2023 ANNUAL REPORT

TUI GROUP

“We are on the right track. Our profitable growth across all businesses confirms it. 13 per cent more customers travelled with us in 2023 than in the previous year. Our tour operators are growing at a profit and our hotels and resorts turned in excellent results. Cruises also had a strong year following the pandemic. Further growth is already certain there with three new vessels in the next three years.”

Sebastian Ebel, CEO of TUI AG

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The Annual Report of TUI Group and the financial statements of TUI AG are available in German and in English: www.tuigroup.com/en-en/investors/annual-reports

This version does not comply with the statutory XHTML/iXBRL format, taking into account the requirements of the European Single Format (ESEF) Regulation.

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REPORT NAVIGATION

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THE FOLLOWING SYMBOLS ARE USED FOR CROSS-REFERENCES:

This is a cross-reference provided by law and/or audited by the auditor as part of the audit of the financial statements.

Here you will find a page reference to further information within the annual report. This reference, as a cross-reference not provided for by law or by the German Accounting Standards (DRS) No. 20, is not subject of an auditor's review.

Here is a reference to websites or separate corporate publications. This reference, as a cross-reference not provided for by law or by the German Accounting Standards (DRS) No. 20, is not subject of an auditor's review.

Unless stated otherwise, all change figures refer to the corresponding period from the previous year.

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Financial Highlights

TUI Group – financial highlights

€ million		2023	2022 adjusted	Var. %	Var. % at constant currency
Revenue		**20,665.9**	**16,544.9**	**+24.9**	**+25.8**
Underlying EBIT[1]					
Hotels & Resorts		549.5	480.3	+14.4	+15.9
Cruises		236.0	0.8	n.a.	n.a.
TUI Musement		36.0	23.7	+51.7	+86.9
Holiday Experiences		821.5	504.7	+62.8	+65.8
Northern Region		71.5	–101.6	n.a.	n.a.
Central Region		88.1	74.6	+18.1	+13.9
Western Region		81.1	–31.5	n.a.	n.a.
Markets & Airlines		240.6	–58.6	n.a.	n.a.
All other segments		–84.8	–37.4	–126.6	–127.0
TUI Group		**977.2**	**408.7**	**+139.1**	**+136.8**
EBIT[1]		**999.3**	**320.0**	**+212.3**	
Underlying EBITDA		**1,775.3**	**1,224.6**	**+45.0**	
EBITDA[2]		**1,858.5**	**1,203.3**	**+54.4**	
Group profit/loss		455.7	–212.6	n.a.	
Basic earnings per share[3]	€	0.80	–1.02	n.a.	
Net capex and investment		493.7	315.9	+56.3	
Equity ratio (30 Sept)[4]	%	12.1	4.2	+7.9	
Net debt (30 Sept)		2,106.2	3,436.2	–38.7	
Employees (30 Sept)		65,413	61,091	+7.1	

Due to the re-segmentation of Future Markets from All other segments to Hotels & Resorts, TUI Musement and Central Region in financial year 2023, previous year's figures have been adjusted.

Due to rounding, some of the figures may not add up precisely to the stated totals, and percentages may not precisely reflect the absolute figures. All change figures refer to the previous year, unless otherwise stated.

This Annual Report 2023 of the TUI Group was prepared for the reporting period from 1 October 2022 to 30 September 2023.

[1] We define the EBIT in underlying EBIT as earnings before interest, income taxes, and result of the measurement of the Group's interest hedges. For further details please see page 65.
[2] EBITDA is defined as 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.
[3] Earnings per share for all periods presented were adjusted for the impact of the 10-for-1 reverse stock split in February 2023 as well as the impact of the subscription rights issued in the capital increase in March 2023.
[4] Equity divided by balance sheet total in %, variance is given in percentage points.

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Profitable and sustainable growth: That's what it's all about.

INTERVIEW WITH SEBASTIAN EBEL

TUI's growth is profitable and sustainable. Sebastian Ebel, TUI's CEO, talks about new trends in travel, growth potential, political hurdles but also notable experiences with partners and colleagues – from Cape Verde to Hanover.

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Behind you lies your first financial year as CEO. Is TUI back on course?
Definitely, yes. 19 million customers travelled with TUI in financial year 2023. That is 13 per cent more than last year. We had a strong Summer and bookings have held up their healthy momentum into the early weeks of Winter 2023/24. We are working at a profit again; we have paid back the state loans. This has enabled us to invest in our own growth once more. And I am looking towards the new financial year with confidence. The economy may be under a few clouds, but people attach high priority to their holidays. We have a clear growth strategy. We are improving our market position in our traditional markets. We also want to offer new products to our regulars while winning over new customers in general.

What opportunities do you see for TUI's classical operations in Markets & Airlines?
Our tour operators are growing profitably. In Germany we have acquired market share and in countries like France and the Netherlands we are on a robust track as well. In markets where the competition is tougher, like UK & I, we are walking taller all the time. We hope to score some points there and offer our customers a pleasant surprise. Some markets are causing us particular pleasure. One is Poland, where we notched up a million customers last year for the first time. Our Polish colleagues have now launched operations in the Czech Republic too.

How is TUI responding to new customer expectations?
There can only be one objective for us, which is to surpass our customers' hopes. That is what we always set out to do and we are succeeding more and more, not least thanks to some new business models. First Choice, our second brand in the UK, targets young people in particular. We are restructuring First Choice as a web- and app-based platform where our customers can piece together their own holidays. Or take our spectrum of tours in Belgium. With TUI Tours customers can select a flexible route and then adapt it at the click of a mouse or combine it with flights, hotels and experiences. A third example are the accommodation-only bookings. After a successful launch of that concept in Sweden, we have extended it to other markets. These examples illustrate our innovative spirit. We dare to try out new ideas. That is an incredible advantage and it says a lot about how we learn from each other and spur each other on.

How do you rate the prospects, especially in the hotels business, for the Holiday Experiences that now constitute your second-biggest field of operations?
Our hotels and resorts have turned in excellent results now for six quarters in succession. We still expect strong growth potential there. What is important is to secure long-term growth with a light approach to capex investment. We are aided by new funding models like the Hotel Fund which we have created along with partners. This year the Fund completed its first transactions. TUI BLUE is also heading for growth with five new hotels in Africa and Asia this summer, and seven more on the cards for 2024. Taken as a whole, our strong portfolio with altogether 12 hotel brands – for the price-conscious customer right through to the luxury holiday-maker – is generating growth via management and franchise contracts.

Cruises were expected to recover rather more slowly after the pandemic …
… but then returned to normal very quickly. The segment had another strong year for the first time since the outbreak of the pandemic. The Mein Schiff fleet operated by TUI Cruises began 2023 by breaking its bookings record. Some voyages were booked up within days. Further growth is already certain, with three vessels joining TUI Cruises straight out of the shipyard in the next three years. They will set new standards in terms of comfort and environmental protection. This underscores our ambition to run one of the most cutting-edge, climate-friendly cruise fleets in the world.

"We are working at a profit again; we have paid back the state loans. This has enabled us to invest in our own growth once more."

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"Tourism and TUI have huge potential."

And how is Musement getting along?
Our profitable growth continues with experiences and activities. Last year we reached out to a million new customers and arranged more than seven million experiences, from hiking trips and sporting activities to theme park visits. We are focusing increasingly on exclusive content of our own, boosting sales through partnerships. TUI Musement is designed to be a personal guide and concierge for our customers all year round, not only during their summer holiday.

That means you want to offer additional services to TUI's customers?
Correct. The core of that is the Central Customer Ecosystem, which enables us to make new, more personalised suggestions. The idea is to sell new products to existing customers but also to gain new customers. I don't think there is any other company in the world that has anything like as many different customer contacts in the travel market as we do – not just online, but face-to-face in the retail shops, in our hotels, on our aircraft and liners, and during experiences. We will be tapping even more deeply into that potential and building on our sustainability.

You mentioned sustainability. How is TUI shaping the future in that respect?
For a start, any travel company that ignores climate change and does not adopt a sustainable view is undermining its own business model and placing a heavy burden on future generations. We take a different approach. In January 2023 we published our new Sustainability Agenda – it's ambitious. By 2030 we will reduce CO_2e emissions per air passenger by nearly a quarter. In the Cruises segment we will cut absolute emissions by almost 28 per cent, in our hotels by at least 46 per cent. The emission reduction targets set out in our Agenda were evaluated and verified independently by the Science Based Targets initiative. Our cruise companies are the first in the world to adopt a reduction target that has been scientifically validated, just like TUI Airlines among leisure flight operators. By 2050 at the latest TUI will be a net zero emissions company. We bear this target in mind every single day and every day we change a little more to draw us closer to that goal. Our internal targets are, of course, even more ambitious. I have to say, nevertheless, that politicians cannot keep piling new strains on us.

What do you mean exactly?
Travel has been brandmarked by some politicians. Flying is demonised, cruising too. Holiday-makers are bombarded with excessive rules and prohibitions. The package holiday – which is without a doubt the safest way to travel – is deliberately priced up by statutory obligations, while non-European groups are largely free to sell their unregulated products, which are not very consumer-friendly. Besides, the government doesn't do its homework: rail does not provide a punctual feeder service – we have to pay compensation for the delays. And the same can often be said of flights, as air traffic control in Europe has still not been standardised, which would consistently permit routes and procedures to be as climate-friendly as possible. Carbon emissions in European air space would, at a guess, be five to ten per cent lower if that could be achieved. There is simply not enough being done! At the same time, the fact that we have been investing massively for a long time in technologies to protect the environment is often ignored.

What specific environment measures are underway?
Over time the airlines will be using substantially larger quantities of sustainable aviation fuel, or SAF. In fact, we intend to exceed the statutory blending requirements, even if these biofuel blends currently cost three to five times as much. Apart from that, we are optimising flight routes and renewing our fleet.

A lot is happening with our cruise liners too. In May Mein Schiff 4 drew on green shore power for the first time at the port in Hamburg. Two months later the vessel set off for the Nordics with its first sustainable biofuel. The principal basis for that is left-over cooking oil, which cuts carbon emissions by 90 per cent. Mein Schiff 7, which will put to sea next summer, will eventually run on green methanol, making her almost carbon-neutral. And we will operate the other two newbuilds on low-emission liquid gas. Our hotels are also playing a pioneering role. Robinson Club in Italy, for example, boasts one

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of the biggest hotel photovoltaic systems in Europe. And since November 2023 TUI BLUE Montafon has been our first hotel to cut its carbon emissions to zero.

So we are slashing emissions hugely with our holidays. We also encourage travel formats that entail lower emissions and we are considerably expanding our rail services, like the TUI Ski Express that we launched last winter to take Dutch and German customers to Austria.

Apart from the environmental aspects, to what extent can tourism drive economic and social development in destination countries?
The travel sector provides education and career prospects for people in the destinations and it enhances environmental and social standards. We want to step up these positive impacts. In early June we signed a major Memorandum of Understanding with the government of Cabo Verde. The core idea: further development of the huge tourist potential in the Cape Verde islands with a deliberate focus on strengthening local value chains, promoting environmental protection and driving partnerships for innovation. The independent TUI Care Foundation set up by our company is very active on this front. For one thing, it works to ensure that young people in the destinations, in particular, can benefit from better prospects for the future. We want to enable them to participate even more in successful tourism. Our industry is opening up entirely new opportunities, especially in emerging economies and developing countries. But we should not underestimate the need in our European source markets either. Young people are our future. We must accompany and support them.

You need to demonstrate opportunities to your own employees as well. How is that going?
TUI's success stands and falls with our people. Their expertise and commitment is of superlative importance. That applies every day and for that I extend the warmest thanks to all our employees all over the world. But their professionalism is all the more striking in difficult situations. I am thinking in particular of those weeks in July, when more than 300 service staff put in such a magnificent effort during local forest fires on Rhodes and in round-the-clock crisis teams. In the conversations I held with people in the field, I experienced a huge sense of responsibility, and it moved me. Another genuine highlight is the new TUI Campus in Hanover. It has become a place for exchange and dialogue, not only between our employees but also with customers from all over the world. It is a similar story in our other offices, whether Rijswijk in the Netherlands, Luton or Stockholm, all places where we are fostering a new Way of Working.

But I think the most motivating thing of all is that we help people to enjoy the most wonderful moments of their year. We contribute to people experiencing the world and getting to know other cultures. That often gives them a more differentiated picture of distant lands and cultures. I firmly believe that no other sector can do this as well as tourism – and given the situation in the world today, that is more important than ever.

Last of all a look ahead. What do you see?
Tourism and TUI have huge potential. We have triggered plenty of initiatives over the last twelve months. Now we are seeing the commercial payback, the profitable growth. Of course there will be geopolitical conflict and crisis in future too. We have to live with such things. We will work hard at our success without getting too big for our boots, and we will always keep our eyes on our objective: to offer our customers unique holidays and experiences. That is what TUI is all about – today and tomorrow!

"We have triggered plenty of initiatives over the last twelve months. Now we are seeing the commercial payback, the profitable growth."

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Group Executive Committee

MATHIAS KIEP
Executive Board Member
Chief Financial Officer

SEBASTIAN EBEL
Chief Executive Officer

SYBILLE REISS
Executive Board Member
Chief People Officer/ Labour Director

PETER KRUEGER
Executive Board Member
Chief Strategy Officer & Chief Executive Officer Holiday Experiences

DAVID BURLING
Executive Board Member
Chief Executive Officer Markets & Airlines

Please refer to our website for CVs www.tuigroup.com/en-en/about-us/about-tui-group/management

THOMAS ELLERBECK
Group Director Corporate & External Affairs & Chief Sustainability Officer

ERIK FRIEMUTH
(until 6 December 2023)
Chief Marketing Officer & Managing Director TUI Hotels & Resorts

PETER ULWAHN
Chief Executive Officer TUI Musement

FLORIAN LENSER
(as of 1 June 2023)
Group Director Legal, Compliance & Board Office

ELIE BRUYNINCKX
Chief Executive Officer Western Region

PIETER JORDAAN
(as of 1 June 2023)
Chief Information Officer

MARCO CIOMPERLIK
Chief Airline Officer

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Report of the Supervisory Board

Dear Ladies and Gentlemen, dear Shareholders,

The financial year 2023 was characterised by a further recovery in business operations and the Group achieved a result that was significantly higher than in the previous year. At the same time, TUI realised further important measures that enabled the company's financial stability to be restored. Following the challenges posed by the pandemic, the time has now come to refocus on the implementation of strategic measures and profitable growth.

Even at the beginning of the financial year, we benefited from good incoming bookings, with average prices at times exceeding pre-pandemic levels. In a macroeconomically challenging environment, this demonstrated the great importance of travelling for people and the pent-up demand created by the years of the coronavirus pandemic. Although customers continued to book at shorter notice, the strong demand for TUI products also demonstrated the attractiveness of the Group's product portfolio. As the financial year progressed, incoming bookings developed in line with expectations and we recorded a strong summer season. However, the financial year 2023 was not without its operational challenges. Flight operations had normalised compared to the previous year and the tourism industry was able to recruit staff comparatively better and faster. However, periods of heat and forest fires in southern Europe kept us and our customers busy in summer 2023, which also had a short-term impact on the development of bookings. For TUI, the safety of our guests and employees was always our top priority.

In addition to operational development, strengthening TUI's financial stability remained a key task in the past financial year. In December 2022, a repayment agreement was negotiated with the Economic Stabilisation Fund (WSF) regarding the stabilisation measures granted during the coronavirus pandemic. The Executive Board informed us as the Supervisory Board in detail about the developments in the talks and negotiations. The measures to implement this agreement were then also the subject of our Annual General Meeting in February 2023, which was held virtually for the first time on the basis of the new legal regulations. This enabled us to engage in direct dialogue with our shareholders again, but unfortunately it was not free of technical disruptions. However, we gained important insights from the completely new format and will work on facilitating a disruption-free dialogue in future. Due to the pleasingly positive response to the recapitalisation measures, a reverse stock split at a ratio of 10:1 was completed following the Annual General Meeting, creating the conditions for the successful placement of a further capital increase in March/April 2023. As a result, TUI was able to fully repay the stabilisation measures of the WSF, achieved a further reduction in interest costs and debt and thus also a significant improvement in its credit ratios. A further important step was then taken in May 2023 with the extension of our revolving credit facility until summer 2026. The support from the banks was once again a vote of confidence in our business model and the Group's future strategy. Combined with strict liquidity and investment management, this led to a significant improvement in the company's financial situation, which the rating agencies also honoured with an upgrade.

With the repayment of the WSF stabilisation measures, the conditions and requirements to be fulfilled by TUI AG in accordance with Framework Agreement II ended and thus also the remuneration restrictions for the members of the Executive Board. Accordingly, the Supervisory Board dealt with the re-implementation of the current Executive Board remuneration system and defined target values for the long-term variable remuneration. Together with the Executive Board, we were able to update the Declaration of Conformity with the German Corporate Governance Code in August 2023 and declare that the recommendations of the German Corporate Governance Code as amended are now fully complied with again. We also addressed the remuneration system as a whole, as the past few years since the Boeing grounding have shown the limits of the existing system. We have therefore initiated a revision. The feedback from investors and proxy advisors on the existing system and our experience since its introduction have been incorporated into our deliberations on adjustments. We now intend to submit a balanced proposal for a revised Executive Board remuneration system to the upcoming Annual General Meeting in February 2024.

The strategic direction and further development of the Group was also always the subject of our meetings. The Executive Board informed us in detail about the growth initiatives in the two divisions Holiday Experiences and Markets & Airlines, which are embedded in a central customer ecosystem and supported by the sustainability agenda and employees. As part of the Supervisory Board's discussions, the Group's sustainability agenda „People, Planet, Progress" was given high priority. For example, we were informed about the emission reductions of our airlines, cruise ships and hotels by 2030, which have been tested and validated by the Science Based Targets initiative (SBTi) on the basis of the latest climate science findings.

Before I turn to the report of the Supervisory Board, I would like to express my sincere thanks to the shareholders of TUI AG. As in the years of the coronavirus pandemic, you showed your comprehensive support in the past financial year and paved the way for further capital measures with a large majority at the Annual General Meeting 2023. You have thus once again demonstrated your confidence in the TUI Group and helped the company regain its financial stability. You have ensured that the management can once again focus on the strategic development of the company and on profitable growth.

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1 Dr Dieter Zetsche
Chairman of the Supervisory Board

2 Frank Jakobi
Deputy Chairman

3 Ingrid-Helen Arnold
4 Sonja Austermühle
5 Helena Murano
6 Coline Lucille McConville
7 Peter Bremme
8 Dr Jutta A. Dönges
9 María Garaña Corces
10 Christian Baier
11 Mark Muratovic
12 Anette Strempel
13 Joan Trían Riu
14 Tanja Viehl
15 Janina Kugel
16 Andreas Barczewski
17 Wolfgang Flintermann
18 Prof. Dr Edgar Ernst
19 Stefan Heinemann
20 Stefan Weinhofer

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Cooperation between the Supervisory Board and the Executive Board

The Executive Board and the Supervisory Board are closely guided by the principles of responsible and good corporate governance and work together in a spirit of trust in accordance with the principles set out in the Corporate Governance Report (page 119). In doing so, the Supervisory Board has primarily monitored the legality, propriety, expediency and efficiency of the work of the management and the Executive Board, with a significant focus on the refinancing of the Group. Further details can be found in the report below.

The Executive Board kept us regularly, promptly and comprehensively informed by means of written and oral reports at and outside meetings. The reports included all relevant information on the development and implementation of strategic targets, liquidity development, planning, business development during the year and the situation of the Group, and risk management and the internal control system, compliance, but also reports from the capital markets (e.g. from analysts) and the press. In the financial year 2023, the focus was on the refinancing strategy for the Group, in particular the capital split and implementation of a capital increase with subscription rights and the extension of the revolving credit line. Other topics of discussion were the personnel and Group strategy as well as the booking behaviour of customers in the current macroeconomic environment. The Supervisory Board was involved in all decisions of fundamental importance to the company in a timely manner. We passed the resolutions required by law, the Articles of Association or the Rules of Procedure after thorough consultation. For this purpose, we regularly prepared ourselves on the basis of documents that the Executive Board made available to the Supervisory Board and the committees in advance. The Executive Board also informed the Supervisory Board immediately about urgent issues in writing and at extraordinary meetings convened at short notice. As Chairman of the Supervisory Board, I was also regularly informed by the Executive Board about the current business situation and important business transactions in the company outside of the Supervisory Board meetings.

Deliberations in the Supervisory Board and its Committees

Prior to the Supervisory Board meetings, the shareholder and employee representatives met in separate preparatory meetings. Members of the Executive Board also regularly participated in these meetings. Discussions of Executive Board and Supervisory Board matters take place without the members of the Executive Board, unless otherwise requested by the members of the Supervisory Board. All members of the Supervisory Board may also submit to the Chairman of the Supervisory Board the need to discuss an item on the agenda without the presence of the Executive Board. In addition, the agenda of each meeting of the Supervisory Board provides for a separate agenda item, irrespective of the topic, for which the members of the Executive Board are not present. Members of the Supervisory Board may raise all topics to be discussed without the Executive Board within the scope of this agenda item.

In addition to the plenum, a total of three committees were established in the past financial year: the Presiding Committee, the Audit Committee and the Nomination Committee. The Mediation Committee to be formed in accordance with section 27, paragraph 3 of the German Co-determination Act did not have to meet. The chairpersons of the committees reported regularly and in detail on their work at the ordinary meetings of the Supervisory Board. In connection with the implementation of a capital increase in spring 2023, a transaction committee set up by the Supervisory Board and consisting of Dr Zetsche, Mr Jakobi, Prof. Dr Ernst and Mr Flintermann met. This made it possible to pass resolutions at very short notice within the framework granted by the Supervisory Board, insofar as this was necessary. All documents and the minutes of the transaction committee meetings were always accessible to all members of the Supervisory Board. In addition, the meetings were reported on at the respective subsequent Supervisory Board meetings. No additional remuneration or attendance fees were paid for the meetings of the Transaction Committees.

Despite the numerous meetings, we were able to record a consistently high attendance rate at our deliberations in the 2023 financial year, as in previous years. Attendance at the plenary meetings averaged 96.0 % (previous year 96.3 %) and at the committees 97.2 % (previous year 98.7 %). The vast majority of the members of the Supervisory Board participated in all meetings of the Supervisory Board in the financial year 2023 and in its committees in accordance with their respective membership. Members who were unable to attend the meetings generally participated in the resolutions by sending voting messages. The timely distribution of documents by the Executive Board in advance of the meetings and the almost universal avoidance of table papers made the preparation of the meetings much easier for the members of the Supervisory Board. For organisational reasons, some Supervisory Board and committee meetings were also held as video conferences to ensure the availability of Supervisory Board members for meetings scheduled at short notice. The exact breakdown of presence and video conference meetings can be seen in the table below.

Until the stabilisation measures were redeemed on 27 April 2023, the Economic Stabilisation Fund (WSF), in addition to the members of the Supervisory Board, exercised its right to be a guest at the meetings of the Supervisory Board and its committees, as agreed in the second framework agreement of January 2021, insofar as there was a relevant interest in accordance with the framework agreement. After the election of Dr Dönges as a member of the Supervisory Board, this guest right was exercised by individual representatives of the Finance Agency of the Federal Republic of Germany.

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Attendance at meetings of Supervisory Board in financial year 2023

	Supervisory Board meetings	Transaction committees	Presiding committee	Audit committee	Nomination committee
Meetings total	10	1	6	8	1
thereof virtual	4	1	1	2	0
Name					
Dr Dieter Zetsche (Chairman)	10 (10)	1 (1)	6 (6)*	7 (8)	1 (1)*
Frank Jakobi (Deputy Chairman)	10 (10)	1 (1)	6 (6)	8 (8)	
Ingrid-Helen Arnold	9 (10)				
Sonja Austermühle	9 (10)				
Christian Baier	7 (10)			8 (8)	
Andreas Barczewski	10 (10)				
Peter Bremme	10 (10)		6 (6)		
Dr Jutta Dönges	8 (10)		5 (6)	7 (8)	1 (1)
Prof. Dr Edgar Ernst	10 (10)	1 (1)	6 (6)	8 (8)*	1 (1)
Wolfgang Flintermann	10 (10)	1 (1)			
Maria Garaña Corces	9 (10)				
Stefan Heinemann	10 (10)			8 (8)	
Janina Kugel	10 (10)				
Coline Lucille McConville	10 (10)				
Helena Murano	10 (10)				
Mark Muratovic	10 (10)			8 (8)	
Anette Strempel	10 (10)		6 (6)		
Joan Trían Riu	10 (10)				
Tanja Viehl	10 (10)				
Stefan Weinhofer	10 (10)			8 (8)	
Attendance at meetings in %	**96.0**	**100.0**	**97.2**	**96.9**	**100.0**
Attendance at Committee meetings in %	**97.2**				

(In brackets: number of meetings held)
* Chairperson of Committee

Main topics of the Supervisory Board's work

There were ten meetings of the Supervisory Board. Of these, six were held as presence meetings, while four were held as video conferences. Furthermore, the established transaction committee of the Supervisory Board met one time, and four additional resolutions were passed by circular resolution. The following main points were the subject of the individual meetings:

1. In its meeting on 5 October 2022, the Supervisory Board first dealt with the preliminary report on the past financial year. In addition, the Supervisory Board was informed about the current booking situation, the liquidity situation and the refinancing options of the Group. The agenda also included an update on the sanctioning of a major shareholder and the revised competence profile of the Supervisory Board, including a qualification matrix. The Supervisory Board also informed itself about the law on the introduction of virtual general meetings and decided to hold the next ordinary general meeting in virtual format. Furthermore, the members of the Supervisory Board received an update on the definition of the performance criteria for the individual performance of the Executive Board members, the performance of the Executive Board as a whole and the achievement of stakeholder targets. Finally, the Board dealt with general succession planning and discussed possible changes to the Executive Board.

2. In a circular resolution on 18 October 2022, the Supervisory Board approved, in implementation of the changes discussed at the meeting on 5 October, the termination by mutual consent of the appointment of Mr Frank Rosenberger as a member of the Executive Board of TUI AG and the amendment of the business allocation plan.

3. The extraordinary meeting on 23 November 2022 dealt with an update on the Group's refinancing strategy. The prerequisites for the refinancing options and, among other things, their implications for the company's rating were examined. In addition, the members of the Supervisory Board also had the potential consequences and effects of the possible refinancing for the company and the shareholders and their legal assessment explained to them.

4. The meeting on 13 December 2022 initially included a discussion of the draft repayment agreement with the WSF and the associated key conditions, requirements and implications. The agenda also included the financial statements of the Group and TUI AG, each of which had been issued with an unqualified audit certificate by the auditors, and the combined management report for the Group. The Executive Board and the auditors were also present. The Audit Committee had already dealt extensively with these reports the previous day and also had the opportunity to discuss them with the auditors without the Executive Board. The members of the Supervisory Board approved the financial statements prepared by the Executive Board and the combined management report for TUI AG and the Group. The annual financial statements for 2022 were thus adopted. The Supervisory Board also approved the Report of the Supervisory Board, the Corporate Governance Report and the Remuneration Report. In addition, the declarations of compliance with the German and UK Corporate Governance Code and the proposal to the Annual General Meeting to commission Deloitte GmbH Wirtschaftsprüfungsgesellschaft for the 2023 half-year and annual financial statements were adopted. Furthermore, the Supervisory Board adopted the agenda for the Annual General Meeting on 14 February 2023 and approved the revised competence profile and

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the qualification matrix. Other topics discussed at the Supervisory Board meeting included the personnel and social report, an update on the IT organisation and remuneration topics for the Executive Board.

