	660.0
Cruises	207.8	367.4	172.6	–	189.3	28.7	965.8	–0.0	965.8
TUI Musement	16.5	497.0	139.4	16.2	142.5	44.6	856.2	–	856.2
Holiday experiences	500.2	938.7	432.9	126.7	409.9	73.6	2,482.0	–0.0	2,482.0
Northern Region	2,138.2	1,948.2	1,056.0	618.6	532.0	44.4	6,337.4	7.8	6,345.2
Central Region	1,818.6	2,151.1	408.1	1,145.8	850.6	21.1	6,395.3	17.7	6,413.0
Western Region	718.9	1,011.5	545.8	563.8	337.3	31.1	3,208.4	23.5	3,231.9
Markets & Airlines	4,675.7	5,110.8	2,009.9	2,328.2	1,719.9	96.6	15,941.1	49.0	15,990.1
All other segments	7.1	103.4	96.0	6.8	209.5	23.8	446.6	9.4	456.0
Total	**5,183.0**	**6,152.9**	**2,538.8**	**2,461.7**	**2,339.3**	**194.0**	**18,869.7**	**58.4**	**18,928.1**

Future revenue from performance obligations not yet delivered as at 30 September 2020 total € 1,993.7 m (previous year € 1,163.9 m), including an amount of € 1,854.8 m (previous year € 918.1 m) to be recognised within the next twelve months. The remaining revenue will mostly be recognised in the following twelve months. TUI uses the practical expedient offered under IFRS 15.121(a) and only discloses long-term performance obligations from contracts with a term of more than twelve months, i. e. at least twelve months lie between the start of the contract (in principle the booking date) and the end of the contract (in principle the end of the service).

The touristic advance payments received (contract liabilities) are presented in Note 32.

(2) Cost of sales and administrative expenses

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

Due to the suspension of business operations as a result of COVID-19 from mid-March 2020, the cost of sales declined by 43.2 % to € 9.9 bn in financial year 2020.

During the period under review, income from the compensation agreed with Boeing to offset the effects of the 737 Max flight ban, which represents pure damages, was recognised in cost of sales. The receivable for the respective compensation is included in other receivables.

The cost of sales in financial year 2020 include effects from the termination of hedging relationships that were previously designated in hedge accounting. Please refer to the section on Financial instruments in these notes.

Government Grants

€ million	**2020**	2019
Cost of Sales	95.1	4.9
Administrative expenses	47.1	0.6
Total	**142.2**	**5.5**

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.

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

Administrative expenses

€ million	2020	2019 adjusted
Staff cost	649.0	683.0
Rental and leasing expenses	23.6	66.3
Depreciation, amortisation and impairment	126.7	71.9
Others	218.1	165.8
Total	**1,017.3**	**987.1**

The cost of sales and administrative expenses include the following expenses for personnel, depreciation / amortisation, rent and leasing:

Staff costs

€ million	2020	2019
Wages and salaries	1,871.6	2,019.0
Social security contributions	247.1	291.6
Pension costs	142.3	139.2
Total	**2,261.0**	**2,449.8**

Pension costs include service cost for defined benefit obligations and contributions to defined contribution pension schemes.

The decrease in personnel expenses in financial year 2020 compared to the previous year results in particular from the decrease in the number of employees in the Group due to the COVID-19-crisis. In addition, significant savings were generated by, among other things, the use of short-time work and other government programs for job retention, salary cuts waivers and unpaid vacation. This is offset by higher costs for various restructuring projects within the Group.

The average annual headcount (excluding trainees) evolved as follows:

Average annual headcount in the financial year (excl. trainees)

	2020	2019
Hotels & Resorts	15,471	24,566
Cruises	271	341
TUI Musement	5,558	8,011
Holiday Experiences	21,300	32,918
Northern Region	11,172	12,397
Central Region	9,021	10,178
Western Region	5,819	6,401
Markets & Airlines	26,012	28,976
All other segments	2,293	2,881
Total	**49,605**	**64,775**

Depreciation / amortisation / impairment

€ million	2020	2019 adjusted
Depreciation and amortisation of other intangible assets, property, plant and equipment and right-of-use assets	1,049.1	496.4
Impairment of other intangible assets, property, plant and equipment and right-of-use assets	455.4	12.2
Total	**1,504.5**	**508.6**

The increase in depreciation and amortisation is primarily attributable to the initial application of IFRS 16.

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

€ million	2020	2019
Hotels & Resorts	135.8	2.4
Cruises	150.4	–
TUI Musement	5.2	0.8
Holiday Experiences	291.4	3.2
Northern Region	61.8	7.8
Central Region	17.7	0.1
Western Region	57.5	–
Markets & Airlines	137.0	7.9
All other segments	27.0	1.1
Total	**455.4**	**12.2**

Of the impairments losses € 280.0 m relate to property, plant and equipment.: Additionally € 97.4 m correspond to right-of-use assets and € 78.0 m to other intangible assets. Of the impairment losses € 422.5 m (previous year € 4.1 m) are presented within cost of sales and € 32.9 m (previous year € 8.1 m) in administrative expenses.

For details of the impairments effected in financial year 2020, please refer to the respective sections of the notes on the consolidated statement of financial position.

The year-on-year decline in rental and leasing expenses is primarily attributable to the initial application of IFRS 16.

(3) Other income and other expenses

Other income in financial year 2020 mainly results from the disposal of subsidiaries. For more information, please refer to the section 'Divestments'. In the prior year, this item had primarily included gains from the disposal of aircraft assets and buildings.

In financial year 2020, Other expenses include losses from the sale of aircraft assets and expenses incurred in connection with the disposal of Group companies. In the prior year, this item had included a loss of € 12.0 m from the sale of Corsair S. A.

(4) Financial income

Financial income

€ million	2020	2019
Bank interest income	9.4	32.2
Other interest and similar income	10.4	48.4
Income from the measurement of hedges	9.9	10.0
Interest income	**29.7**	**90.6**
Income from investments	0.6	1.1
Foreign exchange gains on financial instruments	5.0	28.0
Total	**35.3**	**119.7**

The decrease in financial income of € 84.4 m in financial year 2020 mainly results from lower interest income. Moreover, this item had included income from the reversal of hedges no longer required in the prior year.

(5) Financial expenses

Financial expenses

€ million	2020	2019
Bank interest payable on loans and overdrafts	14.8	27.2
Interest expenses on lease liabilities	148.1	50.9
Net interest expenses from defined benefit pension plans	2.5	13.4
Unwinding of discount on provisions	7.5	6.0
Other interest and similar expenses	128.7	57.2
Expenses relating to the measurement of hedges	4.0	12.9
Interest expenses	**305.6**	**167.6**
Expenses relating to the measurement of other financial instruments	0.3	0.8
Foreign exchange losses on financial instruments	15.8	3.0
Total	**321.7**	**171.4**

In the period under review, financial expenses rose by € 150.3 m. This increase was mainly attributable to higher interest expenses resulting from the use of credit lines, the increase in interest expenses as a result of the change in accounting for lease liabilities in accordance with IFRS 16, and expenses due to foreign exchange differences arising for lease liabilities.

(6) Share of result of joint ventures and associates

The share of result of joint ventures and associates of € –193.3 m (previous year € 297.5 m) comprises the net loss / profit for the year attributable to the associated companies and joint ventures.

The year-on-year decline is attributable to cancelled holidays, customer repatriation costs and hotel closures due to the COVID-19-pandemic. Moreover, the joint ventures and associates were tested for impairment as at 30 September 2020 due to the development of the pandemic, resulting in an impairment loss of € 34.5 m. The impairments required for the joint ventures and associates include € 33.2 m relating to the Hotels & Resorts segment and € 1.3 m relating to the Central Region segment.

For the development of the results of the material joint ventures and associates we refer to Note 16 'Investments in joint ventures and associates'.

(7) Income taxes

As in the previous year, TUI Group's German companies have to pay trade tax of 15.7 % and corporation tax of 15.0 % plus a 5.5 % solidarity surcharge on corporation tax.

Foreign income taxes are calculated on the basis of the laws and provisions applicable in the individual countries. The income tax rates applied to foreign companies vary from 0 % to 35.0 %.

Breakdown of income taxes

€ million	**2020**	2019
Current tax expense		
in Germany	6.0	– 69.8
abroad	15.5	100.8
Deferred tax expense / income	– 85.7	128.5
Total	**– 64.2**	**159.5**

In the prior year, the actual tax income in Germany included income attributable to prior periods. Due to the required reassessment of tax risks, income tax liabilities of € 74.2 m were reversed in the prior year. In financial year 2020, the tax liabilities from actual taxes attributable to prior periods total € 0.2 m (previous year tax income of € 67.0 m).

In the financial year under review, deferred tax liabilities include a reassessment of tax loss carryforwards in Germany of € 43.8 m (previous year € 100.8).

In financial year 2020, income taxes totalling € 64.2 m (previous year expense € 159.5 m) and are derived as follows from an 'expected' income tax expense that would have arisen if the statutory income tax rate of parent company TUI AG (aggregate income tax rate) had been applied to earnings before taxes.

Reconciliation of expected to actual income taxes

€ million	**2020**	2019
Earnings before income taxes	– 3,203.4	691.4
Expected income tax (current year 31.5 %, previous year 31.5 %)	**– 1,009.1**	**217.8**
Effect from the difference of the actual tax rates to the expected tax rates	259.0	– 23.0
Changes in tax rates and tax law	40.0	4.3
Income not taxable	– 204.6	– 168.0
Expenses not deductible	226.4	64.5
Effects from loss carryforwards	590.5	125.1
Temporary differences for which no deferred taxes were recognised	35.3	6.9
Deferred and current income tax relating to other periods (net)	– 2.3	– 68.7
Other differences	0.6	0.6
Income taxes	**– 64.2**	**159.5**

(8) Group loss attributable to shareholders of TUI AG

In financial year 2020, the share in Group loss attributable to TUI AG shareholders decreased from € 416.4 m in the prior year to € – 3,148.4 m due to the suspension of the vast majority of our tour operation, aviation, hotel and cruise operations as a result of the global travel restrictions launched from mid-March 2020 in order to reduce the spread of COVID-19.

(9) Group profit attributable to non-controlling interest

In the Hotels & Resorts segment, the Group profit attributable to non-controlling interest primarily relates to the RIUSA II Group with € 14.2 m (previous year € 112.8 m).

(10) Earnings per share

In accordance with IAS 33, basic earnings per share are calculated by dividing the Group result for the year attributable to TUI AG shareholders by the weighted average number of registered shares outstanding during the financial year. The average number of shares is derived from the total number of shares at the beginning of the financial year (589,020,588 shares) and the employee shares issued on a pro rata basis (84,053 new shares).

Earnings per share

		2020	2019
Group loss/profit for the year attributable to shareholders of TUI AG	€ million	–3,148.4	416.4
Weighted average number of shares		589,104,641	587,956,653
Basic earnings per share	€	**–5.34**	**0.71**

Diluted Earnings per share

		2020	2019
Group loss/profit for the year attributable to shareholders of TUI AG	€ million	–3,148.4	416.4
Weighted average number of shares		589,104,641	587,956,653
Diluting effect from assumed exercise of share awards		–	86,023
Weighted average number of shares (diluted)		589,104,641	588,042,676
Diluted earnings per share	€	**–5.34**	**0.71**

As a rule, a dilution of earnings per share occurs when the average number of shares increases due to the addition of the issue of potential shares from conversion options. In the completed year existing share awards were converted into TUI AG shares.

On 1 October 2020 TUI AG issued a warrant bond to the Economic Stabilisation Fund (WSF) of € 150.0 m. The warrant bond has a term of ten years and can be converted into TUI AG shares at any time. As the conversion price per share was set at an amount of € 2.56, the potential shares amount to 58.7 m. More detailed information is provided in Note 46 'Significant events after balance sheet date'.

(11) Taxes attributable to other comprehensive income

Tax effects relating to other comprehensive income

			2020			2019
€ million	**Gross**	**Tax effect**	**Net**	Gross	Tax effect	Net
Foreign exchange differences	–185.9	–	–185.9	96.7	–	96.7
Cash flow hedges	–316.1	73.3	–242.8	–340.0	79.5	–260.5
Remeasurements of benefit obligations and related fund assets	25.5	–15.2	10.3	–19.9	26.3	6.4
Changes in the measurement of companies measured at equity outside profit or loss	–38.6	–	–38.6	–35.4	–	–35.4
Fair value gain/loss on investments in equity instruments designated as at FVTOCI	–27.7	–	–27.7	2.2	–	2.2
Other comprehensive income	**–542.8**	**58.1**	**–484.7**	**–296.4**	**105.8**	**–190.6**

Corporate income taxes worth € –1.9 m (previous year € –1.5 m) were generated in the reporting period and recognised directly in equity. As in the previous year, deferred income taxes recognised directly in equity were not generated.

Notes on the consolidated statement of financial position

(12) Goodwill

Goodwill

€ million	2020	2019 adjusted
Historical cost		
Balance as at 1 Oct	**3,438.3**	**3,341.8**
Exchange differences	– 48.0	–
Additions	40.1	96.5
Disposals	25.7	–
Balance as at 30 Sep	**3,404.7**	**3,438.3**
Impairment		
Balance as at 1 Oct	**– 429.1**	**– 428.7**
Exchange differences	7.0	– 0.4
Impairments for the current year	– 68.1	–
Balance as at 30 Sep	**– 490.2**	**– 429.1**
Carrying amounts as at 30 Sep	**2,914.5**	**3,009.2**

Goodwill increased by € 36.6 m due to acquisitions and by € 3.5 m due to the first time consolidation of a formerly immaterial and thus not consolidated subsidiary. Disposals from the group of consolidated companies resulted in a reduction of goodwill of € 25.7 m. Goodwill also declined by an additional impairment of € 68.1 m. Detailed information on acquisitions and divestments is presented under 'Acquisitions – Divestments'.

In accordance with the provisions of IAS 21, goodwill allocated to the individual segments and sectors was recognised in the functional currency of the subsidiaries and subsequently translated when preparing the consolidated financial statements. Similar to the treatment of other differences from the translation of annual financial statements of foreign subsidiaries, differences due to exchange rate fluctuations between the exchange rate at the date of acquisition of the subsidiary and the exchange rate at the balance sheet date are taken directly to equity outside profit and loss and disclosed as a separate item. In financial year 2020, a decrease in the carrying amount of goodwill of € 41.0 m (previous year € 0.4 m) resulted from foreign exchange differences.

The following table presents a breakdown of goodwill by cash generating unit (CGU) at carrying amounts. The position Other consists exclusively the two cash-generating units Robinson and Blue Diamond, which belong to the Hotels & Resorts segment.

Goodwill per cash generating unit

€ million	30 Sep 2020	30 Sep 2019 adjusted
Northern Region	1,162.2	1,191.3
Central Region	501.7	522.2
Western Region	412.3	412.1
Riu	343.1	343.1
Marella Cruises	279.3	286.5
TUI Musement	170.1	171.0
Northern Hotels	–	23.6
TUI Blue	–	10.2
Other	45.8	**49.2**
Total	**2,914.5**	**3,009.2**

By the middle of March, a number of governments across our key destinations announced the closure of their borders as part of their efforts to mitigate the spread of COVID-19. As a result, the entire travel programme of TUI Group was suspended for the first time in the company's history. From mid-June, the tour operator programme was partially restarted, but with significantly lower volumes than usual summer levels. The ongoing travel restrictions and the associated acute effect of the COVID-19-pandemic on all business areas constitute a potential impairment triggering event. Goodwill was therefore tested for impairment at the level of cash generating units (CGUs) as at 30 June 2020. Due to the ongoing restrictions imposed by the COVID-19-pandemic an impairment test was performed as at 30 September 2020.

The goodwill impairment test was conducted as at 30 June 2020 as a result of the COVID-19-pandemic and the associated suspension of the travel programme for the first time in the history of TUI Group. The impairment test resulted in the recognition of an impairment loss totalling to € 68.1 m for capitalised goodwill in the Hotels & Resort segment. The existing goodwill of the CGU Northern Hotels amounting to € 58.5 m and the CGU TUI Blue in the amount of € 9.6 m were fully impaired. In addition to the aforementioned impairment of capitalised goodwill, further impairment requirements were allocated proportionately to the right of use assets of hotels and to capitalised hotels in property, plant and equipment area. The impairment losses on right of use assets of hotels related to the following touristic destinations.

Impairment on right-of-use assets of hotels as at 30 June 2020

Tourist destination	Number of hotels	Impairment in € million	Recoverable amount in € million
Turkey	3	20.0	60.2
Spain	2	13.8	41.3
Italy	1	8.0	24.0
Portugal	1	2.9	8.6
North Africa	2	1.1	3.2
Total		**45.8**	**137.3**

Impairment losses on hotels carried in property plant and equipment totalling to € 33.5 m were attributable with € 14.5 m to the CGU Northern Hotels and with € 19.0 m to the CGU TUI Blue. The impairment test as at 30 June 2020 was based on discount rates of 8.05 % and a growth rate of 1.0 % for the period after the detailed planning. The forecast of the future expected cash flows was based on an updated planning scenario for a forecast period of 3.25 years. The recoverable amount was determined based on the fair value less cost to sell (level 3). For the impaired cash-generating units Northern Hotels and TUI Blue, the sensitivity analysis carried out as of 30 June 2020 had identified an additional need of asset impairments. An increase in the WACC by 100 basis points would have resulted in a further asset impairment requirement of € 43.9 m for Northern Hotels and of € 23.4 m for TUI Blue. Assets would have to be impaired by an additional amount of € 53.2 m for Northern Hotels and of € 25.2 m for TUI Blue in the event of a 15 % decrease in the discounted cash flow, while a 50 basis point decrease in the growth rate would have resulted in an impairment for Northern Hotels of € 20.1 m and for TUI Blue of € 10.9 m.

As at 30 September 2020, an updated impairment test of capitalised goodwill was performed at the level of cash-generating units based on an updated planning scenario. No further impairment requirements of capitalised goodwill were determined.

For all CGUs, the recoverable amount, being the higher value compared to the value in use, was determined on the basis of fair value less costs of disposal. The fair value was calculated by discounting the expected cashflows. This was based on the medium-term plan for the respective entity as at 30 September 2020, following deductions of income tax payments. Budgeted revenues and EBIT margins are based on expectations with regard to the future business performance, assuming gradual business normalisation by 2023 at the latest. We refer to the section 'Assumptions and estimates'.

The discount rates are calculated as the weighted average cost of capital, taking account of country-specific risks of the CGU and based on external capital market information. The higher weighted average cost of capital compared to prior year reflects the current market situation and the increased amount of debt capital due to the COVID-19-pandemic.

The table below provides an overview of the parameters adjusted versus the end of the previous financial year, underlying the determination of the fair values per CGU. Given the impact of the COVID-19-pandemic and the expected regeneration in the upcoming planning periods with a gradual recovery by 2023, the growth rate for revenues and the EBIT margin are not comparative in a meaningful way. The forecast period was adjusted as a result of the impairment test performed as of 30 September 2020 due to the uncertainties in the planning process in the current financial year. The table lists the CGUs to which goodwill has been allocated:

Assumptions for calculation of the recoverable amount at 30 September 2020

	Planning period in years	Growth rate revenues in % p.a.	EBIT-Margin in % p.a.	Sustainable Growth rate[2] in %	WACC in %	Level	Carrying amount in € million	Recoverable amount in € million
Northern Region	3.00	44.1	1.0	0.5	11.75	3	1,973.2	2,516.8
Central Region	3.00	28.3	–	0.5	11.75	3	167.7	808.7
Western Region	3.00	34.8	2.1	0.5	11.75	3	321.5	872.6
Riu[1]	3.00	27.9	26.9	1.0	7.74	3	2,010.3	2,778.4
Marella Cruises[1]	3.00	32.5	1.0	1.0	9.74	3	573.6	696.4
TUI Musement	3.00	40.3	–1.8	1.0	8.39	3	352.5	453.9
Other	3.00	40.3 to 42.3	11.3 to 12.4	1.0	7.74 to 8.80	3	568.9 to 666.5	662.8 to 778.1

[1] Those are groups of CGUs.
[2] Growth rate of expected net cash inflows

Assumptions for calculation of the recoverable amount at 30 June 2019

	Planning period in years	Growth rate revenues in % p.a.	EBIT-Margin in % p.a.	Sustainable Growth rate[2] in %	WACC in %	Level	Carrying amount in € million	Recoverable amount in € million
Northern Region	3.25	8.6	1.5	1.0	5.56	3	911.0	2,660.9
Central Region	3.25	3.7	0.9	1.0	5.56	3	– 14.1	539.6
Western Region	3.25	8.0	0.8	1.0	5.56	3	11.3	822.6
Riu[1]	3.25	5.6	30.6	1.0	6.09	3	1,952.8	3,712.5
Marella Cruises[1]	3.25	8.4	12.7	1.0	6.29	3	816.3	1,685.6
TUI Musement	3.25	11.6	1.2	1.0	5.56	3	351.8	527.9
Other	3.25	15.9 to 57.0	6.1 to 16.6	1.0	6.09 to 7.35	3	107 to 615	216 to 881

[1] Those are groups of CGUs.
[2] Growth rate of expected net cash inflows

In view of the existing uncertainties regarding future business development, an extended analysis of sensitivities for the main planning parameters was carried out. To reflect the uncertainties in the cost of capital, potential risk discounts and risk premiums were considered in the Markets & Airlines sector. The following table shows the effects of potential deviations in fair value in the financial year 2020:

Sensitivities presenting potential changes of the recoverable amount

Sensivity analysis Markets & Airlines	WACC +125 BPS € million	WACC –225 BPS € million	Sustainable growth rate[2] +50 BPS € million	Sustainable growth rate[2] –50 BPS € million	Discounted Cash Flow +15 % € million	Discounted Cash Flow –15 % € million	Normalisation of business 2022 € million	Normalisation of business 2024 € million
Northern Region	–151.9	+362.4	+46.4	–42.4	+377.5	–377.5	+38.9	–14.3
Central Region	–90.5	+227.4	+34.7	–31.8	+126.5	–126.5	+54.2	–59.2
Western Region	–82.2	+203.2	+29.5	–27.0	+135.2	–135.2	+10.5	–3.1

Sensivity analysis Cruises	WACC +100 BPS € million	WACC –100 BPS € million	Sustainable growth rate[2] +50 BPS € million	Sustainable growth rate[2] –50 BPS € million	Discounted Cash Flow +10 % € million	Discounted Cash Flow –10 % € million	Normalisation of business 2022 € million	Normalisation of business 2024 € million
Marella Cruises[1]	–78.8	+99.3	+39.9	–35.6	+71.5	–71.5	+33.0	–39.4

Sensitivity analysis Hotels & Resorts and TUI Musement	WACC +100 BPS € million	WACC –100 BPS € million	Sustainable growth rate[2] +50 BPS € million	Sustainable growth rate[2] –50 BPS € million	Discounted Cash Flow +10 % € million	Discounted Cash Flow –10 % € million	Normalisation of business 2022 € million	Normalisation of business 2024 € million
Riu[1]	–387.2	+522.4	+211.5	–182.3	+300.8	–300.8	+10.7	–25.0
TUI Musement	–67.5	+91.8	+36.4	31.8	+58.7	–56.1	+33.9	–35.7
Other	–74.2 to –102.4	+95.8 to +138.1	+38.2 to +55.9	–33.6 to –48.1	+66.3 to +83.5	–66.3 to –83.5	–1.5 to +3.0	–2.4 to –18.8

[1] Those are groups of CGUs.
[2] Sustainable growth rate of expected net cash inflows

The fair values of the cash-generating units determined as part of the sensitivity analysis did not indicate any need for additional impairment losses. Only for the cash-generating units Robinson and Blue Diamond, which are reported under Other in the Hotels & Resorts segment, the recoverable amount approached the carrying amount. A change in the discount rate of +1.1 % in the CGU Robinson and +1.3 % in CGU Blue Diamond would lead to an estimated recoverable amount to be equal to the carrying amount.

(13) Other intangible assets

The development of the line items of other intangible assets in financial year 2020 is shown in the following table.

Other intangible assets

€ million	Brands, licenses and other rights	Computer software internally generated	Computer software acquired	Transport and leasing contracts	Customer base	Intangible assets in the course of construction and Payments on account	**Total**
Historical cost							
Balance as at 1 Oct 2018	**422.0**	**415.5**	**295.1**	**91.1**	**91.4**	**112.2**	**1,427.3**
Exchange differences	0.2	–3.9	–1.8	–0.2	2.8	0.6	–2.3
Additions due to changes in the group of consolidated companies	30.7	3.0	11.0	–	2.2	–	46.9
Additions	3.6	22.3	19.4	–	–	126.2	171.5
Disposals	–119.1	–56.3	–58.3	–	–1.9	–3.1	–238.7
Reclassification as assets held for sale	–0.7	–	–7.2	–	–0.1	–0.8	–8.8
Transfer	0.6	77.8	22.8	–	–	–100.8	0.4
Balance as at 30 Sep 2019 (adjusted)	**337.3**	**458.4**	**281.0**	**90.9**	**94.4**	**134.3**	**1,396.3**
First-time adoption of IFRS 16	–	–	–	–24.9	–	–	–24.9
Balance as at 1 Oct 2019 (restated)	**337.3**	**458.4**	**281.0**	**66.0**	**94.4**	**134.3**	**1,371.4**
Exchange differences	–9.6	–10.5	–3.1	–6.9	–0.9	–2.3	–33.3
Additions due to changes in the group of consolidated companies	1.1	–	–	–	0.3	–	1.4
Additions	4.5	16.7	26.7	–	–	64.0	111.9
Disposals	–5.0	–11.6	–61.2	–	–15.0	–14.6	–107.4
Reclassification as assets held for sale	–	–	–4.4	–	–	–0.7	–5.1
Transfer	0.4	64.2	30.8	–	–	–96.6	–1.2
Balance as at 30 Sep 2020	**328.7**	**517.2**	**269.8**	**59.1**	**78.8**	**84.1**	**1,337.7**

Continued from previous page

Other intangible assets

€ million	Brands, licenses and other rights	Computer software internally generated	Computer software acquired	Transport and leasing contracts	Customer base	Intangible assets in the course of construction and Payments on account	**Total**
Amortisation and impairment							
Balance as at 1 Oct 2018	**–262.4**	**–218.3**	**–212.4**	**–51.0**	**–40.0**	**–**	**–784.1**
Exchange differences	0.9	1.7	1.5	0.2	–2.4	–	1.9
Amortisation for the current year	–21.0	–59.4	–37.1	–4.5	–8.0	–	–130.0
Impairment for the current year	–1.1	–6.6	–0.8	–	–	–0.6	–9.1
Disposals	116.3	56.3	54.2	–	1.9	0.6	229.3
Reclassification as assets held for sale	0.7	–	5.7	–	–	–	6.4
Transfer	0.2	–	–0.1	–	–0.1	–	–
Balance as at 30 Sep 2019 (adjusted)	**–166.4**	**–226.3**	**–189.0**	**–55.3**	**–48.6**	**–**	**–685.6**
First-time adoption of IFRS 16	–	–	–	11.3	–	–	11.3
Balance as at 1 Oct 2019 (restated)	**–166.4**	**–226.3**	**–189.0**	**–44.0**	**–48.6**	**–**	**–674.3**
Exchange differences	1.5	5.4	2.3	1.6	0.8	–	11.6
Amortisation for the current year	–22.6	–75.1	–40.1	–2.4	–9.8	–	–150.0
Impairment for the current year	–7.0	–28.6	–25.3	–	–1.8	–15.3	–78.0
Disposals	3.6	11.6	58.2	–	15.0	14.4	102.8
Reclassification as assets held for sale	–	–	3.8	–	–	–	3.8
Transfer	2.0	–0.3	–1.7	–	–0.1	–	–0.1
Balance as at 30 Sep 2020	**–188.9**	**–313.3**	**–191.8**	**–44.8**	**–44.5**	**–0.9**	**–784.2**
Carrying amounts as at 30 Sep 2019 (adjusted)	**170.9**	**232.1**	**92.0**	**35.6**	**45.8**	**134.3**	**710.7**
Carrying amounts as at 30 Sep 2020	**139.8**	**203.9**	**78.0**	**14.3**	**34.3**	**83.2**	**553.5**

Internally generated computer software consists of computer programs for tourism applications exclusively used internally by the Group.

Transport contracts relate to landing rights at airports in the UK purchased and measured during the acquisition of First Choice Holidays Plc in 2007.

In the previous year, the leasing contracts exclusively related to advantageous supply contracts for aircraft, which were capitalized as part of the purchase price allocation following the acquisition of First Choice Holidays Plc in 2007. Due to the application of IFRS 16 as of 1 October 2020, the advantageous contracts were reclassified as right-of-use assets, as they are related to the rights of use assets of aircraft.

Payments on account made totalled € 0.3 m as at 30 September 2020 (previous year € 6.9 m). The intangible assets in course of constructions amounted to € 82.9 m as at 30 September 2020 (previous year € 127.4 m).

Additions to consolidation mainly relate to the acquisition of Kybele Turizm Yatirim San. Ve Tic. A.Ş as well as acquisitions of travel agencies. For details, please refer to the section 'Acquisitions'.

The impairments recognised for the financial year under review totalled € 78.0 m (previous year € 9.1 m). The COVID-19 pandemic gave reason to focus and accelerate the digital transformation of TUI. Accordingly local software systems which will be replaced by group wide software were impaired to a remaining value of zero. This includes with € 28.6 m internally and with € 25.3 m acquired computer software. In addition software projects presented as intangible assets in the course of construction have been impaired by € 15.3 m. Likewise it was decided that smaller brands and licences with a total book value of € 7.0 m and a customer list with a book value of € 1.8 m will no longer be used. Accordingly these assets were impaired.

The useful life of individual software systems have been revised based on the acceleration of the digital transformation. Due to this revision the useful life of the affected software systems were shortened which increased the amortization by € 9.5 m in the financial year. For the financial year 2021 we expect an an increase of amortization compared with the amount that would have been charged before the change in useful life by € 7.7 m in comparison to the amount before the change of the useful life, for the financial year 2022 by € 5.4 m.

In February 2020, TUI AG concluded an agreement with its joint venture partner Royal Caribbean Cruises on the sale of Hapag-Lloyd Kreuzfahrten to the joint venture TUI Cruises GmbH. Accordingly, the associated assets were reclassified to the balance sheet item ‘Assets held for sale’ before the divestment was closed in early July 2020. For further details on the disposal, we refer to the relevant section on ‘Divestments’.

(14) Property, plant and equipment

The table below presents the development of the individual items of property, plant and equipment in financial year 2020.

Property, plant and equipment

€ million	Hotels incl. Land	Other buildings and land	Aircraft	Cruise ships	Other plant, operating and office equipment	Assets under construction	Payments on account	**Total**
Historical cost								
Balance as at 1 Oct 2018	**1,754.4**	**268.9**	**2,185.2**	**1,331.5**	**1,259.6**	**144.6**	**479.3**	**7,423.5**
Exchange differences	28.8	2.5	99.3	–8.2	8.7	6.8	18.3	156.2
Acquisitions through business combinations	201.5	0.4	–	0.2	8.2	–	–	210.3
Additions	196.4	43.0	257.0	128.8	81.5	328.8	168.5	1,204.0
Disposals	–20.9	–21.5	–409.6	–37.5	–93.3	–8.6	–118.0	–709.4
Transfer to assets held for sale	–	–0.9	0.5	–	–3.9	–	–	–4.3
Transfer	55.2	–5.8	45.3	230.1	40.7	–298.7	–66.8	–0.0
Balance as at 30 Sep 2019 (adjusted)	**2,215.4**	**286.6**	**2,177.7**	**1,644.9**	**1,301.5**	**172.9**	**481.3**	**8,280.3**
Adoption of IFRS 16	–0.4	–7.2	–1,629.9	–246.2	–51.1	–0.1	–	–1,934.9
Balance as at 1 Oct 2019 (restated)	**2,215.0**	**279.4**	**547.8**	**1,398.7**	**1,250.4**	**172.8**	**481.3**	**6,345.4**
Exchange differences	–107.6	–27.4	–7.0	–20.5	–29.6	–10.1	–21.5	–223.7
Acquisitions through business combinations	37.7	–	–	–	8.7	–	–	46.4
Additions	65.7	1.2	17.5	125.4	68.8	181.3	117.6	577.5
Disposals	–12.9	–3.6	–71.7	–6.0	–51.1	–0.1	–98.9	–244.3
Transfer to assets held for sale	–	–0.4	–93.4	–1,013.4	–5.3	–	–24.4	–1,136.9
Transfer	82.5	1.5	–0.9	163.0	63.3	–123.5	–82.1	103.8
Balance as at 30 Sep 2020	**2,280.4**	**250.7**	**392.3**	**647.2**	**1,305.2**	**220.4**	**372.0**	**5,468.2**

Table continues on next page

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Property, plant and equipment

€ million	Hotels incl. Land	Other buildings and land	Aircraft	Cruise ships	Other plant, operating and office equipment	Assets under construction	Payments on account	**Total**
Depreciation and impairment								
Balance as at 1 Oct 2018	**– 514.3**	**–74.9**	**–770.0**	**– 336.3**	**– 851.9**	**0.2**	**–**	**– 2,547.2**
Exchange differences	– 3.4	–	–18.6	1.1	– 6.1	–	–	– 27.0
Depreciation for the current year	– 51.1	– 3.3	–122.2	– 88.9	–101.0	–	–	– 366.5
Impairment for the current year	–1.7	–	–	–	–1.4	–	–	– 3.1
Disposals	10.5	13.5	325.7	37.5	83.7	–	–	470.9
Transfer to assets held for sale	–	0.7	–	–	2.3	–	–	3.0
Transfer	– 8.8	2.4	–	–	6.7	–	–	0.3
Balance as at 30 Sep 2019 (adjusted)	**– 568.8**	**– 61.6**	**– 585.1**	**– 386.6**	**– 867.7**	**0.2**	**–**	**– 2,469.6**
Adoption of IFRS 16	0.5	1.9	372.4	83.1	25.4	–	–	483.3
Balance as at 1 Oct 2019 (restated)	**– 568.3**	**– 59.7**	**– 212.7**	**– 303.5**	**– 842.3**	**0.2**	**–**	**–1,986.3**
Exchange differences	19.5	– 0.4	0.9	7.9	10.5	–	–	38.4
Depreciation for the current year	– 60.4	– 2.7	– 32.2	–73.5	– 99.2	–	– 0.6	– 268.6
Impairment for the current year	–70.7	– 5.0	– 46.5	–138.3	–15.4	–	– 4.1	– 280.0
Disposals	12.7	2.2	67.6	6.0	45.1	–	4.1	137.7
Transfer to assets held for sale	–	0.1	68.9	350.4	4.3	–	–	423.7
Transfer	0.6	– 0.1	1.1	– 57.9	–14.3	–	–	–70.6
Balance as at 30 Sep 2020	**– 666.6**	**– 65.6**	**–152.9**	**– 208.9**	**– 911.3**	**0.2**	**– 0.6**	**– 2,005.7**
Carrying amounts as at 30 Sep 2019 (adjusted)	**1,646.6**	**225.0**	**1,592.6**	**1,258.3**	**433.8**	**173.1**	**481.3**	**5,810.7**
Carrying amounts as at 30 Sep 2020	**1,613.8**	**185.1**	**239.4**	**438.3**	**393.9**	**220.6**	**371.4**	**3,462.5**

The initial application of IFRS 16 in the period under review resulted in a reclassification of leased assets worth € 1,451.6 m, which had been classified as finance leases under IAS 17, to right-of-use assets.

Acquisitions through business combinations mainly relate to acquisitions of hotel companies. For details, please refer to the section 'Acquisitions'.

Hapag-Lloyd Kreuzfahrten GmbH invested an amount of € 117.1 m in the acquisition of the cruise ship HANSEATIC inspiration. Other additions include investments of € 121.5 m in Hotels & Resorts (previous year € 259.1 m).

In the financial year under review, advance payments of € 38.9 m (previous year € 34.7 m) were made for the acquisition of cruise ships, while € 52.1 m (previous year € 116.9 m) were invested to acquire aircraft.

Further additions to assets under construction include an amount of € 158.3 m (previous year € 98.7 m) for investments in hotels in Hotels & Resorts. The amount carried for assets under construction in the prior year had additionally included € 170.7 m for the cruise ship Marella Explorer 2.

Due to the development of the COVID-19-pandemic and its impact on the business property, plant and equipment have been tested for impairment.

One aircraft which is owned by the aircraft leasing companies of the group was impaired. This aircraft is currently leased to the associated company Corsair S. A. and is planned to be sold to them. The aircraft has been impaired by € 46.5 m to its fair value less cost to sell (level 2) and transferred to the line item 'Assets held for sale'. Please refer to this section for further information. The remaining aircrafts have been tested on the level of the segments Region Northern, Region Western or Region Central. No further impairments were identified.

Of the cruise ships, all of which are attributable to Marella Cruises in the Cruises segment, Marella Dream was impaired by € 52.1 m to the planned selling price less cost to sell of € 1.4 m due to the sale to be completed in October 2021. The Marella Dream is therefore reclassified as assets held for sale. The Marella Celebration was decommissioned due to the COVID-19-pandemic and was impaired by € 17.1 m. Furthermore, the planned renovation measures were cancelled in order to avoid further investments and the € 4.1 m already paid for them were fully impaired. For the remaining cruise ships the impairment test was carried out by discounting future cash inflows derived from the business plan with a discount rate of 9.74 %. Please refer to the section 'Goodwill' and the explanations on the group of cash generating units 'Marella Cruises' for further information especially on the determination of the discount rate. An inflation-related growth of 0.5 % per season after a normalized level of business is reached was assumed. Each individual cruise ship represents a cash generated unit. The recoverable amount was calculated based on the value in use. The impairment losses are allocated to the cash-generating units as follows:

Impairment on cruise ships

Cruise ship	Impairment in € million	Recoverable amount in € million
Marella Discovery	0.8	10.3
Marella Discovery 2	49.6	130.9
Marella Explorer	4.0	160.1
Marella Explorer 2	14.7	129.5
Total	**69.1**	**430.8**

Furthermore the hotels including land of the segment Hotels & Resorts were tested for impairment. Each Hotel represents a separate cash generating unit. In principle the same methods were applied as for the impairment tests of the cruise ship. However other discount rates were applied depending on the individual risk of the respective hotel and a growth rate of 1 %. For further information we refer again to the section 'Goodwill'. With the exception of the impairment below the recovery amount was the value in use. Impairment losses on hotels relate to the following destination and are mainly attributable to an impairment of two hotel in the Maldives and three hotels in Turkey.

Impairment on hotels incl. land by tourist destinations

Tourist destination	Discount rate in %	Impairment in € million	Recoverable amount in € million
Maldives	8.48	35.5	28.6
Turkey	8.48	22.3	101.3
East Africa	8.80	6.2	38.6
Total		**64.0**	**168.5**

In addition, a hotel in Italy amounting was impaired by € 6.7 m to the fair value less cost to sell.

The impairments of 'Other buildings and land' and 'Other plant, operating and office equipment' are related to a multiplicity of smaller assets. The impairments are mainly caused by the decommissioning and restrictions on the use of assets due to the COVID-19-pandemic.

In February 2020, TUI AG concluded an agreement with its joint venture partner Royal Caribbean Cruises to sell Hapag-Lloyd Kreuzfahrten to the joint venture TUI Cruises GmbH. Accordingly, the associated assets were reclassified to the balance sheet item 'Assets held for sale' before the sale was completed in early July 2020. For further information on the disposal, please refer to the relevant section on 'Divestments'.

The additions to property, plant and equipment by reclassifications relate amongst other to carrying amounts of previously leased assets carried as right-of-use assets for which purchase options were exercised.

In the financial year 2020, borrowing costs of € 2.5 m (previous year € 4.0 m) were capitalised as part of acquisition and production costs. The capitalisation rate of capitalised borrowing costs is 3.0 % p. a. for financial year 2020 and 2.9 % p. a. for the prior year.

The carrying amount of property, plant and equipment subject to ownership restrictions or pledged as security totals € 333.6 m as at the balance sheet date (previous year € 629.0 m). The decline is attributable to the disposal of Hapag-Lloyd Kreuzfahrten.

(15) Leasing

In financial year 2020, TUI introduced the amended standard on lease accounting (IFRS 16). As a lessee, TUI recognises right-of-use assets and lease liabilities according to IFRS 16.

For more detailed information on this new application and the use of practical expedients, please refer to the section 'Newly applied standards' in Principles and Methods Underlying the Consolidated Financial Statements.

TUI AS A LESSEE

As a lessee, TUI leases moveable assets such as aircraft, vehicles and cruise ships, as well as property such as hotel buildings, land, office buildings and travel agencies. The terms and conditions of the lease agreements are individually negotiated. Some of TUI's aircraft leases comprise purchase or extension options. Many of TUI's property leases, in particular for travel agencies and office buildings, contain extension options and price adjustment clauses. No residual value guarantees were provided for the leased items.

Due to the introduction of IFRS 16, right-of-use assets totalling € 3,831.6 m were carried as at 1 October 2019. This amount includes € 1,451.6 m for assets previously capitalised as finance leases, reclassified from property, plant and equipment to right-of-use assets.

The development of the right-of-use assets in financial year 2020 is presented in the table below:

Right-of-use assets

€ million	Aircraft and engines	Hotels	Travel Agencies	Buildings	Cruise ships	Other	**Total**
Historical cost							
Balance as at 1 Oct 2019	**2,834.7**	**751.6**	**206.2**	**212.3**	**247.0**	**74.0**	**4,325.8**
Exchanges differences	– 157.8	– 3.6	– 0.7	– 2.3	– 5.2	– 0.6	– 170.2
Additions	294.8	49.0	17.6	11.6	78.6	14.5	466.1
Revaluations and modifications	60.6	– 178.8	7.3	– 24.7	– 20.3	– 0.3	– 156.2
Disposals	– 2.0	– 6.3	– 0.7	– 11.7	–	– 0.8	– 21.5
Reclassifications as assets held for sale	– 36.5	–	–	–	–	–	– 36.5
Transfer	5.1	0.1	– 0.5	– 1.1	– 88.4	– 20.7	– 105.5
Balance as at 30 Sep 2020	**2,998.9**	**612.0**	**229.2**	**184.1**	**211.7**	**66.1**	**4,302.0**
Depreciation and impairment							
Balance as at 1 Oct 2019	**– 383.6**	**–**	**–**	**– 1.9**	**– 83.2**	**– 25.5**	**– 494.2**
Exchange differences	42.5	2.3	0.8	0.3	1.6	0.2	47.7
Depreciation for the current year	– 409.3	– 107.9	– 54.9	– 24.7	– 18.0	– 15.5	– 630.3
Impairment for the current year	– 6.2	– 54.8	– 24.6	– 1.1	– 7.9	– 2.8	– 97.4
Disposals	2.0	6.1	0.3	3.9	–	0.1	12.4
Reclassifications as assets held for sale	18.7	–	–	–	–	–	18.7
Transfer	– 1.1	– 1.2	–	–	58.0	13.3	69.0
Balance as at 30 Sep 2020	**– 737.0**	**– 155.5**	**– 78.4**	**– 23.5**	**– 49.5**	**– 30.2**	**– 1,074.1**
Carrying amounts as at 1 Oct 2019	**2,451.1**	**751.6**	**206.2**	**210.4**	**163.8**	**48.5**	**3,831.6**
Carrying amounts as at 30 Sep 2020	**2,261.9**	**456.5**	**150.8**	**160.6**	**162.2**	**35.9**	**3,227.9**

Since the date of the initial application of IFRS 16, right-of-use assets have declined by € 603.7 m. While cumulative depreciation amounted to € 630.3 m, additions included in particular an amount of € 294.8 m for aircraft and engines as well as € 78.6 m for cruise ships and € 49.0 m for hotels. Right-of-use assets decreased by a further € 122.5 m due to foreign exchange translation.

In addition, remeasurements and contractual changes to leases resulted in a reduction in right-of-use assets of € 156.2 m. Most remeasurements and changes in leases are based on contractual amendments driven by the COVID-19-pandemic.

Information on the associated lease liabilities is provided in Note 31, 'Financial liabilities and lease liabilities'. Details regarding the maturities of the lease payments not yet made at the balance sheet date are shown in the section 'Liquidity risk' in Note 40 'Financial instruments'.

The table below presents the expenses and income carried in the consolidated statement of financial position in financial year 2020 in connection with leases in which TUI is the lessee:

Expenses and income from leases with TUI as the lessee

€ million	2020
Expenses from short-term leases	– 56.0
Expenses from low-value leases	– 12.8
Variable leasing income and expenses	36.4
Depreciation of right-of-use assets	– 630.3
Impairment of right-of-use assets	– 97.4
Interest expenses from lease liabilities	– 148.1
Gains or losses arising from sale and leaseback transactions	0.7

The impairment test for carrying amounts performed in connection with the pandemic resulted in impairments of € 97.4 m to right-of-use assets in the completed financial year. The impairment losses mainly relate to right-of-use assets on hotels totalling € 54.8 m.