5. The meeting on 13 February 2023 included explanations on the quarterly report and quarterly financial report as well as the current booking situation. In addition, the current developments regarding the refinancing project were discussed at the meeting. The Supervisory Board was also informed about the current status of the preparations for the Annual General Meeting and received an update on the implementation of the strategic initiatives and on customer satisfaction. The agenda also included the extension of Mr Peter Krueger's appointment for another three years, the related remuneration adjustment in the second cycle and remuneration topics for the Executive Board.

6. At the extraordinary constituent meeting on 14 February 2023 after the Annual General Meeting, the members of the Supervisory Board re-elected Dr Dieter Zetsche as Chairman of the Supervisory Board and thus also as a member and Chairman of the Presiding Committee and the Nomination Committee. In addition, Dr Dieter Zetsche and Mr Christian Baier were elected members of the Audit Committee.

7. In a so-called learning session on 23 February 2023, the Supervisory Board was informed in detail about the requirements of the UK stock exchange supervisory authority as well as the rights and obligations of the directors in connection with a possible capital increase, in particular with regard to the prospectus required for BaFin and FCA. This was a requirement of the UK Listing Rules. This was attended by both our external legal advisors and representatives of the sponsoring bank.

8. In an extraordinary meeting on 10 March 2023, the Executive Board reported to the Supervisory Board on the process, timetable and potential volume of a capital increase. The Supervisory Board approved the capital increase in principle and set up a Transaction Committee for further implementation.

9. At its meeting on 24 March 2023, the Transaction Committee approved the measures required for the placement of the capital increase and its implementation within the scope of its authority as assigned by the Supervisory Board.

10. In a circular resolution on 4 April 2023, the Supervisory Board approved the sale of the stake in peakwork AG.

11. At the meeting on 9 May 2023, the Executive Board explained the report on the current financial year, the quarterly financial statements and the first half of 2023, which the Audit Committee had already discussed on the previous day. In addition, the Executive Board gave an update on the successfully completed capital increase and the refinancing strategy. Other key topics of the meeting were updates on the People and Group strategy. The Supervisory Board also dealt with changes in the composition of the Group Executive Committee and discussed succession planning in general. In addition, the Supervisory Board decided on the exercise of LTIP adjustment mechanisms in the context of Executive Board matters, received an update on the remuneration restrictions for the Executive Board and on the termination of the WSF's guest rights as a result of the redemption of the stabilisation measures.

12. At its meeting on 4 July 2023, the Supervisory Board first received an update on the current business development and IT security. Furthermore, the Board dealt with the establishment of two joint venture companies. In the context of Executive Board matters, the Supervisory Board approved the appointment extension of Ms Sybille Reiss for another three years as well as the related remuneration adjustment and discussed the remuneration structure of the Executive Board members. The agenda also included an update on corporate governance at TUI AG and a report on a revised internal guideline on the control of related party transactions.

13. In a circular resolution on 16 August 2023, the Supervisory Board approved the exercise of LTIP adjustment mechanisms and the update of the corporate governance declaration in the course of the year in accordance with section 161 of the German Stock Corporation Act.

14. In a circular resolution on 28 August 2023, the Supervisory Board approved the sale of the stake in Raiffeisen-Tours RT-Reisen GmbH and the purchase of a share in TRAVELStar GmbH.

15. At its strategy meeting on 6 September 2023, the Supervisory Board received an update on the strategic orientation and developments in the individual company segments. It also discussed the People strategy, IT and sustainability as well as the impact of artificial intelligence on the tourism industry and TUI's business model.

    On the second day of the meeting, the Supervisory Board received a report on the current financial year at its ordinary meeting on 7 September 2023. In addition, the Board adopted the budget for the coming financial year and the three-year plan and took note of the report on security, health and safety. In addition, the Supervisory Board set the target values for the annual performance-related remuneration of the Executive Board for the following financial year and discussed in principle the options for revising the Executive Board remuneration system. Other topics included an update on the revision of the qualification matrix and the assessment of the independence of shareholder representatives in accordance with the German Corporate Governance Code and the UK Code.

Presiding Committee

The Presiding Committee is responsible for Executive Board matters (including succession planning, appointments, terms of employment contracts, remuneration, proposals on the remuneration system), which in this function corresponds to a remuneration committee in accordance of UK principles. In addition, the Presiding Committee prepares the meetings of the Supervisory Board. In the reporting period, six meetings were held. Of these, five were held as presence meetings, while one were held as video conferences.

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The Presiding Committee, which is made up of equal numbers of members, consists of:

- Dr Dieter Zetsche (Chairman)
- Peter Bremme
- Dr Jutta Dönges
- Prof. Dr Edgar Ernst
- Frank Jakobi
- Anette Strempel

1. At its meeting on 4 October 2022, the Presiding Committee dealt with possible changes to the composition of the Executive Board and the definition of performance criteria for the individual performance of Executive Board members, the performance of the Executive Board as a whole and the achievement of stakeholder goals and their relative weighting for the following financial year. The Executive Committee also dealt with the revised competency profile for the Board and the qualification matrix as well as with the drafts of the Report of the Supervisory Board and the Corporate Governance statements for the annual report 2022.

2. On 12 December 2022, the target achievement for the variable remuneration components of the Executive Board in the 2022 financial year was the subject of discussion, subject to the validity of the remuneration restrictions. In addition, the exercise of LTIP adjustment mechanisms was discussed. In the context of Supervisory Board matters, the annual planning of the Supervisory Board and its committees for the 2023 and 2024 financial years as well as the competence profile and the qualification matrix were among the items on the agenda.

3. At its meeting on 13 February 2023, the Presiding Committee received an update on the remuneration restrictions for the Executive Board in the course of the utilisation of stabilisation measures of the WSF. In addition, the Committee discussed the extension of the appointment and service agreement of Mr Peter Krueger for a further three years.

4. On 8 May 2023, the Presiding Committee received an update on the composition of the GEC and discussed the general succession planning, including the quota for women. Furthermore, the members of the Committee again dealt with the remuneration restrictions for the Executive Board, the exercise of LTIP adjustment mechanisms and the termination of the WSF's guest rights after the redemption of the stabilisation measures at the end of April 2023.

5. At the meeting on 4 July 2023, the Presiding Committee dealt with the extension of Ms Sybille Reiss's service agreement by a further three years and discussed the level of remuneration of the members of TUI AG's Executive Board. Apart from other remuneration topics, the agenda included an update on corporate governance at TUI AG.

6. On 5 September 2023, the Presiding Committee discussed the determination of the target values for annual performance-related remuneration for the following financial year. Furthermore, the general further development of the remuneration system was discussed. In addition, the update on the revision of the qualification matrix and the assessment of the independence of the shareholder representatives on the board according to the German Corporate Governance Code and the UK Code were discussed.

Audit Committee

The Audit Committee met for eight ordinary meetings in the 2023 financial year. Of these, six were held as Presence meetings, while two were held as video conferences. Please refer to the detailed report of the Audit Committee on page 19 for information on the composition, tasks, deliberations and resolutions of the Audit Committee.

Nomination Committee

The nomination committee, composed exclusively of shareholder representatives, nominates suitable shareholder candidates to the Supervisory Board for its election proposals to the general meeting or for appointment by the district court.

The members of the Nomination Committee, which met one time in an attendance meeting, were:

- Dr Dieter Zetsche (Chairman)
- Dr Jutta Dönges
- Prof. Dr Edgar Ernst

In its meeting on 13 December 2022, the Nomination Committee dealt with the resolution recommendation for the nomination of Mr Baier, Ms Murano and Dr Zetsche (shareholder representatives) for election at the following Annual General Meeting.

Corporate Governance

The TUI AG share has its initial listing on the London Stock Exchange in the United Kingdom. In this context, TUI AG's constitution as a stock corporation under German law naturally requires the Supervisory Board to deal regularly and in great detail with the recommendations of both German and British corporate governance. Apart from mandatory compliance with the provisions of the German Stock Corporation Act (AktG), the Co-Determination Act (MitbestG), the Listing Rules and the Disclosure and Transparency Rules, TUI AG had declared in the framework of the merger that it would comply with both the German Corporate Governance Code (GCGC) and – to a practicable extent – the UK Corporate Governance Code (UK CGC).

For the GCGC, which is based on the German Stock Corporation Act (AktG) in its basic conception, we were able to submit the Declaration of Conformity 2023 with the Executive Board in accordance with section 161 AktG. The GCGC will be fully complied with again from August 2023. For further details, please refer to the Corporate Governance Report. The deviations from the UK CGC are largely due to the conceptual difference

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between the monistic management system of a public listed company in the UK (so-called one-tier board) and the dualistic management system consisting of Executive Board and Supervisory Board in a public limited company (so-called two-tier board) under German law.

In conducting the audit of the financial statements, the auditor did not identify any facts that would indicate that the declaration on the GCGC issued by the Executive Board and the Supervisory Board was incorrect.

Further information on corporate governance, the Declaration of Conformity 2023 pursuant to section 161 of the German Stock Corporation Act (AktG) and the declaration on the UK CGC can be found in the Corporate Governance Report jointly prepared by the Executive Board and the Supervisory Board in this Annual Report (page 11) and on TUI AG's website.

Conflicts of interest that have arisen

The Supervisory Board has continuously monitored the existence of conflicts of interest in the current financial year and determined that no conflict of interest arose in the 2023 financial year.

Audit of the annual financial statements and consolidated financial statements of TUI AG and the TUI Group

The Supervisory Board examined whether the annual financial statements and the consolidated financial statements as well as the other financial reporting complied with the applicable requirements. The annual financial statements of TUI AG prepared by the Executive Board in accordance with the rules of the German Commercial Code (HGB), the combined management report of TUI AG and the TUI Group and the consolidated financial statements for the financial year 2023 prepared on the basis of the International Financial Reporting Standards (IFRS) were audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hanover, and issued with an unqualified audit opinion in each case. The aforementioned documents, the Executive Board's proposal for the appropriation of the balance sheet profit and the auditor's reports were submitted to all members of the Supervisory Board in good time. We discussed them in detail at the Audit Committee meeting on 4 December 2023 and at our balance sheet meeting on 5 December 2023, at which the Executive Board explained the financial statements in detail. At these meetings, the Chairman of the Audit Committee and the auditor reported on the results of their audits, the focus of which had previously been determined with the Audit Committee for the reporting year. Neither the auditor nor the Audit Committee identified any weaknesses in the early risk detection and internal control system. Following our own review of the annual financial statements, the consolidated financial statements and the combined management report, we had no cause for objections and therefore concurred with the Executive Board's assessment of the situation of TUI AG and the TUI Group.

On the recommendation of the Audit Committee, we approve the financial statements for financial year 2023; the annual financial statements of TUI AG are thus adopted.

Composition of the Executive Board and Supervisory Board

The composition of the Executive Board and the Supervisory Board as at 30 September 2023 is shown in the overviews on pages 115 for the Supervisory Board and on page 117 for the Executive Board.

SUPERVISORY BOARD

In the following, I will give you an overview of the personnel changes on the Supervisory Board.

At the proposal of the Supervisory Board, Dr Zetsche was re-elected by the AGM 2023. In addition, the AGM 2023 confirmed Ms Murano and Mr Baier as members of TUI AG's Supervisory Board. Both members had initially been appointed by court order on 31 May 2022.

PRESIDING COMMITTEE

In financial year 2023, there were no changes in the composition of the Presiding Committee of TUI AG.

AUDIT COMMITTEE

In financial year 2023, there were no changes in the composition of the Audit Committee of TUI AG. Dr Zetsche and Mr Baier were also re-elected to the Audit Committee following their election by the Annual General Meeting.

NOMINATION COMMITTEE

In financial year 2023, there were no changes in the composition of the Nomination Committee of TUI AG.

EXECUTIVE BOARD

Frank Rosenberger, Chief IT Officer and Future Markets, has decided to leave the Group with effect as of the expiry of 31 October 2022. Mr Rosenberger had been with TUI since 2015 and had been responsible for Future Markets and the Group's digitalisation on the company's Executive Board since 2017. Under his responsibility, a global system for TUI tour operators was launched and the digitalisation of the company was significantly advanced.

The reduction in the number of Executive Board members also required a reorganisation of responsibilities in the management body. The CIO with his central IT functions of the TUI Group is located in the direct area of responsibility of CEO Sebastian Ebel. The other IT units are interlinked with the operational areas to enable a fast and efficient implementation of the digitalisation strategy. Peter Krueger is fully responsible for the Holiday Experiences area at Executive Board level.

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Thanks to

The Supervisory Board would like to thank the employees of the TUI Group for their great commitment in the past financial year. Thanks to your commitment, TUI has managed to regain its strength after the pandemic – in your respective areas of responsibility, you have all contributed to enabling TUI customers to enjoy the best time of the year.

Hanover, 5 December 2023

For the Supervisory Board

Dr Dieter Zetsche
Chairman of the Supervisory Board

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Report of the Audit Committee

Dear Shareholders,

As the Audit Committee, we have the task of supporting the Supervisory Board in the performance of its supervisory function. In doing so, we deal with the audit of the accounting, the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system as well as the audit of the financial statements and compliance. The accounting process includes, in particular, the consolidated financial statements and the group management report including CSR reporting, financial information during the year and the individual financial statements according to the German Commercial Code (HGB). In the completed financial year, we dealt in particular with issues relating to TUI Group's accounting and financial reporting, as required by law, the German Corporate Governance Code (GCGC) and the UK Corporate Governance Code (UK CGC) and the rules of procedure of the Supervisory Board. In addition, the Board Office also dealt for the Audit Committee with the implementation of the Financial Reporting Council's (FRC) 'Audit Committees and the External Audit Minimum Standard' and determined that the requirements are already being met.

Furthermore, the Audit Committee is responsible for the selection of the external auditor, whereby it also reviews the qualification as well as the independence of the auditor. The selected auditor is then proposed by the supervisory board to the general meeting for appointment. After the appointment by the general meeting, the Supervisory Board formally commissions the external auditor to audit the annual financial statements and the consolidated financial statements. The auditor is also commissioned to review the half-yearly financial report as well as any additional interim financial information that meets the requirements for the half-yearly financial report. The Audit Committee has agreed with the auditor that the auditor shall inform the committee without delay of all findings and events of significance for the committee's tasks that come to the auditor's attention during the performance of the audit. Furthermore, the Audit Committee has agreed with the auditor that the auditor will inform the committee and make a note in the audit report if, during the performance of the audit, the auditor discovers facts that show a misstatement in the declaration on the GCGC issued by the Executive Board and the Supervisory Board. In addition, the Audit Committee regularly assesses the quality of the audit.

PROF. DR EDGAR ERNST
Chairman of the Audit Committee

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The Audit Committee, which has equal representation, currently consists of the following eight members of the Supervisory Board:

- Prof. Dr Edgar Ernst (Chairman)
- Christian Baier
- Dr Jutta Dönges
- Stefan Heinemann
- Frank Jakobi
- Mark Muratovic
- Stefan Weinhofer
- Dr Dieter Zetsche

Through the appointment of financial experts, the Audit Committee has expertise in the areas of accounting and auditing. The expertise in the field of accounting consists of special knowledge and experience in the application of accounting principles and internal control and risk management systems. The expertise in the field of auditing consists of special knowledge and experience in the auditing of financial statements. Accounting and auditing also include sustainability reporting and its audit. The Chairman of the Audit Committee, Prof. Dr Edgar Ernst, is an expert in both areas. In addition, Mr Christian Baier and Dr Jutta Dönges fulfil the requirements of a financial expert within the meaning of the GCGC. The relevant members of the Audit Committee are also named in the Corporate Governance Report starting on page 119, where more detailed information on their expertise in the aforementioned areas is also provided. In summary, it should be noted here that the members of the Audit Committee all have competences relevant to the sector in which the company operates.

With regard to the Chairman of the Audit Committee, Prof. Dr Edgar Ernst, the Supervisory Board is of the opinion that he is independent of the Company and the Executive Board (for the independence of the other members of the Audit Committee, see page 121).

The Audit Committee regularly meets six times a year. The meeting dates and agendas are based in particular on the reporting cycle of the Group and the agendas of the Supervisory Board. In addition, there may be other topic-related meetings. These topic-related meetings generally also include a meeting in which the Executive Board explains to the Audit Committee the main contents of the Pre-Close Trading Update, which is usually published shortly before the annual closing date.

In addition to the members of the Audit Committee, the meetings were also attended by the Chairman of the Executive Board and the Chief Financial Officer, as well as the heads of Group Financial Accounting & Reporting, Group Audit, Group Legal, Compliance & Board Office, Group Treasury, Group Controlling, Group Corporate Finance & Group Investor Relations.

The auditors were invited to attend the meetings to discuss relevant issues. Other members of TUI Group's senior management as well as TUI Group executives with operational responsibility or external consultants were invited as required.

In addition to the meetings of the Audit Committee, the Chairman of the Audit Committee also held individual discussions with the Executive Board, division heads or the responsible partners of the auditor if this appeared necessary to go into more detail on individual topics and issues. The Chairman of the Audit Committee reported on the main results of these discussions at the following meeting of the Audit Committee.

The Chairman of the Audit Committee reports on the work and proposals of the Audit Committee as well as on the content of individual discussions in the respective subsequent Supervisory Board meeting.

The members attended the meetings of the Audit Committee as shown in the table on page 14. The format of the respective meeting is also shown there, as these meetings are held both in person and as a video conference.

Informative value of financial reporting and monitoring of the accounting process

The preparation of the annual financial statements and annual report of a German public limited company is the sole responsibility of the Executive Board. According to § 243 (2) HGB, the annual financial statements must be clear and concise and provide a realistic overview of the company's economic situation. This is in line with the requirements of the UK CGC, according to which the annual financial statements and annual report must be accurate, balanced and understandable. Against this background, the Executive Board is convinced – although the assessment was not delegated to the Audit Committee – that the submitted annual report meets the requirements of both legal systems.

In order to also satisfy ourselves of the informative value of the annual financial statements and the interim reporting, we were informed in detail by the Executive Board about the business development and the financial situation of the Group in the four Audit Committee meetings, which took place immediately before the publication of the respective financial statements. The corresponding reports were discussed. If the auditor had conducted an audit or review, the auditors reported on the results of the audit at these meetings in detail on important aspects of the financial statements and on the results of the audit or the auditor's review. According to the DCGK discussions should take place in the absence of the Executive Board on a regular basis. In the past financial year, the Audit Committee was also regularly given this opportunity. This applies in particular to the audit of the financial statements. In the past financial year, the Audit Committee also discussed with the auditor the assessment of the audit risk, the audit strategy and audit planning as well as the audit results. In addition, the Chairman of the Audit Committee regularly discussed the progress of the audit with the auditor and reported to the Audit Committee on each occasion.

In order to monitor accounting, we dealt intensively with individual aspects. As in previous years, TUI's economic development was a central topic in our meetings. In particular, we received detailed reports from TUI AG's Executive Board on the measures taken to refinance the company.

In addition, we considered the accounting treatment of significant balance sheet items, in particular goodwill, specific provisions as well as the development of TUI AG's equity. In consultation with the auditor, we assured

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ourselves that the assumptions and estimates underlying the accounting were appropriate. Furthermore, material aspects arising from the operational business were acknowledged by the Audit Committee.

In the reporting period, we dealt in particular with the following individual aspects:

Even before the outbreak of the COVID-19 pandemic, TUI AG's Executive Board initiated optimisation processes with regard to the structure of working capital and the associated cash flows. These measures also included the further development of a central finance area. Structured working capital management was also extended to the subsidiaries. We were regularly informed about these projects in our meetings. Also after the outbreak of the COVID-19 pandemic, these processes were accompanied by strict cost control. As in previous years, we received detailed reports on the corresponding measures.

In addition, the consistency of the reconciliation to the key figure 'underlying EBIT' and the significant items (adjustments) eliminated here were discussed for each quarterly report and for the annual financial statements. In this context, the going concern report prepared by the company was also discussed to verify the relevant going concern statements in the half-year report and the annual financial statements. The viability statement to be issued in the annual financial statements under the regulations of the UK CGC was also the subject of discussion.

The report of the Chairman of the Audit Committee on the monitoring of transactions with related parties within the business year was also discussed. Since none of the transactions – neither on an individual nor on a cumulative basis – exceeded the defined threshold value in the reporting year, a control of the monitored individual matters was carried out.

Since the introduction of mandatory reporting on corporate social responsibility (CSR) in the management report, the Supervisory Board has been responsible for reviewing the content of these disclosures. The Supervisory Board decided to seek support of the auditor, Deloitte, in reviewing the disclosures. Accordingly, we have been informed of the results of the auditor's review and are of the opinion that the information published in the CSR Report is appropriate and adequate.

Our assessment of all aspects of accounting and financial reporting discussed is consistent with the assessment of the Executive Board and the auditor.

On 21 November 2022, TUI received a letter from the UK regulator (FRC) with respect to the inclusion of TUI in the selection for their thematic review on earnings per share (IAS 33). The letter raised no questions requiring a response or further correspondence with the FRC. The schedule to the letter set out a number of observations on the reporting for earnings per share in TUI's Annual Report for the year ended 30 September 2021. The observations and the recommendations made in the FRC's publication on their thematic review of earnings per share (IAS 33) have been taken into account in the preparation of the 2023 Annual Report.

The FRC's review is based on the published Annual Report and Accounts and does not benefit from detailed knowledge of the business or an understanding of the underlying transactions. It provides no assurance that the Annual Report and Accounts is correct in all material respects. The FRC's role is not to verify the information provided, but to consider compliance with reporting requirements. The FRC accepts no liability for reliance on the FRC's review by the Company or any third party, including but not limited to investors and shareholders.

On 22 August 2023, TUI received a letter from the German regulator (BaFin) ordering a random audit of the annual report as of 30 September 2022. The scope of the audit comprises the reporting on the macroeconomic environment, the consideration of climate-related risks, the maintenance provisions in connection with aircraft lease agreements and specific notes to the financial statements. BaFin's catalogues of questions received on 30 August and 30 October 2023 were answered by TUI in due time respectively.

Effectiveness of the control and risk management system

The Audit Committee is guided in its legal obligation to deal with the effectiveness of the internal control and risk management system by the conviction that a stable and effective internal control system is indispensable to ensure economic success in the long term. To fulfil its monitoring task, the Audit Committee is regularly informed about the maturity of the implemented controls and also about the further development of the internal control system.

The Group has continuously developed its internal control system based on the COSO concept. The routine review of key financial controls is carried out by local management and monitored by the Executive Board. In the largest source markets, the UK and Germany, other internal controls are also reviewed.

The compliance function in the Group is further divided into the areas of finance, legal and IT. This division plays an essential role in the identification of further control needs and the permanent improvement of existing controls. In addition, the auditor also reports on any weaknesses in the Group's accounting-related control system that it identifies, and management follows up on their timely elimination.

The Audit Committee receives regular reports on the effectiveness of the risk management system, as shown in the risk report starting on page 35. The Risk Oversight Committee that has been set up is of crucial importance within the group. We are convinced that an adequate risk management system is in place.

The internal audit department ensures the independent monitoring of the implemented processes and systems as well as the significant projects and reports directly to the Audit Committee at each regular meeting. During the reporting period, the Audit Committee was not informed of any audit findings that indicated material weaknesses in the internal control system or the risk management system. In addition, regular discussions take place between the Chairman of the Audit Committee and the Director of Internal Audit for closer coordination. The annual audit planning is carried out in an agile manner. The Audit Committee has received detailed reports on the methodology and has taken note of and approved it, together with the audits for the coming financial year that have already been determined in this context. The Audit Committee believes that the regular coordination ensures the effectiveness of the internal audit.

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In the course of our meetings, we were again informed in this business year about the implementation and guarantee of the regulations of the European Data Protection Regulation (EU GDPR) in the individual business areas. Based on this report, we are convinced that the projects continuously initiated and measures taken throughout the Group for this purpose are designed to fulfil the requirements of the EU GDPR.

Whistleblowing systems for employees in the event of compliance violations

A standardised whistleblowing system has been set up in TUI Group through which employees can draw attention to possible breaches of compliance guidelines.

As part of the reporting on the legal compliance system, we were presented with the key findings from the whistleblower system in the past financial year.

Review of the independence and objectivity of the auditor

For financial year 2023, the Audit Committee recommended to the Supervisory Board that Deloitte GmbH Wirtschaftsprüfungsgesellschaft (Deloitte) be proposed to the Annual General Meeting as auditors. Following the appointment of Deloitte as auditors by the Annual General Meeting in February 2023, the Supervisory Board commissioned Deloitte to audit the 2023 financial statements.

The Audit Committee had Deloitte explain to it in advance the audit plan for the annual financial statements as at 30 September 2023. This plan includes the main focal points of the audit and the group of companies to be audited from the Group's perspective. The Audit Committee is convinced that this plan ensures that the audit adequately takes into account the identifiable risks. It also considers the independence and objectivity of the auditor to be given and has also established with the quality of the audit within the framework of a structured survey.

Based on regular reporting by the auditor, we have satisfied ourselves of the effectiveness of the external audit and have decided to recommend to the Supervisory Board that Deloitte be proposed to the Annual General Meeting as auditor again for financial year 2024. Deloitte was selected by us as auditor in a public tender process in financial year 2016 and has been appointed as auditor without interruption since the first election by the Annual General Meeting in 2017.

In order to ensure the independence of the auditor, all engagements for the provision of non-audit services by the auditor must be submitted to the Audit Committee for approval before the engagement is awarded. The Audit Committee makes use of the possibility to delegate the approval to the company depending on the size of the order. The chairperson of the Audit Committee is only involved in the decision if a fixed cost limit is exceeded. If the auditor provided services to the group outside of the audit, the nature and amount of these services were explained to the Audit Committee. This procedure is in line with the company's existing policy on the approval of non-audit services, which takes into account the requirements of the regulations of the Audit Reform Act (AReG) on prohibited non-audit services and on limitations on the amount of non-audit services. Worldwide, the non-audit services amounted to € 2.1 m. The audit fee received by the auditor, excluding voluntary audits, amounted to € 8.6 m. The corresponding non-audit services accounted for approximately 24 % of Deloitte's audit fees.

I would like to thank the members of the Audit Committee, the auditors, the Executive Board and all employees involved for their trusting and committed cooperation in the past financial year.

Hanover, 4 December 2023

Prof. Dr Edgar Ernst
Chairman of the Audit Committee

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* The present combined Management Report has been drawn up for both the TUI Group and TUI AG. It was prepared in accordance with sections 289, 289 (a), 315, 315 (a), 315 (b), 315 (c) and 315 (d) of the German Commercial Code (HGB).

The combined Management Report also includes the Statement on Corporate Governance and the Financial Highlights.

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TUI Group Strategy

Tourism is a growth sector driven by strong fundamentals

The travel and tourism market is a significant contributor to the global economy[1], growing above global GDP levels pre-pandemic[2]. Demand for tourism is driven by strong fundamental trends – people living longer, healthier lives; the growth of middle classes across the globe, which increases disposable income; and the desire for experiences, of which travel plays a significant part. This demand has proved highly resilient – after the disruption of COVID-19 and resulting travel restrictions, international arrivals are expected to return almost to pre-pandemic levels in 2023[3]. At TUI, we experienced a strong uplift in bookings for our destinations on the easing of government travel restrictions during the pandemic, and in Summer 2023, Markets & Airlines customer numbers rebounded almost completely to Summer 2019 levels, coupled with a strong 8 % increase in average selling price versus prior season, and 26 % increase versus Summer 2019. Therefore, we expect leisure tourism to continue to be an attractive growth market over the long-term.