Information on impairments of hotels are provided in Note 12 'Goodwill'. In addition to the values mentioned there, an impairment loss of € 9.1 m was recognised as at 30 September 2020 on the right of use asset for a hotel in Egypt. Furthermore, impairment losses of € 24.6 m relate to a large number of right-of-use assets for travel agencies. Further impairment were attributable to right-of-use assets on cruise ships with € 7.9 m and to right-of-use assets on aircraft and engines with € 6.3 m.

The cash outflows for leases totalled € 816.5 m in financial year 2020.

At the balance sheet date, unrecognised financial commitments for short-term leases amounted to € 6.6 m. In addition, potential future lease payments from extension and termination options of € 265.8 m were not included in the measurement of the right-of-use assets and lease liabilities as it was not reasonably certain that the lease contracts were going to be extended or not to be terminated.

TUI AS LESSOR

As a lessor, TUI leases or subleases aircraft and, less significantly, space in hotels and office buildings. In financial year 2020, proceeds from operating leases worth € 35.2 m were carried in revenue. This amount included € 25.4 m for the sublease of right-of-use assets.

In addition, income from finance leases of € 2.1 m was carried in the interest result.

At the balance sheet date, there were receivables from three subleases classified as finance leases upon transition to IFRS 16. The following table shows the reconciliation from the undiscounted lease payments to the net investment:

Net investments – finance leases

€ million	30 Sep 2020	1 Oct 2019
Undiscounted lease payments (lease components)	44.7	54.0
Unguaranteed residual values	–	–
Gross investment	44.7	54.0
Unearned finance income	4.1	6.5
Impairment	27.1	–
Net investment	13.5	47.4

The table below comprises a maturity analysis of the undiscounted annual payments from leases in which TUI is the lessor:

Expected minimum lease payments

							30 Sep 2020
	Remaining term						
€ million	up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	more than 5 years	**Total**
Operating lease contracts	22.7	23.2	21.3	16.2	2.6	0.1	86.1
Finance lease contracts	13.8	9.7	9.7	9.0	2.5	–	44.7

							1 Oct 2019
	Remaining term						
€ million	up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	more than 5 years	Total
Operating lease contracts	62.7	27.4	17.7	17.7	16.9	2.8	145.2
Finance lease contracts	10.5	10.4	10.4	10.4	9.6	2.7	54.0

(16) Investments in joint ventures and associates

The table below presents all joint arrangements and associates of relevance to TUI Group. All joint arrangements and associates are listed as TUI Group Shareholdings in Note 52. All joint arrangements are joint ventures. There are no joint operations within the meaning of IFRS 11.

Significant associates and joint ventures

		Capital share in %		Voting rights share in %	
Name and headquarter of company	Nature of business	**30 Sep 2020**	30 Sep 2019	**30 Sep 2020**	30 Sep 2019
Associates					
Sunwing Travel Group Inc., Toronto, Canada	Tour operator & Hotel operator	49.0	49.0	25.0	25.0
Togebi Holdings Limited, Nicosia, Cyprus	Tour operator	10.0	10.0	10.0	10.0
Joint ventures					
Riu Hotels S.A., Palma de Mallorca, Spain	Hotel operator	49.0	49.0	49.0	49.0
TUI Cruises GmbH, Hamburg, Germany	Cruise ship operator	50.0	50.0	50.0	50.0

All companies presented above are measured at equity.

The financial year of Sunwing Travel Group Inc., Toronto / Canada (Sunwing) corresponds to TUI Group's financial year. The financial years of the joint ventures listed above and of Togebi Holdings Limited, Nicosia, Cyprus deviate from TUI Group's financial year, ending on 31 December of any one year. In order to update the at equity measurement as at TUI Group's balance sheet date, interim financial statements for the period ending 30 September are prepared for these companies.

SIGNIFICANT ASSOCIATES

In 2009, TUI Group entered into a partnership with Sunwing. Sunwing is a vertically integrated travel company comprising tour operation, an airline and retail shops. Since the transfer of the hotel operation and development company Blue Diamond Hotels & Resorts Inc., St Michael / Barbados, to Sunwing in September 2016, Sunwing has also included the hotel operation business with a chain of luxury beach resorts and hotels in the Caribbean and Mexico. Sunwing's hotel operation business is carried in the Hotels & Resorts segment, while the tour operation business is carried in the Northern Region segment. The company has different classes of shares. TUI Group holds 25 % of the voting shares.

Togebi Holdings Limited (TUI Russia) was established in 2009 as a joint venture. The business purpose of this associate is to develop the tour operation business, in particular in Russia and Ukraine. The company owns tour operation subsidiaries and retail chains in these countries. In the beginning of October 2018 TUI Group's share in TUI Russia decreased from 25 % to 10 % due to a capital increase in which TUI Group did not participate. Since then Togebi Holdings Limited is classified as an associate.

SIGNIFICANT JOINT VENTURES

Riu Hotels S.A. is a hotel company owning and operating hotels in the 4- to 5-star segments. The hotels of the company established in 1976 are mainly located in Spain and Central America.

TUI Cruises GmbH is a joint venture with the US shipping line Royal Caribbean Cruises Ltd established in 2008. The Hamburg-based company offers German-speaking cruises for the premium market. TUI Cruises GmbH currently operates eleven cruise ships.

FINANCIAL INFORMATION ON ASSOCIATES AND JOINT VENTURES

The tables below present summarised financial information for the significant associates and joint ventures of the TUI Group. The amounts shown reflect the full amounts presented in the consolidated financial statements of the relevant associates and joint ventures (100 %); they do not represent TUI Group's share of those amounts.

Summarised financial information of material associates

	Sunwing Travel Group Inc., Toronto, Canada		Togebi Holdings Limited, Nicosia, Cyprus	
€ million	**30 Sep 2020/2020**	30 Sep 2019/2019	**30 Sep 2020/2020**	30 Sep 2019/2019
Non-current assets	1,525.6	1,393.8	15.7	6.7
Current assets	601.0	575.1	225.2	143.6
Non-current provisions and liabilities	811.7	935.5	65.2	185.8
Current provisions and liabilities	1,021.0	567.6	313.7	116.1
Revenue	1,349.9	2,193.1	456.6	863.2
Profit/loss*	–143.9	–13.0	–97.4	–6.2
Other comprehensive income	–28.0	26.5	16.6	–8.9
Total comprehensive income	**–171.9**	**13.5**	**–80.8**	**–15.1**

*Solely from continuing operations

Summarised financial information of material joint ventures

	Riu Hotels S.A., Palma de Mallorca, Spain		TUI Cruises GmbH, Hamburg, Germany	
€ million	**30 Sep 2020/2020**	30 Sep 2019/2019	**30 Sep 2020/2020**	30 Sep 2019/2019
Non-current assets	813.6	890.3	4,180.6	3,200.3
Current assets	70.2	118.4	373.6	218.0
thereof cash and cash equivalents	14.3	54.6	96.0	104.3
Non-current provisions and liabilities	123.0	67.9	2,902.6	1,910.3
thereof financial liabilities	106.3	51.2	2,893.0	1,910.3
Current provisions and liabilities	47.0	71.5	868.4	755.5
thereof financial liabilities	11.8	11.5	332.1	244.9
Revenue	225.8	319.0	646.3	1,416.6
Depreciation/amortisation of intangible assets and property, plant and equipment	25.3	29.2	115.4	100.5
Interest income	0.2	1.7	–	0.1
Interest expenses	0.2	–	59.6	60.0
Income taxes	17.4	27.6	0.3	–
Profit/loss*	10.2	88.5	–148.4	405.2
Other comprehensive income	–165.6	–59.7	29.1	0.8
Total comprehensive income	**–155.4**	**28.8**	**–119.3**	**406.0**

*Solely from continuing operations

In the financial year 2020, TUI Group received dividends of 4.9 m (previous year € 237.8 m) from all joint ventures. In addition in financial year 2020, dividends of € 0.8 m (previous year € 6.7 m) were received from its associates.

In addition to TUI Group's significant associates and joint ventures, TUI AG has interests in other associates and joint ventures measured at equity, which individually are not considered to be of material significance. The tables below provide information on TUI Group's share of the earnings figures shown for the major associates and joint ventures as well as the aggregated amount of the share of profit/loss, other comprehensive income and total comprehensive income for the immaterial associates and joint ventures.

Share of financial information of material and other associates

€ million	Sunwing Travel Group Inc., Toronto, Canada 2020	Sunwing Travel Group Inc., Toronto, Canada 2019	Togebi Holdings Limited, Nicosia, Cyprus 2020	Togebi Holdings Limited, Nicosia, Cyprus 2019	Other immaterial associates 2020	Other immaterial associates 2019	Associates Total 2020	Associates Total 2019
TUI's share of								
Profit/loss*	–70.5	–6.4	–	–	–0.2	6.3	–70.7	–0.1
Other comprehensive income	–17.8	15.4	–	–	–10.6	2.3	–28.4	17.7
Total comprehensive income	**–88.3**	**9.0**	**–**	**–**	**–10.8**	**8.6**	**–99.1**	**17.6**

*Solely from continuing operations

Share of financial information of material and other joint ventures

€ million	Riu Hotels S.A., Palma de Mallorca, Spain 2020	Riu Hotels S.A., Palma de Mallorca, Spain 2019	TUI Cruises GmbH, Hamburg, Germany 2020	TUI Cruises GmbH, Hamburg, Germany 2019	Other immaterial joint ventures 2020	Other immaterial joint ventures 2019	Joint ventures Total 2020	Joint ventures Total 2019
TUI's share of								
Profit/loss*	5.0	43.4	–74.2	202.6	–53.4	51.6	–122.6	297.6
Other comprehensive income	–81.1	–29.3	14.6	0.4	–11.1	16.4	–77.6	–12.5
Total comprehensive income	**–76.1**	**14.1**	**–59.6**	**203.0**	**–64.5**	**68.0**	**–200.2**	**285.1**

*Solely from continuing operations

Net assets of the material associates

€ million	Sunwing Travel Group Inc., Toronto, Canada	Togebi Holdings Limited, Nicosia, Cyprus
Net assets as at 1 Oct 2018	**458.8**	**–**
Reclassification	–	–136.5
Other comprehensive income	–0.7	–
Dividends	–6.5	–
Foreign exchange effects	27.2	–8.9
Profit/loss	–13.0	–6.2
Net assets as at 30 Sep 2019	**465.8**	**–151.6**
Foreign exchange effects	–28.0	16.6
Capital increase	–	94.4
Profit/loss	–143.9	–97.4
Net assets as at 30 Sep 2020	**293.9**	**–138.0**

Reconciliation to the carrying amount of the associates in the Group balance sheet

€ million	Sunwing Travel Group Inc., Toronto, Canada	Togebi Holdings Limited, Nicosia, Cyprus	Other immaterial associates	Associates total
Share of TUI in % as at 30 Sep 2019	49.0	10.0	–	–
TUI's share of the net assets as at 30 Sep 2019	228.2	–15.2	82.5	295.5
Unrecognised share of losses	–	6.3	6.4	12.7
Goodwill as at 30 Sep 2019	52.5	8.9	7.2	68.6
Carrying value as at 30 Sep 2019	**280.7**	**0.0**	**96.1**	**376.8**
Share of TUI in % as at 30 Sep 2020	49.0	10.0	–	–
TUI's share of the net assets as at 30 Sep 2020	144.0	–13.8	2.0	132.2
Impairment of carrying amounts	–	–	–0.1	–0.1
Unrecognised share of losses	–	5.5	31.8	37.3
Goodwill as at 30 Sep 2020	48.5	8.3	7.0	63.8
Carrying value as at 30 Sep 2020	**192.5**	**–**	**40.7**	**233.2**

Net assets of the material joint ventures

€ million	Riu Hotels S.A., Palma de Mallorca, Spain	TUI Cruises GmbH, Hamburg, Germany
Net assets as at 1 Oct 2018	**910.4**	**686.5**
Profit/loss	88.5	405.2
Other comprehensive income	–73.8	0.8
Dividends	–70.0	–340.0
Foreign exchange effects	14.2	–
Net assets as at 30 Sep 2019	**869.3**	**752.5**
Profit/loss	10.2	–148.4
Other comprehensive income	–105.1	29.1
Capital increase	–	150.0
Foreign exchange effects	–60.2	–
Net assets as at 30 Sep 2020	**714.2**	**783.2**

Reconciliation to the carrying amount of the joint ventures in the Group balance sheet

€ million	Riu Hotels S.A., Palma de Mallorca, Spain	TUI Cruises GmbH, Hamburg, Germany	Other immaterial joint ventures	Joint ventures total
TUI AG's share of the net assets as at 30 Sep 2019	426.0	376.3	305.7	1,108.0
Goodwill as at 30 Sep 2019	1.7	–	21.0	22.7
Carrying value as at 30 Sep 2019	**427.7**	**376.3**	**326.7**	**1,130.7**
TUI AG's share of the net assets as at 30 Sep 2020	350.0	391.6	221.0	962.6
Goodwill as at 30 Sep 2020	1.7	–	20.7	22.4
Impairment of carrying amounts	–	–	–34.4	–34.4
Unrecognised share of losses	–	–	2.9	2.9
Carrying value as at 30 Sep 2020	**351.7**	**391.6**	**210.2**	**953.5**

IMPAIRMENT OF THE CARRYING VALUE OF ASSOCIATES AND JOINT VENTURES

Due to the impact of the COVID-19-pandemic there are indications that the carrying values of the joint ventures and associates might be impaired. Accordingly the carrying values have been tested for impairment. All impairment tests used the business plan of the respective joint venture or associate. Based on this business plans the recoverable amount was calculated by discounting future net cash flows. In all cases the fair value less cost to sell was higher than the value in use. level 3 inputs were used in the calculations. In the financial year impairments of € 34.5 m were recognised under Impairment of net investment in JV and Associates.

In the segment Hotels & Resorts the impairments totalled € 33.2 m and mainly related to joint ventures in Vietnam (€ 13.9 m) and in Croatia (€ 17.9 m). Country-specific discount rates of 8.15 % for Croatia and 8.48 % for Vietnam were used. Apart from that, the same parameters were applied as for the goodwill impairment test in the Hotels & Resorts segment (see Note 12).

UNRECOGNISED LOSSES BY ASSOCIATES AND JOINT VENTURES

Unrecognised accumulated losses amounted € 40.2 m (previous year € 12.7 m). By financial year 2014 the recognition of TUI group's share of losses exceeded the amount of the equity share of Togebi Holdings Limited. Recognition of further losses would have reduced the carrying amount to below zero. After the consideration of the capital increase and the result of the financial year the losses amounted € 5.5 m. In addition unrecognised losses of € 34.7 m relate to the share of TUI of the result of the Corsair SA and the Bartu Turizm Yatirimlari AS whose equity share carrying value is written down to € nil.

RISKS ASSOCIATED WITH THE STAKES IN ASSOCIATES AND JOINT VENTURES

Contingent liabilities of € 20.0 m (previous year € 49.8 m) existed in respect of associates as at 30 September 2020. Contingent liabilities in respect of joint ventures totalled € 89.4 m (previous year € 12.1 m).

(17) Trade and other receivables

Trade and other receivables

€ million	30 Sep 2020 Remaining term more than 1 year	30 Sep 2020 Total	30 Sep 2019 Remaining term more than 1 year	30 Sep 2019 Total
Trade receivables	–	151.2	–	584.5
Advances and loans	198.7	288.7	41.2	97.5
Lease receivables	9.6	13.5	–	–
Other receivables and assets	194.1	435.3	19.8	255.3
Total	**402.4**	**888.7**	**60.9**	**937.3**

As at 30 September 2020, TUI had capitalised sales commissions to travel agencies and other distribution channels worth € 38.4 m (previous year € 78.7 m) in respect of costs of obtaining a contract. In the financial year under review, sales commission worth € 340.7 m (previous year € 744.8 m) were recognised in profit and loss.

TUI Group and Boeing have agreed on a comprehensive package of measures to offset the consequences of the grounding of the 737 Max. It provides compensation which covers a significant portion of the financial impact, as well as credits for future aircraft orders. The cash payments will be realised over the next two years, while the income is already partly realized within Cost of Sales in the reporting period and will be partly spread over the useful life of those 737 Max delivered in the future. The compensation receivable is included in other receivables.

(18) Touristic payments on account

Touristic payments on account mainly relate to customary advance payments in respect of future tourism services, in particular advance payments made by tour operators for future hotel services.

The impairments charged for advance payments made by tour operators for future hotel services for the financial year under review totalled € 53.4 m (previous year € 1.4 m).

(19) Other non-financial assets

The other non-financial assets with an amount of € 536.6 m (prior year € 501.4 m) resulted mainly from the overfunded pension plans with an amount of € 363.3 m (prior year € 310.0 m) and assets from other taxes with an amount of € 81.3 m (prior € 111.4 m).

(20) Deferred tax assets

Individual items of deferred tax assets and liabilities recognised in the financial position

€ million	30 Sep 2020 Asset	30 Sep 2020 Liability	30 Sep 2019 adjusted Asset	30 Sep 2019 adjusted Liability
Lease transactions	– 46.4	– 131.4	2.1	–
Recognition and measurement differences for property, plant and equipment and other non-current assets	78.2	274.4	48.7	283.5
Recognition differences for receivables and other assets	120.2	52.3	18.9	33.5
Measurement of financial instruments	76.5	20.5	9.1	58.5
Measurement of pension provisions	156.6	69.9	194.1	50.3
Recognition and measurement differences for other provisions	53.0	5.8	61.7	8.4
Other transactions	52.1	46.0	41.3	83.0
Capitalised tax savings from recoverable losses carried forward	124.2	–	116.4	–
Netting of deferred tax assets and liabilities	– 407.6	– 407.6	– 290.3	– 290.3
Balance sheet amount	**299.6**	**192.7**	**202.0**	**226.9**

Deferred tax assets include an amount of € 147.5 m (previous year € 196.0 m) expected to be realised after more than twelve months. Deferred tax liabilities include an amount of € 183.6 m (previous year € 202.4 m) expected to be realised after more than twelve months.

No deferred tax assets are recognised for deductible temporary differences of € 436.5 m (previous year € 178.9 m).

No deferred tax liabilities are carried for temporary differences of € 76.3 m (previous year € 72.4 m) between the net assets of subsidiaries and the respective taxable carrying amounts of subsidiaries since these temporary differences are not expected to be reversed in the near future.

Recognised losses carried forward and time limits for non-recognised losses carried forward

€ million	30 Sep 2020	30 Sep 2019
Recognised losses carried forward	**617.5**	**517.1**
Non-recognised losses carried forward	**9,260.5**	**6,318.3**
of which losses carried forward forfeitable within one year	9.9	10.6
of which losses carried forward forfeitable within 2 to 5 years	144.8	34.3
of which losses carried forward forfeitable within more than 5 years (excluding non-forfeitable loss carryforwards)	38.5	–
of which non-forfeitable losses carried forward	9,067.3	6,273.4
Total unused losses carried forward	**9,878.0**	**6,835.4**

Losses carried forward for German companies comprise the cumulative amount of trade tax and corporation tax as well as interest carried forward in relation to the German interest barrier rule. Potential tax savings totalling € 1,740.1 m (previous year € 1,141.9 m) were not recognised as the underlying losses carried forward were not expected to be utilised in the planning horizon.

In financial year 2020, tax savings of € 0.0 m (previous year € 2.3 m) resulted from the use of tax losses carriedforward previously not assessed as recoverable for which, therefore, no deferred tax assets had been carried as at 30 September 2020 for the potential tax savings resulting from these assets. Tax losses carried back resulted in tax savings of € 0.3 m (previous year € 2.6 m).

Development of deferred tax assets from losses carried forward

€ million	2020	2019
Capitalised tax savings at the beginning of the year	**116.4**	**198.3**
Use of losses carried forward	– 0.6	– 9.3
Capitalisation of tax savings from tax losses carried forward	78.3	28.0
Impairment of capitalised tax savings from tax losses carried forward	– 69.9	– 100.8
Exchange adjustments and other items	–	0.2
Capitalised tax savings at financial year-end	**124.2**	**116.4**

Capitalised deferred tax assets from temporary differences and losses carried forward that are assessed as recoverable of € 213.0 m (previous year € 16.1 m) are covered by expected future taxable income even for companies that generated losses in the reporting period or the prior year. This is based on the future business development planned by TUI management. The key points of this planning are presented in the section Assumptions and estimates. TUI uses a five-year planning horizon to derive the recoverability of tax loss carryforwards and deductible differences.

(21) Inventories

Inventories

€ million	30 Sep 2020	30 Sep 2019
Airline spares and operating equipment	29.2	38.6
Real estate for sale	14.6	33.1
Consumables used in hotels	16.4	20.6
Other inventories	13.0	22.5
Total	**73.2**	**114.7**

In financial year 2020, inventories of € 411.7 m (previous year € 619.1 m) were recognised as expense. A write-down of real estate for sale to net realizable value resulted in expenses of € 17.2 m in the financial year.

(22) Cash and cash equivalents

Cash and cash equivalents

€ million	30 Sep 2020	30 Sep 2019
Bank deposits	1,225.0	1,712.7
Cash in hand and cheques	8.1	28.8
Total	**1,233.1**	**1,741.5**

At 30 September 2020, cash and cash equivalents of € 324.0 m were subject to restrictions (previous year € 203.1 m).

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 € 52.0 m is deposited as security within a bank account. TUI Group can only use that cash and cash equivalents if it provides alternative collateral.

Further, an amount of € 116.5 m (previous year € 116.5 m) was deposited with a Belgian subsidiary without acknowledgement of debt by the Belgian tax authorities in financial year 2013 in respect of long-standing litigation over VAT refunds for the years 2001 to 2011. The purpose was to suspend the accrual of interest for both parties. In order to collateralise a potential repayment, the Belgian government was granted a bank guarantee. Due to the bank guarantee, TUI's ability to dispose of the cash and cash equivalents has been restricted. The remaining restrictions relate to funds that must be held in reserve due to legal or regulatory requirements, including those to secure travel funds received from customers.

(23) Assets held for sale

Assets held for sale

€ million	30 Sep 2020
Aircraft	42.4
Investments in joint ventures and associates	13.1
Other assets	1.7
Total	**57.2**

In March 2019 TUI Group sold Corsair S. A. to Diamondale Ltd. At the same time, TUI Group acquired a 27 % stake in Diamondale Ltd for 1 euro. Since then the investment in Diamondale Ltd is presented as an associated company with a book value of 1 euro. At the moment TUI Group is negotiating to dispose its investment in Diamondale Ltd. As part of this transaction an aircraft together with related financial liabilities should be transferred to Corsair S. A. The negotiations are advanced. TUI Group expects to close this transaction in the financial year 2021.

Therefore these assets and liabilities presented within Markets & Airlines are classified as held for sale. On classification the aircraft was measured at fair value less cost to sell. An impairment loss of € 46.5 m was recognized in cost of sales and the book value of the aircraft of € 24.5 m as an asset held for sale.

Due to the expected sale, an additional aircraft of the sector Markets & Airlines with a book value of € 17.9 m was reclassified to assets held for sale as at 30 September 2020.

On 29 September 2020, an agreement was concluded on the sale of the joint venture Karisma Hotels Caribbean S. A. The closing of the transaction is subject to the usual terms and conditions, in particular approval by the relevant competition authorities. Accordingly, the carrying amount of the shareholding which is presented in the segment Hotels & Resorts of € 13.1 m was classified as held for sale. With this transaction the hotel portfolio in the caribbean will be focused. We do not expect a material result out of this transaction.

Included in other assets is a cruise ship of Marella Cruises of the segment cruises with a book value of € 1.4 m. The cruise ship was valued at fair value less cost to sell. The resulting impairment of € 52.1 m was recognized in cost of sale. The cruise ship was decommissioned due to the renewal of the cruise ship fleet of Marella Cruise and will be sold in October 2020.

In the financial year under review, Hapag-Lloyd Kreuzfahrten GmbH was reclassified to assets held for sale. The disposal was completed at the beginning of July 2020. In the prior year, the two specialist tour operators Berge & Meer and Boomerang in Central Region had been carried in this item with € 50.0 m. These tour operators were sold as at 1 October 2019. For further details, please refer to the section 'Divestments'.

Disposal group 'Berge & Meer' and 'Boomerang'

€ million	30 Sep 2019
Other intangible assets and property, plant and equipment	4.2
Trade and other receivables	2.3
Derivative financial instruments	2.9
Income tax assets	1.1
Touristic payments on account	25.7
Other non-financial assets	7.1
Cash and cash equivalents	6.1
Other assets	0.6
Total	**50.0**

(24) Subscribed capital

The fully paid subscribed capital of TUI AG consists of no-par value shares, each representing an identical share in the capital stock. The proportionate share in the capital stock per no-par value share is around € 2.56. As the capital stock consists of registered shares, the owners are listed by name in the share register.

The subscribed capital of TUI AG has been registered in the commercial registers of the district courts of Berlin-Charlottenburg and Hanover. In the financial year, it rose by a total of 1,394,512 employee shares. It thus comprised 590,415,100 shares (previous year 589,020,588 shares) as at the end of the financial year. It rose by € 3.6 m to € 1,509.4 m.

The Annual General Meeting on 11 February 2020 authorised the Executive Board of TUI AG to acquire own shares of up to 5 % of the capital stock. The authorisation will expire on 10 August 2021. The authorisation to acquire own shares has not been used to date.

In August 2020, TUI AG acquired 102,293 own shares to issue to employees as part of the employee share programme in accordance with § 71 Para. 1 No. 2 AktG. This corresponds to a purchase volume of € 1.0 m.

CONDITIONAL CAPITAL

The Annual General Meeting on 9 February 2016 had created conditional capital of € 150.0 m and authorised the Company to issue bonds. The conditional capital authorisation to acquire bonds with conversion or option rights and profit participation (with or without a mixed maturity) is limited to a nominal amount of € 2.0 bn and expires on 8 February 2021. This authorisation was fully used with the issuance of a bond with warrants with a volume of € 150 m to the Economic Stabilisation Fund in October 2020.

Overall, TUI AG's total conditional capital remained flat year-on-year at € 150.0 m as at 30 September 2020.

AUTHORISED CAPITAL

The Annual General Meeting on 13 February 2018 resolved to create additional authorised capital of € 30.0 m for the issue of employee shares. The Executive Board of TUI AG has been authorised to use this authorised capital in one or several transactions to issue employee shares against cash contribution by 12 February 2023. 1,394,512 (previous year 1,119,284) new employee shares were issued in the completed financial year so that authorised capital totals around € 22.3 m (previous year € 25.8 m) at the balance sheet date.

The Annual General Meeting on 9 February 2016 resolved an authorisation to issue new registered shares against cash contribution for up to a maximum of € 150.0 m. This authorisation will expire on 8 February 2021.

The Annual General Meeting on 9 February 2016 also resolved to create authorised capital for the issue of new shares against cash or non-cash contribution for up to € 570.0 m. The issue of new shares against non-cash contribution is limited to a maximum of € 300.0 m. The authorisation for this authorised capital will expire on 8 February 2021.

At the balance sheet date, the accumulated authorised capital that had not yet been taken up amounted to € 742.3 m (previous year € 745.8 m).

(25) Capital reserves

The capital reserves comprise transfers of premiums. They also comprise amounts entitling the holders to acquire shares in TUI AG in the framework of bonds issued for conversion options and warrants. Premiums from the issue of shares due to the exercise of conversion options and warrants were also transferred to the capital reserve.

Capital reserves rose by € 3.5 m (previous year € 7.0 m) due to the issue of employee shares in the completed financial year.

(26) Revenue reserves

In the completed financial year, TUI AG paid a dividend of € 0.54 per no-par value share to its shareholders; the total amount paid was € 318.1 m (previous year € 423.3 m). The share of non-controlling interests declined by € 0.2 m (previous year € 52.5 m) in financial year 2020 due to the issue of dividends.

The ongoing recording of existing equity-settled stock option plans resulted in an increase in equity of € 2.9 m in the reporting period. Disclosures on these long-term incentive programmes are outlined in the section on Share-based payments in accordance with IFRS 2.

In financial year 2019, the movement in the first-time consolidation of non-controlling interests was essentially attributable to the non-controlling interests of the acquired companies in Destination Management worth € 3.5 m.

Foreign exchange differences comprise differences from the translation of the financial statements of foreign subsidiaries as well as differences from the translation of goodwill denominated in foreign currencies.

The proportion of gains and losses from hedges used as effective hedges of future cash flows is carried directly in equity at € – 316.1 m (previous year € 340.0 m) (pre-tax). A reversal of this provision through profit and loss takes place in the same period in which the hedged item has an effect on profit and loss or is no longer assessed as probable. The decrease in financial year 2020 is, besides changes in exchange rates and fuel prices, attributable to the premature termination of hedging instruments, which have not fulfilled the IAS 39 criteria of high likelihood of occurence of the underlying transaction any longer due to the COVID-19-pandemic.

The revaluation of pension obligations (in particular actuarial gains and losses) is also carried directly in equity.

The revaluation reserve formed in accordance with IAS 27 (old version) in the framework of step acquisitions of companies is retained until the date of deconsolidation of the company concerned.

(27) Use of Group profit available for distribution

In accordance with the German Stock Corporation Act, the Annual General Meeting resolves the use of the profit available for distribution carried in TUI AG's commercial-law annual financial statements. TUI AG's loss for the year amounts to € 2,272.6 m (previous year € 120.0 m profit). Taking account of profit carried forward of € 1,176.0 m (previous year € 1,374.1 m) and a reduction of revenue reserves of € 1,287.5 m, TUI AG's profit available for distribution totals € 190.9 m (previous year € 1,494.1 m). A proposal will be submitted to the Annual General Meeting to use the profit available for distribution for the financial year under review to carry the amount forward on account.

(28) Non-controlling interest

Non-controlling interests mainly relate to RIUSA II S. A. based in Palma de Mallorca, Spain. TUI's capital share in this hotel operator stands at 50.0 %, as in the prior year.

The financial year of RIUSA II S. A. ends on 31 December and thus deviates from TUI Group's financial year. This reporting date was fixed when the company was founded. In order to include the RIUSA II Group in TUI Group's consolidated financial statements as at 30 September, the RIUSA II Group prepares sub-group financial statements as at 30 September, the balance sheet date.

RIUSA II Group, allocated to Hotels & Resorts, operates owned and leased hotels and hotels operated under management contracts in tourism destinations of TUI Group.

The table below provides summarised financial information on RIUSA II S.A., Palma de Mallorca, Spain – the subsidiary for which material non-controlling interests exist. It presents the consolidated financial statements of the sub-group.

Summarised financial information on RIUSA II S.A., Palma de Mallorca, Spain*

€ million	**30 Sep 2020/ 2020**	30 Sep 2019/ 2019
Current assets	153.6	215.6
Non-current assets	1,755.5	1,729.8
Current liabilities	115.8	116.8
Non-current liabilities	127.1	86.2
Revenues	449.3	850.0
Profit/loss	28.4	225.6
Other comprehensive income	–104.6	20.1
Cash inflow/outflow from operating activities	149.4	256.5
Cash inflow/outflow from investing activities	–143.5	–205.3
Cash inflow/outflow from financing activities	–6.6	–111.5
Accumulated non-controlling interest	661.5	699.6
Profit/loss attributable to non-controlling interest	14.2	112.8
Dividends attributable to non-controlling interest	–	51.4

* Consolidated Subgroup

(29) Pension provisions and similar obligations

A number of defined contribution and defined benefit pension plans are operated for Group employees. Pension obligations vary, reflecting the different legal, fiscal and economic conditions in each country of operation, and usually depend on employees' length of service and pay levels.

All defined contribution plans are funded by the payment of contributions to external insurance companies or funds. German employees enjoy benefits from a statutory defined contribution plan paying pensions as a function of employees' income and the contributions paid in. Several additional industry pension organisations exist for TUI Group companies. Once the contributions to the state-run pension plans and private pension insurance organisations have been paid, the Company has no further payment obligations. Apart from Germany, major defined contribution plans are also operated the Netherlands and in the UK. Contributions paid are expensed for the respective period. In the reporting period, the expenses for all defined contribution plans totalled € 86.7 m (previous year € 93.4 m).

Apart from these defined contribution pension plans, the TUI Group operates defined benefit plans, which usually entail the formation of provisions within the Company or investments in funds outside the Company.

Within this group, MER-Pensionskasse VVaG, a private pension fund in which German companies of the tourism industry are organised, represents a multi-employer plan classified as a defined benefit plan. In accordance with the statues of the plan, the plan participants and the employers pay salary-based contributions into the plan. There are no further obligations pursuant to the statutes of the plan; an additional funding obligation of the participating companies is explicitly excluded. The paid-in contributions are invested in accordance with the policies of the pension plan unless they are used in the short term for benefit payments. As the investments are pooled and are not kept separately for each participating employer, an allocation of plan assets to individual participating employers is not possible. The investment risk and the mortality risk are jointly shared by all plan participants. Moreover, the pension fund does not provide any information to participating companies that would allow the allocation of any over- or underfunding or TUI's participation in the plan. For this reason, accounting for the plan as defined benefit plan is not possible, and the plan is therefore in accordance with the requirements of IAS 19 shown like a defined contribution plan. In the reporting period, contributions to MER-Pensionskasse VVaG totalled € 6.1 m (previous year € 5.9 m). For the next financial year, contributions are expected to remain at that level.

TUI Group's major pension plans recognised as defined benefit plans exist in Germany and the UK. By far the largest pension plans are operated by the Group's tour operators in the UK. They accounted for 70.6 % (previous year 70.9 %) of TUI Group's total obligations at the balance sheet date. German plans account for a further 24.8 % (previous year 24.4 %).

Material defined benefit plans in Great Britain

Scheme name	Status
BAL Scheme	closed
TUI UK Scheme	closed
TAPS Scheme	closed

Almost all defined benefit plans in the UK are funded externally. Under UK law, the employer is obliged to ensure sufficient funding so that plan assets cover the pension payments to be made and the administrative costs of the funds. The pension funds are managed by independent trustees. The trustees comprise independent members, beneficiaries of the plan and employer representatives. The trustees are responsible for the investment of fund assets, taking account of the interests of plan members, but they also negotiate the level of the contributions to the fund to be paid by the employers, which constitute minimum contributions to the funds. To that end, actuarial valuations are made every three years by actuaries commissioned by the trustees. The annual contributions to be paid to the funds in order to cover any shortfalls were last defined on the basis of the measurement as at 30 September 2016. The actuarial measurement as at 30 September 2019 had not yet been finalised at the reporting date.

Since 31 October 2018, the main sections of TUI Group's UK Pension Trust have been closed to future accrual of benefits, which has led to a significant decrease in the current service cost for services delivered by the employees. As a result, current service cost no longer arises for services delivered by the employees. Since 1 November 2018, increases in accrued pension benefits from the plan have been therefore calculated in line with the rules for retired pension rights holders. With the closure of the Pension Trust for future accrual, all existing staff in the defined benefit scheme were offered the opportunity to join the existing defined contribution plan to accrue pension from 1 November 2018 onwards.

By contrast, defined benefit plans in Germany are mainly unfunded and the obligations from these plans are recognised as provisions. The company assumes the obligation for payments of company pensions when the beneficiaries reach the legal retirement age. The amount of the pension paid usually depends either on the remuneration received by the employee at the retirement date or the amount of the average remuneration over the employee's service period. Pension obligations usually include surviving dependants' benefits and invalidity benefits. Pension payments are partly limited by third party compensations, e. g. from insurances and MER-Pensionskasse.

Material defined benefit plans in Germany

Scheme name	Status
Versorgungsordnung TUI AG	open
Versorgungsordnung TUIfly GmbH	open
Versorgungsordnung TUI Deutschland GmbH	closed
Versorgungsordnung TUI Beteiligungs GmbH	closed
Versorgungsordnungen TUI Immobilien Services GmbH	closed

In the period under review, defined benefit pension obligations created total expenses of € 48.0 m for TUI Group, essentially comprising current service cost. The expenses carried in the previous financial year additionally included a negative past service cost arising from a plan change in the TUI Group UK Pension Trust.

The net interest expense from pensions declined substantially year-on-year, as many of the pension plans in the UK have a surplus and therefore generate an interest surplus, which nearly fully offsets the interest expense for the Group's unfunded or underfunded pension plans.

Pension costs for defined benefit obligations

€ million	**2020**	2019
Current service cost for employee service in the period	49.5	39.9
Curtailment gains	4.0	0.7
Net interest on the net defined benefit liability	2.5	13.4
Past service cost	–	– 24.0
Total	**48.0**	**28.6**

Provisions for pension obligations are established for benefits payable in the form of retirement, invalidity and surviving dependants' benefits. Provisions are exclusively formed for defined benefit schemes under which the Company guarantees employees a specific pension level, including arrangements for early retirement and temporary assistance benefits.

Defined benefit obligation recognised on the balance sheet

€ million	30 Sep 2020 Total	30 Sep 2019 Total
Present value of funded obligations	3,071.3	3,176.5
Fair value of external plan assets	3,373.7	3,397.9
Surplus (–) / Deficit (+) of funded plans	**–302.4**	**–221.4**
Present value of unfunded pension obligations	954.1	979.4
Defined benefit obligation recognised on the balance sheet	**651.7**	**758.0**
of which		
Overfunded plans in other non-financial assets	363.3	310.0
Provisions for pensions and similar obligations	**1,015.0**	**1,068.0**
of which current	31.4	32.4
of which non-current	983.6	1,035.6

For funded pension plans, the provision carried only covers the shortfall in coverage between plan assets and the present value of benefit obligations.

Where plan assets exceed funded pension obligations, taking account of a difference due to past service cost, and where at the same time there is an entitlement to reimbursement or reduction of future contributions to the fund, the excess is recognised in conformity with the cap defined by IAS 19. As at 30 September 2020, other non-financial assets include excesses of € 363.3 m (previous year € 310.0 m).

Development of defined benefit obligations

€ million	Present value of obligation	Fair value of plan assets	Total
Balance as at 1 Oct 2019	**4,155.9**	**–3,397.9**	**758.0**
Current service cost	49.5	–	49.5
Past service cost	–	–	–
Curtailments and settlements	–4.5	0.5	–4.0
Interest expense (+) / interest income (–)	58.3	–55.8	2.5
Pensions paid	–179.8	148.6	–31.2
Contributions paid by employer	–	–81.5	–81.5
Contributions paid by employees	1.6	–1.6	–
Remeasurements	28.2	–53.7	–25.5
due to changes in financial assumptions	8.2	–	8.2
due to changes in demographic assumptions	59.8	–	59.8
due to experience adjustments	–39.8	–	–39.8
due to return on plan assets not included in group profit for the year	–	–53.7	–53.7
Exchange differences	–62.8	67.7	4.9
Other changes	–21.0	–	–21.0
Balance as at 30 Sep 2020	**4,025.4**	**–3,373.7**	**651.7**

Development of defined benefit obligations

€ million	Present value of obligation	Fair value of plan assets	Total
Balance as at 1 Oct 2018	**3,570.8**	**–2,701.1**	**869.7**
Current service cost	39.9	–	39.9
Past service cost	–24.0	–	–24.0
Curtailments and settlements	–0.7	–	–0.7
Interest expense (+)/interest income (–)	85.4	–72.0	13.4
Pensions paid	–166.2	134.6	–31.6
Contributions paid by employer	–	–111.5	–111.5
Contributions paid by employees	1.8	–1.8	–
Remeasurements	670.4	–650.5	19.9
due to changes in financial assumptions	734.1	–	734.1
due to changes in demographic assumptions	–65.4	–	–65.4
due to experience adjustments	1.7	–	1.7
due to return on plan assets not included in group profit for the year	–	–650.5	–650.5
Exchange differences	–8.6	4.4	–4.2
Other changes	–12.9	–	–12.9
Balance as at 30 Sep 2019	**4,155.9**	**–3,397.9**	**758.0**

In the financial year under review, both pension obligations and the value of the plan assets fluctuated, at times strongly, in particular following the outbreak of the COVID-19-crisis in March. However, at the end of the financial year under review, the Group posted only slight year-on-year variations. The net obligation declined by € 106.3 m to € 651.7 m, primarily due to pension payments and contributions to the pension funds.

At the balance sheet date, TUI Group's fund assets break down as shown in the table below.

Composition of fund assets at the balance sheet date

	30 Sep 2020		30 Sep 2019	
	Quoted market price in an active market		Quoted market price in an active market	
€ million	**yes**	**no**	yes	no
Fair value of fund assets at end of period	**2,902.5**	**471.2**	**2,213.5**	**1,184.4**
of which equity instruments	36.3	–	39.3	–
of which government bonds	36.2	–	33.5	–
of which corporate bonds	929.1	–	496.6	–
of which liability driven investments	1,449.4	–	1,181.6	–
of absolute return bonds	184.9	–	182.8	–
of which property	262.7	–	276.0	–
of which insurance policies	–	111.2	–	100.1
of which insurance linked securities	–	130.9	–	130.3
of which loans	–	204.0	–	195.9
of which cash	–	25.1	–	751.5
of which other	3.9	–	3.7	6.6

At the balance sheet date, as in the prior year, fund assets did not comprise any direct investments in financial instruments issued by TUI AG or its consolidated subsidiaries or any property owned by the Group. For funded plans, investments in passive index tracker funds may entail a proportionate investment in Group-owned financial instruments.

Pension obligations are measured on the basis of actuarial calculations based on country-specific parameters and assumptions. The obligations under defined benefit plans are calculated on the basis of the internationally accepted projected unit credit method, taking account of expected future increases in salaries and pensions. For the pension plans in the UK, expected increases in salaries are not taken into account as they are no longer relevant for the measurement due to the plan amendment outlined above.

Actuarial assumptions

Percentage p.a.	Germany	Great Britain	Other countries
			30 Sep 2020
Discount rate	0.7	1.6	0.7
Projected future salary increases	2.5	0.0	0.9
Projected future pension increases	1.8	2.8	1.3

Percentage p.a.	Germany	Great Britain	Other countries
			30 Sep 2019
Discount rate	0.7	1.7	0.2
Projected future salary increases	2.5	–	1.2
Projected future pension increases	1.8	3.1	0.9

The interest rate applicable in discounting the provision for pensions is based on an index for corporate bonds adjusted for securities already downgraded and under observation by rating agencies as well as subordinate bonds in order to meet the criterion for high quality bonds (rated AA or higher) required under IAS 19. The resulting yield structure is extrapolated on the basis of the yield curves for almost risk-free bonds, taking account of an appropriate risk mark-up reflecting the term of the obligation. In order to cover a correspondingly broad market, an index partly based on shorter-term bonds is used (for instance for Eurozone bonds from the iBoxx € Corporates AA 10+ and iBoxx € Corporates AA 7-10).

Apart from the parameters described above, a further key assumption relates to life expectancy. In Germany, the Heubeck reference tables 2018 G are used to determine life expectancy. In the UK, the S3NxA base tables are used, adjusted to future expected increases on the basis of the Continuous Mortality Investigation (CMI) 2019. The pension in payment escalation formulae depend primarily on the pension plan concerned. Apart from fixed rates of increase, there are also a number of inflation-linked pension adjustment mechanisms in different countries.

Changes in the key actuarial assumptions mentioned above would lead to the changes in defined benefit obligations presented below. The methodology used to determine sensitivity corresponds to the method used to calculate the defined benefit obligation. The assumptions were amended in isolation each time; actual interdependencies between the assumptions were not taken into account. The effect of the increase in life expectancy by one year is calculated by means of a reduction in mortality due to the use of the Heubeck tables 2018 G for pension plans in Germany. In the UK, an extra year is added to the life expectancy determined on the basis of the mortality tables.

Sensitivity of the defined benefit obligation due to changed actuarial assumptions

€ million	**30 Sep 2020**		30 Sep 2019	
	+50 Basis points	**–50 Basis points**	+50 Basis points	–50 Basis points
Discount rate	–342.5	+393.5	–388.7	+450.8
Salary increase	+17.1	–16.0	+18.9	–18.7
Pension increase	+119.1	–119.7	+142.2	–139.6
	+1 year		+1 year	
Life expectancy	+177.2	–	+182.8	–

The weighted average duration of the defined benefit obligations totalled 19.6 years (previous year 19.6 years) for the overall Group. In the UK, the weighted duration was 19.9 years (previous year 19.9 years), while it stood at 19.6 years (previous year 19.6 years) in Germany.

Fund assets are determined on the basis of the fair values of the funds invested as at 30 September 2020. The interest rate used to determine the interest income from the assets of external funds is identical with the discount rate used for the defined benefit obligation.

For the forthcoming financial year, the companies of TUI Group are expected to contribute around € 112.7 m (previous year € 94.1 m) to pension funds and pay pensions worth € 31.4 m (previous year € 32.4 m) for unfunded plans. The expected employer contribution to the pension funds mainly includes the annual payment agreed with the trustees in the UK to reduce the existing coverage shortfall. For funded plans, the payments to the recipients are fully made from fund assets and therefore do not result in a cash outflow for TUI Group.

TUI Group's defined benefit plans entail various risks; some of which may have a substantial effect on the Company.

INVESTMENT RISK

The investment risk plays a major role, in particular for the large funded plans in the UK. Although shares usually outperform bonds in terms of producing higher returns, they also entail stronger volatility of balance sheet items and the risk of short-term shortfalls in coverage. In order to limit this risk, the trustees have built a balanced investment portfolio to limit the concentration of risks.

INTEREST RATE RISK

The interest rate influences in particular unfunded schemes in Germany as a decline in interest rates leads to an increase in the defined benefit obligations. Accordingly, an increase in the interest rate leads to a reduction in the defined benefit obligations. Funded plans are less strongly affected by this development as the performance of the interest-bearing assets included in plan assets regularly dampens the effects. For the funded plans in the UK, the trustees have invested a part of the plan assets in liability-driven investment portfolios, holding credit and hedging instruments in order to largely offset the impact of changes in interest rates.

INFLATION RISK

An increase in the inflation rate normally increases the obligation in pension schemes linked to the final salary of beneficiaries as inflation causes an increase in the projected salary increases. At the same time, inflation-based pension increases included in the plan also rise. The inflation risk is reduced through the use of caps and collars. Moreover, the large pension funds in the UK hold inflation-linked assets, which also partly reduce the risk from a significant rise in inflation. By investing, in particular, plan assets in liability-driven investment portfolios, which hold credit and hedging instruments, they aim to largely offset the impact of the inflation rate.

LONGEVITY RISK

An increasing life expectancy increases the expected benefit duration of the pension obligation. This risk is countered by using regularly updated mortality data in calculating the present values of the obligation.

CURRENCY RISK

For the TUI Group, the pension schemes entail a currency risk as most pension schemes are operated in the UK and therefore denominated in sterling. The risk is limited as the currency effects on the obligation and the assets partly offset each other. The currency risk only relates to any excess of pension obligations over plan assets or vice versa.

(30) Other provisions

Development of provisions in the FY 2020

€ million	Balance as at 30 Sep 2019	First-time adoption of IFRS 16	Balance as at 1 Oct 2019 restated	Changes with no effect on profit and loss*	Usage	Reversal	Additions	**Balance as at 30 Sep 2020**
Maintenance provisions	768.9	5.5	774.4	–3.6	176.2	7.8	148.1	734.9
Restructuring provisions	38.5	–	38.5	0.5	20.1	0.6	256.4	274.7
Provisions for environmental protection	49.8	–	49.8	–	1.0	–	3.6	52.4
Provisions for other taxes	35.2	–	35.2	5.6	–	–	5.6	46.4
Provisions for other personnel costs	44.6	–	44.6	–0.5	2.6	9.4	3.9	36.0
Provisions for Litigation	22.5	–	22.5	4.5	12.8	0.2	4.8	18.8
Risks from onerous contracts	30.9	–6.7	24.2	–12.4	4.1	4.2	10.1	13.6
Miscellaneous provisions	146.5	–0.2	146.3	–20.3	51.1	32.2	82.9	125.6
Other provisions	**1,136.9**	**–1.4**	**1,135.5**	**–26.2**	**267.9**	**54.4**	**515.4**	**1,302.4**

* reclassifications, transfers, exchange differences and changes in the group of consolidated companies

Provisions for maintenance primarily relate to contractual maintenance, overhaul and repair requirements for aircraft, engines and other specific components arising from aircraft lease contracts. Measurement of these provisions is based on the expected cost of the next maintenance event, estimated on the basis of current prices, expected price increases and manufacturers' data sheets. In line with the terms of the individual contracts and the aircraft model concerned, additions are recognised on a prorated basis in relation to flight hours, the number of flights or the length of the complete maintenance cycle.

Restructuring provisions comprise severance payments to employees as well as payments for the early termination of leases. They primarily relate to restructuring projects as part of our Global Realignment Program for which detailed, formal restructuring plans were drawn up and communicated to the parties concerned. At the balance sheet date, restructuring provisions totalled € 274.7 m (previous year € 38.5 m), for the most part relating to benefits for employees in connection with the termination of employment contracts.

Provisions for environmental protection primarily relate to statutory obligations to remediate sites contaminated with legacy waste from former mining and metallurgical activities.

Provisions for personnel costs comprise provisions for jubilee benefits and provisions for cash-settled share-based payment schemes in accordance with IFRS 2. For information on these long-term incentive programmes, please refer to Note 39 'Share-based payments in accordance with IFRS 2'.

Provisions for litigation are formed for existing lawsuits. For further details on lawsuits, please refer to Note 37.

Miscellaneous provisions include various provisions that, taken individually, do not have a significant influence on TUI Group's economic position. This item includes provisions for dismantling obligations and compensation claims from customers.

Changes in other provisions outside profit and loss primarily relate to changes in the group of consolidated companies, foreign exchange differences and reclassifications within other provisions.

Where the difference between the present value and the settlement value of a provision is material for the measurement of a non-current provision as at the balance sheet date, the provision is recognised at its present value in accordance with IAS 37. The discount rate to be applied should take account of the specific risks of the liability and of future price increases. This criterion applies to some items contained in TUI Group's other provisions. Additions to other provisions comprise an interest portion of €7.5 m (previous year €6.0 m), recognised as an interest expense.

Terms to maturity of other provisions

	30 Sep 2020		30 Sep 2019	
€ million	Remaining term more than 1 year	**Total**	Remaining term more than 1 year	Total
Maintenance provisions	615.3	734.9	616.8	768.9
Restructuring provisions	146.6	274.7	–	38.5
Provisions for environmental protection	49.1	52.4	46.7	49.8
Provisions for other taxes	26.4	46.4	23.5	35.2
Provisions for other personnel costs	28.4	36.0	35.2	44.6
Provisions for litigation	5.4	18.8	3.9	22.5
Risks from onerous contracts	2.1	13.6	6.5	30.9
Miscellaneous provisions	38.8	125.6	42.4	146.5
Other provisions	**912.1**	**1,302.4**	**775.0**	**1,136.9**

(31) Financial and lease liabilities

Financial and lease liabilities

				30 Sep 2020				30 Sep 2019
	Remaining term				Remaining term			
€ million	up to 1 year	1–5 years	more than 5 years	**Total**	up to 1 year	1–5 years	more than 5 years	Total
Bonds	–	298.9	–	298.9	–	297.8	–	297.8
Liabilities to banks	560.9	3,298.6	94.2	3,953.7	74.9	391.0	404.1	870.0
Liabilities from finance leases*	–	–	–	–	130.5	658.4	706.3	1,495.2
Other financial liabilities	16.4	–	–	16.4	19.2	–	–	19.2
Financial liabilities	**577.3**	**3,597.5**	**94.2**	**4,269.0**	**224.6**	**1,347.2**	**1,110.4**	**2,682.2**
Lease liabilities	**687.3**	**1,693.5**	**1,019.1**	**3,399.9**	**–**	**–**	**–**	**–**

* Financial liabilities include liabilities from finance leases for the last time as of 30 Sep 2019.

Having transitioned to IFRS 16 as at 1 October 2019, TUI Group no longer has to differentiate between finance leases and operating leases as a lessee. In this context, lease liabilities are presented and explained separately in the statement of financial position and are therefore no longer carried in financial liabilities.

Non-current financial liabilities, less any lease liabilities included in the previous year, rose by € 2,598.8 m to € 3,691.7 m as against 30 September 2019. The increase was almost entirely driven by an increase in liabilities to banks of € 2,597.7 m.

The core financing instrument is a syndicated revolving credit facility (RCF) between TUI AG and the former banking syndicate or KfW, respectively, which recently joined the banking syndicate.

Due to the impact of the COVID-19-pandemic on business operations, TUI Group's liquidity requirements rose significantly. TUI AG additionally faced the risk of non-compliance with its covenants so that the existing terms and conditions of the RCF had to be renegotiated.

TUI AG subsequently secured a separate credit facility of € 1.8 bn from KfW, granted in the framework of the German government's state aid scheme. The credit facility increased TUI AG's existing credit agreement with its banks for € 1.75 bn to a total RCF volume of € 3.55 bn. The agreement was signed by the existing RCF banking syndicate on 8 April 2020. According to the agreement, the RCF comprises a credit facility of the former banking syndicate and a separate facility issued by KfW under its own terms and conditions.

As at 30 September 2020, the amounts drawn under the revolving credit facility totalled € 3.3 bn.

The covenant tests with respect to the existing and the increased RCF has been suspended (so-called 'covenant holiday'). It is currently agreed to resume the covenant test in September 2021.

Current financial liabilities, less the lease liabilities included in the previous year, rose by € 483.2 m from € 94.1 m to € 577.3 m as against 30 September 2019. The increase includes an amount of € 500.0 m for the credit facility from KfW, due within one year. For more details on the terms and conditions of the credit facility granted by KfW, please refer to the section 'Going-concern reporting according to the UK Corporate Governance Code'.

Movements financial and lease liabilities

€ million	Bonds	Short-term liabilities to banks	Long-term liabilities to banks	Other financial liabilities	Total financial liabilities	Lease liabilities
Balance as at 1 Oct 2019	**297.8**	**74.9**	**795.0**	**19.3**	**1,187.0**	**3,861.5**
Payment in the period	–	480.5	2,812.8	– 2.3	3,291.0	– 612.4
Changes in scope of consolidation	–	– 34.6	– 277.1	–	– 311.7	– 7.2
Foreign exchange movements	–	– 0.3	11.0	–	10.7	– 145.4
Other non-cash movement	1.0	40.4	51.2	– 0.6	92.0	303.4
Balance as at 30 Sep 2020	**298.8**	**560.9**	**3,392.9**	**16.4**	**4,269.0**	**3,399.9**

Movements financial liabilities

€ million	Bonds	Short-term liabilities to banks	Long-term liabilities to banks	Finance Leasing*	Other financial liabilities	Total financial liabilities
Balance as at 1 Oct 2018	**296.8**	**64.1**	**716.4**	**1,342.6**	**23.0**	**2,442.9**
Payment in the period	–	– 34.2	– 25.6	– 122.3	2.2	– 179.9
Acquisitions	–	4.8	22.9	–	– 1.1	26.6
Foreign exchange movements	–	1.3	1.1	53.6	–	56.0
Other non-cash movement	1.0	38.9	80.2	221.3	– 4.8	336.6
Balance as at 30 Sep 2019	**297.8**	**74.9**	**795.0**	**1,495.2**	**19.3**	**2,682.2**

* Financial liabilities include liabilities from finance leases for the last time as of 30 Sep 2019.

Fair values and carrying amounts of the bonds at 30 Sep 2020

€ million	Issuer	Nominal value initial	Nominal value outstanding	Interest rate % p.a.	Stock market value	Carrying amount	Stock market value	Carrying amount
						30 Sep 2020		30 Sep 2019
2016/21 bond	TUI AG	300.0	300.0	2,125	269.5	298.9	309.6	297.8
Total					**269.5**	**298.9**	**309.6**	**297.8**

For details regarding the fixed-interest bonds with a nominal value of € 300.0 m issued in October 2016, please refer to Note 46 'Significant events after the balance sheet date'.

(32) Other financial liabilities

The other financial liabilities include touristic advance payments received for tours canceled because of COVID-19 restrictions of € 351.0 m, for which immediate cash refund options exist and which have to be repaid shortly if the customer opts for payment. Please see the following section for more details.

(33) Touristic advance payments received

Touristic advance payments received

€ million	
Touristic advance payments received as at 1 Oct 2018	**2,824.8**
Revenue recognised that was included in the balance at the beginning of the period	– 2,370.9
Increases due to cash received, excluding amounts recognised as revenue during the period	2,636.4
Changes in the consolidation status and changes caused by IFRS 5	– 166.0
Other	– 13.1
Touristic advance payments received as at 30 Sep 2019	**2,911.2**
Revenue recognised that was included in the balance at the beginning of the period	– 1,811.0
Increases due to cash received, excluding amounts recognised as revenue during the period	3,023.3
Reclassification to other financial liabilities	– 351.0
Customer refund repayments	– 1,897.7
Changes in the consolidation status	– 76.4
Other	– 28.3
Touristic advance payments received as at 30 Sep 2020	**1,770.1**

Apart from the immediate cash refund option in certain jurisdictions, TUI Group offers its customers voucher / refund credits for trips canceled because of the COVID-19-crisis. If these voucher / refund credits are not used for future bookings within a specified period, the customer is entitled to a refund of the voucher value. Due to the high level of uncertainty regarding the further development of the COVID-19-crisis and customer behaviour, it is not possible for TUI Group to reliably estimate the extent of utilization of the voucher / refund credits for future bookings. Accordingly, the touristic advance payments received include € 184.8 m of advance payments for cancelled trips for which customers have received voucher / refund credits with no immediate cash refund option.

(34) Other non-financial liabilities

Other non-financial liabilities

€ million	30 Sep 2020 Remaining term up to 1 year	30 Sep 2020 Remaining term 1 – 5 years	30 Sep 2020 Total	30 Sep 2019 Remaining term up to 1 year	30 Sep 2019 Remaining term 1 – 5 years	30 Sep 2019 Total
Other liabilities relating to employees	184.9	24.3	209.2	210.1	25.4	235.5
Other liabilities relating to social security	44.3	–	44.3	45.3	–	45.3
Other liabilities relating to other taxes	19.7	–	19.7	37.1	–	37.1
Other miscellaneous liabilities	149.2	5.6	154.8	140.9	6.0	146.9
Deferred income	49.7	168.5	218.2	85.9	68.7	154.6
Other non-financial liabilities	**447.8**	**198.4**	**646.2**	**519.3**	**100.1**	**619.4**

(35) Liabilities related to assets held for sale

As at 30 September 2020 liabilities related to assets held for sale of € 24.5 m were reported. These liabilities relate to the expected transfer of an aircraft to an associated company of TUI Group. We refer to the section 'Assets held for sale'.

As at 30 September 2019, liabilities related to assets held for sale totalled € 103.1 m. These liabilities exclusively related to the 'Berge & Meer' and 'Boomerang' disposal group, divested at the beginning of the financial year under review. For further details, please refer to the section 'Divestments'.

Disposal group 'Berge & Meer' and 'Boomerang'

€ million	30 Sep 2019
Deferred tax liabilities	4.1
Trade payables	34.1
Touristic advance payments received	58.1
Other non-financial liabilities	4.7
Other provisions and liabilities	2.1
Total	**103.1**

(36) Contingent liabilities

As at 30 September 2020, contingent liabilities amounted to € 165.6 m (previous year € 143.5 m). They are mainly attributable to the granting of guarantees for the benefit of hotel and cruises activities and are reported at an amount representing the best estimate of the expenditure required to meet the potential obligation at the balance sheet date.

(37) Litigation

TUI AG and its subsidiaries are involved in several pending or foreseeable court or arbitration proceedings, which do not have a significant impact on their economic position as at 30 September 2020 or future periods. This also applies to actions claiming warranty, repayment or any other compensation in connection with the divestment of subsidiaries and business units over the past few years. As in previous years, the Group recognised adequate provisions, partly covered by expected insurance benefits, to cover all probable financial charges from court or arbitration proceedings.

(38) Other financial commitments

Other financial commitments

€ million	30 Sep 2020 Remaining term up to 1 year	1–5 years	more than 5 years	Total	30 Sep 2019 Remaining term up to 1 year	1–5 years	more than 5 years	Total
Order commitments in respect of capital expenditure	465.9	2,028.9	54.2	2,549.0	1,427.8	1,691.1	87.4	3,206.3
Financial commitments from operating lease and rental contracts*	–	–	–	–	717.1	1,446.1	581.5	2,744.7
Other financial commitments	99.0	110.8	2.9	212.7	111.4	25.0	3.0	139.4
Total	**564.9**	**2,139.7**	**57.1**	**2,761.7**	**2,256.3**	**3,162.2**	**671.9**	**6,090.4**

* Prior year adjusted.

Order commitments in respect of capital expenditure relate almost exclusively to tourism and decreased by € 657.3 m year-on-year as at 30 September 2020. The reduction in commitments is caused by delivery of aircraft, scheduled payments and general decrease in new commitments undertaken. Further declines were generated with the disposal of Hapag-Lloyd Kreuzfahrten GmbH and from foreign exchange effects for commitments denominated in non-functional currencies.

The commitments from lease, rental and charter agreements at 30 September 2019 exclusively related to leases that did not transfer all risks and rewards of ownership of the assets to the TUI Group companies under IAS 17 (operating leases).

(39) Share-based payments in accordance with IFRS 2

As at 30 September 2020, all existing awards except the employee share program 'oneShare' are recognized as cash-settled share-based payment schemes.

The following share-based payment schemes are in effect within TUI Group as at 30 September 2020.

1. PHANTOM SHARES IN THE FRAMEWORK OF THE LONG TERM INCENTIVE PLAN (LTIP)

1.1 LTIP WITH SHARE AWARDING FOR THE FINANCIAL YEAR 2020 (LTIP EPS20)

Since the 2020 financial year, the Long Term Incentive Plan (LTIP) consists of a program based on phantom shares and is measured over a period of four years (performance reference period). The phantom shares are granted in annual tranches.

All Executive Board members have their individual target amounts defined in their service contracts. At the beginning of each financial year, this target amount is translated into a preliminary number of phantom shares based on the target amount. It constitutes the basis for the determination of the performance-related pay after the end of the performance reference period. In order to determine that number, the target amount is divided by the average Xetra share price of TUI AG shares during the 20 trading days prior to the beginning of the performance reference period (1 October of any one year). The entitlement under the long-term incentive programme arises upon completion of the four-year performance reference period and is subject to attainment of the relevant target.

The performance target for determining the amount of the final payout after the end of the performance reference period is the average development over four years of the earning per share based on a pro-forma adjusted EPS from continuing operations (Earnings per Share – EPS) as reported in the annual report of the company. The average development of EPS per annum (in percent) is derived from the four equally weighted yearly EPS development values (in percent). Each yearly EPS development value is calculated as the quotient of the EPS of the current financial year and the EPS of the previous financial year. The initial EPS value used to determine the target achievement is calculated at the beginning of the performance period from the first EPS in the performance period and the last EPS before the performance period.

Target achievement for the average development of EPS per annum based on the annual amounts is determined as follows:

- An average absolute EPS of less than 50 % of the absolute EPS value determined at the beginning of the performance period corresponds to target achievement of 0 %.
- An average absolute EPS of 50 % of the absolute EPS value determined at the beginning of the performance period corresponds to target achievement of 25 %.
- An average absolute EPS of 50 % or more of the absolute EPS value determined at the beginning of the performance period up to an average increase of 5 % corresponds to target achievement of 25 % to 100 %.
- An average increase of 5 % p. a. corresponds to target achievement of 100 %.
- An average increase of 5 % to 10 % p. a. corresponds to target achievement of 100 % to 175 %.
- An average increase of 10 % or more p. a. corresponds to target achievement of 175 %.

For an average absolute EPS of 50 % or more of the absolute EPS value determined at the beginning of the performance period up to an average increase of 5 %, corresponding to a target achievement of 25 % to 100 %, and an average increase of 5 % to 10 % p. a., corresponding to a target achievement of 100 % to 175 %, linear interpolation is used to determine the degree of target achievement. The degree of target achievement is rounded to two decimal places, as is customary in commercial practice.

If the prior-year EPS amounts to less than € 0.50, the Supervisory Board defines new absolute targets for EPS as well as minimum and maximum amounts for determining the percentage target achievement for each subsequent financial year in the performance reference period.

In order to determine the final number of phantom shares, the degree of target achievement is multiplied by the preliminary number of phantom shares on the final day of the performance reference period. The payout amount is determined by multiplying the final number of phantom shares by the average Xetra share price of TUI AG shares over the 20 trading days prior to the end of the performance reference period (30 September of any one year). The payout amount determined in this way is paid out in the month of the approval and audit of TUI Group's annual financial statements for the relevant financial year. If the service contract begins or ends in the course of the financial year relevant for the granting of the LTIP, the entitlement to payment of the LTIP is determined on a pro rata basis.

In case of a capital increase from company funds, the number of preliminary phantom shares would increase at the same ration as the nominal value of the share capital. In case of a capital decrease without return of capital, the number of preliminary phantom shares would decrease at the same ration as the nominal value of the share capital. In case of a capital increase against contributions, a capital decrease with return of capital or any other capital or structural measures that have an effect on the share capital and cause a material change in the value of the TUI AG share, the number of preliminary phantom shares would also be adjusted. The Supervisory Board is entitled, at reasonable discretion, to make adjustments to neutralize any negative or positive effects from such capital or structural measures. The same rule applies in case of a change in share price due to the payment of an usually high superdividend.

The maximum LTIP payout is capped at 240 % of the individual target amount for each performance reference period. This means that there is an annual LTIP cap which is determined individually for each Executive Board member. The Supervisory Board is furthermore, according to section 87 para. 1 cl. 3 German stock corporation law, authorized to cap the LTIP payout in case of extraordinary circumstances (e. g. company mergers, segment disposals, recognition of hidden reserves or external influences).

1.2 LTIP WITH SHARE AWARDING FOR THE FINANCIAL YEARS 2018 AND 2019 (LTIP EPS18 – 19)

For the financial years 2018 and 2019, the LTIP has consisted of a phantom share-based programme and has been measured over a duration of four years (performance reference period) upon achievement of a total shareholder return (TSR) target and an earnings per share (EPS) target. The phantom shares are granted in annual tranches.

All Executive Board members have their individual target amounts defined in their service contracts. At the beginning of each financial year, this target amount is translated into a preliminary number of phantom shares based on the target amount. It constitutes the basis for the determination of the performance-related pay after the end of the performance reference period. In order to determine that number, the target amount is divided by the average Xetra share price of TUI AG shares during the 20 trading days prior to the beginning of the performance reference period (1 October of any one year). The entitlement under the long-term incentive programme arises upon completion of the four-year performance reference period and is subject to attainment of the relevant target.

The performance target for determining the amount of the final payout after the end of the performance reference period is the development of TSR of TUI AG relative to the development of the TSR of the STOXX Europe 600 Travel & Leisure (Index). The relative TSR is included in the determination of target achievement with a weighting of 50 %. The degree of target achievement is determined as a function of TUI AG's TSR rank in comparison with the TSR ranks of the index companies over the performance reference period. In order to determine TUI AG's relative TSR, the TSR ranks established for TUI's peer companies are sorted in descending order. TUI AG's relative TSR is expressed as a percentile (percentile rank).

The TSR is the aggregate of all share price increases plus the gross dividends paid over the performance reference period. Data from recognised data providers (e. g. Bloomberg, Thomson Reuters) is used to establish the TSR ranks for TUI AG and the index companies. The reference used to determine the ranks is the composition of the index on the last day of the performance reference period. The values for companies that were not listed over the entire performance reference period are factored in on a pro rata basis. The degree of target achievement (in percent) is established as follows for TUI AG's relative TSR based on the percentile:

- A percentile below the median of the index corresponds to target achievement of 0 %.
- A percentile equal to the median corresponds to target achievement of 100 %.
- A percentile constituting the maximum value corresponds to target achievement of 175 %.

For a percentile between the median and the maximum value, linear interpolation is used to determine the degree of target achievement at between 100 % and 175 %. The degree of target achievement is rounded to two decimal places, as is customary in commercial practice.

Moreover the average development of EPS per annum is included in the LTIP as an additional Group indicator with a weighting of 50 %. The averages determined for the four-year performance reference period are based on pro forma underlying earnings per share from continuing operations, as already reported in the Annual Report.

Target achievement for the average development of EPS per annum based on the annual amounts is determined as follows:

- An average increase of less than 3 % p. a. corresponds to target achievement of 0 %.
- An average increase of 3 % p. a. corresponds to target achievement of 25 %.
- An average increase of 5 % p. a. corresponds to target achievement of 100 %.
- An average increase of 10 % or more p. a. corresponds to target achievement of 175 %.

For an average increase of 3 % to 5 % p. a., linear interpolation is used to determine the degree of target achievement at between 25 % and 100 %. Linear interpolation is used for an average increase of between 5 % and 10 % or more p. a. to determine target achievement at between 100 % and 175 %. Here, too, the degree of target achievement is rounded to two decimal places, as is customary in commercial practice.

If the prior-year EPS amounts to less than € 0.50, the Supervisory Board defines new absolute targets for EPS as well as minimum and maximum amounts for determining the percentage target achievement for each subsequent financial year in the performance reference period.

The degree of target achievement (in percent) is calculated from the average target achievement for the performance targets 'relative TSR of TUI AG' and 'EPS'. In order to determine the final number of phantom shares, the degree of target achievement is multiplied by the preliminary number of phantom shares on the final day of the performance reference period. The payout amount is determined by multiplying the final number of phantom shares by the average Xetra share price of TUI AG shares over the 20 trading days prior to the end of the performance reference period (30 September of any one year). The payout amount determined in this way is paid out in the month of the approval and audit of TUI Group's annual financial statements for the relevant financial year. If the service contract begins or ends in the course of the financial year relevant for the granting of the LTIP, the entitlement to payment of the LTIP is determined on a pro rata basis.

The maximum LTIP payout is capped at 240 % of the individual target amount for each performance reference period. This means that there is an annual LTIP cap which is determined individually for each Executive Board member.

1.3 LTIP WITH SHARE AWARDING UP TO AND INCLUDING FINANCIAL YEAR 2017 (LTIP)

For those members of the Executive Board whose service contracts already existed prior to financial year 2018, the replaced remuneration system will continue to apply in parallel for LTIP for the time being. This relates only to the LTIP tranches granted before financial year 2018 but not yet paid out due to the four-year performance reference period, which are therefore included in the future awards.

The LTIP is a share plan based on phantom shares, assessed over a period of four years (performance reference period). Phantom shares are granted in annual tranches.

For Executive Board members, an individual target amount (Target Amount) is determined in their service contract. At the beginning of each financial year, a preliminary number of phantom shares is determined in relation to the target amount. This number constitutes the basis for determining the final performance-based payment after the end of the respective performance reference period. In order to determine that number, the target amount is divided by the average Xetra share price of TUI AG shares over the 20 trading days prior to the beginning of the performance reference period (1 October of any one year). The claim to a payment only arises upon expiry of the performance reference period, subject to attainment of the respective performance target.

The performance target for determining the amount of the final payout after the end of the performance reference period is the development of the total shareholder return (TSR) of TUI AG relative to the development of the TSR of the STOXX Europe 600 Travel & Leisure (Index). To that end, the rank of the TSR of TUI AG in relation to the index companies is monitored over the entire performance reference period. The TSR is the aggregate of all share price increases plus the gross dividends paid over the performance reference period. Data from a recognised data provider (e. g. Bloomberg, Thomson Reuters) is used to establish the TSR values for TUI AG and the index. The reference for determining the ranks is the composition of the index on the last day of the performance reference period. The values for companies that were not listed over the entire performance reference period are factored in on a pro rata basis. The degree of target achievement is established as follows depending on the TSR rank of TUI AG relative to the TSR values of the index companies over the performance reference period:

- A TSR value of TUI AG equivalent to the bottom or second to bottom rank of the index corresponds to target achievement of 0 %.
- A TSR value of TUI AG equivalent to the third to bottom rank of the index corresponds to target achievement of 25 %.
- A TSR value of TUI AG equivalent to the median of the index corresponds to target achievement of 100 %.
- A TSR value of TUI AG equivalent to the third to top, second to top or top rank of the index corresponds to target achievement of 175 %.

For performance between the third to bottom and the third to top rank, linear interpolation is used to determine the degree of target achievement at between 25 % and 175 %. The degree of target achievement is rounded to two decimal places, as is customary in commercial practice.

In order to determine the final number of phantom shares, the degree of target achievement is multiplied by the preliminary number of phantom shares on the final day of the performance reference period. The payout amount is determined by multiplying the final number of phantom shares by the average Xetra share price of TUI AG shares over the 20 trading days prior to the end of the performance reference period (30 September of any one year). The payout amount determined in this way is paid out in cash in the month of the adoption of the annual financial statements of TUI AG for the fourth financial year of the performance reference period. If the service contract begins or ends in the course of the financial year relevant for the granting of the LTIP, the claim for payment of the LTIP is determined on a pro rata basis as a matter of principle.

There is an annual LTIP cap individually defined for each Executive Board member.

PERFORMANCE SHARE PLAN (PSP)

The PSP details the share-based payments for entitled Group executives who are not part of the Board. The scheme conditions are harmonized with the LTIP without the earnings-per-share performance measure of the Board members with the notable exceptions of a three year performance period instead of four years. Target amounts and grant frequency are subject to individual contractual agreements.

Since LTIP without the earnings-per-share performance measure and PSP follow common scheme principles, the following development of awarded phantom shares under the programs are shown on an aggregated basis. The development of phantom shares awarded that are subject to the EPS performance measure are shown separately.

Development of phantom shares awarded (LTIP EPS20, LTIP EPS18 – 19, LTIP & PSP)

	LTIP EPS20		LTIP EPS18 – 19		LTIP & PSP	
	Number of shares	Present value € million	**Number of shares**	Present value € million	**Number of shares**	Present value € million
Balance as at 30 Sep 2018	**–**	**–**	**360,808**	**6.0**	**1,363,955**	**22.6**
Phantom shares awarded	–	–	402,652	6.2	442,312	6.8
Phantom shares exercised	–	–	–	–	–134,355	–1.3
Phantom shares forfeited	–	–	–	–	– 452,860	– 6.2
Measurement results	–	–	–	– 4.1	–	– 8.9
Balance as at 30 Sep 2019	**–**	**–**	**763,460**	**8.1**	**1,219,052**	**13.0**
Phantom shares awarded	630,699	6.2	–	–	928,679	9.2
Phantom shares exercised	–	–	–	–	–141,508	–1.3
Phantom shares forfeited	–	–	–	–	–722,824	– 5.2
Measurement results	–	– 4.0	–	– 5.5	–	–11.3
Balance as at 30 Sep 2020	**630,699**	**2.2**	**763,460**	**2.6**	**1,283,399**	**4.4**

EMPLOYEE SHARE PROGRAM 'ONESHARE'

Eligible employees can acquire TUI AG shares under preferential conditions when participating in the oneShare program. The preferential conditions include a discount on 'investment' shares bought during a twelve month investment period plus one 'matching' share per three held investment shares, after a lock up period of two years. Investment shares are created via capital increase, while matching shares are bought on the open market. Eligible employees decide once a year about their participation in oneShare.

As the investment and matching shares as well as the Golden shares are equity instruments of TUI AG, oneShare is accounted for as an equity-settled share-based payment scheme in line with IFRS 2. Once all eligible employees have decided upon their yearly participation, the fair value of the equity instrument granted is calculated once and fixed for each tranche on the basis of the proportional shares price at grant date taking into consideration the discounted estimated dividends.

In 2020, no new tranche of oneShare was launched. The matching date occurred for Tranche 1 on 30 September and the matching shares of Tranche 1 were subsequently transferred to participants who still held their investment shares at the beginning of the financial year.

The development of acquired investment and estimated matching shares, as well as the parameters used for the calculation of the fair value are as follows:

Overview oneShare tranches

		Tranche 1 (2017/3)	Tranche 2 (2017/7)	Tranche 3 (2018/7)	Tranche 4 (2019/7)
Investment period		1.4.2017 – 31.7.2017	1.8.2017 – 31.7.2018	1.8.2018 – 31.7.2019	1.8.2019 – 31.7.2020
Matching date		30.9.2019	30.9.2020	30.9.2021	30.9.2022
Acquired investment shares		349,941	524,619	1,152,598	1,394,512
thereof forfeited investment shares		1,228	10,216	32,859	31,724
Distributed / Estimated matching shares		116,647	174,873	384,199	464,837
thereof forfeited matching shares		15,256	23,953	45,928	14,035
Share price at grant date	in €	12.99	13.27	18.30	8.99
Fair value: Discount per investment share	in €	2.60	2.02	2.94	1.26
recognised estimated dividend	in €	–	0.63	0.72	0.54
Fair value: matching share	in €	11.65	11.15	15.93	7.17
recognised discounted estimated dividend	in €	1.34	2.11	2.37	1.82

CLOSED SHARE-BASED PAYMENT SCHEMES

The following share-based payment schemes are closed, resulting in no new awards being granted. Awards made in the past remain valid and will vest according to the respective plan conditions.

TUI AG STOCK OPTION PLAN

The stock option plan for qualifying Group executives below Board level was closed during financial year 2016. The last tranche was granted in February 2016 and vested in February 2018.

Bonuses were granted to eligible Group executives; the bonuses were translated into phantom shares in TUI AG on the basis of an average share price. The phantom shares were calculated on the basis of Group earnings before interest, taxes and amortisation of goodwill (EBITA). The translation into phantom shares was based on the average share price of the TUI share on the 20 trading days following the Supervisory Board meeting at which the annual financial statements were approved. The number of phantom shares granted in a financial year was, therefore, only determined in the subsequent year. Following a lock-up period of two years, the individual beneficiaries are free to exercise their right to cash payment from this bonus within three years. Following significant corporate news, the entitlements have to be exercised within defined timeframes. The lock-up period is not applicable if a beneficiary leaves the Company; in that case, the entitlements have to be exercised in the next time window. The level of the cash payment depends on the average share price of the TUI share over a period of 20 trading days after the exercise date. There are no absolute or relative return or share price targets. A cap has been agreed for exceptional, unforeseen developments. Since the strike price is € 0.00 and the incentive programme does not entail a vesting period, the fair value corresponds to the intrinsic value and hence the market price at the balance sheet date. Accordingly, the fair value of the obligation is determined by multiplying the number of phantom shares with the share price at the respective reporting date.

As at 30 September 2020, 30,915 share options valued at € 0.1 m are vested and outstanding. Since the plan is closed, no new grants were made, 10 options were exercised (total value of € 0.0 m) and no options were forfeited.

ACCOUNTING FOR SHARE-BASED PAYMENT SCHEMES

As at 30 September 2020, all existing awards except oneShare are recognized as cash-settled share-based payment schemes and are granted with an exercise price of € 0.00. The personnel expense is recognized upon actual delivery of service according to IFRS 2 and is, therefore, spread over a period of time. According to IFRS 2, all contractually granted entitlements have to be accounted for, irrespective of whether and when they are actually awarded. Accordingly, phantom shares granted in the past are charged on a pro rata basis upon actual delivery of service.

In the financial year 2020, a profit of € 6.5 m was realized due to the release of provisions for cash-settled share-based payment schemes (previous year: profit of € 12.7 m).

In the financial year 2020, personnel expenses due to equity-settled share-based payment schemes of € 5.1 m (previous year € 7.0 m) were recognised through profit and loss.

As at 30 September 2020, provisions relating to entitlements under these long-term incentive programmes totaled € 9.7 m (previous year provisions of € 14.3 m and € 1.2 m liabilities).

(40) Financial instruments

RISKS AND RISK MANAGEMENT

RISK MANAGEMENT PRINCIPLES

Due to the nature of its business operations, the TUI Group is exposed to various financial risks, including market risks (consisting of currency risks, interest rate risks and market price risks), credit risks and liquidity risks.

In accordance with TUI Group's financial goals, financial risks have to be mitigated. In order to achieve this, policies and procedures have been developed to manage risk associated with financial transactions undertaken.

The rules, responsibilities and processes as well as limits for transactions and risk positions have been defined in policies. The trading, processing and control have been segregated in functional and organisational terms. Compliance with the policies and limits is continually monitored. All hedges by the TUI Group are consistently based on recognised or forecasted underlying transactions. Standard software is used for assessing, monitoring, reporting, documenting and reviewing the effectiveness of the hedging relationships for the hedges entered into. In this context, the fair values of all derivative financial instruments determined on the basis of the Group's own systems are regularly compared with the fair value confirmations from the external counterparties. The processes, the methods applied and the organisation of risk management are reviewed for compliance with the relevant regulations on at least an annual basis by the internal audit department and external auditors.

Within the TUI Group, financial risks primarily arise from cash flows in foreign currencies, fuel requirements (jet fuel and bunker oil) and financing via the money and capital markets. In order to limit the risks from changes in exchange rates, market prices and interest rates for underlying transactions, the TUI Group uses over-the-counter derivative financial instruments. These are primarily fixed-price transactions. In addition, the TUI Group also uses options and structured products. Use of derivative financial instruments is confined to internally fixed limits and other policies. The transactions are concluded on an arm's length basis with counterparties operating in the financial sector, whose counterparty risk is regularly monitored. Foreign exchange translation risks from the consolidation of Group companies not preparing their accounts in euros are not hedged.

MARKET RISK

Market risks result in fluctuations in earnings, equity and cash flows. Risks arising from input cost volatility are more fully detailed in the risk report section of the management report. In order to limit or eliminate these risks, the TUI Group has developed various hedging strategies, including the use of derivative financial instruments.

IFRS 7 requires the presentation of a sensitivity analysis showing the effects of hypothetical changes in relevant market risk variables on profit or loss and equity. The effects for the period are determined by relating the hypothetical changes in risk variables to the portfolio of primary and derivative financial instruments as at the balance sheet date. It is assured that the portfolio of financial instruments as at the balance sheet date is representative for the entire financial year.

The analyses of the TUI Group's risk reduction activities outlined below and the amounts determined using sensitivity analyses represent hypothetical and thus uncertain risks. Due to unforeseeable developments in the global financial markets, actual results may deviate substantially from the disclosures provided. The risk analysis methods used must not be considered a projection of future events or losses, since the TUI Group is also exposed to risks of a non-financial or non-quantifiable nature. These risks primarily include sovereign, business and legal risks not covered by the following presentation of risks.

CURRENCY RISK

The business operations of the TUI Group's companies generate payments or receipts denominated in foreign currencies, which are not always matched by payments or receipts with equivalent terms in the same currency. Using potential netting effects (netting of payments made and received in the same currency with identical or similar terms), the TUI Group enters into appropriate hedges with external counterparties in order to protect its profit margin from exchange rate-related fluctuations.

Within the TUI Group, risks from exchange rate fluctuations are hedged, with the largest hedging volumes relating to US dollars, euros and pound sterling. The Eurozone limits the currency risk from transactions in the key tourist destinations to Group companies whose functional currency is not the euro. The tourism business operations are mainly affected by changes in the value of the US dollar and the euro, the latter predominantly affecting the TUI tour operators in the UK and the Nordic countries. In tourism operations, payments in US dollars primarily relate to the procurement of services in non-European destinations, purchases of jet and ship fuel and aircraft and cruise ship purchases or charter.

The tourism companies use financial derivatives to hedge their planned foreign exchange requirements. They aim to cover 80 % to 100 % of the planned currency requirements at the beginning of the tourism season. In this regard, account is taken of the different risk profiles of the TUI Group companies. The hedged currency volumes are adjusted in line with changes in planned requirements based on reporting by business units.

Currency risks within the meaning of IFRS 7 arise from primary and derivative monetary financial instruments issued in a currency other than the functional currency of a company. Exchange rate-related differences from the translation of financial statements into the Group's presentation currency are not taken into account. Taking account of the different functional currencies within the TUI Group, the sensitivity analyses of the currencies identified as relevant risk variables are presented below. A 10 % strengthening or weakening of the respective functional currencies, primarily euro and pound sterling, against the other currencies would cause the following effects on the revaluation reserve and earnings after income tax:

Sensitivity analysis – currency risk

€ million	**30 Sep 2020**		30 Sep 2019	
Variable: Foreign exchange rate	**+10 %**	**–10 %**	+10 %	–10 %
Exchange rates of key currencies				
€/US dollar				
Revaluation reserve	–27.6	+25.5	–142.0	+133.5
Earnings after income taxes	–62.0	+75.2	–8.3	+19.6
Pound sterling/€				
Revaluation reserve	–13.4	+14.9	+156.0	–156.0
Earnings after income taxes	–54.2	+63.1	–9.6	+12.4
Pound sterling/US dollar				
Revaluation reserve	–26.1	+26.3	–114.4	+114.4
Earnings after income taxes	+287.4	–355.8	–13.0	–15.2
€/Swedish krona				
Revaluation reserve	+4.0	–5.4	+26.3	–26.3
Earnings after income taxes	+6.3	–8.4	–	–

INTEREST RATE RISK

The TUI Group is exposed to interest rate risks from floating-rate primary and derivative financial instruments. Where interest-driven cash flows of floating-rate primary financial instruments are converted into fixed cash flows using derivative hedges and the critical terms of the hedging transaction are the same as those of the hedged items they are not exposed to an interest rate risk. No interest rate risk exists for fixed-interest financial instruments carried at amortised cost.

Changes in market interest rates mainly impact floating-rate primary financial instruments and derivative financial instruments entered into in order to reduce interest-induced cash flow fluctuations.

The following table presents the equity and earnings after income taxes effects of an assumed increase or decrease in the market interest rate of 50 basis points as at the balance sheet date.

Sensitivity analysis – interest rate risk

€ million	30 Sep 2020		30 Sep 2019	
Variable: Interest rate level for floating interest-bearing debt	**+50 basis points**	**–50 basis points**	+50 basis points	–50 basis points
Revaluation reserve	–	+0.9	+11.9	–10.0
Earnings after income taxes	–305.5	–287.6	–0.5	–1.2

FUEL PRICE RISK

Due to the nature of its business operations, the TUI Group is exposed to market price risks from the purchase of fuel for the aircraft fleet and the cruise ships.

The tourism companies use financial derivatives to hedge their exposure to market price risks for the planned consumption of fuel. At the beginning of the touristic season the target hedging ratio is at least 80 %. The different risk profiles of the Group companies operating in different source markets are taken into account, including the possibility of levying fuel surcharges. The hedging volumes are adjusted for changes in planned consumption as identified by the Group companies.

If the commodity prices, which underlie the fuel price hedges, increase by 15 % or decrease by 10 % (previous year +/–10 %), on the balance sheet date, the impact on equity and on earnings after income taxes would be as shown in the table below . The adjustment in the market price sensitivity from plus 10 % to plus 15 % is based on the assumption that an above-average increase in fuel prices is to be expected following a recovery in demand for flight capacity.

Sensitivity analysis – fuel price risk

€ million	30 Sep 2020		30 Sep 2019	
Variable: Fuel prices for aircraft and ships	**+15 %**	**–10 %**	+10 %	–10 %
Revaluation reserve	+5.5	–5.2	+73.6	–76.6
Earnings after income taxes	+56.9	–35.9	+0.5	–0.2

OTHER PRICE RISKS

Apart from the financial risks that may result from changes in exchange rates, commodity prices and interest rates, the TUI Group is not exposed to significant price risks at the balance sheet date.

CREDIT RISK

The credit risk in non-derivative financial instruments results from the risk of counterparties defaulting on their contractual payment obligations.

Maximum credit risk exposure corresponds to the total of the recognised carrying amounts of the financial assets (including derivative financial instruments with positive market values). Furthermore, there are no material financial guarantees for the discharge of liabilities. Where legally enforceable, financial assets and liabilities are netted. Credit risks are reviewed closely on conclusion of the contract and continually monitored thereafter in order to swiftly respond to potential impairment in a counterparty's solvency. Responsibility for handling the credit risk is generally held by the Group company holding the receivable.

Since the TUI Group operates in many different business areas and regions, significant credit risk concentrations of receivables from and loans to specific debtors or groups of debtors are not to be expected. A significant concentration of credit risks related to specific countries is not to be expected either. As in the previous year, at the balance sheet date, there is no material collateral held, or other credit enhancements that reduce the maximum credit risk. Collateral held in the prior period relates exclusively to financial assets of the category trade receivables and other receivables. The collateral mainly comprises collateral for financial receivables granted and maturing in more than one year and / or with a volume of more than € 1.0 m. Real property rights, directly enforceable guarantees, bank guarantees and comfort letters are used as collateral.

Credit management also covers the TUI Group's derivative financial instruments. The maximum credit risk for derivative financial instruments entered into is limited to the total of all positive market values of these instruments since in the event of counterparty default asset losses would only be incurred up to that amount. Since derivative financial instruments are concluded with different debtors, credit risk exposure is reduced. The specific credit risks of individual counterparties are taken into account in determining the fair values of derivative financial instruments. In addition, the counterparty risk is continually monitored and controlled using internal bank limits.

IFRS 9 requires entities to recognise expected losses for all financial assets held at amortised cost and for financial assets constituting debt instruments and measured at FVTOCI (Fair Value Through Other Comprehensive Income). In TUI Group, the items affected are financial instruments recognised at amortised cost in the following categories: trade receivables and other receivables with the sub-classes trade receivables, advances and loans, other receivables and assets as well as lease receivables. Additional classes are other financial assets and funding. In determining expected losses, IFRS 9 distinguishes between the general and the simplified approach to impairment.