The industry still faces some key challenges. Cost inflation (driven by higher energy costs and labour supply shortages), higher interest rates and foreign exchange fluctuations all impact supplier cost bases, as well as putting a squeeze on household income and hence consumer sentiment. In turn, this reinforces customer needs for brands which they can depend on, and which deliver choice and flexibility in configuring the right product for them. TUI's focus on delivering quality to our customers while increasing choice and flexibility, both in terms of our product offer, and by increasing the flexibility of flight and hotel sourcing, mean that we can deliver growth by offering value and choice, without additional risk capacity.

Climate change is a pressing global challenge. There is an urgency to act and for everyone to play a role in the transition to a low carbon economy. TUI has committed to Science Based Targets, in order to significantly reduce carbon emissions in our airline, hotels and cruise business by 2030, with a further commitment to reach net-zero by 2050 at the latest. In addition, our Sustainability Agenda sets out our wider commitments to sustainability, in terms of People, Planet and Progress.

Also see page 26 – 27 and the Non-financial Group Declaration from page 81 onwards.

TUI's business model – foundation for success

TUI is a leisure experiences group covering the entire holiday journey, serving millions of customers, operating 126 aircraft, 424 hotels (including our concept hotels) and 16 cruise ships[4], as well as a sizeable experiences, transfers and tours business. The group is structured into two divisions – Holiday Experiences and Markets & Airlines.

Holiday Experiences delivers differentiated content in hotels, cruises, experiences, transfers and tours:

- Our hotel portfolio consists of own and differentiated leisure brands such as Robinson, TUI Magic Life, TUI Blue and TUI Suneo, complemented by JV hotel brands such as Riu, Atlantica, Blue Diamond and Grupotel. The portfolio is well-diversified in terms of product offer, destination mix and ownership models, and benefits from multi-channel and multi-source market distribution via Markets & Airlines, direct to customer, and via third parties such as Online Travel Agents (OTAs) and tour operators mainly outside our own source markets.
- Our three cruise brands (Mein Schiff, Hapag-Lloyd Cruises, Marella) cover the cruises sector from premium all-inclusive to luxury to expeditions, with leading positions in the German-speaking and UK markets[5], benefitting from multi-channel distribution via Markets & Airlines, direct to customer and via third parties.
- TUI Musement is one of the largest[6] digital providers in the online intermediary market for tours and activities, including experiences (excursions, activities and tickets) and tous (multi-day tours), connecting our own and third party product portfolio in destinations with Markets & Airlines customers, direct to customer and via third parties; as well as providing transfers and customer support in the destination.

[1] Based on WTTC Economic Impact Research 2023 – Travel & Tourism sector contributed 10.3 % to global GDP in 2019; this decreased to 5.3 % in 2020, 6.1 % in 2021 and 7.6 % in 2022, due to government restrictions on mobility. However, Travel & Tourism GDP is expected to reach 95 % of 2019 levels in 2023.
[2] Based on UNWTO international travel arrivals CAGR versus global GDP CAGR for 2015 to 2019
[3] UNWTO World Tourism Barometer September 2023
[4] As at 30 September 2023, including concept hotels in third party properties
[5] As measured by capacities
[6] As measured by market share

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Markets & Airlines distributes and fulfills holidays to a large customer base in more than a dozen source markets. TUI is (according to consumer surveys for unaided brand awareness and consideration) a leading tourism brand[7]. We differentiate ourselves from the competition (such as tour operators, OTAs, hotels and airlines) based on our products and services. By covering the whole customer journey, TUI holds multiple digital and physical touchpoints with its customers, and therefore delivers a strong blend of digital and human interaction. This enables TUI to follow a customer centric approach, aiming to create long-term relationships with its customers.

As a vertically integrated group, it is also important to leverage cross-sell and upsell potential across all divisions, and the power of our brand in order to reduce cost of sales. Our Central Customer Ecosystem creates the basis of this, covering all aspects of marketing, sales and service.

TUI's strategy for profitable growth

As demand recovers post-pandemic TUI is committed to delivering profitable growth. We have already laid the foundations for this, and delivery is underway.

Our strategy is defined across both of our business divisions, embedded onto one central customer ecosystem, underpinned by our Sustainability Agenda and by our people. The framework for implementation can be visualized with our "strategy diamond", based on five key elements – Holiday Experiences, Markets & Airlines, Central Customer Ecosystem, Sustainability and People.

Strategy Implementation – our strategy diamond

[7] As measured by brand consideration in TUI brand performance tracking, completed by Metrixlab

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HOLIDAY EXPERIENCES

Our Holiday Experiences strategy focusses on asset-right, profitable growth in differentiated content and expanding the customer base with multi-channel distribution, in particular outside Markets & Airlines.

In Hotels & Resorts, product growth is delivered by expanding our portfolio in new and existing destinations. In financial year 2023 we added 41 new hotels to our pipeline. Growth in hotels is based on an asset-right and scaleable approach – through our joint ventures, the TUI Global Hotel Fund, launched by TUI and partners, and management and franchise contracts. We have continued to develop and enhance our own global distribution platform, with a focus on global distribution alongside our existing source markets; and we are also expanding our appeal across customer segments, with launch of new brands.

Product growth in Cruises is driven by investment into new-build ships by our TUI Cruises JV, with three new ships being delivered over the next three years. In addition, we are continuing Marella's fleet upgrade, by replacing older ships with newer, larger ones, including the launch of Voyager in June 2023 (previously Mein Schiff Herz). Customer growth will be driven by a broader marketing positioning for both TUI Cruises and Marella.

In TUI Musement, we have realigned our strategy to digitalise all three business sectors – experiences (excursions, activities and tickets), transfers and tours (multi-day tours), with a strong focus on delivering profitable growth from the marketing of our own products across all channels, and investing in particular in more of our own products. In this way, we simultaneously differentiate and position ourselves in the attractive producer margin area. The digitization of the Experiences segment has already been completed (with the acquisition in 2018 and subsequent integration of the Musement platform), and we are now focusing on the Tours and Transfers segments. This will help us generate further customer growth.

MARKETS & AIRLINES

Our Markets & Airlines strategy focusses on strengthening and leveraging our capabilities (including brand and distribution, differentiated and exclusive product, quality and service) and market positions, with growth delivered from new products and new customers, based on scaleable common platforms. Product growth is based on an expanded offer of accommodation only, flight only, car rentals, ancillaries and tours, as well as increasing the volume and proportion of dynamic packaging and supply, to deliver choice, flexibility and hence growth, without increasing risk capacity. Customer growth is driven by this increase in choice and flexibility, as we enlarge our appeal across more customer segments, supported by our brand and marketing strategy, and initiatives such as the relaunch of First Choice in the UK which targets new, especially younger, customers.

To increase efficiency and scaleability, we grow based on common platforms and central production. This year, we rolled-out our group-wide platforms for accommodation only, flight only and dynamic packaging to more markets, as well as continuing to develop and enhance the capabilities of these platforms. In TUI Airline, we operate a strong leisure network, with a high degree of integration with our Markets, on a modern and fuel efficient fleet. We leverage these strengths and continue to deliver transformation through increased flexibility and cost efficiency.

CENTRAL CUSTOMER ECOSYSTEM

As well as growing customer volumes, our marketing and distribution strategy focuses on maximizing customer value, leveraging the synergies between both of our business divisions, and lowering our cost of distribution. As the basis for this, we will continue to strengthen and leverage the TUI brand in existing and untapped customer segments and broaden our brand image for our growth products (such as cities, tours, accommodation only and experiences). We continue to enhance our app with a focus on native bookflows, targeting futher growth in the proportion of digital sales made in-app. Our customer relation management strategy is focused on growing the marketing base through improved permission capture, extension of automated marketing to all products and channels, and growing revenue by improved cross-channel marketing. We also continue to streamline the digital customer experience via the operation of a single customer account and implementing a common payment process. All of this facilitates a full product suite offering and cross-selling, and increases the number of holiday and experience touchpoints we have with the customer, whilst at the same time reducing our cost of sales.

Sustainability agenda 'People, Planet, Progress'

As an industry leading Group, we want to set the standard for sustainability in the market. We believe that sustainable transformation should not be viewed solely as a cost factor, but that sustainability pays off – for society, for the environment, and for economic development. Our strategy is therefore underpinned by clear science-based goals and targets on sustainability. TUI's Sustainability Agenda consists of three building blocks – People, Planet and Progress.

For details please refer to page 82.

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PEOPLE

- We will ensure that local people and communities benefit from tourism and the local supply chain.
- We will empower a generation of sustainability changemakers. TUI Care Foundation will drive positive social and environmental impacts in tourism communities around the world.

PLANET

- In 2023, our emission reduction targets were recognised by the Science Based Targets initiative (SBTi). TUI commits to implementing these targets in line with the latest climate science findings.
- We will achieve net-zero emissions across our operations and supply chain by 2050 at the latest. We will change the way we use natural resources and become a circular business.

PROGRESS

- Together with our partners, we will co-create the next-generation sustainable business model for the tourism industry through our Destination Co-Lab Rhodes.
- We will enable our customers to make sustainable holiday choices in every stage of the customer journey.

We already operate one of Europe's most carbon-efficient airlines and we aim to continuously improve our environmental performance. We will build on the progress we have already made and reduce emissions further through our commitment to science-based targets and our emission reduction roadmap.

In 2023, relative carbon emissions of our airlines decreased by 3.9 %. This improvement was primarily driven by higher load factors versus 2022, as well as our re-fleeting programme, with older aircraft being replaced by new, more carbon-efficient aircraft. In 2023, we still operated 19 Boeing 787 aircraft. In the period under review, our Boeing 737 Max fleet grew from 35 to 37 aircraft.

Further information is provided on pages 85 to 90

People strategy – digital, engaging, inclusive

Our employees make a key contribution to TUI Group's success. Our goal is to secure that success in the long term. In the period under review, we focussed on the continuation of our strategic initiatives defined in the framework of our People Strategy.

The vision of our People Strategy is to be digital, engaging and inclusive.

In order to implement our strategy, six relevant areas of action have been defined:

1. Simplification, harmonisation and focus
2. Digital transformation
3. Supporting growth
4. Positive employee experience
5. Diversity, equity and inclusion
6. Facilitating top performance

We are thus seeking to create a framework that empowers our employees to deliver the best performance and succeed as a team.

Further information is provided on pages 91 to 98.

TUI is set for profitable growth

Having driven the recovery post-pandemic, delivered our Global Realignment Programme and defined our strategy, TUI is well positioned and committed to capturing market growth. The execution of our strategy is well underway. As a result, TUI will continue to grow its differentiated Holiday Experience and Markets & Airlines product offerings, grow the volume and value of its customer ecosystem, increase flexibility for our customers and operations, and maximise efficiencies and synergies within the business.

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TUI GROUP

HOLIDAY EXPERIENCES	MARKETS & AIRLINES	ALL OTHER SEGMENTS
Hotels & Resorts Cruises TUI Musement	Nothern Region Central Region Western Region	

TUI AG parent company

TUI AG is TUI Group's parent company headquartered in Hanover. It holds direct or, via its affiliates, indirect interests in the principal Group companies conducting the Group's operating business in individual countries. Overall, TUI AG's group of consolidated companies comprised 266 direct and indirect subsidiaries at the balance sheet date. A further 20 affiliated companies and 27 joint ventures were included in TUI AG's consolidated financial statements on the basis of at equity measurement.

For details on principles and methods underlying the consolidated financial statements and TUI Group shareholders, see page 190 and 281.

ORGANISATION AND MANAGEMENT

TUI AG is a stock corporation under German law, whose basic principle is two-tiered management by two boards, the Executive Board and the Supervisory Board. The Executive and Supervisory Boards cooperate closely in governing and monitoring the Company. The Executive Board is responsible for the overall management of the Company.

The appointment and removal of Board members are based on Sections 84 et seq. of the German Stock Corporation Act in combination with Section 31 of the German Co-Determination Act. Amendments to the Articles of Association are effected on the basis of the provisions of Sections 179 et seq. of the German Stock Corporation Act in combination with Section 24 of TUI AG's Articles of Association if applicable.

EXECUTIVE BOARD AND GROUP EXECUTIVE COMMITTEE

As at the balance sheet date, the Executive Board of TUI AG consisted of the CEO and four other Board members.

For details on Executive Board members, see page 117.

The Executive Board is the Company's central decision-making body. In addition, there is the Group Executive Committee (GEC), which as of 30 September 2023 consisted of twelve members, including the Executive Board members, and is chaired by the Chairman of the Executive Board. As a rule, the Group Executive Committee participates in all Board meetings, with the exception of items dealing with personnel matters relating to the composition of the Senior Leadership Team. The GEC was set up to enhance informed, effective decision-making and to create a flat hierarchy and strong execution environment. It reflects a culture of openness and information sharing.

For further details, also see: www.tuigroup.com/en-en/investors/corporate-governance

TUI Group reporting structure

TUI Group is a global integrated tourism group. Its core businesses, Holiday Experiences and Markets & Airlines, are clustered into the segments Hotels & Resorts, Cruises and TUI Musement as well as three regions: Northern, Central and Western Region. TUI Group also comprises All other segments. The Group's reporting structure thus remained unchanged year-on-year in the reporting period.

HOLIDAY EXPERIENCES

Holiday Experiences comprises our hotel, cruise and destination activities.

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 significant influence, and hotels operated under management contracts.

In financial year 2023, Hotels & Resorts comprised a total of 360 hotels with 285,127 beds. 330 hotels, i.e. the majority, are in the four- or five-star categories. 53 % were operated under management contracts, 38 % were owned by one of the hotel companies, 8 % were leased and 1 % of the hotels were managed under franchise agreements.

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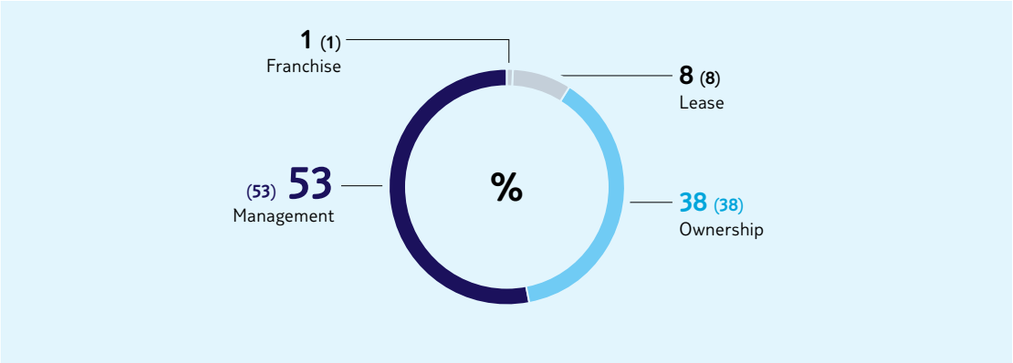
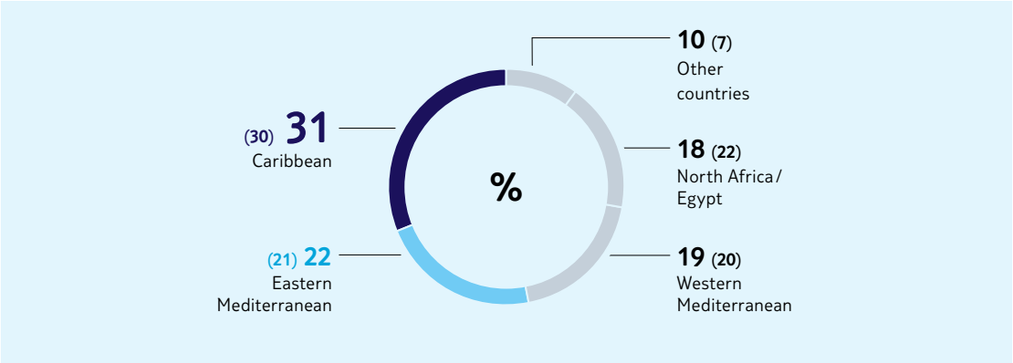
Hotels & Resorts financing structure in %



In brackets: previous year

Hotels & Resorts beds per region in %



Hotels & Resorts portfolio

Hotel brand	3 stars	4 stars	5 stars	Total hotels	Beds	Main sites
Riu	2	45	50	97	105,712	Spain, Mexico, Caribbean, Cape Verde, Portugal, Morocco
Robinson	1	17	8	26	16,016	Spain, Greece, Turkey, Austria, Maledives
Blue Diamond	2	14	21	37	35,329	Cuba, Dom. Rep., Jamaica, Mexico, Saint Lucia
Others	25	122	53	200	128,070	Spain, Greece, Turkey, Egypt
Total	**30**	**198**	**132**	**360**	**285,127**	

As at 30 September 2023

Riu is the largest hotel group in the portfolio of Hotels & Resorts in terms of the number of hotels. The Mallorca-based enterprise primarily operates four- and five-star hotels in Spain, Mexico and the Caribbean. Its three product lines Riu Classic Hotels, Riu Plaza Hotels (city hotels) and Riu Palace Hotels (premium segment) target different customer groups.

Robinson operates mainly four- and five-star club hotels and is a leading German provider of club holidays in terms of the number of resorts. Most of its clubs are located in Spain, Greece, Turkey, the Maldives and Austria.

Blue Diamond is a hotel chain in the Caribbean. The Hotels & Resorts segment comprises 37 resorts in the Caribbean and Mexico.

Other hotel brands include the TUI signature hotels TUI Blue, TUI Magic Life and TUI Suneo.

TUI Blue, present in about 20 countries, is TUI Group's global hotel brand and targeting an international audience. After five hotel openings in summer 2023, TUI Blue continues its growth path, primarily in new holiday destinations in Asia and Africa.

TUI Magic Life is an all-inclusive brand, targeting an international audience seeking club holidays with different profiles in beachfront locations.

TUI Suneo offers value for money hotels.

Our hotels operated by third-party hoteliers include a total of 64 hotels belonging to our international concept brands. This brings the total number of TUI Group portfolio hotels to 424.

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CRUISES

The Cruises segment comprises the joint venture TUI Cruises, which operates cruise ships under the brands Mein Schiff and Hapag-Lloyd Cruises, and Marella Cruises. With their combined fleet of 16 vessels as at the reporting date, the three cruise lines offer different service concepts to serve different target groups.

Cruise fleet by ownership structure

	Owned	Leases	Total
TUI Cruises (Joint Venture)	11	0	11
Mein Schiff	6	0	6
Hapag-Lloyd Cruises	5	0	5
Marella Cruises	3	2	5
Total	**14**	**2**	**16**

As at 30 September 2023

TUI Cruises is a joint venture in which TUI AG and the US shipping company Royal Caribbean Cruises Ltd. each hold a 50 % stake. With its six 'Mein Schiff' vessels, TUI Cruises is top-ranked in the German-speaking market for cruises. The Insight Guides (formerly Berlitz Cruise Guide), an international reference for cruise ship ratings, ranked all six ships operated by TUI Cruises into high positions in the four-stars category. The Mein Schiff Herz was transferred to the Marella Cruises fleet in Q3 2023. The commissioning of three newly built ships is planned for the coming years, which will bring the fleet to a total of nine ships. After the pandemic years, TUI Cruises is thus continuing its growth as planned.

The traditional Hapag-Lloyd Cruises brand, which is also part of TUI Cruises, is a leading provider of luxury and expedition cruises in German-speaking markets. At the reporting date, the fleet comprised two luxury liners and three expedition cruise ships. They are the only ships worldwide to have each been awarded a five-star rating by Insight Guides. This makes Hapag-Lloyd Cruises the winner of the title of best fleet worldwide.

With a fleet of five ships, Marella Cruises offers voyages in different segments, including family and city cruises, in the British market. The former Mein Schiff Herz joined the fleet as Marella Voyager in June 2023.

TUI MUSEMENT

The TUI Musement segment delivers local services at our holiday destinations around the world. To do this TUI is present in numerous holiday destinations with its own staff. TUI Musement's business model for the distribution of experiences (excursions, activities), tickets and tours (multi-day tours) is based on an online platform open to customers and suppliers. In addition, transfers are provided in the destinations.

TUI Musement serves three customer groups:

- TUI customers: Providing services to our guests in the destination via service and operation teams and tour guides as well as via the TUI Digital Assistant App and the TUI Experience Center.
- Strategic B2B customers: Digital and on-site services for partners from various sectors of the travel industry, such as airlines, cruise lines, ground transport, OTAs and tour operators.
- B2C Open Market clients: Global distribution of tours, activities and experiences for travellers.

MARKETS & AIRLINES

With our three regions – Northern, Central and Western – we have well-positioned sales and marketing structures offering our customers 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 flying capacity continues to play a key role in our business model. Thanks to a combination of Group-owned and third-party capacity, we offer tailored travel programmes for each individual source market region and can respond flexibly to changes in customer preferences. Balanced management of flight and hotel capacity enables us to develop destinations and optimise the margins of both service providers.

NORTHERN REGION

The Northern Region segment comprises tour operator activities and airlines in the UK, Ireland and the Nordics. Our strategic venture Sunwing Travel Inc., Canada, sold its tour operation business, which was previously included in this segment, in May 2023.

CENTRAL REGION

The Central Region segment comprises the tour operators and airlines in Germany and the tour operator activities in Austria, Poland, and Switzerland.

WESTERN REGION

The Western Region segment comprises the tour operators and airlines in Belgium and the Netherlands and the tour operator activities in France.

ALL OTHER SEGMENTS

'All other segments' includes amongst others the corporate centre functions of TUI AG and the interim holdings, the Group's real estate companies and the Group's key tourism functions. The future markets business, which has also been shown in All other segment so far, was resegmented to Hotels & Resorts, TUI Musement and Central Region in financial year 2023.

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Research and development

As a tourism service provider, the TUI Group does not engage in research and development activities comparable with manufacturing companies. This sub-report is therefore omitted.

Value-oriented Group Management

Management system and key performance indicators

A standardised management system has been created to implement value-driven management across the Group as a whole and in its individual business segments. The value-oriented management system is an integral part of consistent Group-wide controlling and planning processes.

Our key financial performance indicators for tracking our earnings position are revenue and underlying EBIT. Accordingly, underlying EBIT represents the segment indicator as defined by IFRS 8.

We define the EBIT in underlying EBIT as earnings before interest, taxes and expenses for the measurement of the Group's interest hedges. EBIT by definition includes impairment of goodwill.

Underlying EBIT has been adjusted for income and expense items which, due to their level and frequency, impact or distort the assessment of operating profitability in the segments and the Group. These one-off items include gains on disposal of investments, major gains and losses from the disposal of assets, and major restructuring and integration expenses. The indicator is additionally adjusted for all effects from purchase price allocations, ancillary acquisition costs and conditional purchase price payments. The reconciliation to underlying EBIT also adjusts for goodwill impairments.

To track the Group's financial position in financial year 2023, we identified net capital expenditure and financial investments as well as TUI Group's net financial position as key performance indicators. In addition, we monitor the Group's leverage ratio as a further indicator of financial stability.

Key management variables used for regular value analysis are Return On Invested Capital (ROIC) and Economic Value Added. ROIC is compared with the weighted average cost of capital before tax (WACC).

We regard specific carbon emissions (in g CO_2 / pkm) from our aircraft fleet as a key non-financial performance indicator.

To track business performance in our segments in the course of the year, we also monitor other non-financial performance indicators, such as the customer numbers in tour operation, capacity or passenger days, occupancy and average prices in Hotels & Resorts and Cruises.

Information on operating performance indicators is provided in the sections on Segmental performance (page 67), the Non-financial Group declaration (page 81) and in the Report on Expected Developments (page 55).

Cost of capital

The cost of capital is calculated as the weighted average cost of equity and debt (WACC). While the cost of equity reflects the return expected by investors from TUI shares, the cost of debt is based on the average borrowing costs for TUI Group. The cost of capital always shows pre-tax costs, i. e. costs before corporate and investor taxes. The expected return determined in this way corresponds to the same tax level as the underlying EBIT included in ROIC. For financial year 2023, we apply a cost of capital of TUI Group of 11.76 % (previous year: 12.63 %).

ROIC and Economic Value Added

ROIC is calculated as the ratio of underlying earnings before interest and taxes (underlying EBIT) to average invested interest-bearing capital (invested capital).

Given its definition, this performance indicator is not influenced by any tax or financial factors and has been adjusted for one-off effects. From a Group perspective, invested capital is derived from liabilities, comprising equity (including non-controlling interests) and the balance of interest-bearing liabilities and interest-bearing assets with an adjustment for the seasonality of the Group's net financial position. The cumulative amortisations of purchase price allocations are then added to the invested capital.

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Apart from ROIC as a relative performance indicator, Economic Value Added is used as an absolute value-oriented performance indicator. Economic Value Added is calculated as the product of ROIC less associated pre-tax capital costs (WACC) multiplied by interest-bearing invested capital.

In the year under review, TUI Group's ROIC amounted to 19.10 % (previous year: 7.49 %). Taking into account the Group's weighted average cost of capital of 11.76 %, this resulted in an Economic Value Addded of € 375.6 m (previous year: negative Economic Value Addded of – € 280.7 m).

Invested Capital

€ million	Notes	2023	2022
Equity		**1,947.2**	**645.7**
Subscribed capital	(24)	507.4	1,785.2
Capital reserves	(25)	9,090.1	6,085.9
Revenue reserves	(26)	– 8,474.6	– 8,432.7
Non-controlling interest	(29)	824.3	787.3
Silent Participations	(27)	0.0	420.0
plus interest bearing financial liability items		**4,922.5**	**5,921.0**
Pension provisions and similar obligations	(30)	670.4	601.4
Non-current financial liabilities	(32)	1,198.5	1,731.4
Current financial liabilities	(32)	98.5	319.9
Derivative financial instruments	(41)	37.0	60.7
Lease liabilities (IFRS 16)	(32)	2,918.1	3,207.5
less financial assets		**1,926.4**	**1,669.6**
Derivative financial instruments	(41)	268.4	259.1
Cash and cash equivalents	(22)	2,060.3	1,736.9
Other financial assets		97.7	173.5
Seasonal adjustment[1]		– 500.0	– 500.0
less overfunded pension plans		**98.5**	**163.4**
Invested Capital before addition of effects from purchase price allocation		**4,844.7**	**4,733.7**
Invested Capital excluding purchase price allocation prior year		4,733.7	5,569.7
Ø Invested capital before addition of effects from purchase price allocation[2]		**4,789.2**	**5,151.7**
Invested Capital before addition of effects from purchase price allocation		**4,844.7**	**4,733.7**
plus effects from purchase price allocation		336.4	315.4
Invested Capital		**5,181.1**	**5,049.1**
Invested Capital prior year		5,049.1	5,866.6
Ø Invested Capital[2]		**5,115.1**	**5,457.8**

[1] Adjustment to net debt to reflect a seasonal average cash balance
[2] Average value based at beginning and year-end

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ROIC

€ million		2023	2022
Underlying EBIT		**977.2**	**408.7**
Ø Invested Capital*		**5,115.1**	**5,457.8**
ROIC	**%**	**19.10**	**7.49**
Weighted average cost of capital (WACC)	%	11.76	12.63
Value added		**375.6**	**–280.7**

* Average value based on balance at beginning and year-end

Group performance indicators used in the Executive Board remuneration system

JEV-RELEVANT EBT AT CONSTANT CURRENCY

Group earnings before interest and taxes (EBIT) on a constant currency basis, weighted at 75 %, are used to determine annual variable remuneration (JEV) for the Executive Board. EBIT is quantified on a constant currency basis in order to avoid any distortion caused by currency-driven translation effects when measuring actual management performance.