Under the general approach to impairment, financial assets are classified into three stages. Stage 1 is where financial assets are recognised for the first time or where credit risk has not increased significantly since initial recognition. At this stage, the expected bad debt losses that may arise from possible default events within the next 12 months after the respective balance sheet date are reported. For financial assets in stage 1, entities are required to recognise 12-month Expected Credit Losses (ECL). Stage 2 is where credit risk has increased significantly since initial recognition. Stage 3 includes financial assets that additionally have objective evidence of impairment alongside the criteria of stage 2. Stages 2 and 3 show Lifetime-ECL.

Under the simplified approach to impairment, a loss allowance is carried at an amount equal to life-time ECL at initial recognition for trade receivables and lease receivables, regardless of the credit quality of the accounts receivable and the lease receivables. TUI uses a provision matrix to determine the expected loss for trade receivables and lease receivables. Average historical observed default rates are determined for the following maturity bands. Not overdue, less than 30 days past due, 30 – 90 days, 91 – 180 days and more than 180 days past due. The loss rates determined are adjusted by credit default swap (CDS) rates in order to take account of forward-looking information. The adjusted loss rates are based on average rates for the past few years. The economic environment of the relevant geographical regions is taken into account through a weighting of CDS rates. All model parameters mentioned above are regularly reviewed and updated.

Under the simplified approach to impairment, trade receivable and lease receivables are transferred to stage 3 when there is any objective evidence of impairment. TUI Group classifies whether a trade receivable is to be transferred to stage 3 on an individual basis, depending on the region, after 180 days at the earliest. Within TUI Group, an assessment of the recoverability of a receivable is performed after 180 days at the earliest, as determined by the individual regions. In the framework of TUI Group's business model, customers book a trip, for instance, six months ahead of departure and immediately pay a deposit; under that business model, some receivables have a longer term than 90 days; accordingly, an actual default of a receivable is only assumed when receivables are more than 180 days past due and an impairment loss is recognized, and in general a complete write-down has to be made. Objective evidence of impairment of lease receivables includes, for example, significant financial difficulties on the part of the debtor, breach of contract (default or delay in interest and repayment) or concessions made for economic or contractual reasons in connection with the debtor's financial difficulties.

For all other financial assets carried at amortised cost impairments are determined in accordance with the general approach.

For cash and cash equivalents, the low credit risk exemption of IFRS 9 is applied, according to which financial instruments with a low default risk at the time of acquisition can be classified in stage 1 of the impairment model. Cash and cash equivalents include, for instance, cash in hand or bank balances that are exclusively due to counterparties with a high credit rating. In accordance with stage 1 of the impairment hierarchy, a risk provision corresponding to the 12-month credit loss is recorded in cash and cash equivalents upon initial recognition. At each balance sheet date, a verification is made as to whether the counterparties continue to have a rating of investment grade quality. As the corresponding financial assets have a maximum term of 3 months, the impairment requirement is very low. A transfer from stage 1 to stage 2 or 3 has no practical relevance, as the business relationship would be terminated immediately in the case of a corresponding event.

For material advances and loans and other receivables and assets, the expected credit losses are determined by multiplying the probability of default with the loss given default and the exposure of default. TUI Group determines the probabilities of default on the basis of an internal rating model. As part of the TUI Group's business model, the ratings of debtors for material receivables are evaluated on the basis of this internal rating. Category 1 of the rating model contains the debtors with the highest credit rating, whereas the debtors with the lowest credit rating are classified in the category 7. If the credit risk has not significantly deteriorated since initial recognition, 12-month credit losses are determined (stage 1). In the event of a significant increase in the credit risk, the lifetime expected credit loss is determined (stage 2). A significant increase in the default risk is assumed on the basis of the internal rating and other relevant information such as changes in the economic, regulatory or technological environment.

If there is any objective evidence of impairment, a transfer is made to stage 3.

The gross carrying amount of a financial asset of any class of financial instruments recognized at amortised cost is written off when there is no longer the expectation of full or partial recovery a financial asset following an appropriate assessment. For individual customers the gross carrying amount is usually written off based on historical experience of recoveries in the country specific business environment when the financial asset is more than 45 up to 360 days past due. For corporate customers, the Group's businesses conduct an individual assessment about the timing and the amount of write off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. Financial assets that have been written off however could still be subject to enforcement activities for recovery of amounts overdue.

For other advances and loans, other receivables and assets as well as other financial assets, the expected credit losses are determined on a portfolio basis. This portfolio approach deviates from insignificant individual cases, as the relevant information for determining the expected loss is available at the stage of the individual instrument. Here, TUI Group solely combines financial assets with similar credit risk properties, e. g. type of product and geographical region. TUI Group initially carries the credit loss based on a loss rate expected for the next twelve months. This loss rate is adjusted at regular intervals depending on the macroeconomic market environment. If the credit risk increases significantly, the lifetime expected credit loss is determined (stage 2). The assessment of a significant increase in the credit risk is for instance effected individually by region, changes in market data relating to default risk or changes in contractual conditions. A default within based on the past due status of the instruments. The past due status is assumed within a range of more than 30 days past due to more than 90 days past due, depending on the portfolio. If there is objective evidence of impairment, the instrument is transferred to stage 3.

In principle, the general approach assumes that the default risk of financial assets has increased significantly since initial recognition if contractual payments are more than 30 days overdue. However, this can be refuted by the Group's available appropriate and comprehensible information. The assessment of the objective evidence of impairment for all instruments falling within the scope of the general model is based on the following indicators: e. g. severe financial difficulties of the debtor, breach of contract (default or delinquency in interest or principal payment) or concessions made for economic or contractual reasons in connection with financial difficulties of the debtor. As a result, such instruments are usually written off in full.

As this is forward-looking information, the general impairment model also uses CDS rates.

The Group recognises an impairment gain or loss for all financial assets with a corresponding adjustment of the carrying amount through a loan loss provision.

As of 30 September 2020, trade receivables were impaired in the amount of € 86.2 m (prior year € 55.5 m). The following overview shows a maturity analysis of the impairments.

Ageing structure of impairment of financial instruments classified as trade receivables

€ million	**30 Sep 2020** Gross value	Impairment	Net value	Impairment ratio
Trade receivables				
Not overdue	101.5	26.0	75.5	5 – 25 %
Overdue less than 30 days	32.3	5.8	26.5	10 – 30 %
Overdue 30 – 90 days	32.6	14.4	18.2	15 – 35 %
Overdue 91 – 180 days	15.7	3.7	12.0	20 – 45 %
Overdue more than 180 days	55.3	36.3	19.0	50 – 75 %
Total	**237.4**	**86.2**	**151.2**	

Ageing structure of impairment of financial instruments classified as trade receivables

€ million	30 Sep 2019 Gross value	Impairment	Net value	Impairment ratio
Trade receivables				
Not overdue	343.7	12.0	331.7	1 – 3 %
Overdue less than 30 days	136.7	4.1	132.6	3 %
Overdue 30 – 90 days	74.7	4.7	70.0	6 %
Overdue 91 – 180 days	38.2	2.7	35.5	7 – 10 %
Overdue more than 180 days	46.6	32.0	14.6	20 – 68 %
Total	**639.9**	**55.5**	**584.4**	

Impairments of lease receivables have developed as follows.

Ageing structure of impairment of financial instruments classified as lease receivables

€ million	Gross value	Impairment	Net value	Impairment ratio
				30 Sep 2020
Lease receivables				
Not overdue	37.6	24.1	13.5	5–25 %
Overdue less than 30 days	1.5	1.5	–	10–30 %
Overdue 30–90 days	1.5	1.5	–	15–35 %
Overdue 91–180 days	–	–	–	20–45 %
Overdue more than 180 days	–	–	–	50–75 %
Total	**40.6**	**27.1**	**13.5**	

Ageing structure of impairment of financial instruments classified as lease receivables

€ million	Gross value	Impairment	Net value	Impairment ratio
				30 Sep 2019
Lease receivables				
Not overdue	–	–	–	1–3 %
Overdue less than 30 days	–	–	–	3 %
Overdue 30–90 days	–	–	–	6 %
Overdue 91–180 days	–	–	–	7–10 %
Overdue more than 180 days	–	–	–	20–68 %
Total	**–**	**–**	**–**	

The following table shows the development of impairment losses on financial instruments in the category other receivables and assets.

Ageing structure of impairment of financial instruments classified as other receivables and assets

€ million	Gross value	Impairment	Net value	Impairment ratio
				30 Sep 2020
Other receivables and assets				
Not overdue	221.9	4.2	217.7	5–25 %
Overdue less than 30 days	0.9	–	0.9	10–30 %
Overdue 30–90 days	1.7	–	1.7	15–35 %
Overdue 91–180 days	0.8	–	0.8	20–45 %
Overdue more than 180 days	3.0	1.2	1.8	50–75 %
Total	**228.3**	**5.4**	**222.9**	

Ageing structure of impairment of financial instruments classified as other receivables and assets

€ million	Gross value	Impairment	Net value	Impairment ratio
				30 Sep 2019
Other receivables and assets				
Not overdue	149.6	0.3	149.3	1–3 %
Overdue less than 30 days	–	–	–	3 %
Overdue 30–90 days	–	–	–	6 %
Overdue 91–180 days	–	–	–	7–10 %
Overdue more than 180 days	–	–	–	20–68 %
Total	**149.6**	**0.3**	**149.3**	

Impairments of advances and loans have developed as follows:

Ageing structure of impairment of financial instruments classified as advances and loans

€ million	30 Sep 2020		
	Gross value	**Impairment**	**Net value**
Advances and loans			
Not overdue	132.4	57.1	75.3
Overdue less than 30 days	–	–	–
Overdue 30 – 90 days	–	–	–
Overdue 91 – 180 days	–	–	–
Overdue more than 180 days	1.9	1.2	0.7
Total	**134.3**	**58.3**	**76.0**

Ageing structure of impairment of financial instruments classified as advances and loans

€ million	30 Sep 2019		
	Gross value	Impairment	Net value
Advances and loans			
Not overdue	29.5	0.3	29.2
Overdue less than 30 days	–	–	–
Overdue 30 – 90 days	–	–	–
Overdue 91 – 180 days	–	–	–
Overdue more than 180 days	16.6	16.6	–
Total	**46.1**	**16.9**	**29.2**

For the material single items in the following table, the default risk on financial instruments classified as advances and loans and as other receivables is shown on the basis of an internal rating. There was a transfer of € 6.2 m from stage 1 to stage 2 in the category loans and advances to other companies in the course of the year, as the risk of default increased significantly during the past financial year following initial recognition due to the COVID-19-pandemic.

Default risk on financial instruments classified as advances and loans and as other receivables

€ million	Impairment stage	Internal rating class	Gross value	Impairment	Net value	Gross value	Impairment	Net value
					30 Sep 2020			30 Sep 2019
Loans to related parties								
Advances and loans	1	1	–	–	–	40.6	– 0.1	40.5
Advances and loans	1	2	12.0	– 0.1	11.9	–	–	–
Advances and loans	2	2	28.1	–	28.1	–	–	–
Other receivables	1	2	65.3	– 2.4	62.9	–	–	–
Loans to hotels								
Advances and loans	2	5	29.1	–1.8	27.3	29.7	–1.9	27.8
Loans to other companies								
Advances and loans	1	2	145.7	– 0.3	145.4	–	–	–
Loans to other companies								
Other receivables	1	3	151.6	– 2.2	149.4	–	–	–

Other financial assets carried at amortised cost at an amount of € 14.9 m (prior year € 31.1 m) relate to short-term deposits with banks. The full amount of these investments with a gross amount of € 15.4 m (prior year € 31.6 m) is not overdue. Impairments of € 0.5 m (prior year € 0.5 m) were carried in the framework of risk provisioning.

During financial year 2020, as in the prior year, there were no material payment inflows from impaired interest-bearing trade receivables and other financial assets.

The tables below show a reconciliation of the loan loss provisions for financial assets, measured at amortised cost, for which loan loss provisions are determined using the general approach or the simplified approach.

Change in risk provisions for financial assets measured at amortised cost in the following classes advances and loans, other receivables and assets and other financial assets

€ million	Stage 1 12-month-ECL	Stage 2 Lifetime-ECL (not impaired)	**Total**
Risk provisioning as at 1 Oct 2018	**19.1**	**5.6**	**24.7**
Addition of impairment on newly issued / acquired financial assets	1.3	–	1.3
Unused Impairments on financial assets derecognised during the period	0.9	3.8	4.7
Risk provisioning as at 30 Sep 2019	**19.5**	**1.8**	**21.3**
Risk provisioning as at 1 Oct 2019	**19.5**	**1.8**	**21.3**
Changes in the group of consolidated companies	0.7	–	0.7
Addition of impairment on newly issued / acquired financial assets	50.5	–	50.5
Transfer to	–	–	–
Stage 2 Lifetime-ECL (not impaired)	– 3.1	3.1	–
Unused Impairments on financial assets derecognised during the period	1.4	0.1	1.5
Risk provisioning as at 30 Sep 2020	**66.2**	**4.8**	**71.0**

As at 30 September 2020, risk provisioning totals € 10.0 m (prior year € 2.0 m) for the other receivables and assets class and € 0.5 m (prior year € 0.5 m) for the other financial assets class as well as € 60.4 m (prior year € 18.8 m) for the advances and loans class.

As at 30 September 2020, no stage 3 instruments were recognised. There were no significant exchange differences. Changes in the group of consolidated companies in the amount of € 0.7 m (prior year no change) and transfers in the class advances and loans from stage 1 to stage 2 in the amount of € 3.1 m (prior year no transfers between stages 1 – 3, nor any other changes within given stages) took place.

No significant impairment losses have been recognised and the models have been adjusted to reflect the macroeconomic market environment in terms of the risk parameters used in terms of the loss rate. This resulted in additional risk provisions of € 14.3 m.

Change in risk provisions for financial assets measured at amortised cost classified as trade receivables

€ million	Lifetime-ECL simplified approach
Risk provisioning as at 1 Oct 2018	**94.2**
Changes in the group of consolidated companies	–1.3
Addition of impairment on newly issued / acquired financial assets	19.7
Unrequired impairments on financial assets derecognised during the period	57.1
Risk provisioning as at 30 Sep 2019	**55.5**
Risk provisioning as at 1 Oct 2019	**55.5**
Exchange differences	– 0.1
Changes in the group of consolidated companies	0.7
Addition of impairment on newly issued / acquired financial assets	51.7
Unrequired impairments on financial assets derecognised during the period	21.6
Risk provisioning as at 30 Sep 2020	**86.2**

Change in risk provisions for financial assets measured at amortised cost classified as lease receivables

€ million	Stage 3 Lifetime-ECL (impaired)
Risk provisioning as at 1 Oct 2019	**–**
Addition of impairment on newly issued/acquired financial assets	27.1
Risk provisioning as at 30 Sep 2020	**27.1**

The table of change in risk provisions for financial assets measured at amortised cost classified as lease relates primarily to lease receivables from an investment. For this receivable, which ist not overdue, there is objective evidence of impairment, against this background this receivable, which is not overdue, is reported in stage 3.

The tables below show a reconciliation of gross carrying amounts for financial assets measured at amortised cost:

Change in gross carrying amounts classified as advances and loans

€ million	Stage 1 12-month-ECL	Stage 2 Lifetime-ECL (not impaired)	**Total**
Gross carrying amounts as at 1 Oct 2018	**59.1**	**60.9**	**120.0**
Changes from receivables recognised or derecognised in the reporting period	28.2	–31.8	–3.6
Gross carrying amounts as at 30 Sep 2019	**87.3**	**29.1**	**116.4**
Gross carrying amounts as at 1 Oct 2019	**87.3**	**29.1**	**116.4**
Changes due to newly formed impairments on receivables	39.2	3.1	42.3
Changes due to reversed impairments on receivables	1.4	0.1	1.5
Changes in the group of consolidated companies	–0.6	–	–0.6
Transfer to Lifetime-ECL (Stage 2)	–6.2	6.2	–
Changes from receivables recognised or derecognised in the reporting period	229.5	43.5	273.0
Gross carrying amounts as at 30 Sep 2020	**285.8**	**63.4**	**349.2**

As of 30 September 2020, no instruments in the class advances and loans have been reported in stage 3. There were no changes or modifications. There have been transfers from stage 1 to stage 2 in the amount of €6.2 million (previous year no transfers between stages 1–3).

Change in gross carrying amounts classified as other receivables and assets and other financial assets

€ million	Stage 1 12-month-ECL	Stage 2 Lifetime-ECL (not impaired)	Total
Gross carrying amounts as at 1 Oct 2018	**287.3**	**–**	**287.3**
Changes from receivables recognised or derecognised in the reporting period	2.2	–	2.2
Gross carrying amounts as at 30 Sep 2019	**289.5**	**–**	**289.5**
Gross carrying amounts as at 1 Oct 2019	**289.5**	**–**	**289.5**
Changes due to newly formed impairments on receivables	8.0	–	8.0
Changes from receivables recognised or derecognised in the reporting period	179.1	–	179.1
Gross carrying amounts as at 30 Sep 2020	**460.6**	**–**	**460.6**

As of 30 September 2020, no instruments in the classes other receivables and assets and other financial assets have been reported in stage 3. There were no changes or modifications. There have been no transfers between stages 1 to 3 and no changes within stages (previous year: no transfers between stages 1 – 3). At the time of initial recognition no newly issued or purchased instruments had been credit-impaired.

Change in gross carrying amounts of assets classified as trade receivables

€ million	Lifetime-ECL simplified approach
Gross carrying amounts as at 1 Oct 2018	**640.0**
Changes in the group of consolidated companies	–1.1
Changes in receivables recognised or derecognised in the reporting period	1.1
Gross carrying amounts as at 30 Sep 2019	**640.0**
Gross carrying amounts as at 1 Oct 2019	**640.0**
Reclassification to impaired receivables	51.7
Reclassification from impaired receivables	21.3
Changes in receivables recognised or derecognised in the reporting period	– 372.2
Gross carrying amounts as at 30 Sep 2020	**237.4**

Change in gross carrying amounts of assets classified as lease receivables

€ million	Stage 3 Lifetime-ECL (impaired)
Gross carrying amounts as at 1 Oct 2019	**–**
Reclassification to impaired receivables	27.0
Changes in receivables recognised or derecognised in the reporting period	67.5
Gross carrying amounts as at 30 Sep 2020	**40.5**

LIQUIDITY RISK

Liquidity risks arise from the TUI Group being unable to meet its short term financial obligations and the resulting increases in funding costs. The TUI Group has established an internal liquidity management system to secure TUI Group's liquidity at all times and consistently comply with contractual payment obligations. To that end, TUI Group's liquidity management system uses the opportunities of physical and virtual cash pooling for more efficient liquidity pooling. It also uses credit lines to compensate for the seasonal fluctuations in liquidity resulting from the tourism business. The core credit facility is a syndicated revolving credit facility with banks.

Due to the COVID-19-pandemic and the associated impacts on the tourism business, TUI Group's liquidity requirements have considerably increased. The previous revolving credit facility agreed with banks in the sum of € 1,750.0 m was initially increased by € 1,800 m to a total of € 3,550.0 m through a separate credit facility granted by KfW. In the framework of a second stabilisation package agreed with the German government prior to the balance sheet date, KfW's existing credit facility is increased by € 1.05 bn. It was further agreed that the Economic Stabilisation Fund (WSF) will subscribe to the Group's bond with warrants totalling € 150 m. In addition, a further stabilisation package was agreed at the beginning of December in order to increase existing liquidity reserves. Details on the increase to the credit facility and ,the bond with warrants and the further stabilisation package are presented in connection with the going-concern reporting in accordance with the UK Corporate Governance Code and the section Events after the balance sheet date.

As in the previous year, no material assets were deposited as collateral for liabilities. Moreover, the Group companies participating in the cash pool are jointly and severally liable for financial liabilities from cash pooling agreements.

The tables provided below list the contractually agreed (undiscounted) cash flows of all primary financial liabilities as at the balance sheet date. Planned payments for future new liabilities were not taken into account. Where financial liabilities have a floating interest rate, the forward interest rates fixed at the balance sheet date were used to determine future interest payments. Financial liabilities cancellable at any time are allocated to the earliest maturity band.

The analysis of cash flows from derivative financial instruments shows the contractually agreed (undiscounted) cash flows of foreign exchange hedges of all liabilities and receivables that existed at the balance sheet date. Derivative financial instruments used to hedge other price risks are included in the analysis with their agreed cash flows from all financial receivables and liabilities at the balance sheet date.

Cash flow of financial instruments – financial and lease liabilities (30 Sep 2020)

	Cash outflow until 30 Sep							
	up to 1 year		1 – 2 years		2 – 5 years		more than 5 years	
€ million	**repayment**	**interest**	repayment	interest	repayment	interest	repayment	interest
Financial liabilities								
Bonds	–	– 7.9	– 300.0	– 28.5	–	–	–	–
Liabilities to banks	– 560.9	– 118.4	– 2,833.4	– 44.4	– 465.3	– 25.1	– 94.2	– 9.3
Other financial debt	– 16.3	–	–	–	–	–	–	–
Trade payables	– 1,611.5	–	–	–	–	–	–	–
Other financial liabilities	– 422.1	–	– 0.6	–	– 4.0	–	–	–
Lease liabilities	**– 687.3**	**– 88.4**	**– 652.8**	**– 91.0**	**– 1,040.7**	**– 111.5**	**– 1,019.1**	**– 134.2**

Cash flow of financial instruments – financial liabilities (30 Sep 2019)

	Cash outflow until 30 Sep							
	up to 1 year		1 – 2 years		2 – 5 years		more than 5 years	
€ million	repayment (adjusted)	interest (adjusted)	repayment	interest	repayment	interest	repayment	interest
Financial liabilities								
Bonds	–	– 6.4	–	– 6.4	– 300.0	– 6.4	–	–
Liabilities to banks	– 74.9	– 7.2	– 68.4	– 7.5	– 322.5	– 16.7	– 404.2	– 6.3
Liabilities from finance leases*	– 130.5	– 44.7	– 152.6	– 39.6	– 505.7	– 85.7	– 706.4	– 46.9
Other financial debt	– 19.2	–	–	–	–	–	–	–
Trade payables	– 2,873.8	–	–	–	–	–	–	–
Other financial liabilities	– 63.4	–	– 7.3	–	– 1.5	–	– 4.3	–

* Financial liabilities include liabilities from finance leases for the last time as of 30 Sep 2019.

Cash flow of derivative financial instruments (30 Sep 2020)

€ million	Cash in-/outflow until 30 Sep up to 1 year	1–2 years	2–5 years	more than 5 years
Derivative financial instruments				
Hedging transactions – inflows	+627.0	+59.8	–	–
Hedging transactions – outflows	–691.1	–60.7	–	–
Other derivative financial instruments – inflows	+2,152.8	+175.7	+83.6	–
Other derivative financial instruments – outflows	–2,390.7	–210.7	–100.8	–0.8

Cash flow of derivative financial instruments (30 Sep 2019)

€ million	Cash in-/outflow until 30 Sep up to 1 year	1–2 years	2–5 years	more than 5 years
Derivative financial instruments				
Hedging transactions – inflows	+8,601.0	+983.4	+14.8	–
Hedging transactions – outflows	–8,415.0	–959.6	–38.9	–28.9
Other derivative financial instruments – inflows	+1,808.6	–	–	–
Other derivative financial instruments – outflows	–1,831.3	–	–	–

The derivative financial instruments carried as Other derivative financial instruments are derivatives not designated as hedging instruments according to IAS 39.

For further information for hedging strategies and risk management see also the remarks in the Risk Report section of the Management Report.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGES

STRATEGY AND GOALS

In accordance with the TUI Group's policy, derivatives are allowed to be used if they are based on underlying recognised assets or liabilities, firm commitments or forecast transactions. Hedge accounting based on the rules of IAS 39 is applied to forecasted transactions. In the completed financial year, hedges consisted of cash flow hedges.

Derivative financial instruments in the form of fixed-price transactions and options as well as structured products are used to limit currency, interest rate and fuel risks.

The COVID-19-pandemic significantly impacted business operations and the existing hedging strategy for currency risks and fuel price risks. It led to a temporary suspension of all travel operations and flight bans. As a result, the occurrence of numerous hedged underlying transactions can no longer be assessed as highly likely, causing a rapid decline in fuel price and currency hedge requirements and therefore requiring the prospective termination of these hedges.

For the hedges affected, occurrence of the underlying transactions can no longer be expected for a future point in time, either, so that all accrued amounts from the change in the value of the hedging instruments were reclassified from cash flow hedge reserve (OCI) to the cost of sales in the income statement. Accordingly, reclassifications of €–330.7 m (thereof €–211.9 m from hedges that were already recognised as hedging instruments in the previous year) from fuel price hedges and €97.9 m (thereof €19.6 m from hedges that were already recognised as hedging instruments in the previous year) from currency hedges that were affected during the financial year under review.

All future changes in the value of these de-designated hedges are taken to the cost of sales in the income statement through profit and loss and recognised as other derivative financial instruments from the date of the termination of the cash flow hedge accounting. As at 30 September 2020, the fair value of these reclassified fuel price hedges totalled €–93.3 m at a nominal volume of €230.6 m, while the fair value of the reclassified currency hedges totalled €11.8 m at a nominal volume of €1,625.1 m.

Furthermore, the strong increase in TUI's credit risk had a direct impact on the retrospective hedge effectiveness test. As a result, additional fuel price, interest rate and currency hedges had to be terminated as they no longer met the effectiveness requirements of IAS 39 and were outside the admissible 80–125 % effectiveness bandwidth as at 30 September 2020.

All future changes in the value of these de-designated hedges are also taken to the cost of sales respectively in the financial result in the case of interest rate hedges in the income statement through profit and loss and recognised as other derivative financial instruments from the date of the termination of the cash flow hedge accounting. As at 30 September 2020, the fair value of these reclassified fuel price hedges totalled €–97.1 m at a nominal value of €398.1 m, while the fair value of the interest rate hedges amounted to €–18.0 m at a nominal volume of €494.7 m and the fair value of currency hedges totalled €–3.1 m at a nominal volume of €221.2 m.

CASH FLOW HEDGES

At 30 September 2020, hedges existed to manage cash flows in foreign currencies with maturities of up to three years (previous year up to four years). The fuel price hedges had terms of up to one year (previous year up to four years). Hedges to protect variable interest payment obligations have terms of up to one year (previous year up to fourteen years). The impact on profit or loss for the period is at the time the expected cash inflow/outflow occurs.

Nominal amounts of derivative financial instruments used

€ million	Remaining term up to 1 year	Remaining term more than 1 year	**Total**	Average hedged rate / price	Average hedging interest rate
					30 Sep 2020
Interest rate hedges					
Caps / Floors	–	–	–		–
Swaps	7.8	–	7.8		
Payer EUR	–	–	–		–
Payer USD	7.8	–	7.8		2.96
Currency hedges			–		
Forwards	1,381.2	75.3	1,456.5		
Forwards EUR / GBP	251.8	–	251.8	1.1395	
Forwards EUR / USD	436.8	71.3	508.1	0.8589	
Forwards GBP / USD	456.6	–	456.6	0.7692	
Forwards EUR / SEK	92.8	–	92.8	0.0939	
Other currencies	143.2	4.0	147.2		
Commodity hedges			–		
Swaps	114.1	–	114.1		
Jet fuel	103.7	–	103.7	517.64	
Marine fuel	10.3	–	10.3	481.90	
Other fuels	–	–	–	–	
Other derivative financial instruments	**4,816.2**	**956.4**	**5,772.6**		

Nominal amounts of derivative financial instruments used

€ million	Remaining term up to 1 year	Remaining term more than 1 year	Total	Average hedged rate / price	Average hedging interest rate
					30 Sep 2019
Interest rate hedges					
Caps / Floors	–	175.5	175.5		–
Swaps	9.5	898.5	908.0		
Payer EUR	–	654.3	654.3		0.73
Payer USD	9.5	244.2	253.7		2.96
Currency hedges			–		
Forwards	8,430.9	1,113.3	9,544.2		
Forwards EUR / GBP	2,618.4	152.4	2,770.8	1.1151	
Forwards EUR / USD	1,878.9	511.6	2,390.5	0.8468	
Forwards GBP / USD	2,192.3	275.9	2,468.2	0.7732	
Forwards EUR / SEK	320.9	66.8	387.7	0.0952	
Other currencies	1,313.6	84.0	1,397.6		
Commodity hedges			–		
Swaps	1,036.2	219.4	1,255.6		
Jet fuel	907.6	165.3	1,072.9	593.08	
Marine fuel	90.5	54.1	144.6	484.96	
Other fuels	38.2	–	38.2	409.33	
Other derivative financial instruments	**2,217.1**	**201.2**	**2,418.3**		

Other derivative hedging instruments comprise the nominal values of hedges not designated for hedge accounting. TUI Group exclusively enters into derivative financial instruments for hedging purposes. Depending on the type of the hedged underlying transaction, TUI exercises the option to apply hedge accounting according to IAS 39. Due to the COVID-19-pandemic, a large number of hedges according to IAS 39 had to be terminated. Accordingly, the derivative financial instruments underlying these hedges are shown under Other derivative financial instruments.

The nominal values correspond to the total of all purchase and sale amounts underlying the transactions or the respective contract values of the transactions.

In order to hedge the risks of fluctuations in future cash flows from currency, interest rate and fuel price risks, TUI regularly enters into hedges. The planned transactions, i. e. the underlying transactions, are used to determine the ineffective portions of hedges designated as cash flow hedges. In designating cash flow hedges, only the spot rate component is included in hedge accounting as a hedge for some forward exchange transactions, while the interest component of these financial instruments is shown separately in all relevant tables under Other derivative financial instruments, in line with derivatives not designated as hedging instruments according to IAS 39.

Disclosures on underlying transactions of cash flow hedges

€ million	Fair Value changes to determine inefficient portions	Balance of hedging reserve of active cash flow hedges	Hedging reserve completed cash flow hedges
			30 Sep 2020
Interest rate risk hedges	0.2	– 0.1	– 33.5
Currency risk hedges	– 2.8	4.6	5.9
Fuel price risk hedges	46.5	– 43.5	– 129.7
Hedging	**43.9**	**– 39.0**	**– 157.3**
Other derivative financial instruments	**–**	**–**	**–**
Total	**43.9**	**– 39.0**	**– 157.3**

Disclosures on underlying transactions of cash flow hedges

€ million	Fair Value changes to determine inefficient portions	Balance of hedging reserve of active cash flow hedges	Hedging reserve completed cash flow hedges
			30 Sep 2019
Interest rate risk hedges	42.5	– 42.3	4.1
Currency risk hedges	– 229.4	228.3	1.3
Fuel price risk hedges	79.6	– 77.3	–
Hedging	**– 107.3**	**108.7**	**5.4**
Other derivative financial instruments	**–**	**–**	**–**
Total	**– 107.3**	**108.7**	**5.4**

In the case of fair value changes to determine inefficient portions, the signs of the amounts in the previous year's figures have been adjusted.

In accounting for cash flow hedges, the effective portions of the hedging relationships have to be recognised in OCI outside profit and loss. Any additional changes in the fair value of the designated components are recognised as ineffective portions in other operating income through profit and loss. The table below presents the development of OCI in financial year 2020.

Development of OCI

€ million	Interest rate risk	Currency risk	Fuel price risk	Total
				30 Sep 2020
Gain or loss from fair value changes of hedges within hedge accounting	– 33.6	10.5	– 173.2	– 196.3
recognised in equity	– 33.6	10.5	– 173.2	– 196.3
recognised in the income statement	–	–	–	–
Reclassification from cash flow hedge reserve to income statement	– 7.5	130.2	– 373.8	– 251.1
Due to early termination of the hedge	– 4.0	38.2	– 234.4	– 200.2
Due to recognition of the underlying transaction	– 3.5	92.0	– 139.4	– 50.9

Development of OCI

€ million	Interest rate risk	Currency risk	Fuel price risk	Total
				30 Sep 2019
Gain or loss from fair value changes of hedges within hedge accounting	– 42.3	228.3	– 77.3	108.7
recognised in equity	– 42.3	228.3	– 77.3	108.7
recognised in the income statement	–	–	–	–
Reclassification from cash flow hedge reserve to income statement	6.7	– 263.7	– 89.6	– 346.6
Due to early termination of the hedge	0.3	– 20.4	–	– 20.1
Due to recognition of the underlying transaction	6.4	– 243.3	– 89.6	– 326.5

In the reporting period, expense of € 47.4 m (previous year: expense of € 340.2 m) from currency hedges and derivative financial instruments used to hedge the impact of exposure to fuel price risks was recognised in the cost of sales. Interest rate hedges result in expenses of € 3.5 m (previous year: income of € 6.4 m), carried in net interest income. Income of € 0.6 m (previous year: income of € 1.4 m) was recognised for the ineffective portion of cash flow hedges.

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

The fair values of derivative financial instruments generally correspond to the market value. The market price determined for all derivative financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A description of the determination of the fair values of derivative financial instruments is provided with the classification of financial instruments measured at fair value.

Positive and negative fair values of derivative financial instruments shown as receivables or liabilities

€ million	Receivables	Liabilities	FV changes to determine ineffective portions	Nominal volume
				30 Sep 2020
Cash flow hedges for				
currency risks	22.3	17.7	4.6	1,456.5
fuel price risks	–	43.5	– 43.5	114.1
interest rate risks	–	0.1	– 0.1	7.8
Hedging	**22.3**	**61.3**	**– 39.0**	**1,578.4**
Other derivative financial instruments	**74.0**	**257.5**	**–**	**5,772.5**
Total	**96.3**	**318.8**	**– 39.0**	**7,350.9**

Positive and negative fair values of derivative financial instruments shown as receivables or liabilities

€ million	Receivables	Liabilities	FV changes to determine ineffective portions	Nominal volume
				30 Sep 2019
Cash flow hedges for				
currency risks	278.2	49.9	228.3	9,544.2
fuel price risks	6.2	83.5	–77.3	1,255.6
interest rate risks	1.9	44.2	– 42.3	908.0
Hedging	**286.3**	**177.6**	**108.7**	**11,707.8**
Other derivative financial instruments	**61.4**	**38.6**	**–**	**2,418.3**
Total	**347.7**	**216.2**	**108.7**	**14,126.1**

Financial instruments which are entered into in order to hedge a risk position according to operational criteria but do not meet the criteria of IAS 39 to qualify for hedge accounting are shown as other derivative financial instruments. They include foreign currency transactions entered into in order to hedge against foreign exchange-exposure to changes in the value of balance sheet items and foreign exchange fluctuations from future expenses in tourism.

FINANCIAL INSTRUMENTS – ADDITIONAL DISCLOSURES

CARRYING AMOUNTS AND FAIR VALUES

Where financial instruments are listed in an active market, e. g. shares held and bonds issued, the fair value or market value is the respective quotation in this market at the balance sheet date. For over-the-counter bonds, liabilities to banks, promissory notes and other non-current financial liabilities, the fair value is determined as the present value of future cash flows, taking account of yield curves and the respective credit spread, which depends on the credit rating.

In financial year 2020, the fair values of other current receivables, current liabilities to banks and other financial liabilities were determined in contrast to the past financial year, taking into account yield curves and the respective credit risk premium (credit spread) based on credit rating. As a result, the assumption that the carrying amount approximately corresponds to the fair value due to the short remaining term which has been adjusted to the current market conditions due to the COVID-19-pandemic.

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

The table below shows the reconciliation of the balance sheet items to the financial instrument categories by carrying amount and fair value of the financial instruments.

Carrying amounts and fair values according to classes and measurement categories according to IFRS 9 as at 30 Sep 2020

		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	875.2	875.2	–	–	–	847.1
thereof instruments within the scope of IFRS 16	13.5	–	–	–	–	39.2
Derivative financial instruments						
Hedging transactions	22.3	–	–	22.3	–	22.3
Other derivative financial instruments	74.0	–	–	–	74.0	74.0
Other financial assets	25.5	14.9	8.5	–	2.1	25.5
Cash and cash equivalents	1,233.1	1,233.1	–	–	–	1,233.1
Liabilities						
Financial liabilities	4,269.0	4,291.4	–	–	–	4,022.8
Trade payables	1,611.5	1,611.5	–	–	–	1,611.5
Derivative financial instruments						
Hedging transactions	61.3	–	–	61.3	–	61.3
Other derivative financial instruments	257.5	–	–	–	257.5	257.5
Other financial liabilities	429.2	431.3	–	–	–	430.8

Carrying amounts and fair values according to classes and measurement categories according to IFRS 9 as at 30 Sep 2019

€ 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	Values according to IAS 17 (leases)	Carrying amount of financial instruments	Fair value of financial instruments
Assets								
Trade receivables and other receivables	937.4	939.7[1]	–	–	–	–	939.7[1]	937.3[1]
Derivative financial instruments								
Hedging transactions	286.3	–	–	286.3	–	–	286.3	286.3
Other derivative financial instruments	61.4	–	–	–	64.3[2]	–	64.3[2]	64.3[2]
Other financial assets	74.1	31.2	42.0	–	0.9	–	74.1	74.1
Cash and cash equivalents	1,741.5	1,747.6[3]	–	–	–	–	1,747.6[3]	1,747.6[3]
Liabilities								
Financial liabilities	2,682.2	1,187.0	–	–	–	1,495.2	1,187.0	1,202.6
Trade payables	2,873.9	2,908.0[4]	–	–	–	–	2,908.0[4]	2,908.0[4]
Derivative financial instruments								
Hedging transactions	177.6	–	–	177.6	–	–	177.6	177.6
Other derivative financial instruments	38.6	–	–	–	38.6	–	38.6	38.6
Other financial liabilities	108.4	108.4	–	–	–	–	108.4	108.4

1 Changed by € 2.3 m compared to the published TUI Group's consolidated financial statements for financial year 2019.
2 Changed by € 2.9 m compared to the published TUI Group's consolidated financial statements for financial year 2019.
3 Changed by € 6.1 m compared to the published TUI Group's consolidated financial statements for financial year 2019.
4 Changed by € 34.1 m compared to the published TUI Group's consolidated financial statements for financial year 2019.

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 a part of a disposal group, are shown in separate items. Please refer to the sections 'Assets held for sale' and 'Liabilities related to assets held for sale' for more details concerning these financial instruments.

Moreover, the amounts listed in this section as at 30 September 2019 as a footnote in the table above: carrying amounts and fair values according to classes and measurement categories according to IFRS 9 as at 30 September 2019 had to be adjusted by the amounts in the footnotes, as financial instruments which were part of disposal groups in accordance with IFRS 5 have not been included in the disclosures. For all instruments carried at amortised cost the fair value corresponds to the carrying amount.

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

The financial instruments classified as other financial assets include stakes in partnerships and corporations. In total, the fair value of these financial investments as of 30 September 2020 amounts to € 8.5 m (previous year € 42.0 m). There were disposals of stakes in partnerships or corporations amounting to € 3.5 m (previous year € 35.4 m) which were measured at fair value, as part of their first consolidation. Any reclassifications of the cumulative gains and losses of these assets amounting to € 0.4 m (previous year € 1.6 m) result from the change of the group of consolidated companies. None of these strategic financial investments were sold in the completed financial year. The dividends received from these financial investments amount to € 0.6 m (previous year € 1.1 m).

Aggregation according to measurement categories under IFRS 9 as at 30 Sep 2020

€ million	**Carrying amount of financial instruments Total**	Fair Value
Financial assets		
at amortised cost	2,123.2	2,095.0
at fair value – recognised directly in equity without recycling	8.5	8.5
at fair value – through profit and loss	76.1	76.1
Financial liabilities		
at amortised cost	6,334.1	6,065.0
at fair value – through profit and loss	257.5	257.5

Aggregation according to measurement categories under IFRS 9 as at 30 Sep 2019

€ million	Carrying amount of financial instruments Total	Fair Value
Financial assets		
at amortised cost	2,718.5[1]	2,716.1[1]
at fair value – recognised directly in equity without recycling	42.0	42.0
at fair value – through profit and loss	65.2[2]	65.2[2]
Financial liabilities		
at amortised cost	4,203.4[3]	4,219.0[3]
at fair value – through profit and loss	38.6	38.6

[1] Changed by €8.4 m compared to the published TUI Group's consolidated financial statements for financial year 2019.
[2] Changed by €2.9 m compared to the published TUI Group's consolidated financial statements for financial year 2019.
[3] Changed by €34.1 m compared to the published TUI Group's consolidated financial statements for financial year 2019.

FAIR VALUE MEASUREMENT

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

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

Hierarchy of financial instruments measured at fair value as at 30 Sep 2020

€ million	**Total**	Fair value hierarchy Level 1	Level 2	Level 3
Assets				
Other financial assets	10.6	–	–	10.6
Derivative financial instruments				
Hedging transactions	22.3	–	22.3	–
Other derivative financial instruments	74.0	–	74.0	–
Liabilities				
Derivative financial instruments				
Hedging transactions	61.3	–	61.3	–
Other derivative financial instruments	257.5	–	257.5	–

Hierarchy of financial instruments measured at fair value as of 30 Sep 2019

€ million	Total	Fair value hierarchy Level 1	Level 2	Level 3
Assets				
Other financial assets	42.9	–	–	42.9
Derivative financial instruments				
Hedging transactions	286.3	–	286.3	–
Other derivative financial instruments	64.3*	–	64.3*	–
Liabilities				
Derivative financial instruments				
Hedging transactions	177.6	–	177.6	–
Other derivative financial instruments	38.6	–	38.6	–

*Changed by €2.9 m compared to the published TUI Group's consolidated financial statements for financial year 2019.

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 financial 2019 there were no other transfers from or to level 3. The TUI Group records transfers from or to level 3 at the date of the obligating event or occasion triggering the transfer.

LEVEL 1 FINANCIAL INSTRUMENTS

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

LEVEL 2 FINANCIAL INSTRUMENTS

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

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

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

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

LEVEL 3 FINANCIAL INSTRUMENTS

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

Financial assets measured at fair value in level 3

€ million	Other financial assets IFRS 9
Balance as at 30 Sep 2018	**26.7**
First-time adoption IFRS 9	50.4
Balance as at 1 Oct 2018	**77.1**
Disposals	–35.7
sale	–0.3
consolidation	–35.4
Total gains or losses for the period	1.5
recognised through profit and loss	–0.7
recognised in other comprehensive income	2.2
Balance as at 30 Sep 2019	**42.9**
Balance as at 1 Oct 2019	**42.9**
Disposals	–3.5
consolidation	–3.5
Total gains or losses for the period	–28.8
recognised through profit and loss	–1.1
recognised in other comprehensive income	–27.7
Balance as at 30 Sep 2020	**10.6**

EVALUATION PROCESS

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

In principle, the unobservable input parameters relate to the following parameters; the (estimated) EBITDA margin is in a range between –13 % and 22 %. The constant growth rate is 1 %. The weighted average cost of capital (WACC) is in a range between 8.6 % – 9.9 %. Due to materiality, no detailed prior-year figures have been provided. With the exception of the WACC, there is a positive correlation between the input factors and the fair value.

The reduction in the fair values of financial instruments in level 3 mainly resulted from a € 21.1 m decrease in the fair value of the shares of Peakwork AG. This reduction is due to a new assessment of Peakwork AG which is below previous forecasts as a result of the COVID-19-pandemic.

EFFECTS ON RESULTS

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

The net results of the financial instruments by measurement category according to IFRS 9 are as follows:

Net results of financial instruments

€ million	**from interest**	**other net results**	**net result**
			2020
Financial assets	24.7	–193.4	–168.7
at amortised cost	15.0	–193.2	–178.2
at fair value through profit or loss	9.7	– 0.2	9.5
Financial liabilities	–17.4	– 402.6	– 420.0
at amortised cost	–17.4	– 24.2	– 41.6
at fair value through profit or loss	–	– 378.4	– 378.4
Total	**7.3**	**– 596.0**	**– 588.7**

Net results of financial instruments

€ million	from interest	other net results	net result
			2019
Financial assets	19.4	62.1	81.5
at amortised cost	9.5	56.3	65.8
at fair value through profit or loss	–	5.8	5.8
Financial liabilities	– 41.2	76.5	35.3
at amortised cost	– 41.2	– 5.4	– 46.6
at fair value through profit or loss	–	81.9	81.9
Total	**– 21.8**	**138.6**	**116.8**

NETTING

The following financial assets and liabilities are subject to contractual netting arrangements:

Offsetting of financial assets

€ million	Gross amounts of financial assets	Gross amounts of financial liabilities set off	**Net amounts of financial assets set off, presented in the balance sheet**	Financial assets and liabilities not set off in the balance sheet: Financial liabilities	Collateral received	Net amount
Financial assets as at 30 Sep 2020						
Derivative financial assets	96.3	–	96.3	13.7	–	82.6
Cash and cash equivalents	1,571.5	338.4	1,233.1	–	–	1,233.1
Financial assets as at 30 Sep 2019						
Derivative financial assets	347.7	–	347.7	212.1	–	135.6
Cash and cash equivalents	4,594.1	2,852.6	1,741.5	–	–	1,741.5

Offsetting of financial liabilities

€ million	Gross amounts of financial liabilities	Gross amounts of financial assets set off	**Net amounts of financial liabilities set off, presented in the balance sheet**	Financial assets and liabilities not set off in the balance sheet: Financial assets	Financial assets and liabilities not set off in the balance sheet: Collateral granted	Net amount
Financial liabilities as at 30 Sep 2020						
Derivative financial liabilities	318.8	–	318.8	13.7	–	305.1
Financial liabilities	4,607.4	338.4	4,269.0	–	–	4,269.0
Financial liabilities as at 30 Sep 2019						
Derivative financial liabilities	216.2	–	216.2	212.1	–	4.1
Financial liabilities	5,534.8	2,852.6	2,682.2	–	–	2,682.2

Financial assets and financial liabilities are only netted in the balance sheet if a legally enforceable right to netting exists and the Company concerned intends to settle on a net basis.

The contracts for financial instruments are based on standardised master agreements for financial derivatives (including ISDA Master Agreement, German master agreement for financial derivatives), creating a conditional right to netting contingent on defined future events. Under the contractual agreements all derivatives contracted with the corresponding counterparty with positive or negative fair values are netted in that case, resulting in a net receivable or payable in the amount of the balance. As this conditional right to netting is not enforceable in the course of ordinary business transactions and thus the criteria for netting is not met, the derivative financial assets and liabilities are carried at their gross amounts in the balance sheet at the reporting date.

Financial assets and liabilities in the framework of the cash pooling scheme are shown on a net basis if there is a right to netting in ordinary business transactions and the Group intends to settle on a net basis.

(41) Capital management

TUI Group's capital management ensures that our goals and strategies can be achieved in the interest of our share- / bond- and credit-holders as well as other stakeholders. The primary objectives of the Group are as follows:

- Ensuring sufficient liquidity for the Group
- Profitable growth and a sustainable increase in TUI Group's value
- Strengthening our cash generation allowing to invest, pay dividends and strengthen the balance sheet
- Maintaining sufficient debt capacity and an at least unchanged credit rating

In financial year 2020, the travel restrictions triggered by the COVID-19-pandemic had a strong negative impact on the Group's earnings and liquidity development from the end of the second quarter onwards. Due to the reasons described above, the TUI Group had a liquidity requirement in financial year 2020 that was significantly higher than the cash inflows resulting from current operations and the existing unused credit lines, despite the initiated savings measures. In order to close these liquidity gaps, additional credit lines totaling € 2.85 bn were granted in addition to the cost-cutting and payment deferral measures initiated within the Group and regional support measures in various countries.

The support and stabilization package is described in detail in the section on going concern reporting in accordance with the UK Corporate Governance Code, page 152.

Management variables used in capital management to measure and control the above objectives are Return On Invested Capital (ROIC) and the leverage ratio, presented in the table below.

The TUI Group applies IFRS 16 as of 1 October 2019. The figures for the comparative prior-year period have not been adjusted. Starting in the 2020 financial year, we therefore calculate the leverage ratio in a slightly modified form as the ratio of gross financial debt (+ € 4,269.0 m) + lease liabilities (+ € 3,399.9 m) + recognized obligations from defined benefit pension plans (+ € 651.7 m) to reported EBITDA (IFRS 16) (– € 1,355.0 m). In the financial year, EBITDAR (IAS 17) amounted to – € 1,436.0 m.

In the previous year, it was calculated as follows: The leverage ratio was calculated as the ratio of gross financial debt (+ € 2,682.2 m) + discounted financial obligations from operating rental, lease and charter agreements (+ € 2,579.6 m) + recognized obligation from defined benefit pension plans (+ € 758.0 m) calculated on the basis of the reported EBITDAR (IAS 17) (€ 1,990.4 m).

Due to the negative EBITDA, the negative leverage ratio calculated for financial year 2020 is not a meaningful indicator. Our medium-term objective is to return to a leverage ratio of below 3.0x.

TUI Group's financial and liquidity management for all Group subsidiaries is centrally operated by TUI AG, which acts as the Group's internal bank. Financing and refinancing requirements, derived from the multi-year finance budget, are satisfied by the timely conclusion of appropriate financing instruments. The short-term liquidity reserve is safeguarded by syndicated credit facilities, bilateral bank loans and liquid funds. Moreover, through intra-Group cash pooling the cash surpluses of individual Group companies are used to finance the cash requirements of other Group companies.

Key figures of capital risk management

€ million	2020	2019 adjusted
Ø Invested Capital	7,134.8	5,777.6
Underlying EBIT (IAS 17)	–3,032.8	893.5
ROIC (IAS 17)	**–42.5 %**	**15.5 %**
Leverage Ratio (IFRS 16) (Previous year IAS 17)	**–6.1**	**3.0**

Reconciliation to EBITDAR (IAS 17)

€ million	2020	2019 adjusted
EBIT (IFRS 16, previous year IAS 17)*	**–2,927.4**	**768.7**
Amortisation (+)/write-backs (–) of other intangible assets and depreciation (+)/write-backs (–) of property, plant and equipment (IFRS 16)	1,504.4	–
Impairment of goodwill (IFRS 16)	68.1	–
Amortisation (+)/write-backs (–) of other intangible assets and depreciation (+)/write-backs (–) of property, plant and equipment (IAS 17)	–	508.8
EBITDA (IFRS 16)	–1,355.0	–
Adjustments IAS 17/IFRS 16 (IFRS 16 impact)	–645.5	–
EBITDA (IAS 17)	**–2,000.5**	**1,277.5**
Long-term rental, leasing and leasing expenses (IAS 17)	564.5	712.9
EBITDAR (IAS 17)	**–1,436.0**	**1,990.4**

* The reconciliation from EBIT (IFRS 16) to earnings before income taxes is shown in the segment reporting.

Notes on the Cash Flow Statement

The cash flow statement shows the flow of cash and cash equivalents on the basis of a separate presentation of cash inflows and outflows from operating, investing and financing activities. The effects of changes in the group of consolidated companies and of foreign currency translation are eliminated. Having transitioned to IFRS 16, all leases are carried as right-of-use assets and lease liabilities in the statement of financial position. As a result, most payments for leases are no longer carried in the cash outflow from operating activities, but in the cash outflow from financing activities as interest payments and repayments of lease liabilities.

In the period under review, cash and cash equivalents declined by € 514.5 m to € 1,233.1 m. The balance sheet item 'Assets held for sale' does not include any cash and cash equivalents (previous year € 6.1 m).

(42) Cash outflow / cash inflow from operating activities

Based on the Group result after tax, the cash flow from operating activities is derived using the indirect method. In the completed financial year, the cash outflow from operating activities totalled € – 2,771.9 m (previous year €+1,114.9 m). The cash outflow includes interest payments of € 25.1 m (previous year € 37.8 m) and dividends of € 7.7 m (previous year € 245.8 m). Income tax payments resulted in a cash inflow of € 56.1 m (previous year € – 117.5 m).

(43) Cash inflow / cash outflow from investing activities

In financial year 2020, the cash inflow from investing activities totalled € 161.8 m (previous year € – 1,141.4 m). This amount includes a cash outflow for capital expenditure related to property, plant and equipment and intangible assets of € 587.0 m (previous year € 987.0 m), including € 2.5 m for interest capitalised as borrowing costs (previous year € 4.0 m). The Group also recorded a cash inflow of € 109.9 m (previous year € 182.0 m) from the sale of property, plant and equipment and intangible assets. In addition, investing activities include a cash inflow of € 689.3 m in connection with the sale of interests in consolidated companies, including € 646.0 m for the divestment of Hapag-Lloyd Kreuzfahrten. A cash inflow of € 62.5 m was recorded from the sale of interests in two associated companies. Further cash outflows relate to the acquisition of a hotel company and several travel agencies (€ 40.8 m), the acquisition of interests in a joint venture (€ 0.5 m) and capital increases by joint ventures and associates (€ 88.1 m). A cash inflow of € 16.6 m related to the termination of short-term interest-bearing investments.

(44) Cash inflow / cash outflow from financing activities

The cash inflow from financing activities totalled € 2,112.5 m (previous year outflow of € 763.8 m). In the period under review, TUI AG recorded a cash inflow of € 3,302.4 m from its syndicated credit facility after deduction of capital procurement costs. Other TUI Group companies took out loans worth € 70.0 m. A cash outflow of € 693.8 m was used to repay financial liabilities, including € 612.4 m for lease liabilities. In the reporting period, a cash outflow of € 251.9 m related to interest payments (previous year € 117.9 m). A cash outflow of € 318.1 m related to dividend payments to TUI AG shareholders and a further outflow of € 0.6 m related to dividend payments to minority share-holders. A cash inflow of € 7.1 m resulted from the issue of employee shares. An amount of € 1.0 m was used to purchase shares transferred to TUI Group employees under the oneShare employee share programme. A further cash outflow of € 1.6 m related to increasing the stake in a consolidated company.

(45) Development of cash and cash equivalents

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

Cash and cash equivalents declined by € 17.0 m (previous year € 10.1 m) due to foreign exchange effects.

Other Notes

(46) Significant events after balance sheet date

On 12 August 2020, TUI AG and the KfW reached an agreement to increase the tranche of KfW of the existing RCF by € 1,050.0 m to € 2,850.0 m. The lenders of the other tranches of the existing RCF agreed as well. Their tranches remain unchanged. The drawing of the additional € 1,050.0 m is subject to the issuance of a convertible bond to the Economic Stabilisation Fund (WSF) in the amount of € 150.0 m and a waiver of a financial covenant (interest coverage ratio) by the bondholders of the Senior Notes due in October 2021.

On 1 October 2020 TUI AG issued a warrant bond to the WSF. The warrant bond has an initial term of six years and is split up into 1,500 bonds. The bond would bear interest at a rate of 9.5 % p. a. TUI AG has a termination right once the € 1,050.0 m KfW tranche is redeemed and terminated. The bond was used to issue separable warrants. The conversion price per share was set at the minimum amount of € 2.56. The options have a term of 10 years and can be converted into TUI AG shares at any time.

Until the WSF has sold all warrant bonds to a third party or TUI has satisfied all payment obligations in respect of the warrant bonds (or a combination of these two options has occurred), the terms of the documentation related to the warrant bonds restrict or forbid certain activities of TUI Group;

- dividend payments of TUI AG;
- buy back of shares or capital decreases if not intended for a financial restructuring;
- the way we may remunerate board members of TUI AG;
- restrict our ability to purchase or make investments in other companies or expand our business;

The amendments to the terms and conditions of the Senior Notes worth € 300.0 m maturing in October 2021 took effect from 16 October 2020. As a result, TUI AG's obligation to comply with a certain interest cover has been suspended until the maturity date. In return, the coupon was increased to 9.5 % p.a. from 1 October 2020. An additional interest payment of 2.0 % of the outstanding nominal amount of the Senior Notes per quarter is due from 1 April 2021. TUI AG has also committed to an early redemption of the Senior Notes, in full or in part, from certain additional funds raised by TUI AG provided that such funds raised by TUI AG amount to at least € 150.0 m. This agreement does not affect funding taken out under government aid or support measures, from leases or from sale-and-leaseback agreements.

Accordingly in October 2020 both conditions are met so that TUI can raise further liquidity from the increase of the KfW tranche.

TUI AG has agreed with Unifirm Ltd., a syndicate of underwriting banks, KfW and the Economic Support Fund (Wirtschaftsstabilisierungsfonds – WSF) on a further financing package of € 1.8 billion for TUI. A corresponding termsheet was signed on December 2, 2020. The corresponding contracts for the individual components of the termsheet had not yet been signed at the time of publication of this report. The package includes both the provision of financial liability and of equity. For further information we refer to the section 'Going concern reporting according to the UK Corporate Governance Code'.

(47) Services of the auditors of the consolidated financial statements

TUI AG's consolidated financial statements have been audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft. Since financial year 2017, Dr Hendrik Nardmann has been the auditor in charge. Total expenses for the services provided by the auditors of the consolidated financial statements in financial year 2020 break down as follows:

Services of the auditors of the consolidated financial statements

€ million	**2020**	2019
Audit fees for TUI AG and subsidiaries in Germany	3.3	3.2
Audit fees	**3.3**	**3.2**
Review of interim financial statements	0.8	1.6
Other certification services (mainly in connection with comfort letters)	0.5	0.1
Other certification services	**1.3**	**1.7**
Total	**4.6**	**4.9**

(48) Remuneration of Executive and Supervisory Board members acc. to § 314 HGB

In the completed financial year, the remuneration paid to Supervisory Board members totalled € 3,372.7 k (previous year € 3,890.0 k).

Pension payments for former Executive Board members or their surviving dependants totalled € 6,055.3 k (previous year € 6,016.0 k) in the completed financial year. Pension obligations for former Executive Board members and their surviving dependants amounted to € 73,483.7 k (previous year € 79,767.9 k) at the balance sheet date.

Additional information of the relevant amounts for individual Board members and further details on the remuneration system are provided in the Remuneration Report included in the Management Report.

(49) Use of exemption provision

The following German subsidiaries fully included in consolidation made use of the exemption provision in accordance with section 264 (3) of the German Commercial Code (HGB):

Use of exemption provisions

DEFAG Beteiligungsverwaltungs GmbH I, Hanover	TUI Aviation Holding GmbH, Hanover
DEFAG Beteiligungsverwaltungs GmbH III, Hanover	TUI Beteiligungs GmbH, Hanover
FIRST Travel GmbH, Hanover	TUI Business Services GmbH, Hanover
Flyloco GmbH, Rastatt	TUI Customer Operations GmbH, Hanover
Last-Minute-Restplatzreisen GmbH, Rastatt	TUI Deutschland GmbH, Hanover
Leibniz-Service GmbH, Hanover	TUI Group Services GmbH, Hanover
l'tur GmbH, Rastatt	TUI-Hapag Beteiligungs GmbH, Hanover
MEDICO Flugreisen GmbH, Rastatt	TUI Hotel Betriebsgesellschaft mbH, Hanover
MSN 1359 GmbH, Hanover	TUI Immobilien Services GmbH, Hanover
Preussag Beteiligungsverwaltungs GmbH IX, Hanover	TUI InfoTec GmbH, Hanover
Robinson Club GmbH, Hanover	TUI Insurance Services GmbH, Hanover
TICS GmbH Touristische Internet und Call Center Services, Rastatt	TUI Leisure Travel Service GmbH, Neuss
TLT Urlaubsreisen GmbH, Hanover	TUI Magic Life GmbH, Hanover
TUI 4 U GmbH, Bremen	TUIfly GmbH, Langenhagen
TUI aqtiv GmbH, Hanover	TUIfly Vermarktungs GmbH, Hanover
TUI Aviation GmbH, Hanover	

(50) Related parties

Apart from the subsidiaries included in the consolidated financial statements, TUI AG, in carrying out its ordinary business activities, maintains indirect or direct relationships with related parties. Related parties controlled by the TUI Group or over which the TUI Group is able to exercise a significant influence are shown in the list of shareholdings published in the Federal Gazette (www.bundesanzeiger.de). Apart from pure equity investments, related parties also include companies that supply goods or provide services for TUI Group companies.

Financial obligations from order commitments vis-à-vis related parties primarily relate to the purchasing of hotel services.

Transactions with related parties

€ million	**2020**	2019
Services provided by the Group		
Management and consultancy services	76.5	132.9
Sales of tourism services	58.3	134.4
Other services	3.7	0.5
Total	**138.5**	**267.8**
Services received by the Group		
Rental and leasing agreements	16.8	39.1
Purchase of hotel services	197.5	427.8
Distribution services	6.3	4.2
Other services	6.1	17.0
Total	**226.7**	**488.1**

Transactions with related parties

€ million	2020	2019
Services provided by the Group to		
non-consolidated Group companies	0.4	0.5
joint ventures	49.0	110.6
associates	48.2	86.7
other related parties	40.9	70.0
Total	**138.5**	**267.8**
Services received by the Group from		
non-consolidated Group companies	0.3	1.0
joint ventures	169.2	363.4
associates	49.8	105.9
other related parties	7.4	17.8
Total	**226.7**	**488.1**

Transactions with joint ventures and associates are primarily effected in the Tourism segment. They relate in particular to the tourism services of the hotel companies used by the Group's tour operators.

In accordance with IAS 24, all transactions with related parties were executed on an arm's length basis as would be customary with third parties outside the Group.

In April 2020, RIUSA II S.A. sold Nakheel Riu Deira Islands Hotel FZCO for €63.0 m to the joint venture Riu Hotels S.A. In July 2020, TUI Group transferred its subsidiary Hapag-Lloyd Kreuzfahrten and the cruise ships operated by the cruise line to the joint venture TUI Cruises. For details of the transaction, we refer to the section 'Divestments'.

Receivables against related parties

€ million	30 Sep 2020	30 Sep 2019
Trade receivables from		
non-consolidated Group companies	–	0.1
joint ventures	6.2	15.6
associates	5.6	78.0
other related parties	3.2	0.8
Total	**15.0**	**94.5**
Advances and loans to		
non-consolidated Group companies	0.1	–
joint ventures	39.6	56.2
associates	60.0	5.9
Total	**99.7**	**62.1**
Payments on account to		
joint ventures	28.6	30.1
Total	**28.6**	**30.1**
Other receivables from		
non-consolidated Group companies	1.7	1.3
joint ventures	87.9	12.1
associates	1.7	3.1
other related parties	34.3	34.3
Total	**125.6**	**50.8**

Payables due to related parties

€ million	30 Sep 2020	30 Sep 2019
Trade payables due to		
non-consolidated Group companies	0.1	0.2
joint ventures	23.2	29.0
associates	7.5	21.7[1]
other related parties	–	0.2
Total	**30.8**	**51.1**
Financial liabilities due to		
non-consolidated Group companies	0.5	0.3
joint ventures	134.6	137.1
Total	**135.1**	**137.4**
Other liabilities due to		
non-consolidated Group companies	5.3	5.7
joint ventures	6.9	17.8
associates	3.8	4.9[1]
key management personnel	3.2	3.4
Total	**19.2**	**31.8**

[1] Prior year adjusted

Financial liabilities to joint ventures included liabilities from leases of € 134.6 m (previous year € 137.1 m).

The share of result of associates and joint ventures is shown separately by segment in segment reporting.

Unifirm Limited, Cyprus, held 24.9 % of the shares in TUI AG as at 30 September 2020. Unifirm Limited is con-trolled by the family of Russian entrepreneur Alexei Mordashov, a member of TUI's Supervisory Board.

DH Deutsche Holdings Limited, a Cyprus-based company controlled by the joint venture partner Hamed El Chiaty, increased its equity stake to 5.1 %.

At the balance sheet date, the joint venture Riu Hotels S. A. held 3.5 % of the shares in TUI AG. Members of the Riu family hold a 51 % stake in Riu Hotels S. A. Joan Trían Riu is a member of TUI's Supervisory Board. The amount of compensation claimed by TUI from the other Riu Group shareholders at the balance sheet date was € 34.3 m. This amount results from payments made by TUI and attributable to the other shareholders of Riu Group.

The Executive Board and the Supervisory Board are key management personnel. They are therefore related parties in the meaning of IAS 24 whose compensation must be disclosed separately.

Remuneration of Executive and Supervisory Board

€ million	2020	2019
Short-term benefits	7.7	8.5
Post-employment benefits	2.9	5.1[1]
Share-based payment	– 3.8	– 4.9
Other long-term benefits	–	–
Termination benefits	–	–
Total	**6.8**	**8.7**

[1] Prior year adjusted

Post-employment benefits are transfers to or reversals of pension provisions for Executive Board members active in the reporting period. The expenses mentioned do not meet the definition of remuneration for Executive and Supervisory Board members under German accounting rules. The share-based payments are an offset amount of expenses due to the addition to the provision and income resulted from the reversal of the provision due to the valuation.

Pension provisions for active Executive Board members total € 16.6 m (previous year € 16.2 m) as at the balance sheet date. In addition, provisions of € 2.1 m (previous year € 5.9 m) are recognised relating to the long-term incentive programme.

(51) International Financial Reporting Standards (IFRS) not yet applied

New standards endorsed by the EU, but applicable after 30 Sep 2020

Standard	Applicable from	Amendments	Expected impact on financial position and performance
Amendments to IAS 1 & IAS 8 Definition of Material	1 Jan 2020	Materiality is a key concept in preparing financial statements according to IFRS. The amendments refine the definition of 'material' and clarify how to apply materiality. The amendments also align the definition of 'material' and ensure consistency in the application of that concept across all IFRS Standards.	No major impacts
Framework Amendments to References to the Conceptual Framework in IFRS Standards	1 Jan 2020	The revised Conceptual Framework includes revised definitions of an asset and a liability, and new guidance on measurement and derecognition, presentation and disclosure. References to the Conceptual Framework in existing Standards are updated. The revised Conceptual Framework is not subject to the Endorsement Process.	No impacts
Amendments to IFRS 3 Definition of a Business	1 Jan 2020	The amendments to IFRS 3 clarify the definition of a business and make it easier for entities to determine whether an acquisition transaction results in recognition of a group of assets or a business.	No major impacts
Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (Phase 1)	1 Jan 2020	The amendments relate to the provision of relief from potential consequences arising from the reform of interbank offered rates (IBORs) such as LIBOR on companies' financial reporting. They are intended to secure the continuation of hedging relationships despite the replacement of current interest rates with alternative rates. Entities also have to disclose the extent to which their hedges are affected by the interest rate benchmark reform.	No major impacts
Amendments to IFRS 16 COVID-19-Related Rent Concessions	1 Jun 2020	The amendments published by the IASB on 28 May 2020 provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. Lessees applying the exemption have to account for the rent concessions as if they were not lease modifications. The amendments are available for rent concessions reducing lease payments due on or before 30 June 2021.	No impacts. TUI expects it will not elect to apply this new practical expedient.

The following amendments and new standards have not yet been endorsed by the European Union.

New standards and interpretations not yet endorsed by the EU and applicable after 30 Sep 2020

Standard	Applicable from	Amendments	Expected impact on financial position and performance
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform (Phase 2)	1 Jan 2021	The amendments address issues that affect financial reporting when an existing interest rate benchmark is actually replaced by an alternative interest rate benchmark as a result of the interest rate benchmark reform.	No major impacts
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.	TUI will review the impacts of these amendments in due course. We currently do not expect to see any major impacts.
Amendments to IAS 16 Proceeds before Intended Use	1 Jan 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity has to recognise the proceeds from selling such items, and the cost of producing those items, in profit or loss.	No major impacts
Various amendments to IFRS (2018–2020 Cycle)	1 Jan 2022	The amendments resulting from the Annual Improvements 2018–2020 Cycle include small amendments to IFRS 1, IFRS 9, IAS 41, and the Illustrative Examples accompanying IFRS 16.	No major impacts
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
Amendments to IAS 1 Classification of Liabilities as Current or Non-Current	1 Jan 2023	The amendments to IAS 1 are intended to clarify the criteria used to classify a liability as current or non-current. In future, the classification of liabilities as current or non-current will exclusively be based on 'rights' that are in existence at the end of the reporting period. The amendments additionally include guidance on the interpretation of the criterion 'right to defer settlement by at least twelve months' and clarify what 'settlement' refers to. On 15 July 2020, the IASB issued an amendment resulting in the deferral of the effective date to 1 January 2023.	TUI will review the impacts of this amendment in due course. We currently do not expect to see any major impacts.
IFRS 17 Insurance Contracts	1 Jan 2023	IFRS 17 establishes the principles for the accounting for insurance contracts and replaces IFRS 4. On 25 June 2020, the IASB published Amendments to IFRS 17 and deferred the effective date of the Standard to 1 January 2023. Amendments were also issued to address challenges arising from the implementation of IFRS 17 that were identified after it was published.	Not relevant

(52) TUI Group Shareholdings

Company	Country	Capital share in %
Consolidated companies		
Tourism		
Absolut Holding Limited, Qormi	Malta	99.9
Acampora Travel S.r.l., Sorrent	Italy	100
Adehy Limited, Dublin	Ireland	100
Advent Insurance PCC Limited (Absolut Cell), Qormi	Malta	100
Africa Focus Tours Namibia (Proprietary) Limited, Windhuk	Namibia	100
Antwun S.A., Clémency	Luxembourg	100
ATC African Travel Concept Proprietary Limitied, Kapstadt	South Africa	50.1
ATC-Meetings and Conferences Proprietary Limitied, Kapstadt	South Africa	100
B.D.S Destination Services Tours, Kairo	Egypt	100
B2B d.o.o., Dubrovnik	Croatia	100
BU RIUSA II EOOD, Sofia	Bulgaria	100
Cabotel-Hoteleria e Turismo Lda., Santiago	Cape Verde	100
Cassata Travel s.r.l., Cefalù (Palermo)	Italy	66
Cel Obert SL, Sant Joan de Caselles	Andorra	100
Chaves Hotel & Investimentos S.A., Sal-Rei, Boa Vista Island	Cape Verde	100
Citirama Ltd., Quatre Bornes	Mauritius	100
Club Hotel CV SA, Santa Maria	Cape Verde	100
Club Hôtel Management Tunisia SARL, Djerba	Tunisia	100
Cruisetour AG, Zürich	Switzerland	100
Crystal Holidays, Inc, Wilmington (Delaware)	United States	100
Daidalos Hotel- und Touristikunternehmen A.E., Athen	Greece	89.8
Darecko S.A., Clémency	Luxembourg	100
Destination Services Morocco SA, Agadir	Morocco	100
Destination Services Singapore Pte Limited, Singapur	Singapore	100
Egyptian Germany Co. for Hotels Limited, Kairo	Egypt	66.6
Elena SL, Palma de Mallorca	Spain	100
Entreprises Hotelières et Touristiques PALADIEN Lena Mary A.E., Argolis	Greece	100
ETA Turizm Yatirim ve Isletmeleri A.S., Ankara	Turkey	100
Evre Grup Turizm Yatirim A.Ş., Ankara	Turkey	100
Explorers Travel Club Limited, Luton	United Kingdom	100
Faberest S.r.l., Verona	Italy	100
First Choice (Turkey) Limited, Luton	United Kingdom	100
First Choice Holiday Hypermarkets Limited, Luton	United Kingdom	100
First Choice Holidays & Flights Limited, Luton	United Kingdom	100
First Choice Land (Ireland) Limited, Dublin	Ireland	100
First Choice Travel Shops Limited, Luton	United Kingdom	100
FIRST Reisebüro Güttler GmbH & Co. KG, Dormagen	Germany	75.1
FIRST Travel GmbH, Hanover	Germany	100
flyloco GmbH, Rastatt	Germany	100
Follow Coordinate Hotels Portugal Unipessoal Lda, Albufeira	Portugal	100
Fritidsresor Tours & Travels India Pvt Ltd, Bardez, Goa	India	100
GBH Turizm Sanayi Isletmecilik ve Ticaret A.Ş., Istanbul	Turkey	100
GEAFOND Número Dos Fuerteventura S.A., Las Palmas, Gran Canaria	Spain	100
GEAFOND Número Uno Lanzarote S.A., Las Palmas, Gran Canaria	Spain	100
Gemma Limited, Unguja	Tansania	100
German Tur Turizm Ticaret A.Ş., Izmir	Turkey	100
Groupement Touristique International SAS, Lille	France	100
Gulliver Travel d.o.o., Dubrovnik	Croatia	100
Hannibal Tourisme et Culture SA, Tunis	Tunisia	100
Hapag-Lloyd Reisebüro Hagen GmbH & Co. KG, Hanover	Germany	70
Hellenic EFS Hotel Management E.P.E., Athen	Greece	100
Holiday Center S.A., Cala Serena/Cala d'Or	Spain	100
Holidays Services S.A., Agadir	Morocco	100
Iberotel International A.S., Antalya	Turkey	100
Iberotel Otelcilik A.Ş., Istanbul	Turkey	100
Imperial Cruising Company SARL, Heliopolis-Kairo	Egypt	90
Incorun SAS, Saint Denis	Reunion Island	51
Inter Hotel SARL, Tunis	Tunisia	100
Intercruises Shoreside & Port Services Canada, Inc., Quebec	Canada	100
Intercruises Shoreside & Port Services Pty Limited, Sydney	Australia	100
Intercruises Shoreside & Port Services Sam, Monaco	Monaco	100
Intercruises Shoreside & Port Services SARL, Paris	France	100
Intercruises Shoreside & Port Services, Inc., State of Delaware	United States	100
Itaria Limited, Nikosia	Cyprus	100
Jandia Playa S.A., Morro Jable/Fuerteventura	Spain	100
Kurt Safari Proprietary Limitied, White River – Mpumalanga	South Africa	51
Kybele Turizm Yatırım San. Ve Tic. A.Ş., Istanbul	Turkey	100
Label Tour EURL, Levallois Perret	France	100
Last-Minute-Restplatzreisen GmbH, Rastatt	Germany	100
Le Passage to India Tours and Travels Pvt Ltd, New Delhi	India	91
Lima Tours S.A.C., Lima	Peru	100
Lodges & Mountain Hotels SARL, Notre Dame de Bellecombe, Savoie	France	100
l'tur GmbH, Rastatt	Germany	100

Company	Country	Capital share in %
L'TUR Suisse AG, Dübendorf/ZH	Switzerland	99.5
Lunn Poly Limited, Luton	United Kingdom	100
Luso Ds – Agência de Viagens Unipessoal Lda, Faro	Portugal	100
Magic Hotels SA, Tunis	Tunisia	100
MAGIC LIFE Assets GmbH, Wien	Austria	100
Magic Life Egypt for Hotels LLC, Sharm el Sheikh	Egypt	100
Magic Tourism International S.A., Tunis	Tunisia	100
Manahe Ltd., Quatre Bornes	Mauritius	51
Marella Cruises Limited, Luton	United Kingdom	100
Medico Flugreisen GmbH, Rastatt	Germany	100
Meetings & Events International Limited, Luton	United Kingdom	100
Meetings & Events Spain S.L.U., Palma de Mallorca	Spain	100
Meetings & Events UK Limited, Luton	United Kingdom	100
Morvik EURL, Bourg Saint Maurice	France	100
Musement S.p.A., Mailand	Italy	100
MX RIUSA II S.A. de C.V., Cabo San Lucas	Mexico	100
Nazar Nordic AB, Malmö	Sweden	100
Nordotel S.A., San Bartolomé de Tirajana	Spain	100
Nouvelles Frontières Senegal S.R.L., Dakar	Senegal	100
Nungwi Limited, Sansibar	Tanzania	100
Ocean College LLC, Sharm el Sheikh	Egypt	100
Ocean Ventures for Hotels and Tourism Services SAE, Sharm el Sheikh	Egypt	98
Pacific World (Beijing) Travel Agency Co., Ltd., Peking	China	100
Pacific World (Shanghai) Travel Agency Co. Limited, Shanghai	China	100
Pacific World Destination East Sdn. Bhd., Penang	Malaysia	65
Pacific World Meetings & Events (Thailand) Limited, Bangkok*	Thailand	49
Pacific World Meetings & Events Hellas Travel Limited, Athen	Greece	100
Pacific World Meetings & Events Hong Kong, Limited, Hongkong	Hong Kong SAR	100
Pacific World Meetings & Events SAM, Monaco	Monaco	100
Pacific World Meetings & Events Singapore Pte. Ltd, Singapur	Singapore	100
Pacific World Meetings and Events France SARL, Nizza	France	100
Pacific World Travel Services Company Limited, Ho Chi Minh City	Vietnam	90
Papirüs Otelcilik Yatırım Turizm Seyahat İnşaat Ticaret A.Ş., Antalya	Turkey	100
Paradise Hotel Management Company LLC, Kairo	Egypt	100
PATS N.V., Oostende	Belgium	100
Professor Kohts Vei 108 AS, Stabekk	Norway	100
Promociones y Edificaciones Chiclana S.A., Palma de Mallorca	Spain	100
PT. Pacific World Nusantara, Bali	Indonesia	100
RC Clubhotel Cyprus Limited, Limassol	Cyprus	100

* entrepreneurial management

Company	Country	Capital share in %
RCHM S.A.S., Agadir	Morocco	100
Rideway Investments Limited, London	United Kingdom	100
Riu Jamaicotel Ltd., Negril	Jamaica	100
Riu Le Morne Ltd, Port Louis	Mauritius	100
RIUSA II S.A., Palma de Mallorca*	Spain	50
RIUSA NED B.V., Amsterdam	Netherlands	100
Robinson Austria Clubhotel GmbH, Villach-Landskron	Austria	100
Robinson Club GmbH, Hanover	Germany	100
Robinson Club Italia S.p.A., Marina di Ugento	Italy	100
Robinson Club Maldives Private Limited, Malé	Maldives	100
Robinson Clubhotel Turizm Ltd. Sti., Istanbul	Turkey	100
Robinson Hoteles España S.A., Cala d'Or	Spain	100
Robinson Hotels Portugal S.A., Vila Nova de Cacela	Portugal	67
Robinson Otelcilik A.Ş., Istanbul	Turkey	100
Santa Maria Hotels SA, Santa Maria	Cape Verde	100
SERAC Travel GmbH, Zermatt	Switzerland	100
Silversun Monitor Proprietary Limited, Kapstadt	South Africa	85
Skymead Leasing Limited, Luton	United Kingdom	100
Société d'Exploitation du Paladien Marrakech SA, Marrakesch	Morocco	100
Société d'Investissement Aérien S.A., Casablanca	Morocco	100
Société d'Investissement et d'Exploration du Paladien de Calcatoggio (SIEPAC), Montreuil	France	100
Société d'investissement hotelier Almoravides S.A., Marrakesch	Morocco	100
Société Marocaine pour le Developpement des Transports Touristiques S.A., Agadir	Morocco	100
Sons of South Sinai for Tourism Services and Supplies SAE, Sharm el Sheikh	Egypt	84.1
Specialist Holidays, Inc., Mississauga, Ontario	Canada	100
Stella Polaris Creta A.E., Heraklion	Greece	100
STIVA RII Ltd., Dublin	Ireland	100
Summer Times International Ltd., Quatre Bornes	Mauritius	100
Summer Times Ltd., Quatre Bornes	Mauritius	100
Sunshine Cruises Limited, Luton	United Kingdom	100
Tantur Turizm Seyahat A.Ş., Istanbul	Turkey	100
TdC Agricoltura Società agricola a r.l., Florenz	Italy	100
Tec4Jets NV, Zaventem	Belgium	100
Tenuta di Castelfalfi S.p.A., Florenz	Italy	100
Thomson Reisen GmbH, St. Johann	Austria	100
Thomson Travel Group (Holdings) Limited, Luton	United Kingdom	100
TICS GmbH Touristische Internet und Call Center Services, Rastatt	Germany	100

* entrepreneurial management

Company	Country	Capital share in %
TLT Reisebüro GmbH, Hannover	Germany	100
TLT Urlaubsreisen GmbH, Hannover	Germany	100
Transfar – Agencia de Viagens e Turismo Lda., Faro	Portugal	100
Travel Choice Limited, Luton	United Kingdom	100
Travel Guide With Offline Maps B.V., Amsterdam	Netherlands	100
TT Hotels Italia S.R.L., Rom	Italy	100
TT Hotels Turkey Otel Hizmetleri Turizm ve ticaret A.Ş., Antalya	Turkey	100
TUI (Suisse) AG, Zürich	Switzerland	100
TUI 4 U GmbH, Bremen	Germany	100
TUI Airlines Belgium N.V., Oostende	Belgium	100
TUI Airlines Nederland B.V., Rijswijk	Netherlands	100
TUI Airways Limited, Luton	United Kingdom	100
TUI aqtiv GmbH, Hannover	Germany	100
TUI Austria Holding GmbH, Wien	Austria	100
TUI Belgium NV, Oostende	Belgium	100
TUI Belgium Real Estate N.V., Brüssel	Belgium	100
TUI Belgium Retail N.V., Zaventem	Belgium	100
TUI Blue AT GmbH, Schladming	Austria	100
TUI Bulgaria EOOD, Varna	Bulgaria	100
TUI Curaçao N.V., Curaçao	Country of Curaçao	100
TUI Customer Operations GmbH, Hannover	Germany	100
TUI Cyprus Limited, Nikosia	Cyprus	100
TUI Danmark A/S, Kopenhagen	Denmark	100
TUI Destination Experiences Costa Rica SA, San José	Costa Rica	100
TUI Destination Services Cyprus, Nikosia	Cyprus	100
TUI Deutschland GmbH, Hannover	Germany	100
TUI Dominicana SAS, Higuey	Dominican Republic	100
TUI DS USA, Inc, Wilmington (Delaware)	United States	100
TUI España Turismo SL, Palma de Mallorca	Spain	100
TUI Finland Oy Ab, Helsinki	Finland	100
TUI France SA, Nanterre	France	100
TUI Hellas Travel Tourism and Airlines A.E., Athen	Greece	100
TUI Holding Spain S.L., Palma de Mallorca	Spain	100
TUI Hotel Betriebsgesellschaft mbH, Hannover	Germany	100
TUI Ireland Limited, Luton	United Kingdom	100
TUI Italia S.r.l., Fidenza	Italy	100
TUI Jamaica Limited, Montego Bay	Jamaica	100
TUI Magic Life GmbH, Hannover	Germany	100
TUI Malta Limited, Pieta	Malta	100
TUI Mexicana SA de CV, Mexico	Mexico	100

Company	Country	Capital share in %
TUI Nederland Holding N.V., Rijswijk	Netherlands	100
TUI Nederland N.V., Rijswijk	Netherlands	100
TUI Nordic Holding AB, Stockholm	Sweden	100
TUI Norge AS, Stabekk	Norway	100
TUI Northern Europe Limited, Luton	United Kingdom	100
TUI Norway Holding AS, Stabekk	Norway	100
TUI Österreich GmbH, Wien	Austria	100
TUI Pension Scheme (UK) Limited, Luton	United Kingdom	100
TUI Poland Dystrybucja Sp. z o.o., Warschau	Poland	100
TUI Poland Sp. z o.o., Warschau	Poland	100
TUI PORTUGAL – Agencia de Viagens e Turismo S.A., Faro	Portugal	100
TUI Reisecenter Austria Business Travel GmbH, Wien	Austria	74.9
TUI Service AG, Altendorf	Switzerland	100
TUI Suisse Retail AG, Zürich	Switzerland	100
TUI Sverige AB, Stockholm	Sweden	100
TUI Technology NV, Zaventem	Belgium	100
TUI Travel Distribution N.V., Oostende	Belgium	100
TUI UK Italia Srl, Turin	Italy	100
TUI UK Limited, Luton	United Kingdom	100
TUI UK Retail Limited, Luton	United Kingdom	100
TUI UK Transport Limited, Luton	United Kingdom	100
TUIfly GmbH, Langenhagen	Germany	100
TUIfly Nordic AB, Stockholm	Sweden	100
TUIfly Vermarktungs GmbH, Hanover	Germany	100
Tunisie Investment Services Holding S.A., Tunis	Tunisia	100
Tunisie Voyages S.A., Tunis	Tunisia	100
Tunisotel S.A.R.L., Tunis	Tunisia	100
Turcotel Turizm A.Ş., Istanbul	Turkey	100
Turkuaz Insaat Turizm A.Ş., Ankara	Turkey	100
Ultramar Express Transport S.A., Palma de Mallorca	Spain	100
WOT Hotels Adriatic Management d.o.o., Zagreb	Croatia	51
Zanzibar Beach Village Limited, Sansibar	Tanzania	100
All other segments		
Absolut Insurance Limited, St. Peter Port	Guernsey	100
Canadian Pacific (UK) Limited, Luton	United Kingdom	100
Cast Agencies Europe Limited, Luton	United Kingdom	100
CP Ships (Bermuda) Ltd., Hamilton	Bermuda	100
CP Ships (UK) Limited, Luton	United Kingdom	100
CP Ships Ltd., Saint John	Canada	100

Company	Country	Capital share in %
DEFAG Beteiligungsverwaltungs GmbH I, Hannover	Germany	100
DEFAG Beteiligungsverwaltungs GmbH III, Hannover	Germany	100
Europa 2 Ltd, Valletta	Malta	100
First Choice Holidays Finance Limited, Luton	United Kingdom	100
First Choice Holidays Limited, Luton	United Kingdom	100
First Choice Olympic Limited, Luton	United Kingdom	100
Hapag-Lloyd (Bahamas) Limited, Nassau	Bahamas	100
Jetset Group Holding (Brazil) Limited, Luton	United Kingdom	100
Jetset Group Holding Limited, Luton	United Kingdom	100
Leibniz-Service GmbH, Hannover	Germany	100
Mala Pronta Viagens e Turismo Ltda., Curitiba	Brazil	100
Manufacturer's Serialnumber 852 Limited, Dublin	Ireland	100
MSN 1359 GmbH, Hannover	Germany	100
PM Peiner Maschinen GmbH, Hannover	Germany	100
Preussag Beteiligungsverwaltungs GmbH IX, Hannover	Germany	100
Sovereign Tour Operations Limited, Luton	United Kingdom	100
Thomson Airways Trustee Limited, Luton	United Kingdom	100
travel-Ba.Sys GmbH & Co KG, Mülheim an der Ruhr	Germany	83.5
TUI Ambassador Tours Unipessoal Lda, Lissabon	Portugal	100
TUI Aviation GmbH, Hannover	Germany	100
TUI Aviation Holding GmbH, Hannover	Germany	100
TUI Aviation Services Limited, Luton	United Kingdom	100
TUI Beteiligungs GmbH, Hannover	Germany	100
TUI Brasil Operadora e Agencia de Viagens LTDA, Curitiba	Brazil	100
TUI Business Services GmbH, Hannover	Germany	100
TUI Canada Holdings, Inc, Toronto	Canada	100
TUI Chile Operador y Agencia de Viajes SpA, Santiago	Chile	100
TUI China Travel CO. Ltd., Peking	China	75
TUI Colombia Operadora y Agencia de Viajes SAS, Bogota	Colombia	100
TUI Group Fleet Finance Limited, Luton	United Kingdom	100
TUI Group Services GmbH, Hannover	Germany	100
TUI Group UK Healthcare Limited, Luton	United Kingdom	100
TUI Group UK Trustee Limited, Luton	United Kingdom	100
TUI Immobilien Services GmbH, Hannover	Germany	100
TUI India Private Limited, New Delhi	India	100
TUI InfoTec GmbH, Hanover	Germany	100
TUI Insurance Services GmbH, Hannover	Germany	100
TUI International Holiday (Malaysia) Sdn. Bhd., Kuala Lumpur	Malaysia	100
TUI Leisure Travel Service GmbH, Neuss	Germany	100
TUI LTE Viajes S.A de C.V, Mexico City	Mexico	100

Company	Country	Capital share in %
TUI Spain, SLU, Madrid	Spain	100
TUI Travel Amber E&W LLP, Luton	United Kingdom	100
TUI Travel Aviation Finance Limited, Luton	United Kingdom	100
TUI Travel Common Investment Fund Trustee Limited, Luton	United Kingdom	100
TUI Travel Group Management Services Limited, Luton	United Kingdom	100
TUI Travel Group Solutions Limited, Luton	United Kingdom	100
TUI Travel Holdings Limited, Luton	United Kingdom	100
TUI Travel Limited, Luton	United Kingdom	100
TUI Travel Overseas Holdings Limited, Luton	United Kingdom	100
TUI-Hapag Beteiligungs GmbH, Hanover	Germany	100
Non-consolidated Group companies		
Tourism		
"Schwerin Plus" Touristik-Service GmbH, Schwerin	Germany	80
Airline Consultancy Services S.A.R.L., Casablanca	Morocco	100
Ambassador Tours S.A., Barcelona	Spain	100
Centro de Servicios Destination Management SA de CV, Cancun	Mexico	100
FIRST Reisebüro Güttler Verwaltungs GmbH, Hanover	Germany	75
Gebeco Verwaltungsgesellschaft mbH, Kiel	Germany	50.2
Hapag-Lloyd Reisebüro Hagen Verwaltungs GmbH, Hanover	Germany	70
Hotel Club du Carbet SA, Levallois Perret	France	100
HV Finance SAS, Levallois Perret	France	100
Ikaros Travel A.E.(i.L.), Heraklion	Greece	100
L'TUR Polska Sp.z o.o., Stettin	Poland	100
L'TUR SARL, Schiltigheim	France	100
Lunn Poly (Jersey) Limited, St. Helier	Jersey	100
N.S.E. Travel and Tourism A.E. (i.L.), Athen	Greece	100
NEA Synora Hotels Limited (Hinitsa Beach), Porto Heli Argolide	Greece	100
New Eden S.A., Marrakesch	Morocco	100
Nouvelles Frontières Burkina Faso EURL, Ouagadougou	Burkina Faso	100
Nouvelles Frontières Tereso EURL, Grand Bassam	Ivory Coast	100
Nouvelles Frontières Togo S.R.L.(i.L), Lome	Togo	99
PCO Asia Pacific SDN BHD, George Town (Penang)	Malaysia	100
Résidence Hôtelière Les Pins SARL (i.L.), Levallois Perret	France	100
Società Consortile a r.l. Tutela dei Viaggiatori TUI Italia, Fidenza (Pr)	Italy	100
Société de Gestion du resort Al Baraka, Marrakesch	Morocco	100
T-Développement SAS, Levallois Perret	France	100
Trendturc Turizm Otelcilik ve Ticaret A.Ş., Istanbul	Turkey	100
Triposo GmbH i.L., Berlin	Germany	100
Triposo Travel B.V., Amsterdam	Netherlands	100

Company	Country	Capital share in %
TUI 4 U Poland sp.zo.o., Warschau	Poland	100
TUI Blue DE GmbH, Hannover	Germany	100
TUI d.o.o., Maribor	Slovenia	100
TUI Magyarország Utazasi Iroda Kft., Budapest	Hungary	100
TUI Reisecenter GmbH, Salzburg	Austria	100
TUI ReiseCenter Slovensko s.r.o., Bratislava	Slovakia (Slovak Republic)	100
TUI Travel Cyprus Limited, Nikosia	Cyprus	100
TUIFly Academy Brussels, Zaventem	Belgium	100
VPM Antilles S.R.L., Levallois Perret	France	100
VPM SA, Levallois Perret	France	100
All other segments		
Bergbau Goslar GmbH, Goslar	Germany	100
travel-Ba.Sys Beteiligungs GmbH, Mülheim an der Ruhr	Germany	83.5
Joint ventures and associates		
Tourism		
Abou Soma for Hotels S.A.E., Giza	Egypt	16.7
Ahungalla Resorts Limited, Colombo	Sri Lanka	40
Aitken Spence Travels (Private) Limited, Colombo	Sri Lanka	50
Alpha Tourism and Marketing Services Ltd., Port Louis	Mauritius	25
ARP Africa Travel Limited, Harrow	United Kingdom	25
Atlantica Hellas A.E., Rhodos	Greece	50
Atlantica Hotels and Resorts Limited, Lemesos	Cyprus	49.9
Bartu Turizm Yatirimlari Anonim Sirketi, Istanbul	Turkey	50
Clubhotel Kleinarl GmbH & Co KG, Flachau	Austria	24
Corsair SA, Rungis	France	25
Daktari Travel & Tours Ltd., Limassol	Cyprus	33.3
DER Reisecenter TUI GmbH, Dresden	Germany	50
Diamondale Limited, Dublin	Ireland	27
ENC for touristic Projects Company S.A.E., Sharm el Sheikh	Egypt	50
Etapex, S.A., Agadir	Morocco	35
Fanara Residence for Hotels S.A.E., Sharm el Sheikh	Egypt	50
Gebeco Gesellschaft für internationale Begegnung und Cooperation mbH & Co. KG, Kiel	Germany	50.1
GRUPOTEL DOS S.A., Can Picafort	Spain	50
Ha Minh Ngan Company Limited, Hanoi	Vietnam	50
Holiday Travel (Israel) Limited, Airport City	Israel	50
Hydrant Refuelling System NV, Brüssel	Belgium	25
InteRes Gesellschaft für Informationstechnologie mbH, Darmstadt	Germany	25.2

Company	Country	Capital share in %
Interyachting Limited, Limassol	Cyprus	45
Jaz Hospitality Services DMCC, Dubai	United Arab Emirates	50
Jaz Hotels & Resorts S.A.E., Kairo	Egypt	51
Kamarayat Nabq Company for Hotels S.A.E., Sharm el Sheikh	Egypt	50
Karisma Hotels Adriatic d.o.o., Zagreb	Croatia	33.3
Karisma Hotels Caribbean S.A., Panama	Panama	50
Pollman's Tours and Safaris Limited, Mombasa	Kenya	25
Raiffeisen-Tours RT-Reisen GmbH, Burghausen	Germany	25.1
Ranger Safaris Ltd., Arusha	Tanzania	25
Riu Hotels S.A., Palma de Mallorca	Spain	49
Sharm El Maya Touristic Hotels Co. S.A.E., Kairo	Egypt	50
Südwest Presse + Hapag-Lloyd Reisebüro GmbH & Co.KG, Ulm	Germany	50
Sun Oasis for Hotels Company S.A.E., Hurghada	Egypt	50
Sunwing Travel Group, Inc, Toronto	Canada	49
Teckcenter Reisebüro GmbH, Kirchheim unter Teck	Germany	50
Tikida Bay S.A., Agadir	Morocco	34
TIKIDA DUNES S.A., Agadir	Morocco	30
Tikida Palmeraie S.A., Marrakesch	Morocco	33.3
Togebi Holdings Limited, Nikosia	Cyprus	10
Travco Group Holding S.A.E., Kairo	Egypt	50
TRAVELStar GmbH, Hanover	Germany	50
TRAVELStar Touristik GmbH & Co. OHG, Wien	Austria	50
TUI Cruises GmbH, Hamburg	Germany	50
UK Hotel Holdings FZC L.L.C., Fujairah	United Arab Emirates	50
Vitya Holding Co. Ltd., Takua, Phang Nga Province	Thailand	47.5
WOT Hotels Adriatic Asset Company d.o.o., Tučepi	Croatia	50
All other segments		
.BOSYS SOFTWARE GMBH, Hamburg	Germany	25.2

RESPONSIBILITY STATEMENT BY MANAGEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hanover, 9 December 2020

The Executive Board

Friedrich Joussen	David Burling	Birgit Conix
Sebastian Ebel	Dr Elke Eller	Frank Rosenberger

INDEPENDENT AUDITOR'S REPORT

To TUI AG, Berlin and Hanover / Germany

The following independent auditor's report (*Bestätigungsvermerk*) has been issued in accordance with § 322 German Commercial Code (*Handelsgesetzbuch*) in the German language on the German version of the consolidated financial statements of TUI AG as of and for the financial year ended September 30, 2020 and the combined management report. The combined management report is not included in this prospectus.