Group earnings before interest (including the result of the measurement of the Group's interest hedges) and taxes on a constant currency basis developed as follows in the financial year under review:

Reconciliation EBIT

€ million	2023
EBIT	**999.3**
FX effects from translation to budget rates	–8.3
EBIT at budget rates	**991.1**

JEV-RELEVANT CASH FLOW BEFORE DIVIDEND

The second Group key figure taken into account in the JEV in accordance with the remuneration system is the cash flow figure 'cash flow before dividends', which is included in the calculation with a weighting of 25 %. For these purposes, cash flow before dividends is generally calculated using a simplified approach based on the management cash flow statement. The TUI Group's EBIT is also generally adjusted for currency effects for this purpose. This basic rule was deviated from for the 2023 financial year. The deviations are explained below:

When adopting the resolution on the target setting for the JEV in September 2022, the Supervisory Board of TUI AG took into account the particular effects on the originally planned cash flow component resulting from the changes in accounting regulations that have occurred since the remuneration system was established. In September 2022, the Supervisory Board decided to use total cash flow as the second Group key performance indicator for determining the target achievement of the JEV.

The total cash flow corresponds to the cash flow after dividends (€ 571.0 m) plus the cash inflow from capital increases through the issue of new shares (€ 1,760.9 m) less payments for financing / leasing (€ 2,021.4 m). For the 2023 financial year, it amounts to € 310.5 m. The cash flow after dividends in turn results from the cash flow before dividends (€ 708.1 m) less a coupon on a silent partnership (€ 16.8 m) and dividends from subsidiaries to non-controlling interests (€ 120.3 m).

When adopting the resolution on target achievement, the Supervisory Board also exercised its right to adjust the conditions of the JEV at its reasonable discretion in the event of extraordinary events or developments in order to take account of rare special situations that were not adequately covered by the defined targets. The cash inflow from capital increases through the issue of new shares (€ 1,760.9 m) was therefore deducted from the above-mentioned total cash flow (€ 310.5 m) and the following items were increased: Payments for the revolving credit line (€ 561.2 m), payments for the repayment of hybrid capital (€ 682.4 m) and payments for the repayment of promissory note and WSF loans (€ 241.7 m). Taking into account payments for other items, the total cash flow excluding one-off financing effects totalled € 33.5 m. The following items were added back in order to reconcile to the cash flow relevant to JEV: Dividend from Riu II to Riu for the establishment of a new subsidiary (€ 75.0 m), payments for the investment in a new subsidiary (€ 73.5 m), payments already received in the previous year from the Riu earn-out (€ 17.1 m) and other payments (€ 7.4 m). This results in a JEV-relevant cash flow of € 206.5 m.

As a result of the adjustments to take account of the special situations, the cash flow relevant to JEV fell by around € 100 m to € 206.5 m, which also led to a lower target achievement for JEV.

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PRO-FORMA UNDERLYING EARNINGS PER SHARE

The measurement of the long-term incentive plan (LTIP) for the Executive Board is exclusively based on the average development of pro forma underlying earnings per share from continuing operations (LTIP-relevant EPS).

The table below shows TUI Group's pro forma underlying earnings per share. The normalised Group tax rate for the year under review is 18 %, the prior year rate was reduced to 0 % against the background of the considerable decline in earnings caused by COVID-19.

Pro forma underlying earnings per share from continuing operations (LTIP-relevant EPS) developed as follows in the financial year under review:

Pro forma underlying earnings per shares TUI Group

€ million	**2023**	2022 adjusted
Underlying EBIT	**977.2**	**408.7**
less: Net interest expense	– 448.2	– 465.9
Underlying profit before tax	**529.1**	**– 57.1**
Income taxes (18 % assumed tax rate, prior year 0 %)	95.2	0.0
Underlying Group profit	**433.8**	**– 57.1**
Minority interest	149.9	64.6
Underlying Group profit attributable to TUI shareholders of TUI AG	**283.9**	**– 121.7**
Numbers of shares at FY end (in million)	384.3	273.1
Underlying earnings per share (€)	**0.74**	**– 0.45**

Earnings per share for all periods presented were adjusted for the effect of the capital reduction carried out in February 2023 at a ratio of 10:1 and the effect of the bonus component of subscription rights issued as part of the capital increase in March 2023.

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Risk Report

Successful management of existing and emerging risks is critical to the long-term success of our business and to the achievement of our strategic objectives. In order to seize market opportunities and leverage the potential for success, risk must be accepted to a reasonable degree. Risk management is therefore an integral component of the Group's Corporate Governance.

At TUI, managing risk has always been a vital part of how we conduct our business. At TUI we incorporate all elements of a fully developed risk management system. It is not limited to identifying only those developments that could jeopardise the companies continued existence, it also includes the active management of all other material risks. Risk management is limited to risks only, short-term chances or opportunities are managed in the controlling process, whereas Group Strategy continuously identifies and monitors long-term chances. Legal risks are reported in a separate legal risk report.

In financial year 2023, the Group has conducted a Climate Scenario Analysis following the recommendations of the Task Force for Climate Related Financial Disclosures (TCFD) initiative. Certain risks and opportunities resulting from projected climatical changes have been identified and assessed. Given the importance of climate change, TUI is using its established Risk Management Process to facilitate the management of these risks. Given the variety of potential impacts on our business and to report on these elements centrally, we have decided to set up a new principal risk "Climate change impacting our business model" (see principal risk 10 on page 48) These topics have been discussed intensively in two of our Group Risk Oversight Committee meetings and results have been presented to both, the Group Executive Committee and the Audit Committee.

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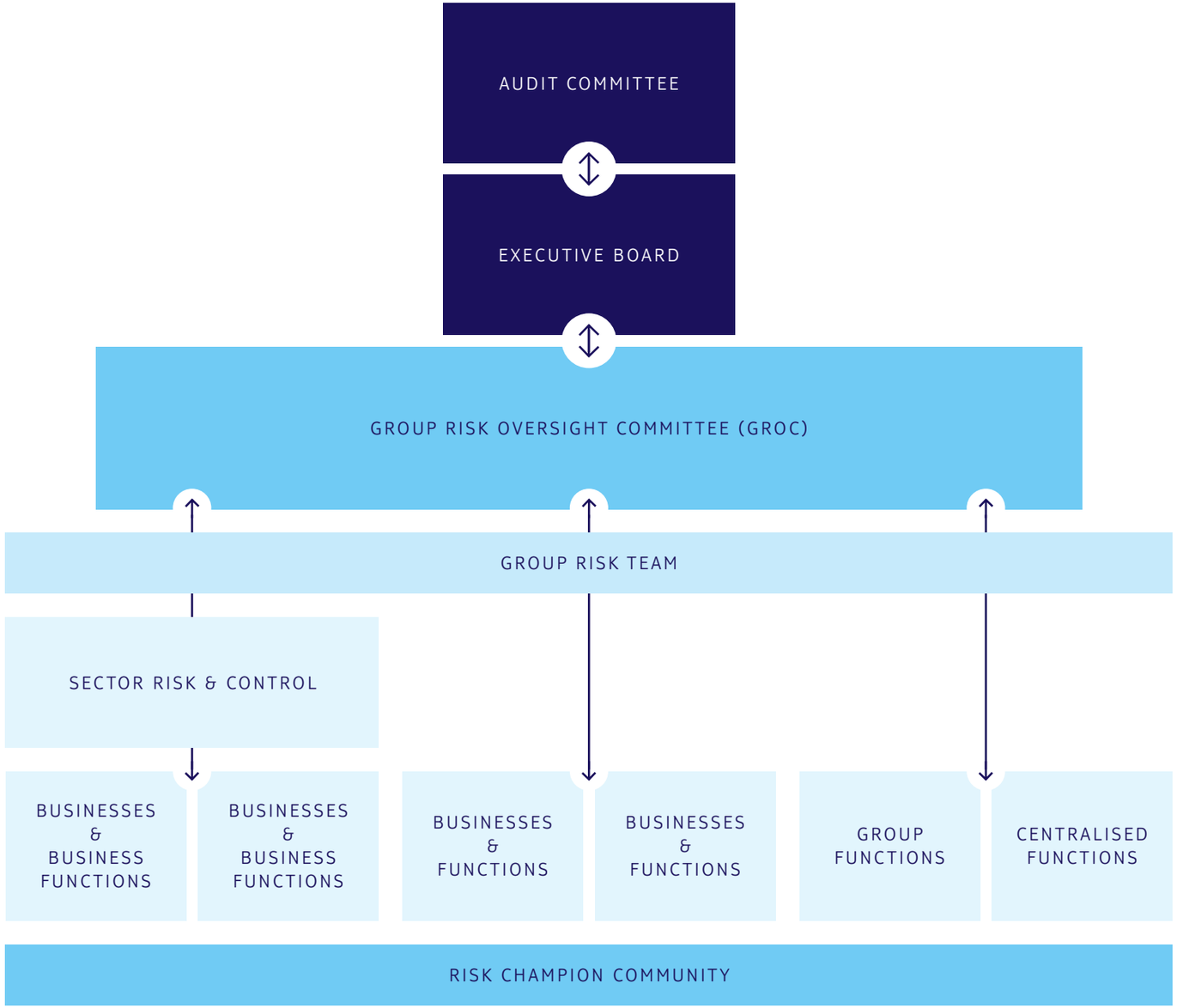
Risk Governance

TUI Risk Management Governance



Oversee & Review
- *Oversee adequacy and effectiveness of the risk management system*
- *Acknowledge the risk appetite*

Direct & Assure
- *Overall responsibility for risk management*
- *Determine strategic approach to risk*
- *Approve risk policy including risk appetite and set tone at the top*
- *Agree how principal risks are managed, mitigated and monitored*
- *Review the effectiveness of the risk management system*

Review & Communicate
- *Formulate risk strategy and policy*
- *Discuss and propose risk appetite*
- *Summarise and assess principal risks*
- *Ensure effective monitoring*
- *Report back to Executive Board*

Support & report

Coordinate, support & report in Sector

Identify, Assess & Manage
- *Understand key risks*
- *Review key risks and mitigation*
- *Manage and monitor risks*
- *Report on risk status*

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AUDIT COMMITTEE – OVERSEE & REVIEW

The Audit Committee, as a subcommittee of the Supervisory Board, is overseeing the appropriateness and effectiveness of the risk management system. The Head of the Group Risk team reports minimum once a year on the system itself, on topics which have been discussed in the Group Risk Oversight Committee, the principal risks and their changes. The Committee considers the adequacy and the effectiveness of the risk management system and reviews and acknowledges the risk appetite on a principal risk level as formulated by the Executive Board.

EXECUTIVE BOARD – DIRECT & ASSURE

With oversight by the Supervisory Board, the Executive Board determines the strategic direction of the Group and agrees the nature and extent of the risks it is willing to take to achieve its strategic objectives.

Ultimate accountability for the Group's risk management rests with the Executive Board and therefore it has established and maintains a risk management system to identify, assess, manage and monitor risks which could threaten the existence of the company or have a significant impact on the achievement of its strategic objectives: these are referred to as the principal risks of the Group. This risk management system includes an internally-published risk management policy which helps to reinforce the tone set from the top on risk, by instilling an appropriate risk culture in the organisation whereby employees are expected to be risk aware, control minded and to 'do the right thing'. The policy provides a formal structure for risk management to embed it in the fabric of the business. Each principal risk has assigned to it a member of the Executive Board as overall risk sponsor to ensure that there is clarity of responsibility and to ensure that each of the principal risks are understood fully and managed effectively.

The Executive Board reports to the Audit Committee of the Supervisory Board on the adherence to both the German legal and the UK listing requirements, the overall risk position of the Group, on the individual principal risks and their management, and on the performance and effectiveness of the risk management system as a whole.

GROUP RISK OVERSIGHT COMMITTEE – REVIEW & COMMUNICATE

On behalf of the Executive Board, the Group Risk Oversight Committee (the GROC), ensures that business risks are identified, assessed, managed and monitored across the businesses and functions of the Group. As a rule meeting on a quarterly basis, the GROC's responsibilities include considering the principal risks to the Group's strategy and the risk appetite for each of those risks, assessing the operational effectiveness of the mitigation in place to manage those risks and any action plans to further mitigate them, as well as reviewing the bottom-up risk reporting from the businesses themselves to assess whether there are any heightened areas of concern.

Chaired by the Chief Financial Officer, senior operational and finance management as well as those Central Functions which are fulfilling the role as a second line are represented on the committee.

Leaders of Central Functions as well as senior executives from the Group's major businesses are invited on a rotational basis to present on their risk and control framework. This allows members of the GROC to ask questions on the processes in place, the risks present in each business or function, as well as any new or evolving risks which may be on their horizon. It also provides opportunity to seek confirmation that an appropriate risk culture continues to be in place in each of the major businesses and that there are no gaps between risk management at business level and at function level.

The GROC reports biannually to the Executive Board to ensure that it is kept abreast of changes in the risk landscape and developments in the management of principal risks, and to facilitate regular quality discussions on risk management at the Executive Board meetings.

GROUP RISK TEAM – SUPPORT & REPORT

The Executive Board has also established a Group Risk team to ensure that an adequate risk management system is set up and functions effectively and that the risk management policy is implemented appropriately across the Group. The team facilitates the risk management process by providing guidance, support and challenge to management whilst acting as the central point for coordinating, monitoring and reporting on risk across the Group. It also supports the GROC in fulfilling its duties and the reporting to both the Executive and Supervisory Boards. Additionally, Group Risk is responsible for the operation of the risk and control software that underpins the Group's risk reporting and risk management process.

SECTOR RISK & CONTROL – COORDINATE, SUPPORT & REPORT IN SECTOR

Sector risk and control teams work as the connecting element between businesses and the Group. They facilitate the risk management process in their respective areas by providing guidance support and reporting. They challenge management in identifying and assessing risks, hence ensuring proper sector governance.

BUSINESSES & FUNCTIONS – IDENTIFY, ASSESS & MANAGE

Every business and function in the Group is required to adopt the Group Risk Management policy. In order to do this, each either has their own risk committee or includes risk as a regular agenda item at their Board meetings to ensure that it receives the appropriate senior management attention within their business. In addition, the businesses each appoint a Risk Champion, who promotes the implementation of the risk management policy within their business and ensures its effective application. The Risk Champions are in close contact with the Group Risk team and are critical both in ensuring that the risk management system functions effectively, and in implementing a culture of continuous awareness and improvement in risk management and reporting.

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Risk Reporting

The Group Risk team applies a consistent risk reporting methodology across the Group. This is underpinned by risk and control software which reinforces clarity of language, visibility of risks, mitigation and actions and accountability of ownership. Although the process of risk identification, assessment and response is continuous and embedded within the day-to-day operations of the businesses and functions, it is consolidated, reported and reviewed at varying levels throughout the Group on at least a quarterly basis.

Risk Identification: Management closest to the risks identify those that are relevant to the pursuit of the strategy within their business area.

A risk owner is assigned to each risk, who has the accountability and authority for ensuring that the risk is appropriately managed.

Risk Assessment: The methodology used is to initially assess the gross (or inherent) risk. This is essentially the downside, being the product of the impact together with the likelihood of the risk materialising if there is no mitigation in place to manage or monitor the risk. In line with the Group budgeting horizon, risk assessment is made for a timeframe of one year with longer horizons where necessary, e.g. in case of longer term projects. The key benefit of assessing the gross risk is that it highlights the potential risk exposure if mitigation were to fail completely or not be in place at all. Both impact and likelihood are scored using the criteria shown below.

Impact Assessment

MINOR	MODERATE	SIGNIFICANT	MAJOR	SERIOUS
Impact on	Impact on	Impact on	Impact on	Impact on
Financials (Sales and / or Costs)	Financials (Sales and / or Costs)	Financials (Sales and / or Costs)	Financials (Sales and / or Costs)	Financials (Sales and / or Costs)
Reputation	Reputation	Reputation	Reputation	Reputation
Technology reliability	Technology reliability	Technology reliability	Technology reliability	Technology reliability
Compliance	Compliance	Compliance	Compliance	Compliance
Health & Safety standards	Health & Safety standards	Health & Safety standards	Health & Safety standards	Health & Safety standards
Programme Delivery	Programme Delivery	Programme Delivery	Programme Delivery	Programme Delivery

Likelihood Assessment

RARE	UNLIKELY	POSSIBLE	LIKELY	ALMOST CERTAIN
< 10 %	10 – < 30 %	30 – < 60 %	60 – < 80 %	≥ 80 %

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The next step in the risk reporting process is to assess and document the mitigation currently in place to reduce the likelihood of the risk materialising and/or its impact if it does. Consideration of these then enables the current (or residual) risk score to be assessed, which is essentially the reasonably foreseeable scenario. This measures the impact and likelihood of the risk with the mitigation in place and effective. The key benefit of assessing the current risk score is that it provides an understanding of the current level of risk faced today and the reliance on the mitigation in place.

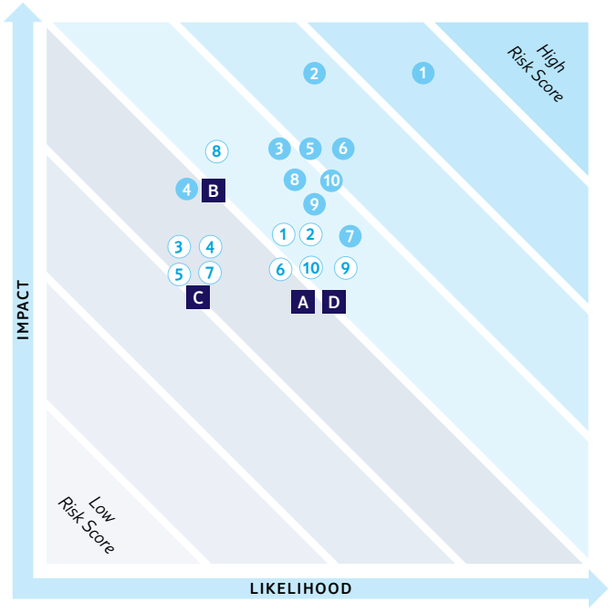
Risk Response: If management is comfortable that the current risk position is within the Group's appetite, the risk is accepted and no further action is required to further reduce it. The mitigation continues to be operated and management monitors the risk, the mitigation and the risk landscape to ensure that it remains at an acceptable level. If management assesses that the current risk score is too high, an action plan will be drawn up with the objective of introducing new or stronger mitigation that will further reduce the impact and/or likelihood of the risk to an acceptable level. This is known as the target risk score and is the parameter by which management can ensure the risk is being managed in line with their overall risk appetite. The risk owner will normally be the individual tasked with ensuring that this action plan is implemented within an agreed timetable. Each business and function will continue to review their risk register on an ongoing basis through the mechanism appropriate for their business e.g. local Risk Committee.

This bottom-up risk reporting is considered by the GROC alongside the Group's principal risks. New risks are added to the Group's risk register if deemed to be of a significant nature so that the ongoing status and the progression of key action plans can be managed in line with the Group's targets and expectations.

AD HOC RISK REPORTING

Whilst there is a formal process in place for reporting on risks on a quarterly basis, the process of risk identification, assessment and response is continuous and therefore if required, risks can be reported to the Executive Board outside of the quarterly process, should events dictate that this is necessary and appropriate. Ideally such ad hoc reporting is performed by the business or function which is closest to the risk, but it can be performed by the Group Risk team if necessary.

Principal Risk Heat Map



RISKS ABOVE APPETITE

CURRENT RISK POSITION — TARGET RISK POSITION

1 *Lack of integration and flexibility (IT & Ops)*
2 *Reduced customer demand*
3 *Insufficient cash flow*
4 *Volatility of input costs*
5 *Access to EU airspace*
6 *Disruption of IT Systems (Cyber attack)*
7 *Lack of sustainability improvements*
8 *Reliance on key suppliers*
9 *Disruption within our destinations*
10 *Climate change impacting our business model*

RISKS WITHIN APPETITE

CURRENT RISK POSITION

A *Security Health & Safety failure*
B *Breach of regulatory requirements*
C *Management of joint venture partnerships*
D *Instability to attract & retain talent*

CURRENT RISK POSITION

The level of risk faced today taking account of the mitigation already in place and operating effectively

TARGET RISK POSITION

The acceptable level of risk, in line with the overall risk appetite

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PRINCIPAL RISKS

To keep a manageable overview of the risks reported in the process, and to understand the changes in our risk landscape, we map individual risk into a cluster of similar risks, which we report as principal risks. Principal risks are subject to the risk appetite assessment and are reported separately in this risk report.

OVERSIGHT OVER OF THE RISK MANAGEMENT SYSTEM

Based on the work of the GROC and the Group Risk team, the Executive Board regularly reports to the Audit Committee of the Supervisory Board on the performance of the risk management system. Additionally, the Audit Committee receives assurance from Group Audit over a selection of principal risks, processes and business transformation initiatives most critical to the Group's continued success.

In accordance with Section 317 (4) HGB (German Commercial Code), the external auditor of TUI AG has audited the early detection system for risks, being a part of the Risk Management System. The early detection system is required by Section 91 (2) AktG (German Stock Corporation Act) and the auditor has to conclude, if the system can fulfill its duties.

Risk appetite

The Executive Board and Audit Committee, in conjunction with the Group Risk Oversight Committee has reviewed the Group's risk appetite. The results of the review indicate the board's risk appetite across three risk types:

Operational risks – In the second summer season after pandemic restrictions, significant efforts have and are still undertaken internally and externally to stabilize the tourism value chain significantly at all levels and our offers have been close to normalised levels. We have therefore lowered our risk appetite from a medium-high level in the financial year 2022 to a medium-low level with regards to all operational risks. However, tourism business has always been vulnerable to unforeseen external events and our business is prepared to manage such adverse events and our risk appetite is adapted to this: Since we cannot foresee the type or location of external events and their magnitude of impact to our business, we can – in case events occur – offer a variety of alternative products for rebooking. Further, we manage the situation on the ground for our colleagues and our customers already en route using our highly professional crisis management. In the financial year 2023, wildfires on Southern Europe and an extensive heatwave in the Mediterranean has caused crisis management procedures.

Compliance risks – a continued low risk tolerance with regard to compliance-related risks, including compliance with regulatory requirements, the security of information in any form and the prevention of harm to customers, employees and all other stakeholders.

Financial risks – a continued "elevated-low" risk tolerance with regard to financial risks due to volatile prices of important tourism expenses. With a fundamentally unchanged hedging policy, the hedging ratios for all input costs in foreign currency and fuel risks continue to be below the target values. We assume that the hedging ratios will approach the historical ratios again in the medium term.

Our principal risks are aligned to these risk types.

Adapting the risk appetite to the principal risks

The principal risks to the Group are either considered to be 'Above' or 'Within' risk appetite.

Risks above the appetite are those that either require further mitigation in order to reduce them to an acceptable position or are heightened by external events beyond our control. We have action plans in place to increase or strengthen mitigation around each of these risks and reduce the current risk score to the target level indicated in the heat map diagram.

Risks within the appetite are those that considered to be at an acceptable level. For these, we have controls, processes and procedures in place as a matter of course that serve to mitigate each risk to either minimize the likelihood of the event occurring and / or minimise the impact if it does occur. These risks remain on our risk radar where we regularly monitor the risk, the mitigation and the risk landscape to ensure that the risk score stays stable and within our risk appetite in each case.

In the heat map diagram, the assessment criteria used are shown on page 38.

If the risk details in the subsequent tables do not suggest otherwise, the risks shown below relate to all segments of the Group. The risks listed are the principal risks to which we are exposed but are not exhaustive and will evolve over time due to the dynamic nature of our business.

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Principal risks above risk appetite

Nature of Risk	Mitigating Factors
1. LACK OF INTEGRATION AND FLEXIBILITY WITHIN OPERATIONS AND IT SYSTEMS	
The Group's strategy is focused on driving profitable topline growth, based on growth in market share, customer growth, product growth, sustainability and winning team. A clearly defined and comprehensive set of strategic initiatives are in place to deliver this, covering five areas: Markets & Airlines, Holiday Experiences, Central Customer Ecosystem, People and Sustainability. The Group's strategy ensures that we are more vertically integrated, which reduces the impact of disruption by pure digital players. The overall strategy is to drive profitable topline growth whilst reducing our cost base. This involves the integration of our businesses and the development of core platform capabilities and technical infrastructure providing flexibility of IT services. Our focus is on enhancing our operations and customer experience by providing engaging, intuitive and seamless customer service through the delivery of these projects. The Group believes that this strategy positions well TUI for growth, and will further strengthen TUI versus the competition. However, the Group recognizes that there is a risk of ineffective strategic execution, arising from various factors including: • Failure to notice and respond to structural shifts in market trends • Failure to prioritise strategic initiatives with the greatest impact for TUI • Lack of resource to deliver strategic initiatives • Inadequate execution of strategic initiatives The lack of integration and flexibility within our systems and operations, particularly in the Markets & Airline businesses can impact our competitiveness and our ability to provide a superior customer experience as well as to deliver on quality and operational efficiency.	• Evaluation of the current and future leisure experiences market landscape, based on analysis of consumer needs, development of supply, emerging trends, innovation, considerations of sustainability and resource availability • Regular updates on and discussion of strategic topics and initiatives at the GEC, Executive Board and Supervisory Board • Allocation of resource to strategic initiatives, including product owners, project teams and budget • Approval of business cases relating to strategic initiatives by the appropriate body (in accordance with the Group's Investment Approvals Policy) • Strategic initiatives and KPIs incorporated into Budget and 3YP process • Strong project management structures exist for all of the major restructuring, acquisition and disposal programs, which are underway to ensure that they are managed effectively. • Project reporting tool and reporting of strategic KPIs in monthly Operating and Financial review ensures enhanced visibility of the progress of major projects as a matter of routine. • Centralised management structures to oversee the Markets & Airline businesses.

Change of net risk compared to previous year:

Unchanged risk Increased risk Lower risk New risk

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Nature of Risk	Mitigating Factors
2. REDUCTION IN CUSTOMER DEMAND	
Spending on travel and tourism is discretionary and price sensitive as well as competitive. The economic outlook remains uncertain. Furthermore, in recent years there has been an emergence of successful substitute business models such as web-based travel and hotel portals which allow end users to combine the individual elements of a holiday trip on their own and book them separately. There is the risk that these external factors within our industry will impact on the spending power as well as the desire to travel of our customers. This could impact our short-term growth rates and lead to margin erosion. The price increases observed in the year under review had no relevant impact on customer demand. Adverse climate conditions (heat-waves, droughts, heavy rain) bear the risk that customer demand for popular holiday destinations, where TUI is active, decline. This could impact our mid-term growth and the valuation of our hotel assets in these countries.	• Our market position as a globally operating tourism group, our brand and our integrated business model enables us to respond robustly to competitive threats. • The Group is characterised by the continuous development of new holiday experiences, developing new concepts and services which match the needs and preferences of our customers. Our strong and lasting relationships with our key hotel partners further reinforces our ability to develop new concepts exclusive to the Group. • The traditional package tour is becoming more diverse by combining low-cost flights with currently available hotels, even at short notice. This also creates new offers, such as city breaks. In the industry we call this process dynamic packaging. In addition, we also offer individual travel products separately, i. e. accommodation, flights, rental cars, insurance and TUI Musement products which are services ranging from excursions at the holiday destination to visits to museums in the city. • Experience shows that many consumers give high priority to their travel spending. • Leveraging our scale to keep costs down and prices competitive. • The multitude of source markets, which react to external shocks to varying degrees, can lead to a balancing effect. • Promoting the benefits of travelling with a globally operating tour operator to increase customer confidence and peace of mind. • With our asset right strategy in our hotels business, we aim a mix of owned, leased or other partnership arrangements to manage the investment into the holiday destinations. This secures capacity and thus limiting the financial investment.