Report on the audit of the consolidated financial statements and of the combined management report

Audit Opinions

We have audited the consolidated financial statements of TUI AG, Berlin and Hanover / Germany, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 October 2019 to 30 September 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group of TUI AG, Berlin and Hanover / Germany, for the financial year from 1 October 2019 to 30 September 2020. In accordance with the German legal requirements, we have not audited the content of those parts of the combined management report set out in the appendix to the auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 30 September 2020 and of its financial performance for the financial year from 1 October 2019 to 30 September 2020, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of those parts of the combined management report set out in the appendix to the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No 537 / 2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISA). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Material Uncertainty Related to Going Concern

We refer to the "Viability Statement" section of the combined management report and to the chapter "Going concern reporting according to the UK Corporate Governance Code" in the notes to the consolidated financial statements, in which the management board describes that as a result of the new travel restrictions in force since autumn 2020, and since it is possible that an increase in new travel bookings and associated payments on account might fail to materialise, there are not enough financial resources available to settle TUI AG's payment obligations. In order to maintain the solvency of TUI Group, the management board thus, in principle, agreed on a third financial package with the Economic Stabilisation Fund, KfW, the dominant shareholder of TUI AG, and further financial partners. If this financial package fails to be successfully implemented, there is a risk that TUI AG might encounter insolvency in the first quarter of fiscal year 2021. As is described in the "Viability Statement" section in the combined management report and in the chapter "Going concern reporting according to the UK Corporate Governance Code" in the notes to the consolidated financial statements, the successful implementation of the third financial package is subject to certain conditions yet to be met. Because of the future development in terms of the travel restrictions and the related impacts on the assets, liabilities, financial situation and financial performance, the financial covenants agreed with the creditors as a prerequisite for granting the loans can probably not be met as at 30 September 2021 and beyond. Moreover, risks regarding TUI Group's solvency arise from the uncertainty in view of the future development. If, in particular, the travel restrictions remain in force in the financial year 2020/21 and beyond, and/or a permanent reluctance to travel materialises, there is a possibility that the liquidity of TUI AG continues to be at risk. In the light of the situation described above, uncertainty moreover prevails as to whether the external loans can be refinanced. Therefore, the Group's existence as a going concern is endangered. As is presented in the above sections of the combined management report and the notes to the consolidated financial statements, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, and constitute a risk endangering the existence of the Group as a going concern within the meaning of Section 322 (2) sentence 3 HGB.

During our audit, we considered whether the preparation of the consolidated financial statements using the going concern basis of accounting and the presentations of the matters that may cast significant doubt on the Group's ability to continue as a going concern set out in the notes to the consolidated financial statements and the combined management report are appropriate. To this end, we reviewed, in particular, the liquidity forecasts and plans for future measures of the management board underlying its forecasts and estimates, assessing whether the liquidity forecasts are plausible, and whether the management board's plans are feasible in the circumstances of the situation.

During our audit, we initially critically reviewed the draft of the Independent Business Review prepared by an external expert. We verified the plausibility of the multi-year planning on which this report is based and the assumptions it contains by comparing them with general and industry-specific market expectations and historical data.

In this process, we were supported by internal valuation and restructuring specialists. During the entire audit process, we regularly discussed the individual measures with representatives of TUI Group. Together with our specialists, we moreover critically discussed the results the draft of the Independent Business Review with the experts who had prepared the reports and the representatives of TUI.

As of the liquidity and financing measures already carried out during the preparation period, we inspected the relevant documents, contracts and agreements, critically reviewed them and – where they had not yet been implemented – assessed their feasibility.

In particular, we critically reviewed the current short-term liquidity forecast prepared by the Company until the completion of the audit. We also examined the underlying updated assumptions, particularly with regard to revenue expectations, based on supporting evidence, and assessed their traceability and plausibility. Involving internal specialists, we assessed the plausibility of the expectations regarding the further development of the COVID-19-pandemic underlying the short-term development.

We critically assessed the prospects for the successful implementation of the third financing package in terms of plausibility. In addition, we satisfied ourselves of the appropriateness of the disclosures made in the consolidated financial statements and in the combined management report.

Our audit opinions were not modified in respect of this matter.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 October 2019 to 30 September 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In addition to the matter described in section "Material Uncertainty Related to Going Concern", we have identified the matters described in the following as key audit matters:

❶ recoverability of goodwill,
❷ recoverability of touristic prepayments for hotel services,
❸ recoverability of deferred tax assets,
❹ specific provisions, and
❺ lease accounting under IFRS 16.

Our presentation of these key audit matters has been structured as follows:

Ⓐ description (including reference to corresponding information in the consolidated financial statements), and
Ⓑ auditor's response.

❶ Recoverability of Goodwill

Ⓐ In TUI AG's consolidated financial statements as at 30 September 2020, goodwill totalling mEUR 2,914.5 is reported under the item "Goodwill" reported in the statement of financial position. Goodwill is subject to an impairment test at least once a year. Valuation is made by means of a valuation model based on the discounted cash flow method. Since the outcome of this valuation strongly depends on the estimate of future cash inflows by the management board and on the discount rate used, in the light of the uncertainty of further impacts of the COVID-19-pandemic, there is an increased degree of forecasting uncertainty. Thus, the valuation is subject to significant uncertainty. Against this background, we believe that this is a key audit matter.

The Company's disclosures on goodwill are provided in Note (12) of the notes to the consolidated financial statements.

Ⓑ We evaluated the process for performing the impairment test on goodwill, and carried out an assessment of the accounting-relevant controls contained therein. Specifically, we satisfied ourselves of the appropriateness of the future cash inflows used in the calculation. To do so, among other things, we compared these figures with the current budgets contained in the three-year plan adopted by the management board and approved by the supervisory board, and reconciled it with general and industry-specific market expectations. Since even relatively small changes in the discount rate can have a material effect on the amount of the business value determined in this way, we also focused on examining the parameters used to determine the discount rate used, including the weighted average cost of capital, and analysed the calculation algorithm. Owing to the material significance of goodwill and the fact that the valuation also depends on macroeconomic conditions which are beyond the control of the Company, we also assessed the sensitivity analyses prepared by the Company for the cash-generating units with low excess cover (carrying amount compared to the present value).

❷ Recoverability of Touristic Prepayments for Hotel Services

Ⓐ Payments on account for hotel services amounting to mEUR 359.9 are recognised under the item "touristic prepayments" reported in the statement of financial position in TUI AG's consolidated financial statements as at 30 September 2020.

In our view, this is a key audit matter, as the valuation of this significant item is based to a large extent on estimates and assumptions made by the management board.

The Company's disclosures on "touristic prepayments" are provided in Note (18) of the notes to the consolidated financial statements.

Ⓑ We evaluated the valuation process for touristic prepayments, and carried out an assessment of the accounting-relevant controls contained therein. In the knowledge that there is an increased risk of misstatement in financial reporting when using estimated values, and that the valuation decisions of the management board have a direct and significant effect on the consolidated profit, we have assessed the appropriateness of the values recognised by comparing them against historical values and by means of the contractual bases presented to us. We have assessed the recoverability of touristic prepayments particularly in the light of the travel restrictions in force since March 2020 in connection with the COVID-19-pandemic and the resulting underutilisation of hotel capacities in a wide number of touristic destination areas. We did so taking into account, among other things, the repayment schedules agreed with the hoteliers concerned, the options for offsetting against future overnight accommodation, framework agreements concluded, and potential risks of insolvency affecting individual hotels.

❸ Recoverability of Deferred Tax Assets

Ⓐ TUI AG's consolidated financial statements as at 30 September 2020 report deferred tax assets totalling mEUR 299.6 under the statement of financial position item "Deferred tax assets". Recoverability of the capitalised deferred taxes is measured by means of forecasts about the future earnings situation.

In our view, this is a key audit matter because it strongly depends on estimates and assumptions made by the management board and is subject to uncertainties.

The Company's disclosures on deferred tax assets are provided in the notes to the consolidated financial statements in the chapter "Accounting and measurement methods" and under Note (20).

Ⓑ We involved our own tax experts in our audit of tax issues. With their support, we assessed the internal processes and controls established for recognising tax issues. We assessed the recoverability of deferred tax assets on the basis of internal forecasts on the future taxable income situation of TUI AG and its major subsidiaries. In this context, we referred to the planning prepared by the management board, and assessed the appropriateness of the planning basis used. Among other things, these were examined in the light of general and industry-specific market expectations.

❹ Specific Provisions

Ⓐ TUI AG's consolidated financial statements as at 30 September 2020 report provisions for maintenances of mEUR 734.9 under the statement of financial position item "Other provisions". Furthermore, provisions for pensions and similar obligations of mEUR 1,015.0 were recognised as of 30 September 2020. In our view, these facts are key audit matters, as the recognition and measurement of these significant items are based to a large extent on estimates and assumptions made by the management board.

The Company's disclosures on provisions are provided under the Notes (29) and (30) as well as under the disclosures on recognition and measurement methods set out in the notes to the consolidated financial statements.

Ⓑ We evaluated the process of recognition and measurement applicable to specific provisions, and carried out an assessment of the accounting-relevant controls contained therein. In the knowledge that there is an increased risk of misstatements in financial reporting with estimated values, and that the valuation decisions of the management board have a direct and significant effect on the consolidated profit, we assessed the appropriateness of the values recognised by comparing them against historical values and by means of the contractual bases presented to us.

Among other things, we

- assessed the computation of the expected maintenance costs for aircrafts. This was done on the basis of group-wide maintenance contracts, price increases expected on the basis of external market forecasts and the discount rates applied, supported by our own analyses;
- assessed the appropriateness of the valuation parameters used to calculate the pension provisions. Among other things, we did so by comparing them against market data and taking into account the expertise of our internal pension valuation experts.

❺ Lease Accounting under IFRS 16

Ⓐ Assets under leases of mEUR 3,227.9 are recognised under the item "Right-of-use assets" and "Lease liabilities" amounting to mEUR 3,399.9 are recognised under the item "rights of use" reported in the statement of financial position of TUI AG's consolidated financial statements as at 30 September 2020. They account for 26 % of the non-current assets and 21 % of the Group's total assets. The principles applicable to lease accounting under IFRS 16 were applied for the first time in the financial year 2019 / 20. They were applied as of 1 October 2019 using the modified retrospective approach. For the complete and accurate recognition, categorisation and classification of the different lease contracts, a software that is deployed throughout the Group is predominantly used.

In our view, the first-time application of IFRS 16 is a key audit matter since the large number of contracts and the present opportunities to exercise discretion – in particular in view of valuation – entail a risk that the impacts of the changes in lease accounting are materially misstated. This particularly relates to the estimate regarding exercising extension and termination options defined in the lease contracts, which affects the term of the lease, regarding, where relevant, the amount of the interest rate, the amount of the lease liability and the related effects on the consolidated statement of financial position, the consolidated statement of comprehensive income and the consolidated statement of cash flows. Therefore, the assessment of the accounting treatment of leases is a key audit matter within the scope of our audit.

The Company's disclosures on lease accounting under IFRS 16 are provided in Notes (15), (31) and (40) of the notes to the consolidated financial statements.

Ⓑ We have evaluated the implementation process concerning the principles conferred by the new IFRS 16. With regard to the implementation of IFRS 16, we focused on the assessment of the management board's interpretation of the criteria used for the categorisation and classification of the different contract types, and reproduced the valuation of the right-of-use and assets and of lease liabilities.

Among other things, we

- assessed the data entered in the used leasing software on a sample basis. In this context, we reconciled the accuracy of the data entry of the data transferred against the original contracts;
- assessed the determination of values by the leasing software used, and the transfer of these values to the consolidated financial statements; and
- the accuracy and completeness of the disclosures required to be made in the notes to the consolidated financial statements under IFRS 16.

Other Information

The management board and the supervisory board are responsible for the other information. The other information comprises:

- the unaudited content of those parts of the combined management report specified in the appendix to the auditor's report,
- the executive directors' confirmation regarding the consolidated financial statements and the combined management report pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB, respectively, and
- all the remaining parts of the annual report, with the exception of the audited consolidated financial statements and the combined management report and our auditor's report.

The supervisory board is responsible for the report of the supervisory board and for the report of the audit committee. The management board and the supervisory board are responsible for the statement pursuant to Section 161 German Stock Corporation Law (AktG) on the German Corporate Governance Code, which forms part of the statement on corporate governance included in the section "Corporate Governance Report" set out in the combined management report. Otherwise, the management board is responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our group audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The management board is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the management board is responsible for such internal control as it has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management board is responsible for assessing the Group's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the management board is responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the management board is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the ISA will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the management board and the reasonableness of estimates made by the management board and related disclosures.
- conclude on the appropriateness of the management board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the management board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the management board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory Requirements

Further Information Pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the general meeting on 11 February 2020. We were engaged by the supervisory board on 8 / 15 June 2020. We have been the group auditor of TUI AG, Berlin and Hanover / Germany, without interruption since the financial year 2016 / 17.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Review of the Management Board's Declaration of Compliance with the UK Corporate Governance Code

Pursuant to item 9.8.10 R (1 and 2) of the Listing Rules in the UK, we were engaged to review the management board's statement pursuant to item 9.8.6 R (6) of the Listing Rules in the UK relating to compliance with provisions 6 and 24 to 29 of the UK Corporate Governance Code included in the report on the UK Corporate Governance Code, and the management board's statement pursuant to item 9.8.6 R (3) of the Listing Rules in the UK included in the "Viability Statement" section of the combined management report and in chapter "Going concern reporting according to the UK Corporate Governance Code" of the notes to the consolidated financial statements in the financial year 2019 / 20. We have nothing to report in this regard.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Dr Hendrik Nardmann.

Hanover / Germany, 9 December 2020

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Christoph B. Schenk	Signed: Dr Hendrik Nardmann
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Appendix to the Independent Auditor's Report: Parts of the Combined Management Report Whose Contents are Unaudited

We have not audited the content of the following parts of the combined management report:

- the consolidated non-financial statement pursuant to Sections 315b and 315c HGB included in section "Combined non-financial declaration" of the combined management report, and
- the statement on corporate governance pursuant to Section 289f and Section 315d HGB included in section "Corporate Governance Report" of the combined management report, and
- the other parts of the combined management report marked as unaudited.

Audited financial statements of TUI AG
as at and for the fiscal year ended 30 September 2020
(Translation from the German original)

ANNUAL FINANCIAL STATEMENTS

Balance sheet of the TUI AG as at Sep 2020

€ '000	Notes	30 Sep 2020	30 Sep 2019
Assets			
Fixed assets	**(1)**		
Intangible assets		6,039	9,641
Property, plant and equipment		38,411	39,681
Investments			
Shares in Group companies		7,012,937	7,602,828
Other investments		1,031,142	993,317
		8,044,079	8,596,145
		8,088,529	**8,645,467**
Current assets			
Receivables and other assets	(2)	694,900	1,554,133
Cash in hand and bank balances	(3)	343,331	155,117
		1,038,231	**1,709,250**
Prepaid expenses	**(4)**	**412**	**445**
		9,127,172	**10,355,162**

Equity			
Shareholders' equity			
Subscribed capital	(5)	1,509,372	1,505,807
Conditional capital		150,000	150,000
Capital reserves	(6)	1,224,194	1,220,690
Revenue reserves	(7)	–	1,287,470
Profit available for distribution	(8)	190,874	1,494,119
of which retained earnings brought forward		1,176,048	1,374,121
		2,924,440	**5,508,086**
Special non-taxed items	**(9)**	**69**	**70**
Provisions			
Provisions for pensions and similar obligations	(10)	151,619	151,769
Other provisions	(11)	145,448	137,916
		297,067	**289,685**
Liabilities	**(12)**		
Bonds		300,000	300,000
Liabilities to banks		3,746,298	426,380
Trade accounts payable		5,542	4,859
Other liabilities		1,853,756	3,826,082
		5,905,596	**4,557,321**
Deferred income	**(13)**	**–**	**–**
		9,127,172	**10,355,162**

Profit and Loss Statement of TUI AG for the Period from 1 Oct 2019 to 30 Sep 2020 (previous year from 1 Oct 2018 to 30 Sep 2019)

€ '000	Notes		2020	2019
Revenue	(16)	39,059		140,984
Other operating income	(17)	750,273		249,428
			789,332	390,412
Cost of materials	(18)	13,796		8,691
Personnel costs	(19)	45,312		46,509
Depreciation / amortisation	(20)	3,086		2,002
Other operating expenses	(21)	455,717		488,970
			–517,911	–546,172
Net income from investments	(22)		–984,742	237,688
Write-downs of investments	(23)		1,556,800	40,602
Interest result	(24)		1,301	–173
Taxes on income and profit Expenses (+) / Income (–)	(25)		1,768	–73,722
Profit after taxes			**–2,270,588**	**114,875**
Other taxes Expenses (+) / Income (–)	(25)		2,056	–5,123
Net profit of the year			**–2,272,644**	**119,998**
Retained earnings brought forward			1,176,048	1,374,121
Withdrawal from revenue reserves			1,287,470	–
Profit available for distribution	**(8)**		**+190,874**	**+1,494,119**

NOTES

Notes of TUI AG for financial year 2020

As at 30 September 2020, TUI AG, Berlin and Hanover, is a large corporation as defined by Section 267 of the German Commercial Code (HGB). The Company is registered in the commercial registers of the district courts of Berlin-Charlottenburg (HRB 321) and Hanover (HRB 6580).

The annual financial statements are prepared in accordance with the accounting rules for large corporations of the German Commercial Code (HGB), taking account of the German Stock Corporation Act (AktG).

The income statement is prepared in accordance with the nature of expense method pursuant to Section 275 (2) of the German Commercial Code.

Individual items in the statement of financial position and income statement of TUI AG are grouped together in the interests of clear presentation. These items are reported separately in the Notes, together with the necessary explanations.

The financial year of TUI AG comprises the period from 1 October of any one year until 30 September of the subsequent year.

In the completed financial year 2020, the travel restrictions due to the COVID-19 pandemic caused a suspension of a large part of TUI Group's tour operation, aviation, hotel and cruise businesses from mid-March 2020, which significantly impacted the development of the Group's earnings and liquidity position. On 27 March 2020, TUI AG was granted German government approval for a bridge loan totalling € 1.8 bn in the framework of the state-supported COVID-19 programmes. The goal of the loan was to cushion the impact of the COVID-19-pandemic until normal business operations could be resumed. In addition, TUI AG and KfW Bank concluded an agreement on 12 August 2020 to increase the KfW tranche of the existing revolving credit facility (RCF), granted in April 2020, by € 1,050.0 m to € 2,850.0 m. TUI AG uses the facility to cover the daily working capital requirements of its subsidiaries. The measures outlined above such as the use of state support and a significant reduction in fixed costs within TUI Group serve to bridge the effects of the COVID-19 pandemic on TUI Group's liquidity. Further measures have been initiated to secure TUI AG's solvency. Detailed information is provided in the section Risk Report in the combined Management Report, which sets out risks that could threaten the existence of the Company. Due to the measures launched to preserve solvency, the going concern basis of accounting was adopted in preparing the financial statements of TUI AG.

Accounting and measurement

The accounting and measurement methods and the classification applied in the previous year were retained in the financial year under review.

Purchased intangible assets are measured at cost and amortised on a straight-line basis over the expected useful life of up to five years, for trademark rights up to fifteen years. Self-generated intangible assets are not capitalised.

Property, plant and equipment are measured at cost to purchase or cost to produce and depreciated over their expected useful life. For additions effected since financial year 2009 / 10, depreciation is calculated on a straight-line basis.

From 1 January 2018, movable depreciable assets with costs to purchase of € 250 to € 800 are fully depreciated in the year in which they are purchased. Movable depreciable assets with costs to purchase of € 150 to € 450 purchased between 1 January 2017 and 31 December 2017 are fully depreciated in the year in which they are purchased. Until financial year 2015 / 16, movable depreciable assets with costs to purchase of € 150 to € 1,000 had been grouped into collective annual items and depreciated over a period of five years in line with Section 6 (2a) of the German Income Tax Act (EStG).

The economic useful lives underlying scheduled depreciation are based on tax depreciation tables.

If the fair value of fixed assets is less than their carrying amount on the balance sheet date and the reduction in the value is expected to be permanent, they are impaired accordingly.

Shares in Group companies and participating interests as well as other investments are carried at the lower of cost or market value. Impairments are only recognised where losses are permanent.

The requirement to reinstate original values is met by means of write-ups.

Receivables and other assets are recognised at the lower of nominal or fair value as at the balance sheet date. Non-interest bearing non-current receivables are carried at their present value. For these items, all identifiable individual risks are accounted for by means of appropriate value adjustments. Bad debt is written off.

Cash and bank balances are carried at nominal values.

Current unhedged currency items are recognised at the average spot exchange rate at the balance sheet date. Non-current unhedged currency receivables and liabilities are translated at the average spot exchange rate at the date of the transaction or the closing rate, if lower, in the case of receivables and the closing rate, if higher, in the case of liabilities.

Where liabilities from pension schemes or part-time working schemes for employees approaching retirement are covered by insolvency-protected reinsurance policies or fund investments so that they are not accessible to other creditors, the fair values of the cover assets are eliminated against the fair values of the related liabilities. If liabilities exceed assets, the difference is shown under Provisions. Investments in reinsurance policies are measured at fair value, which corresponds to amortised cost.

Subscribed capital is carried at nominal value.

The special non-taxed item carried is based on the option to transfer book profits, used in prior financial years before the conversion to the German Accounting Law Modernisation Act (BilMoG), and thus includes differences between tax-based and commercial-law depreciation in accordance with Section 6b of the German Income Tax Act (EStG).

Provisions for pensions and similar obligations are measured on the basis of actuarial calculations in accordance with the projected unit credit method, taking account of Prof. Klaus Heubeck's 2018 G reference tables dated 20 July 2018, and discounted at an interest rate of 2.41 % (previous year 2.83 %). Discounting of the pension obligation is no longer based on the seven-year average market interest rate (1.71 %) published by the German Central Bank, but on the discount interest rate for the past ten years stipulated in Section 253 (2) of the German Commercial Code (HGB), which was 2.41 % for 2020. In determining the provisions for pensions and similar obligations, annual salary increases of 2.5 % (previous year 2.5 %) and pension increases of 5.25 % every three years (previous year 5.25 %) were assumed; moreover, an age- and gender-specific fluctuation of 0.0 % to 8.0 % p.a. (previous year 0.0 % to 8.0 %) was applied. In calculating the interest rate, use was made of the option to assume a remaining term of 15 years.

Provisions for taxes and other provisions are calculated on the basis of prudent business judgement principles and reflect all identifiable risks and doubtful obligations. They are measured at the repayable amounts, taking account of expected cost and price increases. Provisions with a remaining term of more than one year are always discounted at the average market interest rate for the past seven financial years corresponding to their remaining term.

Provisions for anniversary bonuses are determined based on a discount rate of 1.71 % p.a. (previous year 2.06 %), an age- and gender-specific fluctuation rate of 0.0 % to 8.0 % p.a. (previous year 0.0 % to 8.0 %) and an annual salary increase of 2.5 % (previous year 2.5 %).

Provisions for liabilities from part-time working schemes for employees approaching retirement are formed in accordance with the block model. The provisions are measured based on a discount rate of 0.60 % p.a. (previous year 0.77 %) and in accordance with actuarial principles founded on Prof. Klaus Heubeck's 2018 G reference tables and an annual salary increase of 2.5 % (previous year 2.5 %). The provisions for liabilities from part-time working schemes for employees approaching retirement were formed for part-time working schemes for employees reaching retirement already concluded at the balance sheet date and potential future part-time early retirement schemes. They comprise top-up payments and settlement obligations accrued until the balance sheet date by the Company.

Liabilities are carried at the repayable amounts.

Deferred taxes at TUI AG include deferred taxes of Group subsidiaries with which it forms a fiscal unity for income tax determination. The corporate income tax rate applied in measuring deferred taxes is 31.5 % (previous year 31.5 %) and embraces corporation tax, trade tax and the solidarity surcharge. Deferred tax assets are netted against deferred tax liabilities. The Company does not make use of the capitalisation option pursuant to Section 274 (1) sentence 2 of the German Commercial Code for the resulting net deferred tax asset.

Provisions are formed for negative fair values of derivative financial instruments.

The determination of the fair values for optional derivative financial instruments is based on the Black & Scholes model. Measurement of fixed-price transactions is based on the discounted cash flow of the transactions. Measurement of derivatives takes account of interest, price and volatility curves with matching maturities as at the balance sheet date.

Recognised IT systems are used to support measurement of the financial instruments. For quality assurance purposes, the amounts determined for externally concluded transactions are compared and reconciled with figures provided by external counterparties as at the balance sheet date.

All derivative financial instruments are fixed-price or optional over-the-counter (OTC) transactions for which a stock market price cannot be determined. The derivative fuel hedges are performed by means of cash compensation for the difference between the market value and the hedge price. The underlying items are not physically delivered.

Notes to the statement of financial position

(1) Fixed assets

Changes in the individual fixed asset items are shown in the statement of changes in assets, indicating depreciation and amortisation for the financial year under review. The statement of changes in assets in annexed to the Notes.

INVESTMENTS
In the financial year under review, investments declined by a total of € 552.1 m.

Additions of shares in Group companies result from capital increases in subsidiaries. Along-side other capital increases, a capital increase worth € 1,000.2 m in TUI Travel Ltd., London, in particular, resulted in an increase in shares in Group companies. An opposite effect was driven by payments of € 144.4 m made for the repayment of capital in TUI Beteiligungsgesellschaft mbH.

In the financial year under review, write-downs of financial investments of € 1,556.8 m were effected, exceeding additions and resulting in an overall decline in shares in Group companies. The total amount included write-downs of shares in Group companies worth € 1,476.1 m.

In the financial year under review, loans to Group companies rose only slightly. New loans totalling € 347.2 m were issued. This effect was nearly fully offset by redemptions totalling € 373.6 m and write-downs of loans worth € 36.9 m.

Securities held as fixed assets include an amount of € 0.4 m (previous year € 0.5 m) for the statutory protection of the obligations from part-time early retirement schemes of two subsidiaries.

(2) Receivables and other assets

Receivables and other assets

€ '000	**30 Sep 2020**	30 Sep 2019
Trade accounts receivable	1,856	1,639
of which with a remaining term of more than 1 year	–	–
Receivables from Group companies	520,980	1,413,335
of which with a remaining term of more than 1 year	19,558	–
Receivables from companies in which shareholdings are held	115,494	7,799
of which with a remaining term of more than 1 year	–	–
Other assets	56,570	131,360
of which with a remaining term of more than 1 year	34,331	45,765
	694,900	**1,554,133**

Receivables from Group companies and companies in which shareholdings are held include minor trade receivables at the respective balance sheet date.

Receivables from Group companies decreased in the financial year under review. This is mainly attributable to the results from profit and loss transfer agreements taken over in the financial year under review and the conversion into loan receivables from subsidiaries.

The increase in receivables from companies in which shareholdings are held is mainly attributable to the issuance of current loans and purchase price payments not yet due relating to the divestment of Hapag-Lloyd Kreuzfahrten GmbH.

Investments in reinsurance policies with the purpose of hedging pension obligations, pledged to the beneficiary without other creditors having right to access, are offset against the underlying obligations at an amount of € 50.5 m (previous year € 46.2 m).

The decrease in Other assets mainly results from a significant year-on-year decline in refund claims.

(3) Cash in hand and bank balances

This item consists almost exclusively of bank balances, invested primarily in the form of time deposits and overnight money.

Bank balances rose by € 188.2 m year-on-year. While inflows were generated from the increase in the syndicated credit facility, outflows related to the issuance of non-current loans to Group companies and the short-term funding of Group companies. Additional outflows were attributable to dividend payments in the period under review. Bank balances include an amount of € 52.1 m pledged as security for pension plans in the UK.

(4) Prepaid expenses

Prepaid expenses

€ '000	**30 Sep 2020**	30 Sep 2019
Other prepaid expenses	412	445

Other prepaid expenses mainly comprise prepaid insurance premiums for the period from 2021 to 2026. To a minor extent, prepaid expenses also include prepaid services.

(5) Subscribed capital

TUI AG's subscribed capital consists of no-par value shares, each representing an identical share in the capital stock. The proportionate share in the capital stock attributable to each individual share is around € 2.56. As the capital stock is divided into registered shares, the shareholder data is listed in a share register.

The subscribed capital of TUI AG is registered in the commercial registers of the district courts of Berlin-Charlottenburg and Hanover. In the financial year under review, 1,394,512 employee shares were issued. As a result, subscribed capital consisted of 590,415,100 shares at the end of the financial year. It increased by € 3.6 m to € 1,509.4 m.

The Annual General Meeting on 11 February 2020 authorised the Executive Board of TUI AG to acquire own shares of up to 5 % of the capital stock. This authorisation will expire on 10 August 2021. To date, the option to acquire own shares has not been used.

In accordance with Section 71 (1) no. 2 of the German Stock Corporation Act, TUI AG acquired 102,293 own shares to be issued to employees in the framework of the employee share plan. The volume of acquired shares totalled € 1.0 m. At the balance sheet date TUI AG did not hold any own shares.

CONDITIONAL CAPITAL

The Annual General Meeting on 9 February 2016 resolved to create conditional capital of € 150.0 m for the issue of bonds. The issue of bonds with conversion options or warrants, profit-sharing rights and income bonds (with or without fixed terms) is limited to a total nominal volume of € 2.0 bn under this authorisation, which will expire on 8 February 2021. This authorisation was fully utilised with the issuance of a bond with warrants worth € 150 m to the Economic Stabilisation Fund in October 2020.

As at 30 September 2020, TUI AG had total conditional capital of € 150.0 m.

AUTHORISED CAPITAL

The Annual General Meeting on 13 February 2018 resolved authorised capital for the issue of employee shares worth € 30.0 m. The Executive Board of TUI AG has been authorised to use this capital in one or several transactions to issue employee shares against cash contribution by 12 February 2023. 1,394,512 new employee shares were issued in the completed financial year, so that authorised capital totalled around € 22.3 m at the balance sheet date.

The Annual General Meeting on 9 February 2016 resolved to authorise the issue of new registered shares against cash contribution of up to a maximum of € 150.0 m. This authorisation will expire on 8 February 2021.

The Annual General Meeting on 9 February 2016 also resolved to create authorised capital for the issue of new shares against cash or non-cash contribution of € 570.0 m. The issue of new shares against non-cash contribution is limited to € 300.0 m. The authorisation for this capital will expire on 8 February 2021.

Unused authorised capital thus totals around € 742.3 m (previous year around € 745.8 m) as at the balance sheet date.

(6) Capital reserves

Capital reserves include transfers from share premiums. They also comprise amounts from conversion options and warrants for the purchase of shares in TUI AG generated by bond issues. In addition, premiums from the exercise of conversion options and warrants were transferred to the capital reserves. In the financial year under review, capital reserves rose by a total of € 3.5 m due to the issue of employee shares and share-based compensation.

(7) Revenue reserves

Revenue reserves solely consist of Other revenue reserves. There are no provisions in the Articles of Association on the formation of reserves. The revenue reserves were fully released.

(8) Profit available for distribution

The net loss for the year totals € 2,272.6 m. Taking account of profit carried forward of € 1,176.0 m and the reduction in revenue reserves of € 1,287.5 m, profit available for distribution shown in the statement of financial position amounts to € 190.9 m. A proposal will be submitted to the Annual General Meeting to carry the profit available for distribution for the financial year under review forward on new account.

(9) Special non-taxed item

The special non-taxed item of € 0.1 m (previous year € 0.1 m) includes tax-related depreciation of fixed assets effected in previous years in accordance with Section 6b of the German Income Tax Act.

(10) Pension provisions

The fair value of the plan assets, corresponding to the cost to purchase, totals € 50.5 m (previous year € 46.2 m). Elimination of the assets from reinsurance policies against the gross value of the pension provisions of € 202.1 m (previous year € 198.0 m) results in a liability of € 151.6 m (previous year € 151.8 m) as at the balance sheet date.

(11) Other provisions

Other provisions

€ '000	**30 Sep 2020**	30 Sep 2019
Tax provisions	35,548	34,887
Other provisions	109,900	103,029
	145,448	**137,916**

Tax provisions exist for corporate income and sales taxes in Germany.

The increase in Other provisions mainly results from the formation of a provision for guarantee obligations and additions to provisions for outstanding supplier invoices. An opposite effect was driven by reversals of provisions for the Executive Board and reversals of provisions for onerous losses from the valuation of forward exchange transactions. Pending transactions are carried in Other provisions at the negative fair values shown in the table "Provisions for negative fair values in other provisions".

This item also includes provisions for staff costs, for operational risks and investment risks as well as hedges on behalf of tourism companies at the balance sheet date.

Insolvency-protected non-current investments with a fair value of € 0.1 m (previous year € 0.2 m) for securing part-time working scheme credits for employees approaching retirement were eliminated against corresponding provisions of € 0.6 m (previous year € 0.6 m).

An amount of € 47.0 m (previous year € 47.7 m) of Other provisions has a remaining term of up to one year, € 68.7 m (previous year € 58.5 m) a remaining term of one to five years and € 29.7 m (previous year € 31.7 m) a remaining term of more than five years.

(12) Liabilities

Liabilities

€ '000	30 Sep 2020 Remaining items	30 Sep 2020 **Total**	30 Sep 2019 Remaining items	30 Sep 2019 Total
Bonds		**300,000**		**300,000**
up to 1 year	–		–	
1 – 5 years	300,000		300,000	
more than 5 years	–		–	
of which convertible		–		–
up to 1 year	–		–	
1 – 5 years	–		–	
Liabilities to banks		**3,746,298**		**426,380**
up to 1 year	3,321,298		1,380	
1 – 5 years	392,500		183,000	
more than 5 years	32,500		242,000	
Trade accounts payable (exclusively up to 1 year)		**5,542**		**4,859**
Other liabilities		**1,853,756**		**3,826,082**
up to 1 year	1,838,756		3,826,082	
1 – 5 years	15,000		–	
more than 5 years	–		–	
of which liabilities to Group companies		1,825,404		3,797,915
up to 1 year	1,825,404		3,797,915	
1 – 5 years	–		–	
more than 5 years	–		–	
of which liabilities to companies in which shareholdings are held (exclusively up to 1 year)		7		7
of which Other liabilities		28,345		28,160
up to 1 year	13,345		28,160	
1 – 5 years	15,000		–	
more than 5 years	–		–	
of which from taxes		1,738		1,416
of which relating to social security		113		170
		5,905,596		**4,557,321**

In October 2016, TUI AG issued Senior Notes worth € 300.0 m maturing in October 2021. The interest coupon is 2.125 % per annum.

Liabilities to banks include liabilities from an unsecured Schuldschein with banks worth € 425.0 m, issued in July 2018. The proceeds from the issuance of this Schuldschein are used for general corporate financing purposes. The Schuldschein has different tenors of five to ten years including floating (based on EURIBOR) and fixed rate tranches.

Liabilities to Group companies and companies in which interests are held include minor trade payables as at the respective balance sheet date.

TUI AG's syndicated revolving credit facility previously totalling € 1.75 bn (including a tranche of € 215.0 m for a letter of credit facility) was increased by € 1.8 bn to € 3.55 bn in April 2020 due to the impact of the COVID-19 pandemic. In August 2020, this facility was increased by a further € 1.05 bn to € 4.6 bn. This second increase was subject to two conditions: the holders of TUI AG's € 300 m Senior Notes would have to grant their consent to an amendment to certain terms and conditions of the Senior Notes, and TUI AG would have to issue a bond with warrants totalling € 150.0 m to the Economic Stabilisation Fund. The second of these two conditions was fulfilled in October 2020.

The credit facility is available to TUI AG for general corporate financing purposes until July 2022. The additional tranches totalling € 2.85 bn will already mature in October 2021 provided the € 300 m Senior Notes due in October 2021 are not refinanced prior to the end of July 2021.

For cash drawdowns, the facility carries a floating interest rate based on the short-term interest rate level (EURIBOR or LIBOR) and TUI's credit rating plus a margin.

As at the balance sheet date, cash drawdowns from this credit facility totalled € 3,315.9 m.

As in the previous year, the liabilities shown were not secured by rights of lien or similar rights.

(13) Contingent liabilities

Contingent liabilities

€ '000	**30 Sep 2020**	30 Sep 2019
Liabilities under guarantees	5,734,353	6,947,175
Liabilities under warranties	22	23
	5,734,375	**6,947,198**
of which in favour of Group companies	5,636,885	6,890,707

TUI AG has taken over guarantees and warranties on behalf of subsidiaries and third parties, mainly serving the settlement of ongoing business transactions and the collateralisation of loans. The decrease in guarantee commitments by TUI AG to Group companies mainly results from the reduction in a guarantee for pensions in the UK and the decline in liabilities from aircraft contracts.

Due to the economic situation of the companies for which TUI AG has issued guarantees and warranties, we assume that this companies will be able to meet their payment obligations. Therefore the guarantees and warranties taken over by TUI AG are not expected to be used.

(14) Other financial commitments

Other financial commitments

€ '000	**30 Sep 2020**	30 Sep 2019
Lease, rental and leasing	34,900	34,965
up to 1 year	3,437	3,534
1 – 5 years	13,226	12,623
more than 5 years	18,237	18,808

The commitments from lease, rental and leasing contracts mainly comprise future rent payments for the administrative building.

(15) Derivative financial instruments

Derivative financial instruments as at 30 Sep 2020

		Fair values	
€ '000	Nominal volume	positive	negative
Currency hedges	311,989	8,316	7,524
of which with Group companies	33,419	2,503	975
Commodity hedges	88,975	10,565	10,565
of which with Group companies	–	–	–
Interest rate hedges	246,000	851	5,763
of which with Group companies	46,000	–	1,454

The fuel hedges relate to bunker requirements for cruise ships.

Provisions for negative market values in other provisions

€ '000	**30 Sep 2020**	30 Sep 2019
Currency hedges	7,524	25,809
Commodity hedges	10,565	–
Interest rate hedges	5,763	10,637
	23,852	**36,446**

Due to the divestment of Hapag-Lloyd Kreuzfahrten GmbH, the valuation unit for fuel hedges was dissolved.

Notes to the income statement

(16) Revenue by geographical region

Geographical breakdown of revenue

€ '000	**1 Oct 2019 – 30 Sep 2020**	1 Oct 2018 – 30 Sep 2019
Germany	22,514	64,455
of which with Group companies	18,404	59,649
EU (excl. Germany)	15,111	71,977
of which with Group companies	14,950	71,761
other countries	1,434	4,552
	39,059	**140,984**

The decrease in revenue is mainly driven by lower revenue from license fees.

(17) Other operating income

Other operating income

€ '000	**1 Oct 2019 – 30 Sep 2020**	1 Oct 2018 – 30 Sep 2019
Reversal of special non-taxed item	1	1
Miscellaneous other operating income	750,272	249,427
	750,273	**249,428**

The increase in other operating income mainly results from the income from the sale of investments. In July 2020, the stake in Hapag-Lloyd Kreuzfahrten GmbH was sold to TUI Cruises GmbH.

Miscellaneous other operating income mainly includes gains on exchange of € 180.5 m (previous year € 81.0 m), which went hand in hand with losses on exchange of € 178.3 m (previous year € 83.9 m) carried under Other operating expenses.

This item also includes income from the intercompany rebilling of expenses of € 46.1 m (previous year € 110.1 m).

Other operating income also includes income from the reversal of provisions no longer required, income from the sale of investments, refund claims and write-backs of financial investments.

(18) Cost of material

Cost of materials

€ '000	**1 Oct 2019 – 30 Sep 2020**	1 Oct 2018 – 30 Sep 2019
Cost of purchased services	13,796	8,691

(19) Personnel costs

Personnel costs

€ '000	**1 Oct 2019 – 30 Sep 2020**	1 Oct 2018 – 30 Sep 2019
Wages and salaries	35,292	35,481
Social security contributions, pension costs and benefits	10,020	11,028
of which pension costs	5,831	7,119
	45,312	**46,509**

Pension costs decreased mainly due to changes in pension provisions. Wages and salaries are flat year-on-year.

(20) Depreciation / amortisation

Depreciation / amortisation

€ '000	**1 Oct 2019 – 30 Sep 2020**	1 Oct 2018 – 30 Sep 2019
Amortisation of intangible assets and depreciation of property, plant and equipment	3,086	2,002

(21) Other operating expenses

Other operating expenses

€ '000	**1 Oct 2019 – 30 Sep 2020**	1 Oct 2018 – 30 Sep 2019
Miscellaneous other operating expenses	455,717	488,970

This item comprises in particular expenses for exchange losses of € 178.3 m (previous year € 83.9 m), carried alongside exchange gains of € 180.5 m (previous year € 81.0 m) shown under Other operating income.

This item also includes expenses for the intercompany elimination of services of € 22.8 m (previous year € 85.3 m), which went hand in hand with income from the rebilling of expenses to other Group companies, carried under Other operating income.

The decrease in Other operating expenses is partly driven by the decline in write-downs of receivables from Group companies totalling € 109.0 m (previous year € 202.6 m).

Further expenses were above all incurred for financial and monetary transactions, fees, charges, service fees and other administrative costs.

(22) Income from investments

Net income from investments

€ '000	**1 Oct 2019 – 30 Sep 2020**	1 Oct 2018 – 30 Sep 2019
Income from participations	3,432	198,559
of which from Group companies	–	8,082
Income from profit transfer agreements	75,822	132,912
of which from Group companies	75,822	132,912
Expenses relating to losses taken over	– 1,063,996	– 93,783
of which from Group companies	– 1,063,996	– 93,783
	– 984,742	**237,688**

The decrease in net income from investments was mainly driven by a decline in income from investments, which went hand in hand with an increase in expenses for losses taken over. The income from profit and loss transfer agreements includes transfers from companies allocable to Central Operations. The expenses for losses taken over mainly relate to Leibniz-Service GmbH as well as hotel companies and companies allocable to Central Operations.

(23) Write-downs of investments

In the financial year under review, write-downs of investments worth € 1,556.8 m were effected (previous year € 40.6 m), including write-downs of shares in Group companies of € 1,476.1 m. The write-downs primarily relate to subsidiaries in tour operation and, to a lesser extent, shares in hotel companies.

(24) Interest result

Interest result

€ '000	**1 Oct 2019 – 30 Sep 2020**	1 Oct 2018 – 30 Sep 2019
Income from other securities and long-term loans	20,776	14,679
of which from Group companies	20,776	14,679
Other interest and similar income	96,544	41,524
of which from Group companies	93,978	38,813
Interest and similar expenses	– 116,019	– 56,376
of which to Group companies	– 5,155	– 12,534
	1,301	**– 173**

The interest result rose year-on-year. The increase in interest and similar expenses results from the increase in TUI AG's syndicated credit facility, which was nearly fully offset by the increase in interest and similar income and in income from other securities and long-term loans in the interest result.

Interest expenses include expenses for the compounding of provisions for pensions and other non-current provisions totalling € 15.4 m (previous year € 18.6 m) after elimination of interest income of € 2.5 m (previous year € 2.1 m) from the reinsurance policies serving as cover assets.

(25) Taxes

Taxes

€ '000	**1 Oct 2019 – 30 Sep 2020**	1 Oct 2018 – 30 Sep 2019
Taxes on income	1,768	– 73,722
Other taxes	2,056	– 5,123
	3,824	**– 78,845**

Taxes on income and other taxes mainly result from the regular reassessment of provisions and subsequent tax payments for income and transfer taxes in Germany for prior periods.

Taxes on income do not include any deferred taxes. Receivables and intangible assets initially result in a deferred tax liability, which, however, is fully netted against deferred taxes from other provisions and pension provisions. Deferred tax assets exceeding the netted tax assets and liabilities are not recognised in accordance with the capitalisation option pursuant to Section 274 (1) sentence 2 of the German Commercial Code (HGB).

EXPENSES AND INCOME ATTRIBUTABLE TO PRIOR PERIODS

Income of € 520.1 m and expenses of € 71.6 m are attributable to prior financial years and included in Other operating income and expenses.

Income attributable to prior periods relates in particular to income from the disposal of investments, income from intercompany elimination of services for prior years and income from the reversal of provisions no longer required and reversals of write-downs of financial investments.

Expenses attributable to prior periods mainly relate to impairments of receivables and subsequent charges for intercompany elimination of services and taxes.

Other Notes

Events after the balance sheet date

TUI AG has agreed with Unifirm Ltd., a syndicate of underwriting banks, KfW and the Economic Support Fund (Wirtschaftsstabilisierungsfonds – WSF) on a further financing package of € 1.8 bn for TUI. A corresponding termsheet was signed on December 2, 2020. The corresponding contracts for the individual components of the termsheet had not yet been signed at the time of publication of this report. Official EU approvals for parts of this package are still awaited. The package includes both the provision of financial liability and of equity. For further information we refer to the section Risk Report in the combined Management Report.

Difference according to Section 253 (6) of the German Commercial Code (HGB)

The difference according to Section 253 (6) of the German Commercial Code that is subject to a payout block amounts to € 15.3 m in the financial year under review (previous year € 15.7 m).

Related persons

In the financial year under review, all material transactions with related parties were concluded on an arm's length basis.

Employees

The average headcount for the financial year under review is 295 (previous year 295), including 24 executives (previous year 24). Trainees are not included in this figure.

Remuneration for former Executive Board members and their surviving dependants

Remuneration for former Executive Board members and their surviving dependants totalled € 6.1 m (previous year € 6.0 m) in the financial year under review. Provisions for pension obligations for former Executive Board members and their surviving dependants amounted to € 69.7 m (previous year € 70.8 m).

Disclosures of the relevant amounts for individual Board members and further details on the remuneration system are provided in the Remuneration Report included in the Management Report.

Total auditors' fees

The annual financial statements of TUI AG are audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft. The expenses incurred for the services delivered by the auditors in financial year 2020 break down as follows:

Services of the auditors of the consolidated financial statements

€ million	**2020**	2019
Audit fees for TUI AG and subsidiaries in Germany	3.3	3.2
Audit fees	**3.3**	**3.2**
Review of interim financial statements	0.8	1.6
Other certification services (mainly in connection with comfort letters)	0.5	0.1
Other certification services	**1.3**	**1.7**
Total	**4.6**	**4.9**

Group affiliation

TUI AG, the parent company of the TUI AG Group, prepares the consolidated financial statements for the largest and smallest group of companies in accordance with international financial accounting standards (IFRS), as required by Section 315a of the German Commercial Code. TUI AG's consolidated financial statements and Group management report are electronically submitted to the operator of the federal gazette in line with Section 325 of German Commercial Code and released to the general public. They are available on the Internet at www.bundesanzeiger.de and at www.unternehmensregister.de under the key words TUI AG / TUI Aktiengesellschaft. They are also published at www.tui-group.com/de.

Shareholder structure

In financial year 2020 and in prior years, TUI AG was notified of changes in shareholdings held by third parties pursuant to Section 33 (1) of the German Securities Trading Act (WpHG), published these notifications pursuant to Section 40 (1) sentence 1 of the German Securities Trading Act and communicated them to the business register. Notifications still applicable as at 30 September 2020 are listed below in short form.

More detailed information is available on the Company's website (www.tuigroup.com).

KN-HOLDING LIMITED LIABILITY COMPANY / UNIFIRM LIMITED

KN-Holding Limited Liability Company, Cherepovets, Russia, notified us that the voting rights in TUI AG attributable to them exceeded the 20 % threshold on 20 June 2019 and amounted to 24.99 % of the voting rights in TUI AG (146,963,612 voting rights) as at that date. All voting rights were attributable to them via Unifirm Limited, Nicosia, Cyprus, in line with Section 34 of the German Securities Trading Act. In this context, Alexei A. Mordashov, Russia, notified us that the voting rights in TUI AG attributable to him fell below the 20 % threshold on 20 June 2019 and amounted to 0.00 % (0 voting rights) as at that date.

LUIS RIU AND CARMEN RIU

Luis Riu and Carmen Riu, Spain, notified us that their shareholding in TUI AG fell below the threshold of 5 % of the voting rights on 11 December 2014 for each of them and now total 3.72 % (19,854,616 voting rights) for each of them. These 3.72 % are attributable to each of them due to the joint exercise of control over RIU HOTELS S.A. and SARANJA S.L., each located at Playa de Palma, Mallorca, Spain, pursuant to Section 34 of the German Securities Trading Act (the voting rights attributable to them relate to the same shareholding).

DH DEUTSCHE HOLDINGS LIMITED

DH Deutsche Holdings Limited notified us that its shareholding in TUI AG exceeded the threshold of 5 % of the voting rights on 7 April 2020 and amounted to 5.1 % (30,040,050 voting rights) as at that date. All voting rights were attributable to the company pursuant to Section 34 of the German Securities Trading Act.

DH Deutsche Holdings Limited is indirectly controlled by Hamed El Chiaty via Lawson International Investments Ltd.

STANDARD LIFE ABERDEEN PLC

Standard Life Aberdeen Plc, Edinburgh, United Kingdom (UK), notified us that its shareholding in TUI AG fell below the threshold of 3 % of the voting rights on 7 April 2020 and amounted to 2.95 % (17,350,687 voting rights) as at that date. All voting rights were attributable to Standard Life Aberdeen Plc pursuant to Section 34 of the German Securities Trading Act. Standard Life Aberdeen Plc, also notified us on 7 April 2020 that it owned instruments (securities lending) pursuant to section 38 (1) no. 1 of the German Securities Trading Act for voting rights of 0.05 % (300,000 voting rights). In total, the company thus notified us of voting rights of 2.995 %.

BLACKROCK INC.

BlackRock Inc., Wilmington, DE, US, notified us that its shareholding in TUI AG amounted to 0.78 % (4,593,264 voting rights) of the voting rights on 29 May 2020. All voting rights were attributable to BlackRock Inc. pursuant to Section 34 of the German Securities Trading Act. BlackRock, Inc., also notified us that it owned instruments (securities lending) pursuant to Section 38 (1) no. 1 of the German Securities Trading Act for voting rights of 3.21 % (18,910,048 voting rights) and instruments (contract for difference) pursuant to Section 38 (1) no. 2 of the German Securities Trading Act for voting rights of 0.004 % (25,042 voting rights) on 29 May 2020. In total, the company thus notified us of voting rights of 3.99 %.

→ *More detailed information is available on the TUI AG's website (www.tuigroup.com).*

List of shareholdings of TUI AG pursuant to section 285 (11), (11a) and (11b) of the German Commercial Code

Company	Country	Capital Share in %	Equity in '000	Result for the year currency in '000
Consolidated related companies				
Tourism				
Absolut Holding Limited, Qormi	Malta	99.9	6,257.9	6,005 EUR
Acampora Travel S.r.l., Sorrent	Italy	100	3,112.4	1,620.3 EUR
Adehy Limited, Dublin	Ireland	100	2,133.4	–40.5 EUR
Advent Insurance PCC Limited (Absolut Cell), Qormi	Malta	100	12,689.8	1,427.5 EUR
Africa Focus Tours Namibia (Proprietary) Limited, Windhuk	Namibia	100	9,451.9	6,179.1 NAD
Antwun S.A., Clémency	Luxembourg	100	3,478.5	–33.9 EUR
ATC African Travel Concept Proprietary Limited, Kapstadt	South Africa	50.1	39,543.5	23,461.8 ZAR
ATC-Meetings and Conferences Proprietary Limited, Kapstadt	South Africa	100	26.9	41 ZAR
B.D.S Destination Services Tours, Kairo	Egypt	100	–116.4	0 EGP
BU RIUSA II EOOD, Sofia	Bulgaria	100	15	0 BGN
Cabotel-Hoteleria e Turismo Lda., Santiago	Cape Verde	100	29,202,077	3,438,655 CVE
Cassata Travel s.r.l., Cefalù (Palermo)	Italy	66	287.9	167.5 EUR
Cel Obert SL, Sant Joan de Caselles	Andorra	100	2,636	178 EUR
Chaves Hotel & Investimentos S.A., Sal-Rei, Boa Vista Island	Cape Verde	100	2,054,220.2	0 CVE
Citirama Ltd., Quatre Bornes	Mauritius	100	28,554.4	7,253.6 MUR
Club Hotel CV SA, Santa Maria	Cape Verde	100	619,338.4	–530,611.8 CVE
Club Hôtel Management Tunisia SARL, Djerba	Tunisia	100	–8,054.1	–3,279.4 TND
Cruisetour AG, Zürich	Switzerland	100	2,076.9	903.7 CHF
Crystal Holidays, Inc, Wilmington (Delaware)	United States	100	134.4	–0.8 USD
Daidalos Hotel- und Touristikunternehmen A.E., Athen	Greece	89.8	14,769.1	1,938.6 EUR
Darecko S.A., Clémency	Luxembourg	100	5,847.6	–49.3 EUR
Destination Services Morocco SA, Agadir	Morocco	100	13,449.4	–1,021.3 MAD
Destination Services Singapore Pte Limited, Singapur	Singapore	100	29,292.8	–118.7 SGD
Egyptian Germany Co. for Hotels Limited, Kairo	Egypt	66.6	556.5	481.5 EGP
Elena SL, Palma de Mallorca	Spain	100	5,096.4	0 EUR
Entreprises Hotelières et Touristiques PALADIEN Lena Mary A.E., Argolis	Greece	100	9,166.3	103.4 EUR
ETA Turizm Yatirim ve Isletmeleri A.S., Ankara [4]	Turkey	100	173,668.7	19,858.5 TRY
Evre Grup Turizm Yatirim A.Ş., Ankara	Turkey	100	17,517.2	–24 TRY
Explorers Travel Club Limited, Luton	United Kingdom	100	1,884.2	–105.3 GBP
Faberest S.r.l., Verona [4]	Italy	100	134.4	59.7 EUR
First Choice (Turkey) Limited, Luton	United Kingdom	100	5,048	22.6 EUR
First Choice Holiday Hypermarkets Limited, Luton	United Kingdom	100	0	0 GBP
First Choice Holidays & Flights Limited, Luton	United Kingdom	100	490	485 GBP
First Choice Land (Ireland) Limited, Dublin	Ireland	100	0	0 EUR
First Choice Travel Shops Limited, Luton	United Kingdom	100	0	0 GBP
FIRST Reisebüro Güttler GmbH & Co. KG, Dormagen	Germany	75.1	51.1	[2] EUR
FIRST Travel GmbH, Hannover [1]	Germany	100	25.6	0 EUR
flyloco GmbH, Rastatt [1]	Germany	100	102.3	0 EUR
Follow Coordinate Hotels Portugal Unipessoal Lda, Albufeira	Portugal	100	2,811.9	768.2 EUR
Fritidsresor Tours & Travels India Pvt Ltd, Bardez, Goa	India	100	–215.6	–66.4 INR
GBH Turizm Sanayi Isletmecilik ve Ticaret A.Ş., Istanbul	Turkey	100	23,877.8	14,795 TRY
GEAFOND Número Dos Fuerteventura S.A., Las Palmas, Gran Canaria	Spain	100	1,392.5	–2.2 EUR

Company	Country	Capital Share in %	Equity in '000	Result for the year currency in '000
GEAFOND Número Uno Lanzarote S.A., Las Palmas, Gran Canaria	Spain	100	3,467	220 EUR
Gemma Limited, Unguja	Tanzania	100	14,039,710	−361,845 TZS
German Tur Turizm Ticaret A.Ş., Izmir	Turkey	100	−55,433.8	−47,542.9 TRY
Groupement Touristique International SAS, Lille	France	100	2,154.3	−394.2 EUR
Gulliver Travel d.o.o., Dubrovnik	Croatia	100	34,038	10,342 HRK
Hannibal Tourisme et Culture SA, Tunis	Tunisia	100	99.3	105.3 TND
Hapag-Lloyd Reisebüro Hagen GmbH & Co. KG, Hannover	Germany	70	100	[2] EUR
Hellenic EFS Hotel Management E.P.E., Athen	Greece	100	6,303.9	1,776.5 EUR
Holiday Center S.A., Cala Serena / Cala d'Or	Spain	100	22,080	3,162.6 EUR
Holidays Services S.A., Agadir	Morocco	100	29,727.2	6,689.9 MAD
Iberotel International A.S., Antalya	Turkey	100	17,999.2	−25,074.9 TRY
Iberotel Otelcilik A.Ş., Istanbul	Turkey	100	22,384.2	−5,639.3 TRY
Inter Hotel SARL, Tunis	Tunisia	100	−60,293.4	0 TND
Intercruises Shoreside & Port Services Canada, Inc., Quebec	Canada	100	4,716.8	−170 CAD
Intercruises Shoreside & Port Services Pty Limited, Sydney	Australia	100	6,345.5	1,139 AUD
Intercruises Shoreside & Port Services Sam, Monaco	Monaco	100	273.8	82.6 EUR
Intercruises Shoreside & Port Services SARL, Paris	France	100	683.6	11.3 EUR
Intercruises Shoreside & Port Services, Inc., State of Delaware	United States	100	823	−1,710.8 USD
Itaria Limited, Nikosia	Cyprus	100	−368.8	−43.4 EUR
Jandia Playa S.A., Morro Jable / Fuerteventura	Spain	100	79,036.5	6,870.1 EUR
Kurt Safari Proprietary Limited, White River – Mpumalanga	South Africa	51	6,443.9	3,488.5 ZAR
Kybele Turizm Yatırım San. Ve Tic. A.Ş., Istanbul[7]	Turkey	100		
Label Tour EURL, Levallois Perret	France	100	1,240.1	84.9 EUR
Last-Minute-Restplatzreisen GmbH, Rastatt[1]	Germany	100	27.4	0 EUR
Le Passage to India Tours and Travels Pvt Ltd, New Delhi	India	91	226,820.8	38,976.3 INR
Lima Tours S.A.C., Lima	Peru	100	71,318	−1,315 PEN
Lodges & Mountain Hotels SARL, Notre Dame de Bellecombe, Savoie	France	100	−5,248.1	−444.7 EUR
l'tur GmbH, Rastatt[1]	Germany	100	758.5	0 EUR
L'TUR Suisse AG, Dübendorf / ZH	Switzerland	99.5	268.1	113.3 CHF
Lunn Poly Limited, Luton	United Kingdom	100	0	0 GBP
Luso Ds – Agência de Viagens Unipessoal Lda, Faro	Portugal	100	2,659	254.7 EUR
Magic Hotels SA, Tunis	Tunisia	100	−16,880.5	−9,195.7 TND
MAGIC LIFE Assets GmbH, Wien	Austria	100	9,583.4	9,754.5 EUR
Magic Life Egypt for Hotels LLC, Sharm el Sheikh	Egypt	100	−211,730.7	−96,167.3 EGP
Magic Tourism International S.A., Tunis	Tunisia	100	40.1	−3.4 TND
Manahe Ltd., Quatre Bornes	Mauritius	51	102,803.5	26,188.9 MUR
Marella Cruises Limited, Luton[7]	United Kingdom	100		
Medico Flugreisen GmbH, Rastatt[1]	Germany	100	127.8	0 EUR
Meetings & Events International Limited, Luton	United Kingdom	100	2,571.5	−438.7 GBP
Meetings & Events Spain S.L.U., Palma de Mallorca	Spain	100	−68	−352 EUR
Meetings & Events UK Limited, Luton	United Kingdom	100	−1,574.1	348.4 GBP
Morvik EURL, Bourg Saint Maurice[5]	France	100	−1,701.7	−88 EUR
Musement S.p.A., Mailand[4]	Italy	100	−4,444.2	−10,210.3 EUR
MX RIUSA II S.A. de C.V., Cabo San Lucas	Mexico	100	7,420,339.3	862,961.8 MXN
Nazar Nordic AB, Malmö	Sweden	100	61,061.7	−154.9 SEK
Nordotel S.A., San Bartolomé de Tirajana	Spain	100	93,600.5	1,524.9 EUR

Company	Country	Capital Share in %	Equity in '000	Result for the year currency in '000
Nouvelles Frontières Senegal S.R.L., Dakar	Senegal	100	930,536.3	124,900.8 XOF
Nungwi Limited, Sansibar	Tanzania	100	60,209,232.9	763,808.9 TZS
Ocean College LLC, Sharm el Sheikh	Egypt	100	10,334.3	–2,694.8 EGP
Ocean Ventures for Hotels and Tourism Services SAE, Sharm el Sheikh	Egypt	98	–6,045.4	0 EGP
Pacific World (Beijing) Travel Agency Co., Ltd., Peking	China	100	–1,856.1	–913 CNY
Pacific World (Shanghai) Travel Agency Co. Limited, Shanghai	China	100	14,376.2	1,419.6 CNY
Pacific World Destination East Sdn. Bhd., Penang	Malaysia	65	48,013.7	2,617.5 MYR
Pacific World Meetings & Events (Thailand) Limited, Bangkok[6]	Thailand	49	–21,088.5	–21,120 THB
Pacific World Meetings & Events Hellas Travel Limited, Athen	Greece	100	–9.6	–5.9 EUR
Pacific World Meetings & Events Hong Kong, Limited, Hongkong	Hong Kong	100	8,427.6	–1,131.3 HKD
Pacific World Meetings & Events SAM, Monaco	Monaco	100	99.6	–257.3 EUR
Pacific World Meetings & Events Singapore Pte. Ltd, Singapur	Singapore	100	4,966	–103.7 SGD
Pacific World Meetings and Events France SARL, Nizza	France	100	232.9	–238.4 EUR
Pacific World Travel Services Company Limited, Ho Chi Minh City	Vietnam	90	22,932,926.5	9,678,630.4 VND
Papirüs Otelcilik Yatırım Turizm Seyahat İnşaat Ticaret A.Ş., Antalya	Turkey	100	22,712.1	2,455.8 EUR
Paradise Hotel Management Company LLC, Kairo	Egypt	100	641.1	54.3 EGP
PATS N.V., Oostende	Belgium	100	832.2	1.3 EUR
Professor Kohts Vei 108 AS, Stabekk	Norway	100	23,502.1	25,279.2 NOK
Promociones y Edificaciones Chiclana S.A., Palma de Mallorca	Spain	100	2,727	112.3 EUR
PT. Pacific World Nusantara, Bali	Indonesia	100	17,695,395	–1,022,621.1 IDR
RC Clubhotel Cyprus Limited, Limassol	Cyprus	100	–2.8	–4.1 EUR
RCHM S.A.S., Agadir	Morocco	100	7,449.6	16,962.9 MAD
Rideway Investments Limited, London	United Kingdom	100	–6.3	0 GBP
Riu Jamaicotel Ltd., Negril	Jamaica	100	21,772,687.3	4,675,644.7 JMD
Riu Le Morne Ltd, Port Louis	Mauritius	100	2,107,689.8	103,410.1 JMD
RIUSA II S.A., Palma de Mallorca[6]	Spain	50	928,248	148,233 EUR
RIUSA NED B.V., Amsterdam	Netherlands	100	179,567.4	648.8 USD
Robinson Austria Clubhotel GmbH, Villach-Landskron	Austria	100	12,737.2	319.4 EUR
Robinson Club GmbH, Hannover[1]	Germany	100	30,658.5	0 EUR
Robinson Club Italia S.p.A., Marina di Ugento	Italy	100	20,162.9	1,032.3 EUR
Robinson Club Maldives Private Limited, Malé	Maldives	100	–19,358.4	–5,093.9 USD
Robinson Clubhotel Turizm Ltd. Sti., Istanbul	Turkey	100	104,649.4	37,587.5 TRY
Robinson Hoteles España S.A., Cala d'Or	Spain	100	3,183.5	399.4 EUR
Robinson Hotels Portugal S.A., Vila Nova de Cacela	Portugal	67	12,293.4	1,507.2 EUR
Robinson Otelcilik A.Ş., Istanbul	Turkey	100	50,469.2	17,316.2 TRY
Santa Maria Hotels SA, Santa Maria	Cape Verde	100	0	CVE
SERAC Travel GmbH, Zermatt	Switzerland	100	46.2	–3.1 CHF
Silversun Monitor Proprietary Limited, Kapstadt	South Africa	85	–83.4	–1,227.5 ZAR
Skymead Leasing Limited, Luton	United Kingdom	100	0	0 GBP
Société d'Exploitation du Paladien Marrakech SA, Marrakesch	Morocco	100	–111.8	0 EUR
Société d'Investissement Aérien S.A., Casablanca	Morocco	100	37,896.4	59,319.9 MAD
Société d'Investissement et d'Exploration du Paladien de Calcatoggio (SIEPAC), Montreuil	France	100	3,514.5	179.5 EUR
Société d'investissement hotelier Almoravides S.A., Marrakesch	Morocco	100	–62,158.6	–19,195.1 MAD

Company	Country	Capital Share in %	Equity in '000	Result for the year currency in '000
Société Marocaine pour le Developpement des Transports Touristiques S.A., Agadir	Morocco	100	18,641	3,820.8 MAD
Sons of South Sinai for Tourism Services and Supplies SAE, Sharm el Sheikh	Egypt	84.1	–1,684.6	0 EGP
Specialist Holidays, Inc., Mississauga, Ontario	Canada	100	745.8	–142.4 CAD
Stella Polaris Creta A.E., Heraklion	Greece	100	13,655.7	–108.4 EUR
STIVA RII Ltd., Dublin	Ireland	100	10,836.9	1,427.4 USD
Summer Times International Ltd., Quatre Bornes	Mauritius	100	0	0 MUR
Summer Times Ltd., Quatre Bornes	Mauritius	100	1,591.9	1,237.1 MUR
Sunshine Cruises Limited, Luton	United Kingdom	100	3,978	–113 GBP
Tantur Turizm Seyahat A.Ş., Istanbul	Turkey	100	207,665.1	72,192.1 TRY
TdC Agricoltura Società agricola a r.l., Florenz	Italy	100	228.7	–698.2 EUR
Tec4Jets NV, Zaventem	Belgium	100	7,996.4	139.4 EUR
Tenuta di Castelfalfi S.p.A., Florenz	Italy	100	27,365.6	–9,491.6 EUR
Thomson Reisen GmbH, St. Johann	Austria	100	–1,169.6	29.1 EUR
Thomson Travel Group (Holdings) Limited, Luton	United Kingdom	100	11,068	–111 GBP
TICS GmbH Touristische Internet und Call Center Services, Rastatt [1]	Germany	100	25	0 EUR
TLT Reisebüro GmbH, Hannover [4]	Germany	100	10,513.3	–6.3 EUR
TLT Urlaubsreisen GmbH, Hannover [1]	Germany	100	27.1	0 EUR
Transfar – Agencia de Viagens e Turismo Lda., Faro	Portugal	100	25,231.7	647.9 EUR
Travel Choice Limited, Luton	United Kingdom	100	33,538.7	0 GBP
Travel Guide With Offline Maps B.V., Amsterdam	Netherlands	100	1,280.4	–89.1 EUR
TT Hotels Italia S.R.L., Rom	Italy	100	–598.4	–413.2 EUR
TT Hotels Turkey Otel Hizmetleri Turizm ve ticaret A.Ş., Antalya	Turkey	100	801,292.5	31,690.2 TRY
TUI (Suisse) AG, Zürich	Switzerland	100	31,371.7	7,060.5 CHF
TUI 4 U GmbH, Bremen [1]	Germany	100	153.4	0 EUR
TUI Airlines Belgium N.V., Oostende	Belgium	100	–31,164.9	–74,559.5 EUR
TUI Airlines Nederland B.V., Rijswijk	Netherlands	100	31,423	–12,192 EUR
TUI Airways Limited, Luton	United Kingdom	100	766,000	–5,000 GBP
TUI aqtiv GmbH, Hannover [1]	Germany	100	197.7	0 EUR
TUI Austria Holding GmbH, Wien	Austria	100	56,657.2	1,480.3 EUR
TUI Belgium NV, Oostende	Belgium	100	320,365.3	15,694.6 EUR
TUI Belgium Real Estate N.V., Brüssel	Belgium	100	8,477.5	838.4 EUR
TUI Belgium Retail N.V., Zaventem	Belgium	100	38,682.3	8,673.1 EUR
TUI BLUE AT GmbH, Schladming	Austria	100	11,715.9	–375.8 EUR
TUI Bulgaria EOOD, Varna	Bulgaria	100	7,296	–380 BGN
TUI Curaçao N.V., Curaçao	Country of Curaçao	100	1,160.8	269.5 ANG
TUI Customer Operations GmbH, Hannover [1]	Germany	100	85.2	0 EUR
TUI Cyprus Limited, Nikosia	Cyprus	100	10,638.5	–3,098 EUR
TUI Danmark A/S, Kopenhagen	Denmark	100	85,222	–3,806 DKK
TUI Destination Experiences Costa Rica SA, San José	Costa Rica	100	1,839,479.3	323,473.6 CRC
TUI Destination Services Cyprus, Nikosia	Cyprus	100	1,203.8	[2] EUR
TUI Deutschland GmbH, Hannover [1]	Germany	100	66,643.3	0 EUR
TUI Dominicana SAS, Higuey	Dominican Republic	100	302,785.2	102,611.3 DOP
TUI DS USA, Inc, Wilmington (Delaware)	United States	100	152.9	139.7 USD

Company	Country	Capital Share in %	Equity in '000	Result for the year currency in '000
TUI España Turismo SL, Palma de Mallorca	Spain	100	77,162,000	5,320 EUR
TUI Finland Oy Ab, Helsinki	Finland	100	12,381.2	621.7 EUR
TUI France SA, Nanterre	France	100	–269,101.4	–115,368.7 EUR
TUI Hellas Travel Tourism and Airlines A.E., Athen	Greece	100	10,582.3	–1,172.1 EUR
TUI Holding Spain S.L., Palma de Mallorca	Spain	100	78,701	6,236 EUR
TUI Hotel Betriebsgesellschaft mbH, Hannover [1]	Germany	100	25	0 EUR
TUI Ireland Limited, Luton	United Kingdom	100	19,463	3,548 GBP
TUI Italia S.r.l., Fidenza	Italy	100	799.5	–4,689.4 EUR
TUI Jamaica Limited, Montego Bay	Jamaica	100	470.8	196.1 USD
TUI Magic Life GmbH, Hannover [1]	Germany	100	25	0 EUR
TUI Malta Limited, Pieta	Malta	100	297.7	–240.2 EUR
TUI Mexicana SA de CV, Mexico	Mexico	100	160,179.8	52,443.1 MXN
TUI Nederland Holding N.V., Rijswijk	Netherlands	100	121,672	–7,458 EUR
TUI Nederland N.V., Rijswijk	Netherlands	100	72,498	4,601 EUR
TUI Nordic Holding AB, Stockholm	Sweden	100	4,068,196	3 SEK
TUI Norge AS, Stabekk	Norway	100	123,580	14,378.8 NOK
TUI Northern Europe Limited, Luton	United Kingdom	100	25,000	12,000 GBP
TUI Norway Holding AS, Stabekk	Norway	100	812,890.3	13,938.5 NOK
TUI Österreich GmbH, Wien	Austria	100	14,083	1,598.2 EUR
TUI Pension Scheme (UK) Limited, Luton	United Kingdom	100	0	0 GBP
TUI Poland Dystrybucja Sp. z o.o., Warschau	Poland	100	30,846.8	22,737.9 PLN
TUI Poland Sp. z o.o., Warschau	Poland	100	36,169.6	11,441.1 PLN
TUI PORTUGAL – Agencia de Viagens e Turismo S.A., Faro	Portugal	100	40,988.2	3,810.2 EUR
TUI Reisecenter Austria Business Travel GmbH, Wien	Austria	74.9	3,935.4	516.8 EUR
TUI Service AG, Altendorf	Switzerland	100	10,393.8	1,627.8 CHF
TUI Suisse Retail AG, Zürich	Switzerland	100	11,381.5	1,036.7 CHF
TUI Sverige AB, Stockholm	Sweden	100	1,819,989	–137,477 SEK
TUI Technology NV, Zaventem	Belgium	100	16,254.1	2,359.9 EUR
TUI Travel Distribution N.V., Oostende	Belgium	100	869.7	104.9 EUR
TUI UK Italia Srl, Turin	Italy	100	1,985	34.2 EUR
TUI UK Limited, Luton	United Kingdom	100	797,000	132,000 GBP
TUI UK Retail Limited, Luton	United Kingdom	100	186,000	–27,000 GBP
TUI UK Transport Limited, Luton	United Kingdom	100	62,359	131,782 GBP
TUIfly GmbH, Langenhagen [1]	Germany	100	89,144.1	0 EUR
TUIfly Nordic AB, Stockholm	Sweden	100	157,149	75,917 SEK
TUIfly Vermarktungs GmbH, Hannover [1]	Germany	100	40.9	0 EUR
Tunisie Investment Services Holding S.A., Tunis	Tunisia	100	–3,817.1	71.4 TND
Tunisie Voyages S.A., Tunis	Tunisia	100	–3,513.3	9,354.3 TND
Tunisotel S.A.R.L., Tunis	Tunisia	100	257.8	–58.3 TND
Turcotel Turizm A.Ş., Istanbul	Turkey	100	72,405.5	–84,198.7 TRY
Turkuaz Insaat Turizm A.Ş., Ankara	Turkey	100	18,979	–49,765.5 TRY
Ultramar Express Transport S.A., Palma de Mallorca	Spain	100	32,049	8,719 EUR
WOT Hotels Adriatic Management d.o.o., Zagreb	Croatia	51	154	219.1 HRK
Zanzibar Beach Village Limited, Sansibar	Tanzania	100	86,746,949.2	7,588,230.2 TZS

Company	Country	Capital Share in %	Equity in '000	Result for the year currency in '000
All other segments				
Absolut Insurance Limited, St. Peter Port	Guernsey	100	10,904	4,111.2 GBP
Canadian Pacific (UK) Limited, Luton	United Kingdom	100	–410	0 GBP
Cast Agencies Europe Limited, Luton	United Kingdom	100	–20,310	0 USD
CP Ships (Bermuda) Ltd., Hamilton	Bermuda	100	10,936	–654 USD
CP Ships (UK) Limited, Luton	United Kingdom	100	46,912	8,215 USD
CP Ships Ltd., Saint John	Canada	100	0.6	–95.1 CAD
DEFAG Beteiligungsverwaltungs GmbH I, Hannover [1]	Germany	100	525,025	0 EUR
DEFAG Beteiligungsverwaltungs GmbH III, Hannover [1]	Germany	100	250,025	0 EUR
Europa 2 Ltd, Valletta	Malta	100	19.1	3.2 EUR
First Choice Holidays Finance Limited, Luton	United Kingdom	100	55,038	32,436 GBP
First Choice Holidays Limited, Luton	United Kingdom	100	14,321	70 GBP
First Choice Olympic Limited, Luton	United Kingdom	100	–451	0 GBP
Hapag-Lloyd (Bahamas) Limited, Nassau	Bahamas	100	6,187.7	126.8 EUR
Jetset Group Holding (Brazil) Limited, Luton	United Kingdom	100	0	0 GBP
Jetset Group Holding Limited, Luton	United Kingdom	100	0	0 GBP
Leibniz-Service GmbH, Hannover [1]	Germany	100	27	0 EUR
Mala Pronta Viagens e Turismo Ltda., Curitiba	Brazil	100	6,909.4	–983 BRL
Manufacturer's Serialnumber 852 Limited, Dublin	Ireland	100	686.6	–5.2 USD
MSN 1359 GmbH, Hannover [1]	Germany	100	25	0 EUR
PM Peiner Maschinen GmbH, Hannover	Germany	100	2,707.2	–741.1 EUR
Preussag Beteiligungsverwaltungs GmbH IX, Hannover [1]	Germany	100	105,025	0 EUR
Sovereign Tour Operations Limited, Luton	United Kingdom	100	0	0 GBP
Thomson Airways Trustee Limited, Luton	United Kingdom	100	0	0 GBP
travel-Ba.Sys GmbH & Co KG, Mülheim an der Ruhr	Germany	83.5	1,499.8	[2] EUR
TUI Ambassador Tours Unipessoal Lda, Lissabon	Portugal	100	816.8	–1,007.3 EUR
TUI Aviation GmbH, Hannover [1]	Germany	100	25	0 EUR
TUI Aviation Holding GmbH, Hannover [1]	Germany	100	25	0 EUR
TUI Aviation Services Limited, Luton [7]	United Kingdom	100		
TUI Beteiligungs GmbH, Hannover [1]	Germany	100	202,012.3	0 EUR
TUI Brasil Operadora e Agencia de Viagens LTDA, Curitiba	Brazil	100	–404.2	–6,083.3 BRL
TUI Business Services GmbH, Hannover [1]	Germany	100	25	0 EUR
TUI Canada Holdings, Inc, Toronto	Canada	100	397,355.4	3,128.7 CAD
TUI Chile Operador y Agencia de Viajes SpA, Santiago	Chile	100	6,503.5	–48,931.8 CLP
TUI China Travel CO. Ltd., Peking	China	75	9,031.2	13,898.8 CNY
TUI Colombia Operadora y Agencia de Viajes SAS, Bogota	Colombia	100	–1,161,830.6	–150,259.3 COP
TUI Group Fleet Finance Limited, Luton	United Kingdom	100	44,571	26,136 EUR
TUI Group Services GmbH, Hannover [1]	Germany	100	18,146.3	0 EUR
TUI Group UK Healthcare Limited, Luton	United Kingdom	100	0	0 GBP
TUI Group UK Trustee Limited, Luton	United Kingdom	100	0	0 GBP
TUI Immobilien Services GmbH, Hannover [1]	Germany	100	73,958.2	0 EUR
TUI India Private Limited, New Delhi	India	100	–378,003.8	–227,699.5 INR
TUI InfoTec GmbH, Hannover [1]	Germany	100	12,863.3	0 EUR
TUI Insurance Services GmbH, Hannover [1]	Germany	100	30.9	0 EUR

Company	Country	Capital Share in %	Equity in '000	Result for the year currency in '000
TUI International Holiday (Malaysia) Sdn. Bhd., Kuala Lumpur	Malaysia	100	– 2,898.6	– 4,398.6 MYR
TUI Leisure Travel Service GmbH, Neuss [1]	Germany	100	103	0 EUR
TUI LTE Viajes S.A de C.V, Mexico City	Mexico	100	2,284.9	4,948.1 MXN
TUI Spain, SLU, Madrid	Spain	100	13,739.4	– 18,864.9 EUR
TUI Travel Amber E&W LLP, Luton	United Kingdom	100	0	0 GBP
TUI Travel Aviation Finance Limited, Luton	United Kingdom	100	160,285	50,215 USD
TUI Travel Common Investment Fund Trustee Limited, Luton	United Kingdom	100	0	0 GBP
TUI Travel Group Management Services Limited, Luton	United Kingdom	100	0	0 GBP
TUI Travel Group Solutions Limited, Luton	United Kingdom	100	93,688	– 1,817 GBP
TUI Travel Holdings Limited, Luton	United Kingdom	100	724,173	159,481 GBP
TUI Travel Limited, Luton	United Kingdom	100	601,169	– 12,708 GBP
TUI Travel Overseas Holdings Limited, Luton	United Kingdom	100	151,957	– 1,276 GBP
TUI-Hapag Beteiligungs GmbH, Hannover [1]	Germany	100	25	0 EUR
Non-consolidated Group companies				
Tourism				
"Schwerin Plus" Touristik-Service GmbH, Schwerin [1]	Germany	80	33.4	0 EUR
Ambassador Tours S.A., Barcelona	Spain	100	– 1,036	– 1 EUR
FIRST Reisebüro Güttler Verwaltungs GmbH, Hannover	Germany	75	28.3	– 1.6 EUR
Gebeco Verwaltungsgesellschaft mbH, Kiel	Germany	50.2	40.9	6.9 EUR
Hapag-Lloyd Reisebüro Hagen Verwaltungs GmbH, Hannover	Germany	70	17.1	– 1.4 EUR
HV Finance SAS, Levallois Perret	France	100	– 191.4	– 6 EUR
L'TUR Polska Sp.z o.o., Stettin	Poland	100	289.2	15.1 PLN
L'TUR SARL, Schiltigheim	France	100	46.7	11.7 EUR
New Eden S.A., Marrakesch	Morocco	100	38.5	– 38.7 MAD
Società Consortile a r.l. Tutela dei Viaggiatori TUI Italia, Fidenza (Pr)	Italy	100	9.6	0 EUR
Société de Gestion du resort Al Baraka, Marrakesch	Morocco	100	– 26,611.7	– 10,187.2 MAD
T-Développement SAS, Levallois Perret [3]	France	100	8.7	– 3.2 EUR
Triposo GmbH i.L., Berlin	Germany	100	190	12.7 EUR
TUI 4 U Poland sp.zo.o., Warschau	Poland	100	1,686.7	220.5 PLN
TUI BLUE DE GmbH, Hannover	Germany	100	0	0 EUR
TUI d.o.o., Maribor	Slovenia	100	15.9	– 0.5 EUR
TUI Magyarország Utazasi Iroda Kft., Budapest	Hungary	100	29,392	9,016 HUF
TUI Reisecenter GmbH, Salzburg	Austria	100	27.3	– 3.8 EUR
TUI ReiseCenter Slovensko s.r.o., Bratislava	Slovakia (Slovak Republic)	100	102.3	21.8 EUR
TUI Travel Cyprus Limited, Nikosia	Cyprus	100	0	0 EUR
TUIFly Academy Brussels, Zaventem	Belgium	100	553	– 13.4 EUR
All other segments				
Bergbau Goslar GmbH, Goslar	Germany	100	3,190.2	101.7 EUR
travel-Ba.Sys Beteiligungs GmbH, Mülheim an der Ruhr	Germany	83.5	42.9	– 0.1 EUR

Company	Country	Capital Share in %	Equity in '000	Result for the year currency in '000
Companies measured at equity				
Tourism				
Abou Soma for Hotels S.A.E., Giza	Egypt	16.7	14,056.8	2,030.4 EGP
Ahungalla Resorts Limited, Colombo	Sri Lanka	40	3,391,988.8	–351,392.1 LKR
Aitken Spence Travels (Private) Limited, Colombo	Sri Lanka	50	1,794,776	867,646.8 LKR
Alpha Tourism and Marketing Services Ltd., Port Louis	Mauritius	25	8,748.3	5,505.5 USD
ARP Africa Travel Limited, Harrow	United Kingdom	25	2,243.9	1,446 GBP
Atlantica Hellas A.E., Rhodos	Greece	50	66,848.3	3,969.7 EUR
Atlantica Hotels and Resorts Limited, Lemesos	Cyprus	49.9	36,956.6	10,353.6 EUR
Bartu Turizm Yatirimlari Anonim Sirketi, Istanbul	Turkey	50	–61,696.9	–226,768 TRY
Clubhotel Kleinarl GmbH & Co KG, Flachau	Austria	24	8,954.2	[2] EUR
Corsair SA, Rungis	France	25	–7,293.7	–45,837.3 EUR
Daktari Travel & Tours Ltd., Limassol	Cyprus	33.3	776.4	283.6 EUR
DER Reisecenter TUI GmbH, Dresden	Germany	50	1,937.1	72.2 EUR
Diamondale Limited, Dublin	Ireland	27	0	0 EUR
ENC for touristic Projects Company S.A.E., Sharm el Sheikh	Egypt	50	72,500.1	24,500.1 EGP
Etapex, S.A., Agadir	Morocco	35	232,221.4	48,890.3 MAD
Fanara Residence for Hotels S.A.E., Sharm el Sheikh	Egypt	50	3,360.8	–5,109.2 EGP
Gebeco Gesellschaft für internationale Begegnung und Cooperation mbH & Co. KG, Kiel	Germany	50.1	5,856.8	[2] EUR
GRUPOTEL DOS S.A., Can Picafort	Spain	50	90,858.2	14,399.9 EUR
Ha Minh Ngan Company Limited, Hanoi	Vietnam	50	898,697,244.6	–1,055,551 VND
Holiday Travel (Israel) Limited, Airport City	Israel	50	10,367	350 ILS
Hydrant Refuelling System NV, Brüssel	Belgium	25	2,809.6	1,104.5 EUR
InteRes Gesellschaft für Informationstechnologie mbH, Darmstadt	Germany	25.2	656.8	–326.3 EUR
Interyachting Limited, Limassol	Cyprus	45	–457.3	–35.3 EUR
Jaz Hospitality Services DMCC, Dubai	United Arab Emirates	50	2,564.1	552.1 EUR
Jaz Hotels & Resorts S.A.E., Kairo	Egypt	51	58,465.6	53,647 EGP
Kamarayat Nabq Company for Hotels S.A.E., Sharm el Sheikh	Egypt	50	73,445.9	14,045.9 EGP
Karisma Hotels Adriatic d.o.o., Zagreb	Croatia	33.3	104,080	–4,396 HRK
Karisma Hotels Caribbean S.A., Panama	Panama	50	41,469.4	2,684.3 USD
Pollman's Tours and Safaris Limited, Mombasa	Kenya	25	583,772.1	168,297.2 KES
Raiffeisen-Tours RT-Reisen GmbH, Burghausen	Germany	25.1	4,011.7	2,535.3 EUR
Ranger Safaris Ltd., Arusha	Tanzania	25	7,149,854	1,781,529 TZS
Riu Hotels S.A., Palma de Mallorca	Spain	49	563,082	56,373 EUR
Sharm El Maya Touristic Hotels Co. S.A.E., Kairo	Egypt	50	97,409.9	12,512.8 EGP
Südwest Presse + Hapag-Lloyd Reisebüro GmbH & Co.KG, Ulm	Germany	50	100	[2] EUR
Sun Oasis for Hotels Company S.A.E., Hurghada	Egypt	50	476,630.9	258,275.2 AED
Sunwing Travel Group, Inc, Toronto	Canada	49	477,504.8	–59,220.3 CAD
Teckcenter Reisebüro GmbH, Kirchheim unter Teck	Germany	50	772.6	260.7 EUR
Tikida Bay S.A., Agadir	Morocco	34	174,570.4	9,511.2 MAD
TIKIDA DUNES S.A., Agadir	Morocco	30	360,656.2	16,256.1 MAD

Company	Country	Capital Share in %	Equity in '000	Result for the year currency in '000
Tikida Palmeraie S.A., Marrakesch	Morocco	33.3	145,293.6	4,702.5 MAD
Togebi Holdings Limited, Nikosia	Cyprus	10	–195,902.9	–107,694.4 USD
Travco Group Holding S.A.E., Kairo	Egypt	50	77,063.9	60,563.9 EGP
TRAVELStar GmbH, Hannover	Germany	50	1,203.7	703.7 EUR
TRAVELStar Touristik GmbH & Co. OHG, Wien	Austria	50	81.6	[2] EUR
TUI Cruises GmbH, Hamburg	Germany	50	734,505.1	434,285.1 EUR
UK Hotel Holdings FZC L.L.C., Fujairah	United Arab Emirates	50	130,103	3,502 AED
Vitya Holding Co. Ltd., Takua, Phang Nga Province	Thailand	47.5	–389,503	–16,865.8 THB
WOT Hotels Adriatic Asset Company d.o.o., Tučepi	Croatia	50	169,011	–1,238 HRK
All other segments				
.BOSYS SOFTWARE GMBH, Hamburg	Germany	25.2	310.7	373.2 EUR
Other companies				
Tourism				
Belgian Travel Network cvba, Sint-Martens-Latem	Belgium	50	405.3	133.9 EUR
Bonitos Verwaltungs GmbH, Frankfurt am Main	Germany	50	770.9	–14.7 EUR
Clubhotel Kleinarl GmbH, Flachau	Austria	24	58.8	3.1 EUR
Südwest Presse + Hapag-Lloyd Reisebüro Verwaltungs GmbH, Ulm	Germany	50	21.3	–0.1 EUR
All other segments				
Elevator-Gesellschaft mit beschränkter Haftung, Hannover	Germany	50	96.7	–13.9 EUR

1 Profit and loss transfer agreement with parent company.
2 Result for the year is attributable to the shareholder accounts.
3 Short financial year 1 November 2018 – 30 Sep 2019
4 Short financial year 1 Jan – 30 Sep 2019
5 Short financial year 1 December 2018 – 30 Sep 2019
6 Entrepreneurial management.
7 Data not available.