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Nature of Risk	Mitigating Factors
3. INSUFFICIENT CASH FLOW	
Tourism is an inherently seasonal business with the majority of profits earned in the European summer months. Cash flows are similarly seasonal with the cash high occurring in the summer as advance payments and final balances are received from customers, with the cash low occurring in the winter as liabilities have to be settled with many suppliers after the end of the summer season. There is the risk that if we do not adequately manage cash balances through the winter low period this could impact on the Group's liquidity and ability to settle liabilities as they fall due whilst ensuring that financial covenants are maintained.	• The Executive Board has continued to place significant focus on the review of the Group's cash flow position during and after the COVID-19 crisis period. • The strong demand for holidays has brought operations back to pre-pandemic levels in FY23 and thus contributed towards improving the cash position. • With the positive cash flow in 2023 and, the financing measures implemented in the year under review (capital increase in April 2023 and RCF prolongation in May 2023 net of government handbacks), the Executive Board believes that, despite the existing risks, the TUI Group currently has and will continue to have sufficient funds resulting both from the borrowing and from operating cash flows to meet its payment obligations and to continue as a going concern. • Our focus on holiday experiences is helping to reduce the seasonality risk, as hotels, cruises and destination experiences have a more evenly distributed profit and cash profile across the year. • As our business is spread across a number of markets, there are some counter-cyclical features e. g. winter is a more important season for the Nordic and Canadian markets. Some brands, such as the UK ski brand Crystal Ski, have a different seasonality profile which helps to counter-balance the overall profile. • The business regularly produces both short term and long term cash forecasts during the year – on a daily basis when needed –, which the Treasury department use to manage cash resources effectively. We continue to maintain high-quality relationships with the Group's key financiers. 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. As of 30 September 2023, TUI successfully complied with the financial covenants. *Please refer to the Viability Statement on page 52 for further details on the measures taken this year.*

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Nature of Risk	Mitigating Factors
4. VOLATILITY OF INPUT COSTS	
A significant proportion of operating expenses are in non-local currency and / or relate to aircraft and cruise fuel which therefore exposes the business to fluctuations in both exchange rates and fuel prices. There is the risk that if we do not manage the volatility of exchange rates, fuel prices and other input costs adequately, then this could result in increased costs and lead to margin erosion, impacting on our ability to achieve profit targets. Although we are still not back to prepandemic levels of hedging lines, we have significantly improved our positions against future volatilities for the upcoming winter and summer seasons. Furthermore, changes in macroeconomic conditions, such as those that were experienced as a result of the pandemic and other geopolitical events, like the war on Ukraine, can have an impact on fuel rates and exchange rates which, particularly for the £ / € rate has a direct impact on the translation of non-euro market results into euros, the reporting currency of our Group. The increase in inflationary pressures has led to central banks increasing interest rates. Initially, the aggressive raising of US interest rates by the US Federal Reserve vs. a slower pace of monetary tightening by other central banks, most notably the ECB, increased interest rate differentials and caused the US dollar to strengthen against other currencies such as the Euro and British Pound. Central banks are now expected to be nearing the peak of their interest rate hiking cycle, as inflation has generally been falling, but at a slower pace than many had anticipated. Whilst the US Federal Reserve was (and still is) expected to be amongst the first to cut rates, the resilience of the US economy means that US rates are expected to remain higher for longer. It is also the case that interest rates are likely to stay higher for longer in the Euro Zone and the UK, but after a period of US dollar weakening against both Euro and the British Pound, the resilience of the US economy has not yet seen the pivot to a weaker US dollar to the extent that many market commentators have been predicting. Where the Group has unhedged exposures, any strengthening of the US dollar will have an adverse impact on input costs denominated in US dollars. Conversely any weakening of the US dollar will have a beneficial impact on input costs denominated in US dollars.	• An established Hedging Committee that monitors the Group's hedging position. • Ensuring that the appropriate derivative financial instruments are used to provide hedging cover for the underlying transactions involving fuel and foreign currency. • Maintaining an appropriate hedging policy to ensure that hedging cover is taken out ahead of the markets' customer booking profiles. This provides a degree of certainty over input costs when planning pricing and capacity, whilst also allowing some flexibility in prices so as to be able to respond to competitive pressures if necessary. • Tracking the foreign exchange and fuel markets to ensure the most up-to-date market intelligence and the ongoing appropriateness of our hedging policies. • Expressing our key profit growth target in constant currency terms so that short term performance can be assessed without the distortion caused by exchange rate fluctuations. *Further information on currency and fuel hedges can be found in the Notes to the consolidated financial statements in the Financial instruments section.*

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Nature of Risk	Mitigating Factors
5. ACCESS TO EU AIRSPACE	
Our main concern is whether or not all of our airlines will continue to have access to EU airspace as now. If we were unable to continue to fly intra-EU routes, such as from Germany to Spain, this would have a significant operational and financial impact on the Group. Other areas impacted by Brexit include the status of our UK employees working in the EU and vice versa and potential customer visa requirements for holidays from the UK to the EU.	• Dedicated workstreams to coordinate suitable mitigation strategies where the UK exit from the European Union has impacted on our operations, particularly the airlines. • Regular engagement and lobbying towards relevant UK and EU decision makers to stress the continued importance of a liberalised and less regulated aviation market across Europe to allow access to investment capital and to protect consumer choice in both regions.
6. DISRUPTION TO IT SYSTEMS (CYBER ATTACKS)	
Our responsibility is to protect the confidentiality, integrity and availability of the data we process for our customers, employees, and businesses. This is an evolving risk due to increasing digitalisation, our supply chain, emerging technologies such as generative AI, growing global cyber-crime activity, Russia-Ukraine conflict and more regulation (e. g. EU GDPR). Our consolidation under the TUI brand and increasing dependence on digital sales and customer care increases our exposure and the potential worst-case impact of a successful cyber-attack. If we do not ensure we have the appropriate level of security controls in place across the Group, this could have a significant negative impact on our key stakeholders, associated reputational damage and potential for financial implications.	• Continued commitment from the Executive Board in support of key initiatives to ensure existing and future IT systems are secure by design, protected against denial of service attacks that could impact system availability, exposure to vulnerability is managed and user access is monitored. We consider security first in everything we do. • TUI's Information Security Management System ensures a coordinated, standards based, proactive approach to the identification and management of information security risk across the Group. • We keep people safe in the digital world. Our colleagues are made aware of information security risks through appropriate training and awareness campaigns. TUI are investing in modern authentication and protecting the digital identities of our customers and colleagues. • Security is integrated into our software development and release processes. • Our security risk assessment methodology, controls, policy, and guidelines have been updated to include provisions for the assessment and secure use of Generative AI. • We continue to increase the maturity and coverage of our Security Operations Centre and platform to anticipate, detect and respond to cyber-attacks and information security incidents. • Continuous improvement through lessons learned from real or simulated cyber incidents.

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Nature of Risk	Mitigating Factors
7. LACK OF SUSTAINABILITY IMPROVEMENTS	
For the Group, economic, environmental and social sustainability is a fundamental management principle and a cornerstone of our strategy for continually enhancing the value of our Company. This is the way we create the conditions for long-term economic success and assume responsibility for sustainable transformation in the tourism sector. Our focus is to reduce the environmental impact of our operations and promote responsible social policies and outcomes both directly through our own business and indirectly via our influence over our supply chain partners, thereby driving the sustainable transformation of the tourism industry. There is a risk that we are not successful in driving social and environmental improvements across our operations, that our suppliers do not uphold our corporate and social responsibility standards and we fail to influence destinations to manage tourism more sustainably. If we do not maximise our positive impact on destinations and minimise the negative impact to the extent that our stakeholders expect, this could result in a decline in stakeholder confidence, reputational damage and reduction in demand for our products and services.	• The TUI Sustainability Agenda purpose is to set and drive industry standards, ambitious goals and develop transformation roadmaps for all parts of the business. • This means to actively engage colleagues, partners and customers, bringing sustainability to life in a tangible and emotional way. • The Group Sustainability department sets clear goals, priorities, and the framework to deliver the Sustainability Agenda. • Operating one of the most carbon efficient airlines in Europe with continued investment in new, more efficient aircraft and cruise ships. • Our ambition is to achieve net-zero emissions across our operations and supply chain by 2050 at the latest. • Science-based targets have been set for our airline, hotel and cruise operations by 2030, validated by the Science Based Targets initiative (SBTi). • Development and implementation of emission reduction roadmaps for airlines, cruises and hotels to significantly reduce emissions. • Adhering to increasingly supply chain focused regulations (e. g. German Supply Chain Act, EU Supply chain due diligence regulation 2025) rolling out new processes and structure with a strong focus on procurement. • Implemented an environmental management system with all TUI airlines having achieved ISO 14001 certification. • Driving up social and environmental standards through accommodation suppliers achieving certifications recognised by the Global Sustainable Tourism Council (GSTC) and applying the GSTC Criteria to TUI experiences. • Enabling customers to make more sustainable holiday choices by launching our Green & Fair label.

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Nature of Risk	Mitigating Factors
8. RELIANCE ON KEY SUPPLIERS	
Providers of holiday and travel services are exposed to the inherent risk of failure in their key suppliers, particularly for hotels, aircraft and cruise ships. This is heightened by the industry convention of paying hoteliers in advance ('prepayments') to secure a level of room allocation for the season as well as in areas where a single supplier is used to provide a product or service. There is the risk that we are unable to continue with our core operations in the event of a major service failure from our key suppliers.	• Using reputable and financially stable suppliers, particularly in areas where a single supplier is used to provide a service. • Regular monitoring of supplier performance against agreed terms and conditions • Strong working relationships with all key suppliers • Owned and joint venture partner hotels form a substantial part of our program which reduces our inherent risk in this area. • A robust prepayment authorisation process is established and embedded to both limit the level of prepayments made and ensure that they are only paid to trusted, credit-worthy counterparties. • Prepayments are monitored on a timely and sufficiently granular basis to manage our financial exposure to justifiable levels. • Developing adequate controls around key suppliers operative ability. In service meetings, for example, we discuss current challenges with suppliers even more closely, so that we are also in a position to react operationally ourselves.
9. DISRUPTION WITHIN OUR DESTINATIONS	
Providers of package holiday and leisure experiences are exposed to the inherent risk of external events in operational areas. This can include natural disasters such as wild fires in Greece or hurricanes in the Caribbean, outbreaks of disease, such as the COVID-19 pandemic, political instability or wars close to our destinations, such as in the Middle East, with an impact on our destinations in Egypt or Turkey, as well as terrorist events such as the tragic incident in Tunisia in 2015. There is the risk that if such an event occurs, impacting one or more of our destinations that we could potentially suffer operational disruption and increased costs. We may be required to repatriate our customers and / or need to provide additional support and / or the event could lead to a significant decline in demand to the affected destinations over an extended period.	• Within our Group Security, Health and Safety (SHS) centre of excellence we have a centralised Crisis Management Planning and Coordination function, providing centralised frameworks, personnel reporting structures, incident management systems and crisis communications plans for use in the local delivery of any response. • Our well-established crisis management procedures and emergency response and business continuity plans are activated when an event of this nature occurs and focus on the welfare of our customers. • Due to our presence in key holiday destinations, in the event of a local event occurring, we can offer alternative options to our customers and remix our destination portfolio away from the affected area in future seasons if necessary.

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Nature of Risk	Mitigating Factors
10. CLIMATE CHANGE IMPACTING OUR BUSINESS MODEL	
Climate change is a complex issue and there is significant uncertainty surrounding the climate system, as well as how the world will respond to mitigate the effects of climate change. However, physicals effects are already being felt today and are predicted to worsen, and we're seeing increasing climate action. Increased costs due to the introduction of new, or extension of existing, carbon pricing mechanisms (including pass-through of higher costs by suppliers), and new energy and emissions regulations Increasing regulations and restrictions targeting the airline and cruise industry, leading to reduced revenue and / or stranded assets Costly or unavailable future fuels and technologies resulting in higher costs, or preventing further decarbonisation and compliance with regulations	• TUI is committed to decarbonising its business, and has set ambitious near-term science-based emissions reduction targets with the SBTi. • To achieve these, TUI airlines procures state-of-the-art aircraft, implements operational efficiencies (including route optimisation), and will increase the use of SAF. TUI already has cooperation agreements in place to promote the production and supply of SAF. • TUI Cruises invests in energy efficiency at ship operations, fuel-saving route optimisation, shore power in ports and alternative fuels, such as sustainable biofuels, bio-LNG and green methanol. The three newbuilds coming into the fleet by 2026 will not use heavy fuel oil. Mein Schiff 7 will enter service in 2024 and will run on lower-emission marine diesel and be equipped with catalytic converters and a shore power connection. In addition, the ship will also be able to run on green methanol in the future. In 2024 and 2026, two ships will follow, which will be operated with LNG. LNG serves as a bridge technology until bio-LNG is available, which will be produced either from biogenic sources or synthetically from renewable energy. • TUI Hotels & Resorts is focused on renewable energy and resource-saving operational practices to reduce hotel emissions as far as possible.
Decline of travellers due to shifts in consumer preferences and behaviour, and increasing negative public sentiment towards travel, resulting in loss of revenue Decline of overall customer demand as the price for our products will increase to reflect higher capital expenditures and operational expenses to offer carbon low products Difficulties in obtaining access to financing and increasing cost of capital due to the inability to reduce emissions in line with market expectations	• Managing both market and reputational risks depends on the successful implementation of our emissions reduction initiatives. Accordingly, we have roadmaps in place to deliver on our science-based targets. • Whilst the cost for flights is very likely to increase, all markets participants have to roll-over this "green inflation". With our state-of-the-art efficienct fleet, it is likely that our cost increase is competitive. Further, the share of extra cost from low-carbon flying is lower in a package and hence we believe that we can effectively transfer cost additions. • TUI has set science-based emissions reduction targets for 2030 and a net zero target for 2050. TUI continues to notice a wide range of financiers due to TUI Group's financial performance and is continuing to develop relationships with new sources of finance and monitor development of the market. TUI is in a continuing education process with lessors and the financial community to maintain confidence in the strategy.

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Nature of Risk	Mitigating Factors
Physical damage to assets and business disruption due to extreme weather-related events	• This risk is managed at the asset-level. • We manage the overarching risk through insurance and a large and regional spread hotels & resorts portfolio, providing diversifiying the risk of asset impairment. • We hold relatively short-duration lease contracts, enabling flexibility in case of changes in insurability.
Extreme weather events disrupting transport hubs, resulting in delays and cancellations, and increased costs	• The risk of airport disruption was found to be low in the physical risk analysis. Nonetheless, TUI works closely with airports in case of disruption and will continue to evaluate the risk profile of its material airports. • Whilst docking is already considered a resilient activity, the risk is further mitigated by the flexibility to adjust cruise itineraries.
Physical damage to assets and business disruption due to longer-term shifts in climate patterns	• Whilst the scenario analysis indicate higher probability of extreme wheather events, non of the locations where our hotels & resorts are located is vulnerable to a rising sea level during the time frame of our climate scenario analysis. • This risk is managed with insurance and TUI Hotels & Resorts' renewable energy strategy.
Changing weather patterns decreasing suitability for tourism and / or making source markets more attractive, impacting tourism demand	• Climate-related factors are considered in the expansion of TUI's Hotels & Resorts business segment.

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Principal Risks within appetite

Nature of Risk	Mitigating Factors
A. SECURITY HEALTH & SAFETY FAILURE	
The safety and security of customers and colleagues is of paramount importance to any holiday and travel service provider. There is the risk of accidents, incidents or events occurring causing illness, injury or death to customers or colleagues whilst on a TUI holiday or whilst using a TUI operated / provided activity or service. In addition to the harm caused the affected individual(s), this could result in disruption to operational activities, reputational damage to the business and / or financial liabilities through loss of earnings, lack of demand and / or legal claims being brought by the affected parties.	• The established Group Security, Health & Safety (Group SHS) centre of excellence oversees safety and security risk management activities, delivering alignment and consistency across the TUI Group. • Group SHS operational responsibilities include TUI Tour Operations, TUI Hotels & Resorts and TUI Musement (including Intercruises). Operational safety and security risk management activities for Airline and Cruise operations are managed from within the respective business units. • Data-led, risk-based Safety and Security Risk Management systems are in place and are subject to continuous review / improvement. • Safety and Security Risk Management clauses are included in supplier contracts. • Appropriate insurance policies are in place to mitigate any financial losses.
B. BREACH OF REGULATORY REQUIREMENTS	
Most providers of holiday and travel services operate across a number of economies and jurisdictions, which therefore exposes them to a range of regulatory laws which must be complied with. As we are operating from multiple source markets and providing holidays in more than many destinations, we are exposed to a range of laws and regulations with which we must comply or else risk incurring fines or other sanctions from regulatory bodies.	• Communication and strong tone from the top concerning compliance with laws and regulations. • Risk based compliance management systems managing the most relevant legal areas for the Group. • Regular reporting of Integrity and Compliance Director in different bodies (Group Executive Committee, Audit Committee, Group Works Council) in order to guarantee appropriate monitoring, supervision and implementation of action plans and to strengthen the Integrity & Compliance culture across the Group. • Embedded legal expertise in all major businesses responsible for maintaining high quality relationships with the relevant regulators and authorities. • Ongoing implementation and review of Compliance Management System conducted by the Group Integrity & Compliance department to monitor compliance with regulations and provide expert advice to local teams on specific compliance areas.

Change of net risk compared to previous year:

Unchanged risk Increased risk Lower risk New risk

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Nature of Risk	Mitigating Factors
C. MANAGEMENT OF JOINT VENTURE PARTNERSHIPS	
It is common for tourism groups to use partnerships in some of their operations in order to reduce the risk of new ventures, to gain access to their expertise of the local market and, in case of consolidation at equity, to strengthen the balance sheet position in line with our less capital intensive 'asset-right' strategy (e. g. the transaction completed with Riu). There are threee significant partnerships within the Group: Pep Toni Hotels S. A., TUI Cruises GmbH and Midnight International Holdings Limited. *For details on our strategy refer to page 24.* There is the risk that if we do not maintain good relations with our key partners that the ventures' objectives may not remain consistent with that of the Group which could lead to operational difficulties and jeopardize the achievement of financial targets.	• Good working relationships exist with all of our main partners and they are fully aligned with and committed to the growth strategy of the Group.
D. INABILITY TO ATTRACT AND RETAIN TALENT	
Our success depends on the ability to attract, retain, and develop our talent to ensure that we equip our employees to deliver our strategy as well as to also become our future leaders. There is a risk that we are unable to attract and retain key talent, build future leadership capability and maintain the commitment and trust of our employees. Challenges in managing and maintaining our talent pipeline in order to deliver against our strategy, drive competitiveness and maximize on our operating performance, may impact on our ability to future proof the Group and the associated potential for negative impact on shareholder confidence. The risk has stabilised and reduced to prepandemic levels but we continue to monitor closely to ensure that we retain our key talent through development initiatives, whilst launching a new tool to measure our Employee Experience and supports all of the activities around our new Employee Value Proposition.	• Support retention by refreshing our Performance Management processes, aligning our development opportunities to the business needs and communicating all internal vacancies to our employees. • Promoting a working from anywhere culture, allows us to attract and retain a wider pool of talent that does not require to be located close to our base offices. • Build and develop internal talent pools of our high potential employees ensuring that they are diverse and inclusive. • A strategically aligned leadership programme for high performing management at all levels and the creation of strong management development programme for all people managers

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Viability Statement

In accordance with Rule 31 of the UK Corporate Governance Code, the Executive Board assesses the Company's future prospects for a period exceeding the twelve months required by the going concern premise. The Executive Board reviews the business development annually and on a rolling basis based on a three-year strategic plan. The current three-year plan was adopted in October 2023 and covers the period until 30 September 2026. A three-year horizon is considered appropriate for a fast moving competitive environment such as tourism.

The global travel restrictions to contain COVID-19 have had a continuous negative impact on the Group's earnings and liquidity development since the end of March 2020. Following the successive lifting of the measures to restrict contact and travel in most countries, business has been mainly resumed in all segments in the course of the first half year of the 2022 calendar year.

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

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

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

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

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

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

Following receipt of the proceeds from the capital increase on 24 April 2023, Silent Participation I and the around 56.8 m warrants held by the WSF as well as the outstanding 587 of the 2020/2026 bonds with warrants were fully redeemed on 27 April 2023. For Silent Participation I and the 2023 coupon payable on it, a redemption price of €651.6 m was paid. €30.8 m were used for the repurchase of the warrants and further €61.9 m for the early redemption of the 587 bonds with a nominal value of €58.7 m, including accrued interest of €3.2 m.

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

Moreover, TUI AG reduced the volume of the KfW credit facility from €2.1 bn to €1.05 bn following completion of the capital increase.

The capital increase completed in April 2023 and the subsequent substantial reduction in government financing will enable a significant improvement in the TUI Group's credit ratios and reduce current interest costs, allowing TUI to focus on growth and further market recovery.

In May 2023, TUI extended the maturity of the existing credit lines of €2.7 bn by a further two years. The syndicated credit line with the 19 banks (€1.64 bn), including the credit line with KfW (€1.05 bn), together referred to as the "RCF", will now mature in July 2026. The RCF of TUI AG is subject to compliance with certain financial targets (covenants) for debt coverage and interest coverage, the review of which is carried out on the basis of the last four reported quarters at the end of the financial year or the half-year of a financial year.

As at 30 September 2023, TUI Group's revolving credit facilities totalled €2.7 bn, they comprised the following

- €1.64 bn credit line from 19 private banks (incl. €190 m guarantee line)
- €1.05 bn KfW credit line.

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The KfW credit line, which was reduced to €1.05 billion after the successful capital increase, is not expected to be drawn on and serves only as a buffer. The aim is to return this credit line quickly.

The support and stabilisation package as well as the further financing measures are described in detail in the chapter 'Going concern reporting according to the UK Corporate Governance Code' in the notes.

See chapter Going Concern Reporting in accordance with the UK Corporate Governance Code, page 188.

In the view of the Executive Board, the TUI Group currently has and will continue to have sufficient funds, resulting both from borrowings and from operating cash flows, to meet its payment obligations and to continue as a going concern in the foreseeable future. Therefore, as at 30 September 2023, the Board does not identify any material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The Board does not foresee risks that may jeopardise the Group's ability to continue as a going concern and does not believe that compliance with the financial covenants is at risk as at 31 March 2024 and 30 September 2024.

Taking into account the current situation of the Group and the main risks, the Executive Board has a reasonable expectation that the Group will be able to continue operations and meet the obligations arising within the three-year period under review.

Key features of the internal control and risk management system in relation to the (Group) accounting process (sections 289 (4) and 315 (4) of the German Commercial Code)

1. CONCEPTUAL FRAMEWORK AND GOVERNANCE

The internationally recognised framework created by COSO (Committee of Sponsoring Organizations of the Treadway Commission) forms the conceptual basis for TUI Group's accounting-related internal control system.

On the basis of section 107 (3) of the German Stock Corporation Act, the Audit Committee of the Supervisory Board of TUI AG reviews the auditing of the annual financial statements, monitoring the accounting process and the effectiveness of the internal control and risk management systems. The reliability of financial reporting and the monitoring of the financial accounting process as well as the effectiveness of the internal control and risk management systems are described in the Audit Committee Report. This also takes account of the effectiveness of the accounting-related internal control and risk management system.

Audit Committee Report, see page 19.

The Group's auditors gain insight into TUI Group's established control environment and control measures. The accounting-related audits by the auditor are complemented by an assessment of selected controls. The audit of the consolidated financial statements by the Group auditor and the audit of the individual financial statements of Group companies included in the consolidated financial statements, in particular, constitute a key non-process-related monitoring measure in relation to Group accounting.

In Group accounting, the risk management system, implemented as a component of the internal control system in the form of an Enterprise Risk Management (ERM) System, also addresses the risk of misstatements in Group bookkeeping and external reporting. A more detailed explanation of the risk management system is provided in the section on Risk Governance in the Risk Report.

2. USE OF IT SYSTEMS

Bookkeeping transactions are captured in the individual financial statements of TUI AG and of the subsidiaries of TUI AG through local accounting systems, above all supplied by SAP. When preparing TUI AG's consolidated financial statements, the subsidiaries complement their individual financial statements by setting up standardised reporting packages in the Oracle Hyperion Financial Management (HFM) reporting system. HFM is used as the uniform reporting and consolidation system throughout the Group and hence no additional interfaces are involved in preparing the consolidated financial statements.

All consolidation processes used to prepare the consolidated financial statements of TUI AG, e.g. capital consolidation, the consolidation of assets and liabilities and the elimination of expenses and income and at equity measurement, are generated and fully documented in HFM. Virtually all elements of TUI AG's consolidated financial statements, including the disclosures in the Notes, are developed from and validated by the HFM consolidation system. HFM also provides various modules for evaluation purposes in order to present complementary information to explain TUI AG's consolidated financial statements.

The HFM reporting and consolidation system has an in-built workflow process whereby, when the reporting companies capture their data packages within the system, they are then locked out from making any further changes to that data. This ensures data integrity within the system. This workflow process has been checked and validated by the TUI AG Group Audit department on several occasions since the system was introduced.

At their own discretion, TUI AG's Group auditors select certain individual financial statements from the financial statements entered in the HFM reporting and consolidation system by the Group companies, which are then reviewed for the purposes of auditing the consolidated financial statements.

3. SPECIFIC RISKS RELATED TO (GROUP) ACCOUNTING

Specific risks related to (Group) accounting may arise, for example, from unusual or complex business transactions, in particular at critical times towards the end of the financial year. Business transactions not routinely processed also entail special risks. The discretion necessarily granted to employees for the recognition and measurement of assets and liabilities may result in further (Group) accounting-related risks. The outsourcing and transfer of accounting-specific tasks to service companies may also give rise to specific risks.

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4. KEY REGULATION AND CONTROL ACTIVITIES TO ENSURE PROPER AND RELIABLE (GROUP) ACCOUNTING

The internal control measures aimed at securing proper and reliable (Group) accounting ensure that business transactions are fully recorded in a timely manner in accordance with legal requirements and the Articles of Association. This also ensures that assets and liabilities are properly recognised, measured and presented in the financial statements and the consolidated financial statements. The control operations also ensure that bookkeeping records provide reliable and comprehensive information.

Controls implemented to secure proper and reliable accounting include, for instance, analysis of facts and developments on the basis of specific indicators. Separation of administrative, execution, settlement and authorisation functions and the implementation of these functions by different persons reduces the potential for fraudulent operations. Organisational measures also aim to capture any corporate or Groupwide restructuring or changes in sector business operations rapidly and appropriately in (Group) accounting. They also ensure, for instance, that bookkeeping transactions are correctly recognised in the period in which they occur in the event of changes in the IT systems used by the accounting departments of Group companies. The internal control system likewise ensures that changes in the TUI Group's economic or legal environment are mapped and that new or amended accounting standards are correctly applied.

To safeguard financial processes, there is a Group-wide framework under which all major companies included in the consolidated financial statements as fully consolidated companies are required to report the nature of their controls and their implementation for financial reporting, fraud prevention and detection and effectiveness of working capital management in relation to defined risks from financial processes to the Group Risk & Controls function with system support and to assess their effectiveness on a quarterly basis. The Group Risk & Controls function reviews these reports on a sample basis and provides advice on how to improve efficiency and effectiveness. Where financial processes are carried out in the Group's own Shared Service Center, this function provides support for the further development of the process and control framework. Based on the feedback received, Internal Audit selects companies for an in-depth review of the control measures in accordance with its own risk assessment.

The TUI Group's accounting policies together with the International Financial Reporting Standards (IFRS) in compliance with EU legislation, govern the uniform accounting and measurement principles for the German and foreign companies included in TUI's consolidated financial statements. They include general accounting principles and methods, policies concerning the statement of financial position, income statement, notes, management report and cash flow statement.