27 companies are not included in the list of shareholdings according to section 286 (3) sentence 1 of the German Commercial Code.

Disclosure pursuant to Section 285 (11a) of the German Commercial Code of participations in partnerships as general partner in the TUI Group as of 30 September 2020

NAME AND DOMICILE OF COMPANY	NAME AND DOMICILE OF GENERAL PARTNERS
Clubhotel Kleinarl GmbH & Co KG, Flachau	Clubhotel Kleinarl GmbH, Flachau
FIRST Reisebüro Güttler GmbH & Co. KG, Dormagen	FIRST Reisebüro Güttler Verwaltungs GmbH, Hannover
Gebeco Gesellschaft für internationale Begegnung und Cooperation mbH & Co. KG, Kiel	Gebeco Verwaltungsgesellschaft mbH, Kiel
Hapag-Lloyd Reisebüro Hagen GmbH & Co. KG, Hannover	Hapag-Lloyd Reisebüro Hagen Verwaltungs GmbH, Hannover
Südwest Presse + Hapag-Lloyd Reisebüro GmbH & Co.KG, Ulm	Südwest Presse + Hapag-Lloyd Reisebüro Verwaltungs GmbH, Ulm
travel-Ba.Sys GmbH & Co KG, Mülheim an der Ruhr	travel-Ba.Sys Beteiligungs GmbH, Mülheim an der Ruhr

Exchange rates

Exchange rates

Currency	ISO Code	Euro average exchange rate 1 Euro =
United Arab Emirates Dirham	AED	4.31
Afghanistan Afghani	AFN	90.29
Albanian Lek	ALL	124.85
Armenian Dram	AMD	575.49
Netherlands Antillean Guilder	ANG	2.11
Angolan Kwanza	AOA	749.50
Argentine Peso	ARS	89.65
Australian Dollar	AUD	1.65
Aruba Guilder	AWG	2.13
Azerbaijani New Manat	AZN	2.00
Barbadian Dollar	BBD	2.35
Bangladesh Taka	BDT	99.24
Bulgarian Lev	BGN	1.96
Bahraini Dinar	BHD	0.44
Burundi Franc	BIF	2,297.12
Bermudian Dollar	BMD	1.17
Brunei Dollar	BND	1.61
Bolivian Boliviano	BOB	8.11
Brazilian Real	BRL	6.62
Bahamas Dollar	BSD	1.17
Botswanan Pula	BWP	13.60
Belizean Dollar	BZD	2.37
Canadian Dollar	CAD	1.57
Congolese Franc	CDF	2,312.03
Swiss Franc	CHF	1.08
Chilean Peso	CLP	924.72
Chinese Yuan Renminbi	CNY	8.01
Colombian Peso	COP	4,564.31
Costa Rican Colon	CRC	707.47
Serbian Dinar	CSD	116.18
Convertible Cuban Peso	CUC	1.17
Cuban Peso	CUP	31.12
Cape Verde Escudo	CVE	110.27
Czech Crown	CZK	27.17
Djiboutian Franc	DJF	209.71
Danish Krone	DKK	7.45
Dominican Republic Peso	DOP	68.52
Algerian Dinar	DZD	151.72
Egyptian Pound	EGP	18.51
Ethiopian Birr	ETB	43.41
Euro	EUR	1.00
Fijian Dollar	FJD	2.51
British Pound Sterling	GBP	0.91
Georgian Lari	GEL	3.76
Ghana Cedi	GHC	68,666.48
Gibraltar Pound	GIP	0.91
Gambian Dalasi	GMD	61.66
Guinean Franc	GNF	11,538.46
Guatemalan Quetzal	GTQ	9.14

Exchange rates

Currency	ISO Code	Euro average exchange rate 1 Euro =
Guyanese Dollar	GYD	246.98
Hong Kong Dollar	HKD	9.10
Honduras Lempira	HNL	29.21
Croatian Kuna	HRK	7.55
Haitian Gourde	HTG	79.04
Hungarian Forint	HUF	364.72
Indonesian Rupiah	IDR	17,491.78
Israel Shekel	ILS	4.05
Indian Rupee	INR	86.62
Iraqi Dinar	IQD	1,389.16
Iranian Rial	IRR	49,501.79
Iceland Krona	ISK	161.99
Jamaican Dollar	JMD	166.11
Jordanian Dinar	JOD	0.83
Japanese Yen	JPY	124.14
Kenyan Shilling	KES	127.38
Kyrgyzstan Som	KGS	94.54
South Korean Won	KRW	1,372.66
Kuwaiti Dinar	KWD	0.36
Kazakhstan Tenge	KZT	508.51
Laotian Kip	LAK	10,872.58
Lebanese Pound	LBP	1,775.92
Sri Lanka Rupee	LKR	217.48
Liberian Dollar	LRD	235.95
Libyan Dinar	LYD	1.63
Moroccan Dirham	MAD	10.86
Moldovan Leu	MDL	19.81
Madagascar Ariary	MGA	4,584.76
Macedonian Denar	MKD	61.70
Myanmar Kyat	MMK	1,562.47
Mongolian Tugrik	MNT	3,362.71
Macau Pataca	MOP	9.37
Mauritanian Ouguiya	MRO	421.61
Mauritius Rupee	MUR	46.79
Maldives Rufiyaa	MVR	18.15
Malawian Kwacha	MWK	897.24
Mexican Peso	MXN	26.41
Malaysian Ringgit	MYR	4.88
Mozambique New Metical	MZM	85,742.81
Namibia Dollar	NAD	19.84
Nigerian Naira	NGN	447.56
Nicaraguan Cordoba	NIO	41.05
Norwegian Kroner	NOK	11.06
Nepalese Rupee	NPR	138.82
New Zealand Dollar	NZD	1.78
Omani Rial	OMR	0.45
Panamian Balboa	PAB	1.17
Peruvian New Sol	PEN	4.23
Papua New Guinea Kina	PGK	4.16

Exchange rates

Currency	ISO Code	Euro average exchange rate 1 Euro =
Philippines Peso	PHP	56.82
Pakistani Rupee	PKR	195.17
Polish Zloty	PLN	4.53
Paraguay Guarani	PYG	8,208.46
Qatari Rial	QAR	4.28
Romania New Leu	RON	4.87
Russian Rouble	RUB	92.91
Rwandan Franc	RWF	1,146.21
Saudi Riyal	SAR	4.40
Seychelles Rupee	SCR	21.11
Swedish Krona	SEK	10.53
Singapore Dollar	SGD	1.61
Sierra Leone Leone	SLL	11,615.91
Somali Shilling	SOS	690.55
Sao Tome & Principe Dobra	STD	24.54
El Salvador Colon	SVC	10.28
Soloman Island Dollars	SBD	9.43
Syrian Pound	SYP	601.48
Thai Baht	THB	37.12
Tunisian Dinnar	TND	3.23
Tonga Pa'anga	TOP	2.71
Turkish New Lira	TRY	9.18
Trinidad & Tobago Dollar	TTD	8.01
Taiwan Dollar	TWD	34.07
Tanzanian Shilling	TZS	2,724.82
Ukrainian Hryvnia	UAH	33.28
Ugandan Shilling	UGX	4,367.00
United States Dollar	USD	1.17
Uruguayan Peso	UYU	49.91
Uzbekistani Soum	UZS	12,124.39
Venezuelan Bolivar Fuerte	VEF	11.73
Vietnamese Dong	VND	27,235.47
Vanuatu Vatu	VUV	133.30
Samoa Tala	WST	3.08
CFA Franc BEAC	XAF	665.91
East Caribbean Dollar	XCD	3.18
IMF Special Drawing Rights	XDR	0.83
CFA Franc BCEAO	XOF	655.96
French Pacific Franc	XPF	122.06
Yemeni Rial	YER	294.86
South African Rand	ZAR	19.91
Zambian Kwacha	ZMK	23.55
Zimbabwean Dollar	ZWD	425.01

Supervisory Board and Executive Board

TUI AG Supervisory Board

Name	Function/Occupation	Location
Dr. Dieter Zetsche	Chairman of the Supervisory Board of TUI AG	Stuttgart
Frank Jakobi[1]	Deputy Chairman of the Supervisory Board of TUI AG	Hamburg
	Travel Agent	
Peter Long	Deputy Chairman of the Supervisory Board of TUI AG	Kent
	Chairman Countrywide PLC	
Ingrid-Helen Arnold	President, SAP Business Data Network	Walldorf
Andreas Barczewski[1]	Aircraft Captain	Hanover
Peter Bremme[1]	Regional Head of the Special Service Division of ver.di – Vereinte Dienstleistungsgewerkschaft	Hamburg
Prof. Dr. Edgar Ernst	President of Deutsche Prüfstelle für Rechnungslegung DPR e.V.	Bonn
Wolfgang Flintermann[1]	Group Director Financial Accounting & Reporting, TUI AG	Großburgwedel
María Garaña Corces	Vice President Professional Services, Europe, Middle East and Africa, Adobe Inc.	London
Angelika Gifford	Vice President Central Region, Facebook Inc.	Berlin
Valerie Gooding	Member of supervisory bodies in different companies	London
Stefan Heinemann[1]	Product Owner Disposition & Maintenance, IMSD Aviation, TUI InfoTec GmbH	Hanover
Dr. Dierk Hirschel[1]	Business unit manager of the trade union ver.di – Vereinte Dienstleistungsgewerkschaft	Berlin
Janis Kong	Member of supervisory bodies in different companies	London
Vladimir Lukin	Special Advisor to CEO OOO Severgroup	Moscow

Initial Appointments	Appointed until AGM	Other Board Memberships[2]		Number of TUI AG shares (direct and indirect)[2]
13 Feb 2018	2023		b) Veta Health LLC	105,000
15 Aug 2007	2021			1,291
9 Feb 2016	2021		b) Countrywide PLC[3]	8,625
11 Feb 2020	2024		b) Heineken N.V.	0
10 May 2006	2021	a) TUIfly GmbH[4]		0
2 Jul 2014	2021	a) TÜV Nord AG		0
9 Feb 2011	2021	a) Metro AG Vonovia SE[4]		0
13 Jun 2016	2021	a) Deutscher Reisepreis-Sicherungsverein VVaG		2,507
11 Feb 2020	2024		b) Alantra Partners, S.A. Liberbank, S.A.	0
26 Mar 2012 9 Feb 2016*	2021	a) thyssenkrupp AG	b) Facebook Inc.	4,100
11 Dec 2014	11 Feb 2020		b) Aviva Insurance Ltd. Aviva Life Holdings Ltd. Vodafone Group PLC	994
21 Jul 2020	2021			5,658
16 Jan 2015	2021	a) DZ Bank AG		0
11 Dec 2014	11 Feb 2020		b) Bristol Airport Ltd. Copenhagen Airport Portmeirion Group PLC Roadis Transportation Holding S.L.U. South West Airports Ltd.	5,985
12 Feb 2014 5 Jun 2019*	2024			0

Table continues on next page

TUI AG Supervisory Board

Name	Function / Occupation	Location
Coline McConville	Member of supervisory bodies in different companies	London
Alexey Mordashov	Chairman Board of Directors of PAO Severstal	Moscow
Michael Pönipp[1]	Hotel Manager	Hanover
Carola Schwirn[1]	Department Coordinator in the Transportation Division of ver.di – Vereinte Dienstleistungsgewerkschaft	Berlin
Anette Strempel[1]	Travel Agent	Hemmingen
Ortwin Strubelt[1]	Travel Agent	Hamburg
Joan Trían Riu	Executive Board Member of Riu Hotels & Resorts	Palma de Mallorca
Stefan Weinhofer[1]	International Employee Relations Coordinator at TUI AG	Vienna

1 Representative of the employees
2 Information refers to 30 September 2020 or date of resignation from the Supervisory Board of TUI AG in financial year 2020.
3 Chairman
4 Deputy Chairman
* New Appointment

a) Membership in supervisory boards within the meaning of section 125 of the German Stock Corporation Act (AktG)
b) Membership in comparable German and non-German bodies of companies within the meaning of section 125 of the German Stock Corporation Act (AktG)

Initial Appointments	Appointed until AGM	Other Board Memberships[2]		Number of TUI AG shares (direct and indirect)[2]
11 Dec 2014	2024		b) 3i Group PLC	0
			Fevertree Drinks PLC	
			Travis Perkins PLC	
9 Feb 2016	2021		b) JSC "Power Machines"[3]	0
			JSC "Severstal Management"[3]	
			Lenta PLC[3]	
			Nord Gold S.E.	
			PAO "Severstal Management"[3]	
17 Apr 2013	2021	a) TUI Deutschland GmbH		1,226
1 Aug 2014	2021			0
2 Jan 2009	2021			4,430
3 Apr 2009	30 Jun 2020			2,946
12 Feb 2019	2024		b) Ahungalla Resorts Ltd.	0
			RIUSA II S.A.	
			Riu Hotels, S.A.	
9 Feb 2016	2021		b) TUI Austria Holding GmbH	0

TUI AG Executive Board

Name	Department	Other Board Memberships		Number of TUI AG shares (direct and indirect)[1]
Friedrich Joussen (Age 57) Member of the Executive Board since October 2012 CEO since February 2013 Joint-CEO since December 2014 CEO since February 2016 Current appointment until September 2025	Chairman	a) Sixt SE[2] TUI Deutschland GmbH[2] TUIfly GmbH[2]	b) RIUSA II S.A.[2]	903,294
Birgit Conix (Age: 55) Member of the Executive Board since July 2018 Current appointment until December 2020	CFO		b) Sunwing Travel Group Inc.	0
David Burling (Age: 52) Member of the Executive Board since June 2015 Current appointment until May 2024	CEO Markets & Airlines	a) TUI Deutschland GmbH TUIfly GmbH	b) First Choice Holidays Ltd. First Choice Holidays & Flights Ltd. First Choice Olympic Ltd. Sunwing Travel Group Inc. TUI Canada Holdings Inc. TUI Northern Europe Ltd. TUI Nordic Holdings Sweden AB TUI Travel Group Management Services Ltd. TUI Travel Holdings Ltd. TUI Travel Ltd. TUI Travel Overseas Holdings Ltd.	16,300
Sebastian Ebel (Age: 57) Member of the Executive Board since December 2014 Current appointment until December 2020 New appointment from January 2021 until December 2023 as CFO	CEO Hotels & Resorts, Cruises, Destinations Experiences	a) BRW Beteiligungs AG Eves Information Technology AG[2] TCT TechnikCentrumThale GmbH	b) RIUSA II S.A. TUI China	12,750
Dr Elke Eller (Age: 58) Member of the Executive Board since October 2015 Current appointment until October 2021	CHRO / Labour Director	a) K+S AG TUI Deutschland GmbH TUIfly GmbH	b) TUI Belgium N.V. TUI Nederland Holding N.V.[2]	22,545
Frank Rosenberger (Age: 52) Member of the Executive Board since January 2017 Current appointment until December 2021	CIO & Future Markets	a) Peakwork AG TUI Deutschland GmbH		5,000

[1] Information refers to 30 Sep 2020 or date of resignation from the Excecutive Board in financial year 2020.
Peter Krüger has been appointed member of the Executive Committee with effect as of 01 January 2021 responsible for Group Strategy, M&A, Airline und JV's

[2] Chairman

a) Membership in Supervisory Boards required by law within the meaning of section 125 of the German Stock Corporation Act (AktG)

b) Membership in comparable Boards of domestic and foreign companies within the meaning of section 125 of the German Stock Corporation Act (AktG)

DEVELOPMENT OF FIXED ASSETS

Development of Fixed Assets of TUI AG for the period from 1 Oct 2019 to 30 Sep 2020

€ '000	Balance at 1 Oct 2019	Additions	Disposals	Reclassification	**Balance at 30 Sep 2020**
					Historical cost
Intangible assets					
Concessions, industrial property rights and similar rights and values	7,925	794	3,465	4,087	9,341
Payments on account	6,077	105	1,944	– 4,238	–
	14,002	**899**	**5,409**	**– 151**	**9,341**
Property, plant and equipment					
Real estate, land rights and buildings including buildings on third-party properties	42,543	8	37	151	42,665
Machinery and fixtures	58	–	–	–	58
Other plants, operating and office equipment	4,323	145	162	–	4,306
Payments on account and assets under construction	–	–	–	–	–
	46,924	**153**	**199**	**151**	**47,029**
Investments					
Shares in Group companies	9,924,239	1,031,409	145,626	–	10,810,022
Loans to Group companies	704,302	347,181	373,585	–	677,898
Investments	361,325	77,523	–	–	438,848
Loans to affiliates	–	4,078	–	–	4,078
Securities held as fixed assets	4,843	69	–	–	4,912
Other loans	–	–	–	–	–
Payments on account	952	–	952	–	–
	10,995,661	**1,460,260**	**520,163**	**–**	**11,935,758**
Fixed assets	**11,056,587**	**1,461,312**	**525,771**	**–**	**11,992,128**

					Value adjustments	Carrying amounts	
	Balance at 1 Oct 2019	Depreciation/ Amortisation	Additions	Disposals	**Balance at 30 Sep 2020**	**Balance at 30 Sep 2020**	Balance at 30 Sep 2019
	4,360	1,552	–	2,610	3,302	6,039	3,565
	–	–	–	–	–	–	6,077
	4,360	**1,552**	**–**	**2,610**	**3,302**	**6,039**	**9,642**
	4,300	1,236	–	3	5,533	37,132	38,243
	23	4	–	–	27	31	35
	2,921	294	–	157	3,058	1,248	1,402
	–	–	–	–	–	–	–
	7,244	**1,534**	**–**	**160**	**8,618**	**38,411**	**39,680**
	2,321,411	1,476,090	416	–	3,797,085	7,012,937	7,602,828
	72,638	36,896	–	64,000	45,534	632,364	631,664
	5,270	43,786	220	–	48,836	390,012	356,055
	–	–	–	–	–	4,078	–
	196	28	–	–	224	4,688	4,647
	–	–	–	–	–	–	–
	–	–	–	–	–	–	952
	2,399,515	**1,556,800**	**636**	**64,000**	**3,891,679**	**8,044,079**	**8,596,146**
	2,411,119	**1,559,886**	**636**	**66,770**	**3,903,599**	**8,088,529**	**8,645,468**

CORPORATE GOVERNANCE REPORT

For our Corporate Governance Report we refer to our website at:

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

As part of the combined Management Report of TUI AG and the TUI Group, the Corporate Governance Report is included in our Annual Report 2020 for the TUI Group and is available online on our website:

www.tuigroup.com/en-en/investors

RESPONSIBILITY STATEMENT BY MANAGEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Company, and the Management Report, combined with TUI AG's Group Management Report, gives a true and fair view of the development including the business performance and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Hanover, 9 December 2020

The Executive Board

Friedrich Joussen
David Burling
Birgit Conix
Sebastian Ebel
Dr. Elke Eller
Frank Rosenberger

The following independent auditor's report (*Bestätigungsvermerk*) has been issued in accordance with § 322 German Commercial Code (*Handelsgesetzbuch*) in the German language on the German version of the annual financial statements of TUI AG as of and for the financial year ended September 30, 2020 and the combined management report. The combined management report is not included in this Prospectus.

INDEPENDENT AUDITOR'S REPORT

To TUI AG, Berlin and Hanover / Germany

Report on the audit of the Annual Financial Statements and of the Combined Management Report

Audit Opinions

We have audited the annual financial statements of TUI AG, Berlin and Hanover/Germany, which comprise the balance sheet as at 30 September 2020, and the statement of profit and loss for the financial year from 1 October 2019 to 30 September 2020, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of TUI AG, Berlin and Hanover/Germany, for the financial year from 1 October 2019 to 30 September 2020. In accordance with the German legal requirements, we have not audited the content of the combined management report specified in the Appendix to the Independent Auditor's Report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 30 September 2020 and of its financial performance for the financial year from 1 October 2019 to 30 September 2020 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of those parts of the combined management report set out in the appendix to the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). We performed the audit of the annual financial statements in supplementary compliance with the International Standards on Auditing (ISA). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the combined management report.

Material Uncertainty Related to Going Concern

We refer to the "Viability Statement" section of the combined management report and to the first chapter of the notes including the disclosures regarding going concern. In this the management board describes that as a result of the new travel restrictions in force since autumn 2020, and since it is possible that an increase in new travel bookings and associated payments on account might fail to materialise, there are not enough financial resources available to settle TUI AG's payment obligations. In order to maintain the solvency of TUI Group, the management board thus, in principle, agreed on a third financial package with the Economic Stabilisation Fund, KfW, the dominant shareholder of TUI AG, and further financial partners. If this financial package fails to be successfully implemented, there is a risk that TUI AG might encounter insolvency in the first quarter of fiscal year 2021. As is described in the "Viability Statement" section in the combined management report and in the chapter regarding going concern in the notes, the successful implementation of the third financial package is subject to certain conditions yet to be met. Because of the future development in terms of the travel restrictions and the related impacts on the assets, liabilities, financial situation and financial performance, the financial covenants agreed with the creditors as a prerequisite for granting the loans can probably not be met as at 30 September 2021 and beyond. Moreover, risks regarding TUI Group's solvency arise from the uncertainty in view of the future development. If, in particular, the travel restrictions remain in force in the financial year 2020/21 and beyond, and/or a permanent reluctance to travel materialises, there is a possibility that the liquidity of TUI AG continues to be at risk. In the light of the situation described above, uncertainty moreover prevails as to whether the external loans can be refinanced. Therefore, the Group's existence as a going concern is endangered. As is presented in the above sections of the combined management report and the notes to the consolidated finan-cial statements, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the TUI AG's ability to continue as a going concern, and consti-tute a risk endangering the existence of the Group as a going concern within the meaning of Section 322 (2) sentence 3 HGB.

During our audit, we considered whether the preparation of the financial statements using the going concern basis of accounting and the presentations of the matters that may cast significant doubt on TUI AG's ability to continue as a going concern set out in the notes and the combined management report are appropriate. To this end, we reviewed, in particular, the liquidity forecasts and plans for future measures of the management board underlying its forecasts and estimates, assessing whether the liquidity forecasts are plausible, and whether the management board's plans are feasible in the circumstances of the situation.

During our audit, we initially critically reviewed the draft of the Independent Business Review prepared by an external expert. We verified the plausibility of the multi-year planning on which this report is based and the assumptions it contains by comparing them with general and industry-specific market expectations and historical data.

In this process, we were supported by internal valuation and restructuring specialists. During the entire audit process, we regularly discussed the individual measures with representatives of TUI Group. Together with our specialists, we moreover critically discussed the results of the Working Capital Statement and of the Independent Business Review with the experts who had prepared the reports and the representatives of TUI.

As of the liquidity and financing measures already carried out during the preparation period, we have inspected the relevant documents, contracts and agreements, critically reviewed them and – where they had not yet been implemented – assessed their feasibility.

In particular, we critically reviewed the current short-term liquidity forecast prepared by the Company until the completion of the audit. We also examined the underlying updated assumptions, particularly with regard to revenue expectations, based on supporting evidence, and assessed their traceability and plausibility. Involving internal specialists, we assessed the plausibility of the expectations underlying the short-term development regarding the further development of the COVID-19 pandemic.

We critically assessed the prospects for the implementation of the third financing package in terms of plausibility. In addition, we satisfied ourselves of the appropriateness of the disclosures made in the consolidated financial statements and in the combined management report.

Our audit opinions were not modified in respect of this matter.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 October 2019 to 30 September 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In addition to the matter described in section "Material Uncertainty Related to Going Concern", we have identified the following matter "Recoverability of the long-term financial assets" as key audit matter:

Our presentation of this key audit matter has been structured as follows:

a) Description (including reference to corresponding information in the annual financial statements)

b) Auditor's response.

Recoverability of the long-term financial assets

a) In its annual financial statements under commercial law, TUI AG discloses long-term financial assets of mEUR 8,044.1 as of 30 September 2020. Thereof, mEUR 7,012.9 relate to shares in affiliated companies and mEUR 390.0 to investments.

The long-term financial assets are tested for impairment by the Company at least once a year. Valuation is made by means of a valuation model based on the discounted cash flow method.

Since the outcome of this valuation strongly depends on the estimate of future cash in-flows by the management board and on the discount rate used, in the light of the uncertainty of further impacts of the COVID-19 pandemic, there is an increased degree of forecasting uncertainty as regards the future development as well as the risks with regard to the liquidity of entire TUI Group.

Thus, the valuation is subject to significant uncertainty. Against this background, we believe that this is a key audit matter.

The Company's disclosures on long-term financial assets are contained in the chapters "Accounting and valuation" and in margin note (1) of the notes to the financial statements.

b) We investigated the process of verifying the recoverability of the long-term financial assets and conducted a compliance testing of the design & implementation of the accounting-relevant controls contained therein.

Specifically, we satisfied ourselves of the appropriateness of the future cash inflows used in the calculation. For this, among other things, we compared this information with the current budgets contained in the three-year plan adopted by the management board and approved by the supervisory board, and checked it against general and industry-specific market expectations.

Since even relatively small changes in the discount rate can have a material effect on the amount of the business value determined in this way, we also focused on examining the parameters used to determine the discount rate used, including the weighted average cost of capital, and analysed the calculation algorithm.

OTHER INFORMATION

The executive directors are responsible for the other information. The other information comprises:

- the unaudited content of those parts of the combined management report specified in the appendix to the auditor's report,
- the responsibility statement by the executive directors relating to the annual financial statements and to the combined management report pursuant to Section 264 (2) Sentence 3 and Section 289 (1) Sentence 5 German Commercial Code (HGB) respectively, and
- all the remaining parts of the annual report, with the exception of the audited annual financial statements and combined management report and our auditor's report.

Our audit opinions on the annual financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the ISA will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with the German Legally Required Accounting Principles.
- evaluate the consistency of the combined management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further Information Pursuant to Article 10 of the EU Audit Regulation

We were elected as annual auditor by the general meeting on 11 February 2020. We were engaged by the supervisory board on 8/15 June 2020. We have been the auditor of TUI AG, Berlin and Hanover/Germany, without interruption since the financial year 2016/2017.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Dr Hendrik Nardmann.

Hanover / Germany, 9 December 2020

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed: Christoph B. Schenk	Signed: Dr Hendrik Nardmann
Wirtschaftsprüfer [German Public Auditor]	Wirtschaftsprüfer [German Public Auditor]

APPENDIX TO THE INDEPENDENT AUDITOR'S REPORT: PARTS OF THE COMBINED MANAGEMENT REPORT WHOSE CONTENTS ARE UNAUDITED

We have not audited the content of the following parts of the combined management report:

- the non-financial statement pursuant to Sections 315b and 315c German Commercial Code (HGB) included in the section "Combined non-financial declaration" of the combined management report
- the statement on corporate governance pursuant to Section 289f and 315d German Commercial Code (HGB) included in Chapter "Corporate Governance Report/Statement on Corporate Governance" of the combined management report and
- the other parts of the combined management report marked as unaudited.

26. Recent Developments and Trend Information

26.1. Recent Developments

In July 2021, the Company signed an agreement to sell Nordotel S.A., Spain, to GRUPOTEL DOS, S.A., Spain, a joint venture between the Group and the Ramis family. The transaction includes 11 hotels (8 owned and 3 leased) and was completed in October 2021.

On 6 July 2021, the Company increased the €400 million senior unsecured convertible bonds issued on 16 April 2021, due 2028 and convertible into ordinary registered shares of the Company, by issuing further senior unsecured bonds convertible into ordinary registered shares of the Company due 2028 in an aggregate principal amount of €189.6 million which were consolidated and form a single issue (*Gesamtemission*) with the €400 million convertible bonds issued on 16 April 2021.

On 27 May 2021, (i) DEFAG III, (ii) Saranja, an entity belonging to the RIU group, and (iii) the Company, entered into the MoU in relation to the disposal of the Company's 49% stake in Riu Hotels, held through DEFAG III, to Saranja, which then held the remaining 51%. The purchase price for the RIU Transaction amounted to €670 million, including earn-out-elements. Following closing of the RIU Transaction on 30 July 2021, RIU group holds 100% of the ownership of 19 hotel properties which are operated under the RIU Hotels & Resorts brand as well as two more hotels that are currently under development. For a more detailed description of the RIU Transaction, please refer to section "*15.3 Material Agreements—Commercial Agreements— MoU with respect to the disposal of the Company's stake in Riu Hotels*" above.

On 30 September 2021, the New Loan Facility was cancelled in an amount of €30 million in accordance with the terms of the New Loan Facility Agreement.

Sunwing Travel Group (in which TUI holds a 49% economic stake and 25% of the voting rights) is currently reviewing its strategic options regarding the Sunwing Strategic Review Perimeter. This strategic review may result in a potential closure, refinancing, disposal or merger transaction of the Sunwing Strategic Review Perimeter. Currently, these considerations have not yet led to definitive decisions with respect to any of the aforementioned measures. However, as of the date of this prospectus, it is expected that a potential decision point on these strategic options may be triggered in October 2021 or later as part of an operating license review process by a local regulator.

As at 4 October 2021 (being the latest practicable date prior to publication of this prospectus), the amounts drawn under each of the KfW Facility and the Cash Facility were €375.0 million under the KfW Facility and €1,486.5 million under the Cash Facility. As at 4 October 2021, the Company had utilized €149.4 million, or approximately 69.5%, of the Bonding Facility.

Except as described above, there has been no significant change in the financial performance of the Group since 30 June 2021 being the date to which the interim financial information in section "*26. Financial Information*" was published.

26.2. Trend Information

The most significant recent trends affecting us since the end of Fiscal 2020 through the date of this prospectus are, primarily, continuations of trends that had begun during Fiscal 2020 or in earlier recent fiscal periods.

The ongoing COVID-19 pandemic has continued to affect us in Fiscal 2021.

Especially at the beginning of the crisis we faced a number of substantial expenses, for example, high refund volumes to customers for cancelled holidays and repatriation costs for bringing guests back to their home countries. At the same time we managed to achieve significant cost savings. During the business standstill, we reduced our cash fixed costs by more than 70% and limited cash capital expenditures significantly. In addition, in Fiscal 2020 we initiated as a self-help measure our Global Realignment Programme and in Fiscal 2021 we have increased our target of permanent annual savings under the programme from €300 million to €400 million. The Global Realignment Programme already delivered initial benefits in Fiscal 2020 and in the Nine-Month Period 2021 and we expect to achieve 50% of our targeted savings by the end of Fiscal 2021, while we are planning to generate the full benefits by Fiscal 2023. We expect to incur special disclosed items in connection with the Global Realignment Programme of approximately €70 million in Fiscal 2021 and of approximately €40 million in Fiscal 2022.

Other major trends influencing our business are the increasing tendency of customers to use online booking rather than offline facilities such as travel agencies and to book holidays with shorter lead times before departure. Although we believe these trends are likely influenced by the COVID-19 pandemic, they represent the continuation of earlier, independent trends that we had already observed before the pandemic's outbreak. Shorter customer lead times reduce the period during which customer deposits provide us with working capital, and also reduce our visibility horizon for future business. The trend towards online bookings, however, meshes well with our strategic goal of increasing our online business. For example, as part of our Global Realignment Programme 166 high street travel agencies in the United Kingdom and Ireland have been closed, where approximately 75% of bookings during the third quarter 2021 are already completed online. We believe that the COVID-19 pandemic in general drives the digital interaction with the customer with favourable influence on margin development going forward.

In terms of trends we believe likely to have a material effect on our future prospects, the COVID-19 pandemic remains the most important. In the recent months we experienced the easing of restrictions in relation to the pandemic in several source markets and destinations. However, the situation is still volatile. As of the date of this prospectus, significant restrictions remain in place due to the delta variant and there is no guarantee when this or further additional waves of infections, including the emergence of the Coronavirus Variants, will subside. Another important factor for our business is the progress of the vaccination programs, where we see significant improvements, notwithstanding differences in the speed of vaccine rollout in individual countries. We also cannot predict how long the specific countermeasures that regional or national authorities have since imposed in an effort to contain and reverse the resurgence will remain in place, or whether they might be replaced by or supplemented with even stricter measures. Certain countries in which vaccination programs are showing success, have nevertheless introduced restrictions on travel abroad which continue to change on a regular basis, such as the "traffic light" system implemented in the United Kingdom imposing re-entry restrictions, in particular quarantine and testing requirements, for a large proportion of countries, which could result in discouraging customers from travelling. Still, we believe that approval and widespread distribution and use of the vaccines against the virus will enable the tourism business to begin a significant recovery in the mid-term, and that we are strongly positioned to benefit from that recovery. However, as of the date of this prospectus we cannot rule out further travel restrictions over the next few months, nor can we predict the distribution of the vaccines, the effects of the Coronavirus Variants and the shape of the economic recovery. We have also seen that several governments have begun to consider rates of hospitalization, utilization of intensive care units and mortality when taking decisions in connection with the containment of the COVID-19 pandemic.

The European Union Aviation Safety Agency (EASA) has determined that the Boeing 737 MAX can safely return to service and gave its seal of approval for the modified version of Boeing 737 MAX on 27 January 2021. We returned the Boeing 737 MAX to commercial service soon thereafter. On 17 February 2021, Tuifly Belgium started with the first flight from Brussels to Malaga. However, as a result of both the grounding and the suspension of production, there are still delays in scheduled deliveries of the aircraft.

Summer 2021 bookings[1] currently amount to 5.2 million, which corresponds to an increase of approximately 1.1 million bookings since our update for the Nine-Month Period 2021 published on 12 August 2021. As anticipated, we have observed strong improving trends over the recent weeks with bookings in Germany and the Netherlands in particular, well ahead of Summer 2019 levels. This reflects the higher level of confidence in departure in our Continental European markets with load factor improvement in the last two to three weeks before departure evident of the short-term booking trend and pent-up demand for our holidays. Over 2.6 million customers departed for their TUI holidays during July and August 2021, doubling the 1.3 million customers who travelled in July and August 2020.

As of the date of this prospectus, we have so far operated a capacity of 42% for July and 48% for August for the peak summer period (July to October). In contrast to our Continental European markets, UK departures have remained largely subdued, with a nearly unchanged traffic light system limiting the return of popular destinations such as Turkey, Egypt and the Dominican Republic. As a result, we now expect to operate a capacity for the peak summer period (July to October) of between approximately 50% and 60% of Summer 2019 volumes. Peak summer period (July to October) bookings[1] currently stand at 49% of Summer 2019 levels while the average selling price ("**ASP**") is up 2% (overall Summer 2021 bookings[1] are down 63% with ASP up 5% versus Summer 2019).

We see the recent announcement on 17 September 2021 by the UK government to adopt a similar travel framework as in our European markets as a clear step to further reopening international travel for our UK customers. We experienced a notable increase in UK bookings over the most recent weeks since the announcement, particularly for our Winter 2021/2022 programme where we have seen UK daily bookings trending strongly. We believe, this will enable a stronger return for the UK market in the upcoming months.

For the overall Winter 2021/2022 programme[1], bookings at this stage are 54% of Winter 2018/2019 levels and ASP is up 14%. With travel restrictions now largely lifted for short and medium-haul winter destinations in our key markets, and supported by the increasing vaccination rates of the EU and UK adult population (EU has reached its target to fully vaccinate 70% of the adult population by end of August 2021 (EU Vaccine Tracker) and the UK has fully vaccinated 83% of its population aged over 16 as of 28 September 2021 (UK Vaccine Tracker)), we expect a wider return to international travel this Winter 2021/2022. Subsequently, we expect capacity will be significantly better than the previous Winter 2020/2021 season and we currently expect to operate between approximately 60% to 80% of a normalised programme, with long-haul destinations expected to recover more slowly. In general, we believe that our integrated model and own long-haul fleet enables us to be agile enough to flexibly adjust our plans in the short term, to both meet demand and to ensure the availability of a range of attractive winter destinations for our customers. We currently expect Canaries, Mainland Spain, Egypt and Cape Verde are likely to form the bulk of our holiday offer in the upcoming winter and we will aim to drive high load factors on these popular routes.

For Summer 2022, we currently have a pipeline of 1.6 million bookings[1], which reflects an increase of approximately 326,000 bookings since our update for the third quarter of Fiscal

[1] These statistics are up to 3 October 2021, shown on a constant currency basis and relate to all customers whether risk or non-risk.

2021, driven by a mix of rebookings and new bookings, reaffirming the strong intention to travel and demand for TUI holidays. Overall Summer 2022 bookings[1] are up 54% and ASP is up 15% versus Summer 2019. We believe many customers will continue to want to secure their summer holidays in advance, with Turkey, Florida, Greece, and Cyprus being the most popular destinations at present. With the strong indications of pent-up demand, we believe Summer 2022 volumes will likely recover close to normalised levels of Summer 2019.

In our Hotels & Resorts segment, as of the end of September 2021, 335 hotels were in operation (approximately 93% of own Group portfolio), up from 283 at the end of June 2021, across destinations such as Spain, Greece, Turkey and Mexico, delivering good occupancy rates and average rates in the current trading environment, benefitting from our integrated model and diversified markets. During the recent weeks, we experienced that bookings at many of our re-opened hotels have returned to pre-pandemic levels.

TUI Cruises and Hapag-Lloyd Cruises are currently operating 11 ships out of their 12-ship fleet, offering itineraries across Northern Europe and the Mediterranean, with the brand new expedition class Hanseatic spirit launched on 26 August 2021. We see a clear short-term booking trend for 2021 and booking levels for 2022 and 2023 are currently within historical ranges and at slightly higher rates.

Marella Cruises is currently operating 3 ships out of its 4 ships fleet, offering a combination of domestic UK sailings since end of June 2021 and itineraries to the Mediterranean since the start of September 2021. We observe continued good demand for winter long-haul itineraries, in particular to Barbados. Early sales for Summer 2022 are well positioned, supported by both rebookings and new bookings.

In TUI Musement, our excursions, tours and activities materially recommenced from mid-June 2021, in line with the restart of operations and capacity level operated by our Markets & Airlines segment. Year to date[2], we have already sold approximately 1.6 million excursions, tours and activities.

As of 4 October 2021, the Group's total cash and available facilities amount to €3.4 billion, which is ahead of the position shared at our update for the Nine-Month Period 2021 published on 12 August 2021 due to the nature of short-term bookings and resulting improvement in working capital. Overall, the recent development of our total cash has been positive, better than our previous assumption for the fourth quarter of Fiscal 2021 of "towards net cash neutral". As a result of the application of the net proceeds from the Capital Increase, cash and available facilities will increase by €1.1 billion to €4.5 billion following the completion of the Offering.

As a result of the issuance of the convertible bond tap on 6 July 2021 (€0.2 billion), a reduction of drawings under the KfW Facility since 30 June 2021 (€1.3 billion) and the net proceeds of the Offering (€1.1 billion), the Group's total debt of €7.9 billion as at 30 June 2021 will be reduced by €2.2 billion following completion of the Offering.

We expect booking behaviour to develop in line with the development of travel restrictions in the future. In our management's view, the integrated nature of our business model provides us with a high level of flexibility to adapt our programme as we gain more visibility. We believe that people will continue to have a passion for holidays, as we see pent-up demand when

[2] Up to 19 September 2021.

restrictions ease, and we believe that holiday travel has been one of the activities people have missed most during the COVID-19 pandemic.

Going forward, our ongoing priorities are to manage our liquidity with a disciplined capital expenditures management, a focus on our asset-right strategy and a strict cash discipline, thereby further driving operating efficiency by optimising fixed capacity, driving digitalisation and delivering cost efficiency, and further optimising our financing structure.

In addition, TUI is considering a debt capital markets transaction, including a senior unsecured bond, in order to extend the maturity profile of its outstanding debt instruments and further reduce its indebtedness under the Revolving Credit Facilities. A decision on whether such a transaction will be implemented and – if implemented – the size and timing of such transaction has not yet been made and remains subject to market conditions.

In the course of further implementing its asset-right strategy, TUI is considering the establishment of a hotel fund for the participation of institutional investors in holiday hotel assets. Such hotels would be managed by TUI Group including its joint ventures. A final decision on whether such a fund will be established and – if established – the size and timing has not yet been made and remains subject to market conditions.

After a further recovery in Fiscal 2022 it is our expectation that the Group's business will recover at the latest in Fiscal 2023 to the level of the years before the outbreak of the COVID-19-pandemic.