The TUI Group's accounting policies also govern specific formal requirements for the consolidated financial statements. Besides defining the group of consolidated companies, they include detailed guidance on the reporting of financial information by those companies via the group reporting system HFM on a monthly, quarterly and year end basis. TUI's accounting policies also include, for instance, specific instructions on the initiating, reconciling, accounting for and settlement of transactions between group companies or determination of the fair value of certain assets, especially goodwill. At Group level, specific controls to ensure proper and reliable (Group) accounting include the analysis and, where necessary, correction of the individual financial statements submitted by the Group companies, taking account of the reports prepared by the auditors and meetings to discuss the financial statements which involve both the auditors and local management. Any further content that requires adjusting can be isolated and processed downstream. The control mechanisms already established in the HFM consolidation system minimise the risk of processing erroneous financial statements. Certain parameters are determined at Group level and have to be applied by Group companies. This includes parameters applicable to the measurement of pension provisions or other provisions and the interest rates to be applied when cash flow models are used to calculate the fair value of certain assets. The central implementation of impairment tests for goodwill recognised in the financial statements secures the application of uniform and standardized evaluation criteria.

5. DISCLAIMER

With the organisational, control and monitoring structures established by the TUI Group, the internal control and risk management system enables company-specific facts to be captured, processed and recognised in full and properly presented in the Group's accounts.

However, it lies in the very nature of the matter that discretionary decision-making, faulty checks, criminal acts and other circumstances, in particular, cannot be ruled out and will restrict the efficiency and reliability of the internal control and risk management systems, so that even Group-wide application of the systems cannot guarantee with absolute certainty the accurate, complete and timely recording of facts in the Group's accounts.

Any statements made relate exclusively to TUI AG and to subsidiaries according to IFRS 10 included in TUI AG's consolidated financial statements.

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Overall Assessment by the Executive Board and Report on expected Developments

Actual business performance 2023 compared with our guidance

Overall, the operating and financial indicators showed a positive year-on-year development, as expected in our guidance.

In the period under review, revenue by TUI Group rose from € 16.5 bn to € 20.7 bn. The year-on-year growth of 25.8 % at constant currency thus matched the strong increase assumed in our guidance.

Likewise, TUI Group's underlying EBIT rose by € 568.5 m to an operating profit of € 977.2 m in financial year 2023. This means that we achieved the expected considerable improvement in underlying EBIT.

The net income of € 22.1 m adjusted in the income statement in the period under review were outside the corridor we had expected, which included net costs of € 60 m to € 80 m. This is due in particular to the unplanned gain on disposal of € 91 m from the sale of the tour operator business by the equity method accounted company Sunwing Travel Group Inc., Ontario in the Northern Region segment.

Due to the significant recovery in underlying EBIT, ROIC and EVA also improved considerably in financial year 2023, as expected. In the period under review, TUI Group's ROIC stood at 19.10 % (previous year 7.49 %). Taking account of the Group's weighted cost of capital of 11.76 % (previous year 12.63 %), this resulted in positive Economic Value Added of € 375.6 m (previous year negative Economic Value Added of € 280.7 m).

In the period under review, the cash outflows from net capital expenditure on property, plant and equipment and financial investments of € 493.7 m (previous year net outflow of € 315.9 m) were withinh the expected range of € 450 m to € 500 m.

Our forecast had expected an almost stable development of the Group's net debt, excluding the capital increase carried out in financial year 2023. Against the backdrop of the net cash inflows from the capital increase implemented in April 2023 and the redemption payments made to the Economic Stabilisation Fund, we had adjusted our guidance for the Group's net debt to around € 2.4 bn as at the end of financial year 2023 in our Half-Year Financial Report. At € 2.1 bn, the Group's net debt reported as at the end of financial year 2023 was significantly below the net debt of € 3.4 bn carried at the previous year's reporting date and slightly below our updated guidance. The considerable decline reflected in particular the cash inflow from operating activities of € 1,637.3 m and the cash inflow from the capital increase effected in the period under review of € 1,760.9 m, less the payment of € 682.4 m made to redeem Silent Participation II to the Economic Stabilisation Fund. The improvement compared to the adjusted forecast was due in particular to higher cash and cash equivalents and positive effects from the translation of liabilities denominated in foreign currencies as at the balance sheet date.

For financial year 2023, we had expected a slight reduction in specific CO_2 emissions as against financial year 2022. In the period under review, relative CO_2 emissions of our airlines declined by 3.9 % from 6.36 to 6.11 kg / 100 pkm. The improvement was primarily driven by higher load factors as against 2022 and our fleet renewal programme, under which older aircraft are replaced with new, more carbon-efficient aircraft.

Projected development of global situation

Projected development of World Output

Var. %	**2024**	2023
World	**+2.9**	**+3.0**
Euro zone	+1.2	+0.7
Germany	+0.9	–0.5
France	+1.3	+1.0
UK	+0.6	+0.5
US	+1.5	+2.1
Russia	+1.1	+2.2
Japan	+1.0	+2.0
China	+4.2	+5.0
India	+6.3	+6.3

Source: Projections of International Monetary Fund (IMF), World Economic Outlook, October 2023

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MACROECONOMIC SITUATION AND MARKET DEVELOPMENT IN TOURISM

Despite signs of economic resilience in calendar year 2023 and progress in reducing headline inflation, economic activities are still generally falling short of pre-pandemic projections, especially in emerging market and developing economies, amid widening growth divergences across regions. Several forces are holding back the recovery. Some reflect the long-term consequences of the pandemic, Russia's war in Ukraine, and cyclical factors including the effects of monetary policy tightening necessary to reduce inflation. A central driver of the recent fall in headline inflation is declining international commodity prices (IMF, World Economic Outlook, October 2023).

Following a strong rebound in calendar year 2022, international tourism could climb close to pre-pandemic levels in 2023, driven by strong pent-up demand and the lifting of travel restrictions. Experts expect international arrivals in Europe to come close to their pre-pandemic levels after reaching 80 % in the previous year. Complete recovery of tourism remains subject to certain risks affecting global travel flows, like a potential economic slowdown in some regions, the loss of purchasing power amid high inflation and rapid interest hikes (UNWTO, World Tourism Barometer, September 2023).

EFFECTS ON TUI GROUP

As a global tourism provider, TUI Group depends on the political and legal framework and on consumer demand in the major source markets in which we operate with our hotel, cruise and tour operator brands. Our budget is based on IMF's assumptions about the future development of the global economy and takes its guidance from UNWTO's long-term forecast.

Expected development of Group earnings

TUI GROUP

The translation of the income statements of foreign subsidiaries in our consolidated financial statements is based on average monthly exchange rates. TUI Group generates a considerable proportion of consolidated revenue and substantial earnings and cash flow contributions in non-euro currencies, in particular the pound sterling, the US dollar and the Swedish krona. Taking account of the seasonality in tourism, the value of these currencies against the euro in the course of the year therefore exerts a major impact on the financial indicators displayed in TUI AG's consolidated financial statements.

Our key financial performance indicators for our earnings position in financial year 2024 are revenue and underlying EBIT.

Definition of underlying EBIT in Value-oriented Group management on page 31.

Key performance indicators used for regular value analysis are Return On Invested Capital (ROIC) and Economic Value Added. ROIC for a given segment is compared with the segment-specific cost of capital.

For the financial year 2024 it is expected that customer volumes will reach 2019 levels. In the course of the financial year 2023 TUI improved its financial position due to the recovery of its business, the capital increase and the prolongation of the credit facilities. Accordingly TUI has now far more options to hedge against changes in fuel prices or exchange rates. The further digitalisation of our business and the expansion of existing and new business areas are expected to take effect. Below we describe the key assumptions underlying the medium-term business planning in the segments.

In its business plan, Hotels & Resorts expects to deliver further earnings growth due to capacity expansion, demand growth and increases in average selling prices.

For the Cruises segment further recovery of results in the financial year 2024 is expected as the winter season of the financial year 2023 was still affected by the comparative late recovery of demand in 2022. Furthermore, results will increase in financial year 2024 due to the expansion of the fleets of Marella and TUI Cruises. In Summer 2023 Marella took over one cruise ship from TUI Cruises. This ship will be operated all-season beginning with the financial year 2024. TUI Cruises will launch a new ship in Summer 2024. However, the results will be negatively impacted by new imposed regulatory measures with the aim to reduce climate-damaging emissions. For example the EU emission trading system will be introduced stepwise in the cruise sector beginning with 2024.

The future development of TUI Musement depends in part on the development of customer numbers in Markets & Airlines. TUI Musement will also generate growth through the sale of tours, activities and tickets due to the expansion of its own / direct distribution via the internet and the app.

In Markets & Airlines, beginning with the financial year 2024 it is expected that customer numbers will reach 2019 levels. Wider use of online distribution, the provision of dynamic production capacities for flights and accommodation and the investments in digitalisation are expected to further improve the results. In addition, TUI has now by far more options to hedge against changes in fuel prices and in exchange rates in comparison to financial year 2023. Otherwise will the emission trading system of the EU and Great Britain lead to higher expenses.

Below, we present TUI Group's expected development in financial year 2024 based on the constant currency rates for financial year 2023.

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Expected development of Group turnover and underlying EBIT

€ million	2023	**2024***
Revenue	20,666	At least 10 % growth
Underlying EBIT	977	At least 25 % growth
Adjustments	– 22	approx. € 25 – 35 m costs

* Variance year-on-year assuming constant foreign exchange rates are applied to the result in the current and prior period and within the framework of the macroeconomic and geopolitical uncertainties currently known, especially around the Middle East.

REVENUE

TUI Group revenue totalled € 20.7 bn in the year under review. For financial year 2024, we expect TUI Group's revenue to increase by at least 10 % year-on-year.

UNDERLYING EBIT

TUI Group's underlying EBIT in financial year 2023 amounted to € 977.2 m. For financial year 2024, we expect TUI Group's underlying EBIT to improve by at least 25 % year-on-year.

ADJUSTMENTS

For financial year 2024, we expect a net negative effect from adjustments in a range of € 25 m to € 35 m.

For details on objectives and strategies, see page 24 onwards; for details on risks, see Risk Report from page 35 onwards.

ROIC AND ECONOMIC VALUE ADDED

Due to the expected improvement in our operating result, ROIC and Economic Value Added are also expected to improve strongly year-on-year, depending on how capital costs for TUI Group develop.

Expected development of financial position

To forecast the Group's financial position in financial year 2024, we have defined the Group's net capital expenditure and investments and its net financial position as key performance indicators.

Expected development of Group financial position

€ million	2023	**2024**
Net capex and investments	493.7	around € 475 – 525 m*
Net debt	2,106.2	slight decrease

* Excluding capital increase Peptoni S. A.

NET CAPEX AND INVESTMENTS

For financial year 2024, we expect net capex and investments in a range of € 475 m to € 525 m.

NET FINANCIAL POSITION

For financial year 2024, we expect the Group's net debt to decrease slightly.

Sustainable development

CLIMATE PROTECTION AND EMISSIONS

We have identified specific carbon emissions (in g CO_2 / pkm) from our aircraft fleet as the key non-financial performance indicator. For financial year 2024, we expect specific CO_2 emissions to slightly fall in comparison with financial year 2023.

Overall Executive Board assessment of TUI Group's current situation and expected development

At the date of preparation of the Management Report (4 December 2023), the Executive Board assumes that costumer volumes in 2024 will reach 2019 levels. Furthermore, in the course of the financial year 2023 TUI improved its financial position due to the recovery of its business, the capital increase and the prolongation of the RCF. Accordingly TUI has now far more options to hedge against changes in fuel prices or exchange rates. The further digitalisation of our business and the expansion of existing and new business areas are expected to take effect.

For financial year 2024, we therefore expect TUI Group's underlying EBIT to improve by at least 25 % year-on-year on a constant currency basis.

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Outlook for TUI AG

The future business performance of TUI AG is essentially subject to the same factors as those impacting TUI Group. Due to the business ties between TUI AG and its Group companies, the outlook, opportunities and risks presented for TUI Group are largely mirrored by expectations for TUI AG. The comments made for TUI Group therefore also apply to TUI AG.

Opportunity Report

TUI Group's opportunity management follows the Group strategy. Responsibility for systematically identifying and taking up opportunities rests with the operational management of the Hotels & Resorts, Cruises and TUI Musement segments as well as our source markets. Market scenarios and critical success factors for the individual sectors are analysed and assessed in the framework of the Group-wide planning and control process. The core task of the Group's Executive Board is to secure profitable growth for TUI Group again by optimising the shareholding portfolio and developing the Group structure over the long term.

OPPORTUNITIES AND RISKS ARISING FROM MACRO TRENDS

In particular, a decline in fuel costs as well as a lower general price increase would have a positive impact on the TUI Group and its segments in financial year 2024.

CORPORATE STRATEGY OPPORTUNITIES

Opportunities arise from accelerating the Group's transformation into a digital platform business. We will expand hotel-only and flight-only products and broaden our dynamic packaging opportunities. We will prioritise the planned transformation of our digital platform in the TUI Musement segment.

OPERATIONAL OPPORTUNITIES

We intend to operate as an asset-light organisation and see opportunities in the implementation of our asset-right strategy in our Hotels & Resorts and Cruises businesses. We are reviewing unprofitable activities and will divest them as appropriate.

CLIMATE-RELATED OPPORTUNITIES

As short to medium term opportunities, we identified more efficient aircraft and cruise ships as well as a shift to renewable energy sources at hotels & resorts as a way to reduce operating costs in connection with CO_2 emissions. We further see an opportunity to offer lower-emission air travel, cruise travel and hotel stays as a way to improve our competitive position. Providing alternative modes of transport including a move to high-speed rail is also seen as an opportunity for our business. We are examining how we can utilise these opportunities.

The summer season 2023 in Turkey and Greece for selected destinations has been expanded which has been well received by our customers. In the long term, we expect to see this more frequently and in more destinations following a shift in consumer preferences from peak seasons where heat waves may be imminent to shoulder seasons where the wheather is still very favourable for travel. In addition, our business model is flexible to offer new destinations based on changing weather conditions, e. g. more travel to destinations around the Baltic Sea. We continue to monitor these trends and embed them into our strategic and operational planning.

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Business Review

Macroeconomic, Industry and Market Framework

Macroeconomic development

Development of World Output

Var. %	2023*	2022
World	**+3.0**	**+3.5**
Eurozone	+0.7	+3.3
Germany	–0.5	+1.8
France	+1.0	+2.5
UK	+0.5	+4.1
US	+2.1	+2.1
Russia	+2.2	–2.1
Japan	+2.0	+1.0
China	+5.0	+3.0
India	+6.3	+7.2

* Projection
Source: International Monetary Fund (IMF), World Economic Outlook, October 2023

Overall, the world economy has grown moderately so far in calendar year 2023. Widespread fears of recession among the world's leading economies in the wake of monetary policy tightening largely look to be fading. Overall, the global recovery from the COVID-19 pandemic has remained slow and uneven, with major regional divergences, due to Russia's invasion of Ukraine and the associated distortions in the energy and food markets. Economic activity in emerging markets and developing economies, in particular, has fallen substantially short of its pre-pandemic path (IMF, World Economic Outlook, October 2023).

Key exchange rates and commodity prices

TUI Group companies operate on a worldwide scale. This presents financial risks for TUI Group arising from changes in exchange rates and commodity prices. The essential financial transaction risks from operations concern euros and US dollars. They mainly result from foreign exchange items in the individual Group companies, for instance jet fuel and bunker oil or ship handling, or from sourcing transactions by hotels. The parity of sterling against the euro affects the translation of results generated in the UK market in TUI's consolidated financial statements. Changes in commodity prices above all affect TUI Group when procuring fuels such as aircraft fuel and bunker oil. In Tourism, risks relating to changes in exchange rates and price risks from fuel sourcing are partly hedged by derivatives.

Information on hedging strategies and risk management as well as financial transactions and the scope of such transactions at the balance sheet date is provided in the sections Financial position and Risk report in the Management Report and the section Financial instruments in the Notes to the consolidated financial statements.

Financial position from page 74, Risk report from page 35, and Financial instruments in the Notes from page 249.

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Exchange rate Sterling £ / €

Exchange rate US dollar $ / €

The exchange rate charts are presented on the basis of the indirect quotation format customary in the foreign exchange market. If the exchange rate falls, the foreign currency is appreciating against the euro. By contrast, if the exchange rate rises, the foreign currency is depreciating against the euro.

Oil price Brent ($ / Barrel)

Industry overview

As a global leisure experiences provider, the development of the international tourism market has an impact on all business areas of the Group.

The key indicators used to measure the size of the tourism sector include the number of international tourist arrivals. According to the United Nations World Tourism Organization (UNWTO), the number of international tourist arrivals grew by an average of 5 % year-on-year from 2009 to 2019 (UNWTO, World Tourism Barometer, January 2020). This growth was driven by a number of factors: the relatively stable global economy, a growing middle class in the emerging economies, technological progress, and an easing of visa requirements.

With the outbreak and the global spread of the COVID-19 pandemic in the first quarter of calendar year 2020, almost all activities in the sector came to a standstill, and as a result, international tourist arrivals declined significantly. However, as travel restrictions eased and mobility was restored, tourism demand has rebounded. From January to July 2023, international tourist arrivals reached 84 % of 2019 levels globally, and 91 % in Europe, with the expectation that volumes will return closer to pre-pandemic levels by the end of the year (UNWTO, World Tourism Barometer, September 2023). In Summer 2023, TUI Group has seen volumes in its Markets & Airlines business return almost fully back to 2019 levels.

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Change of international tourist arrivals versus 2019 in %

Var. %	2023* versus 2019	2022 versus 2019
World	**–16**	**–34**
Europe	–9	–20
Asia and the Pacific	–39	–72
Americas	–13	–29
Africa	–8	–33
Middle East	+20	–5

Source: UNWTO Tourism Dashboard and World Tourism Barometer, September 2023
*Period January till July

TRAVEL INTERMEDIARY MARKET

A travel intermediary operates between a provider of tourism services, such as an airline or a hotel, and final customers, typically delivering distribution, packaging and/or related services. Their advantage compared with direct suppliers is generally related to their distribution and (in the case of tour operators) fulfilment and service capabilities. Travel intermediaries include tour operators, travel agents, and online travel agencies (OTAs). These business models vary substantially. All may offer their customers a component product (e.g. flight, accommodation) or a package product (comprising e.g. flight, hotel and transfers), usually through a combination of offline (i. e. travel agencies) and online channels (i.e. web and app). Booking preference has shifted to online over time, a trend which was further accelerated during the pandemic.

In order to secure flight and hotel capacity in advance, a tour operator may enter into a wholesale contract with the supplier, often involving some form of commitment to a certain amount of capacity at a specified price. Where the tour operator commits to capacity, they take on the risk of filling it; in return, they can expect the supplier to offer them a favourable rate and the opportunity to secure accommodation on an exclusive basis, as well as the ability to yield the capacity. Alternatively, tour operators can dynamically access flight and hotel supply, either direct with the supplier, or via a bedbank, or via a global distribution system. This does not involve taking risk, and provides additional choice and flexibility for the customer (for example, relating to choice of departure airport, time of flights and duration of holiday). OTAs, by contrast, typically do not commit to taking capacity, nor are they as deeply involved in the fulfilment and service of the holiday. Their offering to suppliers is a digital distribution platform with broad customer reach, generally without any exclusivity of offer.

AIRLINE MARKET

The airline industry was hit particularly hard by the COVID-19 crisis, as airlines around the world had to ground their aircraft and cancel flights due to global travel bans. In addition the European industry faced significant disruption in 2022, in particular due to shortage of staff in critical areas of operations (e.g. ground handling and airports), driven by delayed ramping up of staff after COVID 19 ramping down and due to shortages in the labour market. Despite this, air passenger traffic rebounded significantly in 2022, and has continued its recovery in 2023, with global revenue expected to reach 90 % of 2019 (IATA, Global Outlook for Air Transport, June 2023).

The airline industry, like many others, has been impacted by higher inflation, in particular in relation to jet fuel prices, driven up by energy shortages and the war in Ukraine, as well as rising interest rates and labour shortages. As a result of this, plus demand returning back to 2019 levels, average airfares have increased (IATA, Global Outlook for Air Transport, June 2023).

Climate change is a further challenge facing the industry. The industry is committed to achieve net zero emissions by 2050, meaning the current reliance on carbon offsetting will need to end. It is expected that Sustainable Aviation Fuel (SAF) will become the most important means for the industry to achieve its reduction targets, however, predicted demand is far in excess of current production (Skift State of Travel 2023, July 2023).

HOTEL MARKET

The COVID-19 pandemic had significant impacts on the hotel sector as travel and hotel restrictions imposed by governments in many countries resulted in the temporary closing of hotels and a significant decline in the number of bed nights. The recovery of the hotel market was initiated with the resumption of domestic travel. Following the lifting of governmental restrictions, international travel contributed to an increase in bed nights.

The hotel market comprises business and leisure hotels. Leisure hotels feature a number of characteristics distinguishing them from business hotels, including longer average lengths of stay and differences in location, room features and service offerings. From a demand perspective, the leisure hotel market in Europe comprises several smaller sub-markets catering to customers' individual needs and preferences. The sub-markets comprise premium, comfort and budget hotels as well as family/apartment hotels and club or resort hotels. Hotel companies may offer a variety of hotels for different market segments, often defined by price segment, star rating, exclusivity or available facilities.

In Europe, in particular, there are many small, often family-run hotels, which are less upscale and have fewer financial resources. Most family-owned hotels are not branded.

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Given the large number of ownership and operating models for leisure hotels and the fragmented competitive landscape which, at least in Europe, is not dominated by large hotel chains, the competitive environment differs greatly between locations. Despite this strong fragmentation, a structural change can be observed in the European hotel industry, as in nearly all regions in the world. The share held by hotel chains is increasing, as well as the focus on direct distribution and customer loyalty.

Sustainability and emissions reduction is strongly in focus for the hotels sector, with many major brands committing to emissions reduction targets and other goals including to energy efficiency, water conservation and waste reduction. Inflation is another key issue for the industry, driven by rising energy costs, higher interest rates, and labour shortages. Although hotel revenue (based on the major global brands) has been increasing, driven by the post-pandemic recovery and strong pricing, hotels may need to increase their efficiency in order to remain competitive (Skift State of Travel 2023, July 2023).

CRUISE MARKET

From the end of July 2022, nearly the entire global ocean-going cruise fleet was back in operation after the pandemic-induced suspension of operation. Sector forecasts regarding the pandemic impact and recovery project passenger volume to exceed the levels recorded in baseline year 2019 by the end of 2023 and recover in excess of 27 % above 2019 levels by the end of 2026 (CLIA, State of the Cruise Industry 2023).

In calendar year 2022, the largest source markets were North America, Western Europe, Asia and Australia / New Zealand / Pacific. Based on passenger volume, the most popular destinations within that period were the Caribbean, Central and Western Mediterranean, Northern Europe, North America and Eastern Mediterranean (CLIA, State of the Cruise Industry 2023).

Similar to the airline and hotel sectors, emissions reduction and the path to net zero is strongly in focus for the cruise industry. In addition, new regulations are being introduced, with additional International Maritime Organisation (IMO) rules on carbon intensity and rating system having entered into force at the start of 2023, and the EU Emissions Trading Scheme (ETS) being phased in from 2024.

EXPERIENCES AND ATTRACTIONS MARKET

The market for experiences and attractions is a sizeable and rapidly growing tourism segment (based on TUI estimates). The market is diverse, complex and highly fragmented on the supplier side, and is predominantly operated offline. Intermediation and in-destination presence therefore play a key role. However, due to growing consolidation and digitalisation, the market is undergoing change. Online bookings have increased, and many operators took the chance during the pandemic to invest in websites, digital marketing and software. In addition, the growth of OTAs impacts how customers find and book experiences, and has prompted operators to improve their technology and digital marketing (Phocuswire news, October 2022).

Our brand

Our brand is symbolised by our smiling red logo and stands for our aim to create the moments that make customers lives richer. Our new vision 'Excellence in Leisure Experiences' is about making our ambition clear to the marketplace. We strive to do this at every point in the customer journey both in the physical and digital worlds. Our new brand world crystalises this with a clear brand purpose, identity and promise.

Pre-pandemic, we successfully migrated our local brands to a single global TUI brand. This established TUI as one of the best-known travel and leisure brands in our core markets in Europe (as measured by brand awareness and consideration in TUI brand performance tracking, conducted by Metrixlab). As we exited the pandemic, we sought to build on this success and support our growth ambitions, by broadening the TUI brand appeal into new customer segments and products.

Our Live Happy campaign, which launched at the end of 2021, has performed well across all markets and segments (based on quantitative testing comparing our campaign to external benchmarks). Having built emotional resonance with the brand through initial campaigns, we have deployed further advertising to drive reappraisal and sales for our new and exclusive products e. g. Cities and TUI Blue Hotels. Our modular approach to advertising flexes by channel and segment, across markets and products, through the whole marketing funnel. To attract future segments, we increasingly look to diversify our media channel mix to reflect media viewing trends (such as video on demand and social media). Despite tough competition, we remain in the top spot for brand awareness and consideration, and continue to build and increase resonance based on brand identification and Net Promoter Score (TUI Brand Pulse Tracking, July 2023).

We have also extended our brand beyond advertising – to all of the touchpoints we have with our customers, as well as to our people, directing them towards the same overarching goal of creating a sustainable and consistent customer journey. To do so, we use our customer centricity programme "Makers of Happy", our values "**T**rusted", "**U**nique" and "**I**nspiring" and our new employer brand "Let's TUI It!". All of this is intended to put TUI in a strong position.

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Group Earnings

Comments on the consolidated income statement

In the financial year 2023 TUI left behind the impacts of the COVID-19 pandemic. In the Holiday Experience division the complete product portfolio could be offered. TUI Group's business volume was significantly higher than in financial year 2022, which was still impacted by travel restrictions to contain COVID-19, in particular in the first half. In aviation business disruptions did not occur unlike in the financial year 2022. The number of guests reached near pre crisis levels, revenues exceeded pre crisis levels. In contrast the financial year 2023 was still affected by the general increase in prices, especially for fuel, and by changes in exchange rates. TUI was insufficiently hedged against these changes due to limited access to relevant hedging instruments. However, overall all the segments increased their results in comparison to the financial year 2022.

Moreover, TUI Group's performance is subject to seasonality due to the tourism business being characterised by the winter and summer travel months. TUI Group's underlying EBIT improved significantly by € 568.5 m to € 977.2 m year-on-year, an improvement of € € 559.3 m on a constant currency basis.

Consolidated Income Statement of TUI AG for the period from 1 Oct 2022 to 30 Sep 2023

€ million	2023	2022	Var. %
Revenue	**20,665.9**	**16,544.9**	**+24.9**
Cost of sales	19,052.9	15,613.3	+22.0
Gross profit	**1,613.0**	**931.7**	**+73.1**
Administrative expenses	1,015.6	746.3	+36.1
Other income	37.6	52.2	–28.1
Other expenses	32.0	1.7	n.a.
Impairment of financial assets	18.4	7.3	+152.1
Financial income	87.6	35.9	+144.4
Financial expenses	533.6	509.5	+4.7
Share of result of investments accounted for using the equity method	407.2	100.7	+304.2
Impairment (+)/Reversals of impairment (–) of net investments in joint ventures and associates	–5.4	1.6	n.a.
Earnings before income taxes	**551.2**	**–145.9**	**n.a.**
Income taxes (expense [+], income [–])	95.5	66.7	+43.1
Group profit/loss	**455.7**	**–212.6**	**n.a.**
Group profit/loss attributable to shareholders of TUI AG	305.8	–277.3	n.a.
Group profit attributable to non-controlling interest	149.9	64.6	+132.0

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REVENUE AND COST OF SALES

Revenue

€ million	2023	2022 adjusted	Var. %
Hotels & Resorts	1,032.5	806.2	+28.1
Cruises	656.0	331.5	+97.9
TUI Musement	770.0	578.4	+33.1
Holiday Experiences	2,458.5	1,716.0	+43.3
Northern Region	7,722.9	6,320.2	+22.2
Central Region	7,329.7	5,787.3	+26.7
Western Region	3,142.8	2,712.6	+15.9
Markets & Airlines	18,195.4	14,820.1	+22.8
All other segments	11.9	8.8	+35.3
TUI Group	**20,665.9**	**16,544.9**	**+24.9**
TUI Group (at constant currency)	**20,821.5**	**16,544.9**	**+25.8**

In financial year 2023, TUI Group's revenue increased by 24.9 % to € 20.7 bn. On a constant currency basis, revenue increased by 25.8 %. Revenue is presented alongside the cost of sales in the income statement, which increased by 22.0 % in the period under review.

GROSS PROFIT

The difference between revenue and the cost of sales increased as a result of the normalisation of the business by € 681.3 m year-on-year to a gross profit of € 1,613.0 m.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by € 269.3 m year-on-year to € 1,015.6 m (previous year € 746.3 m). Administrative expenses increased due to the termination of state aid programmes as well as increased exchange rates.

OTHER INCOME AND OTHER EXPENSES

In financial year 2023 other income mainly reflects gains from the disposal of aircraft assets and income from emission certificates. In the previous year, other income included the gain on disposal of Nordhotel S. A. in October 2022 and also subsequent income relating to the disposal of Riu Hotels S. A. in financial year 2021.

In financial year 2023, other expenses result from portion of the goodwill allocated to the segment Northern Region was disposed with the transfer of the operational business of Sunwing. This portion was determined as the relative value of the operations of Sunwing disposed of in relation to the retained segment Northern Region. In the previous year, other expenses included in particular losses from the disposal of aircraft assets.

FINANCIAL RESULT

The financial result in the 2023 financial year amounted to € – 445.9 m after € – 473.7 m in the previous year. The increase in financial income mainly resulted from higher interest income of € 76.9 m, up 192.4 % (previous year € 26.3 m). The increase in financial expenses was mainly due to 6.7 % higher interest expenses of € 525.1 m (previous year € 492.1 m), in particular driven by liabilities to banks and lease liabilities, the unwinding of discount on provisions and the measurement of hedges. On the other hand, lower expenses were incurred for other interest and similar expenses, largely due to lower interest expenses.

SHARE OF RESULT OF JOINT VENTURES AND ASSOCIATES

The share of result from joint ventures and associates of € 407.2 m (previous year € 100.7 m) comprises the proportionate net profit for the year of these companies. The increase by € 306.4 m was in particular driven by the normalisation of the business. In addition, Sunwing realised a gain of € 110.3 m from the sale of its operating activities, which increased the share of result of joint ventures and associates.

EARNINGS BEFORE INCOME TAXES

In the period under review, earnings before income taxes totalled € 551.2 m, an improvement of € 697.1 m year-on-year. In the previous year, a loss of € – 145.9 m was recorded.

GROUP PROFIT / LOSS

The Group profit for financial year 2023 totalled € 455.7 m, an increase of € 668.3 m year-on-year (previous year loss of € – 212.6 m).

SHARE IN GROUP LOSS ATTRIBUTABLE TO TUI AG SHAREHOLDERS

The share in Group loss attributable to TUI AG shareholders amounted to € 305.8 m in financial year 2023 (previous year € – 277.3 m).

NON-CONTROLLING INTERESTS

In the completed financial year, non-controlling interests in the Group result totalled € 149.9 m (previous year € 64.6 m. They mainly related to RIUSA II Group.

EARNINGS PER SHARE

The interest in the Group result attributable to TUI AG shareholders resulted in basic earnings per share of € 0.80 (previous year € – 1.02) in financial year 2023. Earnings per share for all periods presented were adjusted for the effect of the capital reduction carried out in February 2023 at a ratio of 10:1 and the effect of the bonus component of subscription rights issued as part of the capital increase in March 2023.

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Alternative Performance indicators

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

Underlying EBIT is adjusted 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 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 include goodwill impairments.

Reconciliation to underlying EBIT of TUI Group

€ million	2023	2022	Var. %
Earnings before income taxes	**551.2**	**–145.9**	**n.a.**
plus: Net interest expense (excluding expense / income from measurement of interest hedges)	432.6	478.9	–9.7
plus: Expense / less income from measurement of interest hedges	15.6	–13.0	n.a.
EBIT	**999.3**	**320.0**	**+212.3**
Adjustments:			
less / plus: Separately disclosed items	–45.8	58.7	n.a.
plus: Expense from purchase price allocation	23.7	30.1	–21.3
Underlying EBIT	**977.2**	**408.7**	**+139.1**

TUI Group's EBIT increased by € 679.4 m to € 999.3 m in financial year 2023.

EBIT

€ million	2023	2022 adjusted	Var. %
Hotels & Resorts	555.5	476.6	+16.6
Cruises	236.0	0.8	n.a.
TUI Musement	23.9	6.4	+274.9
Holiday Experiences	815.5	483.7	+68.6
Northern Region	151.8	–137.6	n.a.
Central Region	83.6	47.0	+77.7
Western Region	79.2	–29.3	n.a.
Markets & Airlines	314.5	–119.9	n.a.
All other segments	–130.6	–43.9	–197.7
TUI Group	**999.3**	**320.0**	**+212.3**

TUI Group's operating EBIT adjusted for one-off effects (underlying EBIT) improved by € 568.5 m to € 977.2 m in financial year 2023.

Underlying EBIT

€ million	2023	2022 adjusted	Var. %
Hotels & Resorts	549.5	480.3	+14.4
Cruises	236.0	0.8	n.a.
TUI Musement	36.0	23.7	+51.7
Holiday Experiences	821.5	504.7	+62.8
Northern Region	71.5	–101.6	n.a.
Central Region	88.1	74.6	+18.1
Western Region	81.1	–31.5	n.a.
Markets & Airlines	240.6	–58.6	n.a.
All other segments	–84.8	–37.4	–126.6
TUI Group	**977.2**	**408.7**	**+139.1**
TUI Group (at constant currency)	**968.0**	**408.7**	**+136.8**

In financial year 2023, net income were adjusted by € 45.8 m for one-off effects. For details, please refer to the Notes to the segment data.

For one-off effects, please see page 206.

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Other segment indicators

Reconciliation to underlying EBITDA

€ million	2023	2022	Var. %
EBIT	**999.3**	**320.0**	**+212.3**
Amortisation and impairment (+)/reversals (–) of other intangible assets and depreciation and impairment (+)/reversals (–) of property, plants and equipment and right of use assets	859.1	883.4	–2.7
EBITDA	**1,858.5**	**1,203.3**	**+54.4**
Adjustments	–83.2	21.3	n.a.
EBITDA (underlying)	**1,775.3**	**1,224.6**	**+45.0**

EBITDA

€ million	2023	2022 adjusted	Var. %
Hotels & Resorts	740.4	685.3	+8.0
Cruises	301.5	55.4	+444.2
TUI Musement	59.2	39.4	+50.3
Holiday Experiences	1,101.1	780.0	+41.2
Northern Region	447.8	190.5	+135.1
Central Region	180.8	158.2	+14.3
Western Region	221.4	115.3	+92.0
Markets & Airlines	850.0	464.0	+83.2
All other segments	–92.7	–40.7	–127.8
TUI Group	**1,858.5**	**1,203.3**	**+54.5**

Underlying EBITDA

€ million	2023	2022 adjusted	Var. %
Hotels & Resorts	734.4	651.1	+12.8
Cruises	301.5	55.4	+444.2
TUI Musement	62.9	49.2	+27.8
Holiday Experiences	1,098.7	755.6	+45.4
Northern Region	356.0	213.2	+67.0
Central Region	184.2	180.5	+2.0
Western Region	220.4	109.7	+100.9
Markets & Airlines	760.8	503.5	+51.1
All other segments	–84.3	–34.5	–144.3
TUI Group	**1,775.3**	**1,224.6**	**+45.0**

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Segmental Performance

Holiday Experiences

Holiday Experiences

€ million	2023	2022 adjusted	Var. %
Revenue	2,458.5	1,716.0	+43.3
Underlying EBIT	821.5	504.7	+62.8
Underlying EBIT (at constant currency)	836.7	504.7	+65.8

Hotels & Resorts

€ million	2023	2022 adjusted	Var. %
Total revenue[1]	1,855.3	1,499.6	+23.7
Revenue	1,032.5	806.2	+28.1
Underlying EBIT	549.5	480.3	+14.4
Underlying EBIT (at constant currency)	556.8	480.3	+15.9
Available bed nights[2] (in '000)	**38,521**	**37,761**	**+2.0**
Riu	13,751	13,490	+1.9
Robinson	3,749	3,582	+4.7
Blue Diamond	6,036	5,432	+11.1
Occupancy[3] (in %, variance in % points)	**82**	**76**	**+6**
Riu	90	82	+8
Robinson	71	66	+5
Blue Diamond	83	79	+5
Average daily rate[4] (in €)	**87**	**77**	**+12.6**
Riu	78	69	+13.5
Robinson	106	103	+2.1
Blue Diamond	152	137	+10.9

Revenue includes fully consolidated companies, all other KPIs incl. companies measured at equity.
[1] Total revenue includes intra-Group revenue.
[2] Number of hotel days open multiplied by beds available (Group owned and leased hotels)
[3] Occupied beds divided by available beds (Group owned and leased hotels)
[4] Board and lodging revenue divided by occupied bed nights (Group owned and leased hotels)

Our Hotels & Resorts segment with its diversified hotel portfolio of well recognized brands, surpassed the already strong operational performance in the previous year delivering an underlying EBIT of €549.5 m, up €69.2 m year-on-year (previous year: €480.3 m) and above pre-pandemic levels of FY 2019. Results were driven by an improved operational performance supported in particular by higher occupancies and improved rates. Popular destinations proved to be Turkey, the Balearics and Greece as well as our year-round destinations in the Caribbean, the Canaries and Cape Verde.

The number of available bed nights on offer rose by 2.0 % year-on-year as we continued to expand our capacity in this segment. The average occupancy rate increased across all our brands by a total of 6 %pts to 82 % (previous year: 76 %). Average daily rate per bed increased by 12.6 % to €87 (previous year: €77) and were well ahead of the pre-pandemic levels, with Riu continuing to drive the strong performance.

On a brand by brand basis, Riu occupancy increased by 8 % pts to 90 % versus previous year (previous year: 82 %) and average daily rate improved 13.5 % to €78 (previous year: €69), with the Group once again delivering an improved operational performance in particular in the Caribbean market.

Robinson achieved an improved result across its portfolio of mainly four- and five star club hotels, supported by higher occupancy up 5 % pts to 71 % versus previous year (previous year: 66 %) and average daily rate up 2.1 % to €106 (previous year: €103).

Blue Diamond occupancy increased by 5 % pts to 83 % versus previous year (previous year: 79 %) and average daily rates were 10.9 % higher at €152 (previous year: €137), benefitting from higher demand to our Caribbean and Mexican properties.

Our other hotels which include popular brands such as TUI Blue, TUI Magic Life and TUI Suneo, profited from higher rates and occupancies.

In Hotels & Resorts, product growth is being delivered by expanding our portfolio in new and existing destinations. In FY23 we added 41 new hotels to our pipeline. This growth is being achieved in accordance with our asset-right and scalable approach through our joint ventures. During the year we announced plans to further expand the TUI Blue portfolio, our brand focused on experience orientated lifestyle travellers. The expansion is driven by international partnerships in which TUI Blue hotels are operated either under management contracts or by franchises. In addition, we also announced the creation of a new off-balance sheet joint venture with Riu. This targets realising unique opportunities to invest into growth, whilst limiting the financial impact on TUI's leverage and net investments. The global Hansainvest hotel fund, initiated by TUI, is successfully executing its first two hotel investments on Zanzibar and on Cape Verde. Here, TUI is providing hotel management and investment advisory services to support our asset-light growth development.

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Cruises

€ million	2023	2022	Var. %
Revenue[1]	656.0	331.5	+97.9
Underlying EBIT	236.0	0.8	n.a.
Underlying EBIT (at constant currency)	235.7	0.8	n.a.
Available passenger cruise days[2] (in '000)			
Mein Schiff	6,121	5,637	+8.6
Hapag-Lloyd Cruises	589	531	+11.0
Marella Cruises	2,789	2,073	+34.5
Occupancy[3] (in %, variance in % points)			
Mein Schiff	95	69	+26
Hapag-Lloyd Cruises	72	58	+14
Marella Cruises	96	70	+26
Average daily rate (in €)			
Mein Schiff[4]	171	178	–4.0
Hapag-Lloyd Cruises[4]	735	653	+12.6
Marella Cruises[5] (in £)	181	164	+10.6

[1] No revenue is carried for Mein Schiff and Hapag-Lloyd Cruises as the joint venture TUI Cruises is consolidated at equity.
[2] Number of operating days multiplied per berths available on the operated ships. This key figure has changed compared to previous periods.
[3] Achieved passenger cruise days divided by available passenger cruise days
[4] Ticket revenue divided by achieved passenger cruise days
[5] Revenue (stay on ship inclusive of transfers, flights and hotels due to the integrated nature of Marella Cruises) divided by achieved passenger cruise days

The Cruises segment comprises the joint venture TUI Cruises in Germany, which operates cruise ships under the brands Mein Schiff and Hapag-Lloyd Cruises, and Marella Cruises in UK. The segment operated a full fleet of 16 ships for the vast majority of the financial year against a more limited programme in the previous financial year, when full operations were only resumed in April 2022 following the COVID-19 restrictions during the winter months. In Spring 2023 Mein Schiff Herz transferred from TUI Cruises to Marella and after a period of refurbishment, the newly named Marella Voyager returned to service at the beginning of June for the summer season.

The segment continued its recovery throughout the year. As a result, underlying EBIT of €236.0 m was up €235.3 m (previous year: €0.8 m). All of our three Cruise brands contributed to the positive EBIT development boosted by increased volumes as well as higher occupancies. Occupancy rates continued to rise throughout the year ranging between 72 % and 96 % across our Cruises brands (previous year: between 58 % and 70 %), with rates for many itineraries achieving the peaks last seen in 2019.

Mein Schiff operated their full fleet of six ships during the summer season against seven ships during the winter season, following the transfer of Mein Schiff Herz to Marella Cruises in spring 2023. In the prior year the brand had only been able to operate its full fleet of seven ships from April 2022 following the lifting of the COVID-19 restrictions. The brand offered itineraries to the Canaries, the Caribbean, Central America, Asia and the Orient during the winter with an offering to the Mediterranean, Northern Europe and the Baltic Sea during the summer. With the return to normal operations, available passenger cruise days of 6,121 k were up 8.6 % (previous year: 5,637 k). Occupancy of 95 %, was 26 %pts higher versus previous year (previous year: 69 %) underlining the higher demand for our German language premium all-inclusive product. Mein Schiff average daily rate of 171€ was – 4.0 % versus previous year (previous year: €178) but was virtually in line with pre-pandemic levels (FY 2019: €174). Despite higher rates during the summer year-on-year, the overall lower rates against previous year were driven by the sale of a higher mix of premium cabins in the prior winter half-year when occupancies and capacity were significantly lower due to a more restricted programme.

Hapag-Lloyd Cruises, our luxury and expeditions brand, provided itineraries to Europe, Asia, the Americas and around the world with a full fleet of five ships able to operate again within a restriction-free environment. As a result, average passenger cruise days rose 11.0 % to 589 k (previous year: 531 k). Average daily rate of €735 increased by 12.6 % versus previous year (previous year: €653) and was well above pre-pandemic levels of €641. Occupancy of 72 % rose by 14 %-pts versus previous year (previous year: 58 %) underlining the higher demand for these cruises.

Marella Cruises, our UK cruise brand, offered itineraries to the Mediterranean, the Canaries, Caribbean and North America during the year. The business was able to operate a full fleet with Marella Voyager complimenting the fleet of now five vessels during the summer season. Available passenger cruise days increased by 34.5 % to 2,789 k (previous year: 2,073 k) as a consequence and were also supported by a return to a full winter offering after the COVID-19 restrictions in the previous year. The average daily rate was £181, up 10.6 % year-on-year (previous year: £164) driven by itineraries to the Mediterranean and the expansion of the fleet. Occupancy also improved significantly to 96 %, up 26 % pts versus previous year (previous year: 70 %).

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TUI Musement

€ million	2023	2022 adjusted	Var. %
Total revenue*	1,160.9	866.7	+34.0
Revenue	770.0	578.4	+33.1
Underlying EBIT	36.0	23.7	+51.7
Underlying EBIT (at constant currency)	44.3	23.7	+86.8

* Total revenue includes intragroup revenue.

TUI Musement, our tours and activities business, offers a wide range of experiences (excursions, activities and tickets), transfers and tours (multi-day tours) to both popular city and sun & beach destinations. The digitalisation initiatives and the development of own differentiated products is well on track and continues to drive growth.

The business achieved an underlying EBIT of € 36.0 m, a notable increase of € 12.3 m compared to the previous year (previous year: € 23.7 m). This improvement was driven by the growth of the B2C experiences offering, increased B2B partnerships and higher transfer volumes from our Markets & Airlines business.

As a result, TUI Musement reported 28.2 m tour operator guest transfers, a 17 % year-on-year increase (previous year: 24.0 m). Additionally, the business sold 9.4 m experiences across its global destinations, marking a 34 % growth from the previous year (previous year: 7.0 m).

Markets & Airlines

Markets & Airlines

€ million	2023	2022 adjusted	Var. %
Revenue	18,195.4	14,820.1	+22.8
Underlying EBIT	240.6	–58.6	n.a.
Underlying EBIT (at constant currency)	216.2	–58.6	n.a.
Direct distribution mix[1] (in %, variance in % points)	76	78	–2
Online mix[2] (in %, variance in % points)	51	54	–3
Customers (in '000)	19,010	16,780	+13.3

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

Our Markets & Airlines business has continued its post COVID-19 recovery across the regions during the year within the framework of an improved booking environment. The winter half-year results in particular were impacted by inflationary pressures especially on energy, exchange rate volatility and the negative impact of valuation effects from ineffective hedge positions. The summer half-year benefitted from the non-repeat of the significant operational flight disruption costs experienced especially in UK in the previous year, following the unparalleled industry ramp-up after the COVID-19 pandemic. Results were impacted by € 25 m during the peak summer season due to the wildfires on Rhodes. Against this background, underlying EBIT for the segment of € 240.6 m, was up € 299.1 m on previous year (previous year: € – 58.6 m loss), supported by higher demand for our product offering at significantly higher prices.

A total of 19,010 k customers departed for their holidays during the financial year, up 13.3 % year-on-year (previous year: 16,780 k) with demand higher across all our source markets. Bookings taken for both the summer season and especially the winter season were well ahead of previous year.

Traditional short- and medium-haul destinations such as the Canaries and Egypt were again popular amongst customers during the winter season, whilst mainland Spain, Greece, Turkey, the Balearics and the Canaries were well sought after in the summer season. Also, destinations such as Mexico and the Dominican Republic proved to be in good demand throughout the financial year.

A key focus in the transformation of the segment is the strengthening and leveraging of our capabilities and market positions with growth delivered from new products and new customers, based on scalable common platforms. During the year we rolled-out our group-wide platforms for accommodation-only, flight-only and dynamic packaging to more markets and we are continuing to develop and enhance the capabilities of these platforms.

Northern Region

€ million	2023	2022	Var. %
Revenue	7,722.9	6,320.2	+22.2
Underlying EBIT	71.5	–101.6	n.a.
Underlying EBIT (at constant currency)	52.1	–101.6	n.a.
Direct distribution mix[1] (in %, variance in % points)	94	94	–
Online mix[2] (in %, variance in % points)	69	71	–2
Customers (in '000)	7,360	6,475	+13.7

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

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Northern Region comprises the source markets UK and Nordics with our strategic tour operator venture in Canada being sold in April 2023.

Northern Region achieved a significantly improved underlying EBIT of €71.5 m (previous year: €–101.6 m loss) supported by higher margins as well as the absence of the level of flight disruptions witnessed in the previous year.

Customer volume increased significantly by 13.7 % to 7,360 k versus previous year (previous year: 6,475 k) with volumes recovering in particular in the UK to above pre-pandemic levels. Online distribution for the Region continued to be high at 69 %, down 2 %pts against previous year of 71 %, but up 2 %pts versus pre-pandemic levels (FY 2019: 67 %), The comparison against last year is limited due to lower volumes and longer retail shop closures resulting from the COVID-19 restrictions during the winter last year. Direct distribution at 94 % maintaining the high rate of both the previous year and pre-pandemic.

During the year we announced the expansion of our UK capacities for the financial year 2024 as part of our customer growth plans. These will provide customers with more flexibility and choice and also enhance our dynamic product offering. In September we also announced the re-launch of our First Choice brand in UK, which targets new and especially younger customers, to enlarge our appeal across more customer segments.

Central Region

€ million	2023	2022 adjusted	Var. %
Revenue	7,329.7	5,787.3	+26.7
Underlying EBIT	88.1	74.6	+18.1
Underlying EBIT (at constant currency)	85.0	74.6	+14.0
Direct distribution mix[1] (in %, variance in % points)	56	58	–2
Online mix[2] (in %, variance in % points)	29	30	–1
Customers (in '000)	7,036	5,922	+18.8

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

Central Region comprises Germany, Austria, Switzerland and Poland.

The segment reported underlying EBIT profit of €88.1 m, an increase of €13.5 m against the previous year's €74.6 m profit which included the benefit of a ~€50 m state compensation for the impact on business of the pandemic. The increase was driven in particular by an improved operational performance in the key Germany source market, supported by higher volumes and prices.

Customer numbers increased by 18.8 % to 7,036 k versus previous year (previous year: 5,922 k) in-line with the positive development of the Region post pandemic. All source markets contributed to this improvement, with Poland achieving more than one million guests for the first time. Online distribution for Central Region of 29 % maintained virtually the level of the previous year of 30 % whereby the comparison is limited due to lower volumes and longer retail shop closures due to the COVID-19 restrictions during the winter last year. Against pre-pandemic levels, online distribution continued to be significantly up by +6 %pts. emphasising the development of our online offering in this region in line with consumer demand. Similarly, direct distribution of 56 % was also close to prior year (previous year: 58 %) and up 7 %pts against pre-pandemic levels of 50 %.

Western Region

€ million	2023	2022	Var. %
Revenue	3,142.8	2,712.6	+15.9
Underlying EBIT	81.1	–31.5	n.a.
Underlying EBIT (at constant currency)	79.1	–31.5	n.a.
Direct distribution mix[1] (in %, variance in % points)	76	80	–4
Online mix[2] (in %, variance in % points)	57	60	–3
Customers (in '000)	4,614	4,383	+5.3

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

Western Region comprises Belgium, Netherlands and France.

Western Region reported an underlying EBIT of €81.1 m, up €112.6 m versus previous year (previous year: €–31.5 m loss). Results were driven by higher demand at improved prices as well as an improved airline operational performance with the non-repeat of the flight delay and cancellation costs due to operational disruptions in particular at Schiphol Airport, which affected the business in the previous year.

Customer volume rose by 5.3 % to 4,614 k year-on-year (previous year: 4,383 k) reflecting the improved booking environment. Online distribution for the region stood at 57 %, down 3 %pts (previous year: 60 %), but maintaining the pre-pandemic levels (FY 2019: 57 %). Again, the comparison to prior year is limited due to COVID-19 restrictions. Direct distribution of 76 % was 4 %pts down on previous year but maintained pre-pandemic levels.

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All other segments

€ million	2023	2022 adjusted	Var. %
Revenue	11.9	8.8	+35.3
Underlying EBIT	–84.8	–37.4	–126.6
Underlying EBIT (at constant currency)	–84.9	–37.4	–126.7

All other segments' includes the corporate centre functions of TUI AG and the interim holdings, the Group's real estate companies and the Group's key tourism functions. The previous period numbers have been adjusted following the re-segmentation of Future Markets to other segments within the Group.

The underlying EBIT loss for All other segments increased by € 47.4 m versus previous year, (previous year: € – 37.4 m loss). The devaluation of loans in particular contributed to the increase in the loss. The previous year's result was also positively influenced by valuation effects, particularly from the reversal of provisions.

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Net Assets

Development of the Group's asset structure

€ million	30 Sep 2023	30 Sep 2022	Var. %
Fixed assets	10,929.1	10,636.0	+2.8
Non-current receivables	676.8	715.7	–5.4
Non-current assets	11,605.9	11,351.7	+2.2
Inventories	62.1	56.1	+10.8
Current receivables	2,355.4	2,108.1	+11.7
Cash and cash equivalents	2,060.3	1,736.9	+18.6
Assets held for sale	68.6	2.7	n.a.
Current assets	4,546.5	3,903.8	+16.5
Assets	**16,152.4**	**15,255.5**	**+5.9**
Equity	1,947.2	645.7	+201.5
Liabilities	14,205.2	14,609.7	–2.8
Equity and liabilities	**16,152.4**	**15,255.5**	**+5.9**

The Group's balance sheet total increased by 5.9 % year-on-year to € 16.2 bn.

Vertical structural indicators

Non-current financial assets accounted for 71.9 % of total assets, compared with 74.4 % in the previous year. The capitalisation ratio (ratio of fixed assets to total assets) decreased from 69.7 % to 67.7 %.

Current assets accounted for 28.1 % of total assets, compared with 25.6 % in the previous year. The Group's cash and cash equivalents increased by € 323.4 m to € 2,060.3 m. They thus accounted for 12.8 % of total assets, as against 11.4 % in the previous year.

Horizontal structural indicators

At the balance sheet date, the ratio of equity to non-current assets has been 16.8 %. At previous year's balance sheet date this figure was 5.7 %. The ratio of equity plus non-current financial liabilities to fixed assets was 28.8 %, compared with 22.3 % in the previous year.

Development of the Group's non-current assets

Structure of the Group's non-current assets

€ million	30 Sep 2023	30 Sep 2022	Var. %
Goodwill	2,949.2	2,970.6	–0.7
Other intangible assets	538.0	507.6	+6.0
Property, plant and equipment	3,480.3	3,400.9	+2.3
Right-of-use assets	2,763.4	2,971.5	–7.0
Investments in joint ventures and associates	1,198.2	785.4	+52.6
Fixed assets	10,929.1	10,636.0	+2.8
Receivables and assets	366.2	493.7	–25.8
Deferred tax claims	310.6	222.0	+39.9
Non-current receivables	676.8	715.7	–5.4
Non-current assets	**11,605.9**	**11,351.7**	**+2.2**

GOODWILL

Goodwill remained at previous year's level of € 2,949.2 m.

For details, please refer to the section Goodwill in the Notes from page 217.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment totalled € 3,480.3 m at the balance sheet date, up by € 79.4 m year-on-year. Major additions to property, plant and equipment related to construction, acquisitions and renovations in the Hotels & Resorts segment, refurbishment and maintenance work on cruise ships and investment in aircraft. The majority of the disposals related to the disposal of advance payments for the delivery of aircraft. In addition, tests of the carrying amounts led to impairments primarily on hotels including land.

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Development of property, plant and equipment

€ million	30 Sep 2023	30 Sep 2022	Var. %
Real estate with hotels	1,936.3	1,800.9	+7.5
Other land	37.3	186.1	–80.0
Aircraft	341.5	342.3	–0.2
Ships	469.6	428.4	+9.6
Machinery and fixtures	384.8	360.8	+6.7
Assets under construction	151.9	170.7	–11.0
Payments on accounts	158.9	111.7	+42.3
Total	**3,480.3**	**3,400.9**	**+2.3**

RIGHT-OF-USE ASSETS

As a lessee, TUI recognises right-of-use assets and lease liabilities in the statement of financial position in accord-ance with IFRS 16. The right-of-use assets relate to moveable assets such as aircraft, vehicles and cruise ships, as well as property such as hotel buildings and land, office buildings and travel agencies.

COMPANIES MEASURED AT EQUITY

Twenty associated companies and 27 joint ventures were measured at equity. At € 1,198.2 m, their value decreased by 52.6 % year-on-year as at the balance sheet date.

Development of the Group's current assets

Structure of the Group's current assets

€ million	30 Sep 2023	30 Sep 2022	Var. %
Inventories	62.1	56.1	+10.8
Trade accounts receivable and other financial assets[1]	1,397.1	1,330.1	+5.0
Other non-financial assets[2]	917.3	755.0	+21.5
Current tax assets	41.0	23.1	+77.9
Cash and cash equivalents	2,060.3	1,736.9	+18.6
Assets held for sale	68.6	2.7	n. a.
Current assets	**4,546.5**	**3,903.8**	**+16.5**

[1] Incl. receivables from derivative financial instruments
[2] Incl. touristic prepayments

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Financial Position of the Group

Principles and goals of financial management

PRINCIPLES

TUI Group's financial management is centrally operated by TUI AG, which acts as the Group's internal bank. Financial management covers all Group companies in which TUI AG directly or indirectly holds an interest of more than 50 %. It is based on policies covering all cash flow-oriented aspects of the Group's business activities. In implementing a cross-border organisation approach, TUI AG has outsourced some of its treasury activities to First Choice Holidays Finance Ltd, a British Group company. However, the treasury activities are carried out on a coordinated and centralised basis.

GOALS

TUI's financial management goals include ensuring sufficient liquidity for TUI AG and its subsidiaries and limiting financial risks from fluctuations in foreign exchange rates, commodity prices and interest rates as well as default risks associated with treasury activities.

LIQUIDITY SAFEGUARDS

The Group's liquidity safeguards consist of two components:

- In the course of the annual Group planning process, TUI Group draws up a multi-annual financial budget, from which long-term financing and refinancing requirements are derived. This information and financial market observation to identify refinancing opportunities create a basis for decision-making for concluding appropriate financing instruments for long-term corporate funding at an early stage.
- TUI uses syndicated credit facilities and bilateral bank lines as well as its liquid funds to secure sufficient short-term cash reserves. Through intra-Group cash pooling, excess cash of individual Group companies is used to finance the cash requirements of other Group companies. A weekly rolling liquidity planning system is the basis for arrangements with banks.

LIMITING FINANCIAL RISKS

The Group companies operate on a worldwide scale. TUI Group is therefore exposed to financial risks from changes in exchange rates, commodity prices and interest rates.

The key operating financial transaction risks relate to the euro, US dollar, pound sterling and Swedish krona and to changing fuel prices. They mainly result from cost items in foreign currencies held by individual Group companies, e. g. hotel procurement, aircraft fuel and bunker oil invoices or ship handling costs.

The Group has entered into derivative hedges in various foreign currencies in order to limit its exposure to risks from changes in exchange rates. Changes in commodity prices affect TUI Group, in particular, in procuring fuels such as aircraft fuel and bunker oil. Some of these price risks related to fuel procurement are hedged by derivative instruments. Where price increases can be passed on to customers due to contractual agreements, this is also reflected in our hedging behaviour.

Hedging cover is taken out ahead of the markets' customer booking profiles. This provides a degree of certainty over input costs when planning pricing and capacity.

In order to control risks related to changes in interest rates arising on funding in international money and capital markets and investments of liquid funds, derivative interest hedges are used on a case-by-case basis as part of the Group's interest management system.

In order to limit default risks from settlement payments for derivatives as well as money market investments with banks, TUI AG and First Choice Holidays Finance Ltd have defined credit rating criteria for the selection of their counterparties. Trading and transaction limits are allocated to these counterparties on the basis of the credit ratings issued by the major rating agencies. The credit ratings and the corresponding limits are regularly reviewed. In the event of changes in the fair value of derivatives or rating changes, new business with these counterparties may temporarily be suspended until the limits can be applied appropriately again.

The use of derivative hedges is based on underlying transactions; the derivatives are not used for speculation purposes.

More detailed information on hedging strategies and risk management as well as financial transactions and the scope of such transactions at the balance sheet date is provided in the Risk Report and the section Financial instruments in the Notes to the consolidated financial statements.

See from page 35 ff. or 249 ff.

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Capital structure

Capital structure of the Group

€ million	30 Sep 2023	30 Sep 2022	Var. %
Non-current assets	11,605.9	11,351.7	+2.2
Current assets	4,546.5	3,903.8	+16.5
Assets	**16,152.4**	**15,255.5**	**+5.9**
Subscribed capital	507.4	1,785.2	–71.6
Capital reserves	9,090.1	6,085.9	+49.4
Revenue reserves	–8,474.6	–8,432.7	–0.5
Silent participation	–	420.0	n.a.
Non-controlling interest	824.3	787.3	+4.7
Equity	1,947.2	645.7	+201.5
Non-current provisions	1,485.7	1,323.2	+12.3
Current provisions	366.7	574.2	–36.1
Provisions	1,852.4	1,897.4	–2.4
Non-current financial liabilities	1,198.5	1,731.4	–30.8
Current financial liabilities	98.5	319.9	–69.2
Financial liabilities (IFRS 16)	1,297.0	2,051.3	–36.8
Non-current lease liabilities	2,216.9	2,508.7	–11.6
Current lease liabilities	701.2	698.8	+0.3
Lease liabilities	2,918.1	3,207.5	–9.0
Other non-current liabilities	427.1	303.6	+40.7
Other current liabilities	7,708.9	7,149.8	+7.8
Other liabilities	8,136.0	7,453.4	+9.2
Debt related to assets held for sale	1.6	–	n.a.
Liabilities	**16,152.4**	**15,255.5**	**+5.9**

Capital ratios

€ million		30 Sep 2023	30 Sep 2022	Var. %
Non-current capital		7,275.5	6,512.8	+11.7
Non-current capital in relation to balance sheet total	%	45.0	42.7	+2.4*
Equity ratio	%	12.1	4.2	+7.8*
Equity and non-current financial liabilities		3,145.7	2,377.2	+32.3
Equity and non-current financial liabilities in relation to balance sheet total	%	19.5	15.6	+3.9*

*Percentage points

Overall, non-current capital increased by 11.7 % to € 7,275.5 m. It accounted for 45.0 % (previous year 42.7 %) of the balance sheet total.

The equity ratio was 12.1 % (previous year 4.2 %). Equity and non-current financial liabilities accounted for 19.5 % (previous year 15.6 %) of the balance sheet total.

EQUITY

In the completed financial year, after three shares had been redeemed in order to achieve a rounded figure for the capital stock, the existing capital stock of the Company amounting to € 1,785,205,850.00, divided into 1,785,205,850 registered no-par value shares, each representing a pro rata amount of the capital stock of € 1.00, was reduced by € 1,606,685,265.00 to € 178,520,585.00 in accordance with the provisions on capital reduction pursuant to sections 222 et seq of the German Stock Corporation Act (AktG) in conjunction with section 7 (6) of the German Securities Trading Act (WStBG) for the purpose of transferring part of the capital stock to the Company's capital reserve.

The reduction was effected by a ten-for-one reverse stock split, so that ten no-par value registered shares were consolidated into one no-par value registered share.

The capital reduction was related to a recapitalisation of the Company in line with section 22 WStBG. The reduction amount of € 1,606,685,265.00 was transferred to the Company's non-distributable capital reserve in accordance with section 7 (6) sentence 5 WStBG.

Following the capital reduction, the Company's capital stock of € 178,520,585.00, divided into 178,520,585 no-par value registered shares, was increased to € 507,431,033.00 by issuing 328,910,448 new no-par value registered shares with a pro rata amount of capital stock of € 1.00 per no-par value share, divided into 507,431,033 no-par value registered shares. This increase in capital stock of € 328.9 m was carried out entirely from authorised capital using the authorisations granted by the Annual General Meeting on 8 February 2022 to issue new registered shares against cash contributions worth a maximum of € 162.3 million (Authorised Capital 2022 / I) and to issue new shares against cash or non-cash contributions in the amount of € 626.9 m (Authorised Capital 2022 / II).

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SILENT ESF PARTICIPATIONS

The remaining Silent Participation I of € 420.0 m taken out by the ESFin financial year 2021, convertible into TUI AG shares at a conversion price of € 1.00 per share, was repaid in full in April 2023 following a capital increase without the ESF having exercised its conversion option.

PROVISIONS

Provisions mainly comprise provisions for pension obligations, tax provisions and provisions for typical operating risks classified as current or non-current, depending on expected occurrence. At the balance sheet date, they accounted for a total of € 1,852.4 m, down by € 45.0 m year-on-year.

FINANCIAL AND LEASE LIABILITIES

Composition of financial liabilities and lease liabilities

€ million	30 Sep 2023	30 Sep 2022	Var. %
Bonds	542.7	580.5	– 6.5
Liabilites to banks	718.8	1,382.6	– 48.0
Other financial liabilities	35.5	88.2	– 59.8
Financial liabilities	**1,297.0**	**2,051.3**	**– 36.8**
Lease liabilities	**2,918.1**	**3,207.5**	**– 9.0**

Our non-current financial liabilities declined by € 532.9 m to € 1,198.5 m year-on-year. The decline was primarily attributable to a reduction in liabilities to banks.

For more detailed information, please refer to the Notes to the consolidated financial statements.

See chapter Financial and lease liabilities, page 244.

OVERVIEW OF TUI'S LISTED BOND

The table below lists the maturities, nominal volumes and annual interest coupon of the listed convertible bond issued in 2021 with a nominal value of € 589.6 m and a seven-year term.

Listed bond

Capital measures	Issuance	Maturity	Amount initial € million	Amount outstanding € million	Interest rate % p.a.
Convertible Bond 2021	April / July 2021	April 2028	590	590	5.000

2021 BONDS

In March 2023, the conversion price of the convertible bonds issued in 2021 of € 589.6 m was adjusted to € 26.6707 per share due to the capital reduction and subsequent rights issue.

See Other notes from page 275.

ESF WARRANT BOND

In April 2023, the remaining € 58.7 m of the warrant bond issued to the Economic Stabilisation Fund (ESF) in October 2020 was repurchased together with the outstanding 58.7 m warrants following a capital increase without the ESF having exercised its warrant rights.

SYNDICATED CREDIT FACILITIES OF TUI AG

On the basis of a contractual agreement and due to proceeds from a capital increase, TUI AG's syndicated credit facilities originally totalling around € 3.7 bn were reduced to around € 2.7 bn by cancelling an amount of € 1.05 bn of the undrawn KfW tranche previously amounting to € 2.1 bn.

In May 2023, ahead of the maturity date, an agreement was concluded with the lenders under TUI AG's syndicated credit facilities totalling around € 2.7 bn, including a cash tranche by KfW of € 1.05 bn and a bank guarantee tranche of € 190.0 m, to extend the maturity of these facilities to July 2026.

The interest rate for cash drawdowns is variable and depends on the short-term interest rate level (EURIBOR or SONIA) and TUI's credit rating plus a margin.

At the balance sheet date, no cash drawdowns had been made on the syndicated credit facilities.

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2018 SCHULDSCHEIN

In July 2023, the Schuldschein of € 425 m issued in 2018 was reduced to € 242 m by redeeming two tranches worth € 183 m.

BANK CREDITS AND LEASE LIABILITIES

Liabilities to banks mainly relate to the Schuldschein worth of € 242 m of TUI AG and liabilities from the financing of aircraft and hotel facilities.

Lease liabilities essentially relate to aircraft funding and hotel leases. For more detailed information, in particular on the remaining terms, please refer to the section Financial and lease liabilities in the Notes to the consolidated financial statements.

See section Financial and lease liabilities, page 244.

OTHER LIABILITIES

The combined figure for other liabilities mainly includes trade payables and customer deposits. At € 8,136.0 m, it was € 682.6 m up year-on-year.

Key credit facilities

SYNDICATED CREDIT FACILITIES OF TUI AG

TUI AG's syndicated credit facility of around € 2.7 bn included a tranche of € 190 m for bank guarantees. At the balance sheet date, no cash drawdowns had been made from this credit facility. An amount of € 109.2 m was drawn under this credit facility by utilising bank guarantees.

BILATERAL GUARANTEE FACILITIES OF TUI AG WITH BANKS

In October 2022, TUI AG concluded a guarantee facility of € 345.6 m with a bank in order to meet a regulatory obligation. At the balance sheet date, this guarantee facility was fully utilsed. In October 2023, this guarantee facility was replaced by a new guarantee facility and utilsed in exchange for a new guarantee worth € 386.0 m.

In addition, TUI AG concluded further bilateral guarantee facilities with banks with a total amount of € 19.8 m for the provision of bank guarantees in the framework of ordinary business activities. Some of the guarantees have a term of several years. The guarantees granted give rise to a commission in the form of a fixed percentage of the maximum guaranteed amount. At the balance sheet date, an amount of € 4.9 m of these facilities had been utilised.

Obligations from financing agreements

TUI AG's Schuldschein worth nominal € 242 m, the convertible bond worth nominal € 589.6 m and the credit and guarantee facilities for TUI AG contain a number of obligations.

Under its syndicated credit facility worth € 2.7 bn, TUI AG has a duty to comply with certain financial covenants (as defined in the contract). These require (a) compliance with an EBITDAR-to-net interest expense ratio measuring TUI Group's relative charge from the interest result and its lease and rental expenses; and (b) compliance with a net debt-to-EBITDA ratio, calculating TUI Group's relative charge from financial liabilities. The EBITDAR-to-net interest expense ratio must have a coverage multiple of at least 2.5; net debt must not exceed 3.0 times EBITDA. The financial covenants are determined every six months, but the banks initially agreed to apply less tight financial covenants up until and including 31 March 2023. In addition, TUI's scope for pledging or selling assets, acquiring other companies or shareholdings, or effecting mergers has been restricted.

TUI AG's Schuldschein worth nominal € 242 m, the convertible bond worth nominal € 589.6 m and the credit and guarantee facilities for TUI AG also contain additional clauses typical of financing instruments of this type. Non-compliance with these obligations provide the lenders the right to terminate the facilities and terminate the financing arrangements for immediate repayment.

Ratings by Standard & Poor's and Moody's

TUI AG ratings

	2019	2020	2021	2022	**2023**	Outlook
Standard & Poor's	BB	CCC+	CCC+	B–	B	positive
Moody's	Ba2	Caa1	Caa1	B3	B2	positive

In the wake of the COVID-19 pandemic, both Standard & Poor's and Moody's successively lowered TUI's rating to CCC+ and Caa1, respectively, in 2020.

Following upgrades of their ratings to B- (Standard & Poor's) and B3 (Moody's) in financial year 2022, the two rating agencies upgraded their ratings to "B (positive outlook)" (Standard & Poor's) and "B2 (positive outlook)" (Moody's) in April and May 2023 due to a significant improvement in the business environment, the stronger balance sheet structure and the improved liquidity situation.

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Financial stability targets

TUI is aiming for an improved credit rating to finance the further development of the company. With the temporary grounding of the Boeing 737 MAX aircraft type and subsequently due to the effects of the COVID-19 pandemic, the rating was downgraded from BB and Ba territory to CCC+ and Caa1 in 2020. In the 2022 financial year, TUI was upgraded to B territory again by both rating agencies. The improvements in key operating figures associated with the easing of the COVID-19 pandemic, the structural improvement in key debt figures, in particular as a result of the capital increase in April 2023, and the early extension of the syndicated credit facilities led to an improvement in the rating to B (Standard & Poor's) and B2 (Moody's) in the 2023 financial year, each with a positive outlook. We are aiming to further improve our ratings in order to minimise our borrowing costs and stabilise our access to the debt capital markets. We achieved our financial stability target of a gross leverage ratio of below 3.0x in the 2023 financial year with a ratio of 2.6x.

From financial year 2024 onwards, we define the net-leverage ratio along the following basic lines:

Net Leverage Ratio

€ million	2023	2022
Financial liabilities	1,297.0	2,051.3
plus Lease liabilities	2,918.1	3,207.5
less Cash and cash equivalents	2,060.3	1,736.9
less Other current financial assets	48.6	85.8
Net Debt	**2,106.2**	**3,436.1**
EBITDA (underlying)	1,775.3	1,224.6
Net Leverage Ratio	**1.2**	**2.8**

Due to lower net debt and the improvement in our EBITDA (underlying) , our net-leverage ratio improved to 1.2x in the financial year 2023 (previous year: 2.8x). We are aiming for a net-leverage ratio of strongly less than 1.0x in the medium term.

See section Capital management, page 272.

Interest and financing environment

In financial year 2023, short-term interest rates for the key currencies have steadily risen, from low single digit percentage rates at the start of the period rising to medium single digit percentage rates towards the end of the period, as central banks raised rates to tackle rising inflation. Inflation has now started to ease in the key currency areas. Interest rates are expected to be at, or close to, their peak, and no further significant interest rate increases by central banks are expected in the upcoming months. With the increase in short-term interest rates, both the income from money market investments and the reference interest rates for floating-rate debt have risen accordingly.

In the financial year under review, quoted credit margins (based on CDS levels) for corporates on sub-investment grades fell again, but remain at a level above the long-term average. Credit margins for TUI AG declined again in the course of the financial year under review but are still elevated. Due to the persistently difficult market environment in 2023, refinancing was not possible at acceptable terms and conditions.

Liquidity analysis

At the balance sheet date, TUI AG, the parent company of TUI Group, held cash and cash equivalents worth € 0.3 m.

RESTRICTIONS ON THE TRANSFER OF LIQUID FUNDS

At the balance sheet date, there were restrictions worth around € 0.8 bn (previous year € 0.5 bn) on the transfer of liquid funds within the Group that might significantly impact the Group's liquidity, such as restrictions on capital movements and restrictions due to credit agreements concluded.

Change of control

Significant agreements taking effect in the event of a change of control due to a takeover bid are outlined in the chapter on Information required under takeover law.

See chapter Information required under takeover law, page 107.

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Cash flow statement

Summary cash flow statement

€ million	2023	2022
Net cash inflow from operating activities	+1,637.3	+2,077.8
Net cash outflow from investing activities	–492.2	–308.2
Net cash outflow from financing activities	–834.6	–1,630.9
Change in cash and cash equivalents with cash effects	**+310.5**	**+138.6**

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

In the period under review, cash and cash equivalents increased by € 323.6 m to € 2,060.5 m.

CASH INFLOW FROM OPERATING ACTIVITIES

In financial year 2023, the cash inflow from operating activities totalled € 1,637.3 m (previous year cash inflow of € 2,077.8 m). This amount includes interest payments received of € 54.9 m (previous year € 12.4 m) and dividends of € 24.1 m (previous year € 0.2 m). Income tax payments resulted in a cash outflow of € 106.9 m (previous year € 131.4 m).

CASH OUTFLOW FROM INVESTING ACTIVITIES

In financial year 2023, the cash outflow from investing activities totalled € 492.2 m (previous year cash outflow of € 308.2 m). This amount includes a cash outflow for capital expenditure related to property, plant and equipment and intangible assets of € 666.2 m (previous year 515.7 m). The Group recorded a cash inflow of € 142.9 m from the sale of property, plant and equipment and intangible assets (previous year € 180.7 m). TUI recorded a cash inflow of € 70.7 m from the earn-out payment in connection with sale of the stakes in RIU Hotels S. A. and € 3.0 m from the sale of Karisma Hotels Caribbean S.A., effected in financial year 2021. The TUI Group contributed € 73.5 m to the capital increase of Pep Toni Hotels and € 9.9 m to the capital increase of the TUI Global Hospitality Fund. A cash inflow of € 2.1 m resulted from the sale of money market funds, € 0.7 m was spent on the purchase.

CASH OUTFLOW FROM FINANCING ACTIVITIES

The cash outflow from financing activities totalled € 834.6 m (previous year outflow of € 1,630.9 m).

Change in cash and cash equivalents

€ million	2023	2022
Cash and cash equivalents at the beginning of period	**+1,736.9**	**+1,586.1**
Changes due to changes in exchange rates	+13.1	+12.2
Cash changes	+310.5	+138.6
Cash and cash equivalents at the end of period	**+2,060.5**	**+1,736.9**

Cash and cash equivalents comprise all liquid assets, i.e. cash in hand, bank balances and cheques.

The detailed cash flow statement and additional explanations are provided in the consolidated financial statements and in the section Notes to the cash flow statement.

See page 186 and 274.

Analysis of investments

The development of fixed assets, including property, plant and equipment, intangible assets, shareholdings and other financial investments, is presented in the section on Net assets in the Management Report. Additional explanatory information is provided in the Notes to the consolidated financial statements.

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Net capex and investments

€ million	2023	2022 adjusted	Var. %
Cash gross capex			
Hotels & Resorts	220.5	197.2	+11.8
Cruises	82.9	45.5	+82.2
TUI Musement	26.4	25.5	+3.5
Holiday Experiences	329.9	268.2	+23.0
Northern Region	30.2	26.2	+15.3
Central Region	15.1	13.5	+11.9
Western Region	24.1	7.5	+221.3
Markets & Airlines*	100.6	115.5	–12.9
All other segments	147.5	102.3	+44.2
TUI Group	**577.9**	**486.0**	**+18.9**
Net pre delivery payments on aircraft	51.8	–126.5	n.a.
Financial investments	83.2	0.9	n.a.
Divestments	–219.2	–44.4	–393.4
Net capex and investments	**493.7**	**315.9**	**+56.3**

* Including gross capex of € 31.2 m for financial year 2023 (previous year € 68.3 m) for the aircraft leasing companies which – unlike income statement items – are allocated to Markets & Airlines as a whole, but not to the individual segments Northern Region, Central Region and Western Region.

In the financial year under review, TUI Group's gross capital expenditure on property, plant and equipment amounted to € 577.9 m, up 18.9 % year-on-year. This year-on-year increase was driven by the normalisation and expansion of our business activities after the pandemic subsided, which led to higher capital expenditure, in particular in Hotels & Resorts and IT. The significant increase in capex in the Cruises segment was attributable to the refurbishment of the Mein Schiff Herz before the vessel was commissioned for the UK market by Marella Cruises. Net property, plant and equipment and investments amounted to € 493.7 m in the period under review, an increase of 56.3 % year-on-year. Investments include a contribution to the share capital of Pep Toni S. A., founded with the Riu family at the end of the financial year under review as a company that will own and operate hotels. Divestments include an inflow of around € 71 m from the sale of the shares in RIU Hotels S. A. in financial year 2021 and an inflow from the sale of the stake in the non-consolidated investment Peakwork AG, divested in Q3 2023. In the prior year, divestments related in particular to the sale of the stake in Nordotel S. A., fully consolidated in the Hotels & Resorts segment, to Grupotel S. A., a joint venture of TUI Group. They also comprised a subsequent reduction in the selling price for the divestment of RIU Hotels S. A.

The table below shows a reconciliation of capital expenditure to additions to TUI Group's other intangible assets and property, plant and equipment.

Reconciliation of capital expenditure

€ million	2023	2022
Cash gross capex	**577.9**	**486.0**
Additions right-of-use assets	7.7	12.3
Advance payments	88.4	29.7
Other non-cash changes	–9.7	66.9
Additions to other intangible assets and property, plant and equipment	**664.2**	**594.9**

Investment obligations

ORDER COMMITMENTS

Due to agreements concluded in financial year 2023 or in prior years, order commitments for investments totalled € 2,172.5 m as at the balance sheet date. This total included an amount of € 1,070.9 m for scheduled investments in financial year 2024.

→ *More detailed information is provided in the section Other financial commitments in the Notes to the consolidated financial statements.*

Net debt

The net debt as of 30 September 2023 declined by € 1,330.0 m year-on-year to € 2,106.2 m.

Net debt

€ million	30 Sep 2023	30 Sep 2022	Var. %
Financial debt	1,297.0	2,051.3	–36.8
Lease liabilities	2,918.1	3,207.5	–9.0
Cash and cash equivalents	2,060.3	1,736.9	+18.6
Short-term interest-bearing investments	48.6	85.8	–43.3
Net debt	**2,106.2**	**3,436.2**	**–38.7**

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Non-financial Group Declaration of TUI Group*

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*Unaudited

About this Non-Financial Group Declaration

For TUI Group, sustainability covering all three areas of economic, environmental and social sustainability is a fundamental management principle. We firmly believe that sustainable development is critical to long-term economic success.

In the sections below, TUI AG presents a Non-Financial Group Declaration for TUI Group that combines aspects and reporting on the following key issues: environmental matters, employee matters, social matters, respecting human rights, and information on integrity and compliance. Pursuant to section 315b para. 1 sentence 3 of the German Commercial Code (HGB), we also refer, in a number of respects, to non-financial disclosures found in other parts of the Group Management Report. In addition to the Group's fully consolidated subsidiaries, this non-financial statement also includes companies recognised at equity, in particular in the TUI Hotels & Resorts sector and TUI Cruises.

A materiality assessment performed in the financial year under review generated insights into the risks and opportunities relating to sustainability. The ESG-related positions and views derived from a survey among internal experts were consolidated into a list of key topics. The findings did not give rise to any substantial changes in our reporting approach for the Non-Financial Group Declaration.

We identified the following aspects scoring highest in the Environment, Social and Governance categories:

- Environment: emissions, creation of sustainable holiday products, energy sources and efficiency, sustainable procurement, destination development, waste and circularity
- Social: human rights, diversity, equality and inclusion, talent acquisition, fair pay, occupational health and safety, positive employee experience
- Governance: supply chain management, fair business relationships and integrity, corporate citizenship, crisis management, business continuity

Nevertheless, in developing our TUI Sustainability Agenda, we also include topics with lower materiality scores, so as, for instance, to reflect the future relevance of specific topics such as biodiversity management.

We describe our risk management system and the principal risks associated with our business activities, our business relationships and services as well as the principal sustainability risks in our Risk Report from page 35. Following a climate risk analysis carried out across the Group, our risk reporting was expanded to include more detailed information on the impact of climate change on TUI.

APPLIED STANDARDS AND SUSTAINABILITY INDICES

Our reporting reflects the principles of the UN Global Compact, which TUI signed up to in 2014. Our sustainability activities are also aligned with the UN Sustainable Development Goals (SDGs).

In 2023, TUI participated in the CDP Climate Change Programme and in the S&P Dow Jones Sustainability Index Assessment and engaged in dialogue with other ESG researchers. For the first time, TUI AG's rating was upgraded to 'Prime Investment' by ISS ESG.

SPECIFIC CO_2 EMISSIONS OF OUR AIRLINES AS A KEY NON-FINANCIAL PERFORMANCE INDICATOR

We regard specific CO_2 emissions (in g CO_2/rpk) of our aircraft fleet as a key non-financial performance indicator.

See page 86.

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DISCLOSURES PURSUANT TO EU TAXONOMY REGULATION (2020 / 852)

This Group Declaration includes disclosures on whether and to what extent TUI Group's operations include economic activities to be classified as Taxonomy-eligible or Taxonomie-aligned under the EU Taxonomy Regulation (2020 / 852).

LIMITED ASSURANCE ENGAGEMENT ATTESTATION

The present Non-Financial Group Declaration was not included in the audit of the annual financial statements. It was subject to a limited assurance engagement in accordance with ISAE 3000 (revised).

See page 295.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

As a company listed in the Premium Segment of the Main Market of the London Stock Exchange, we are required pursuant to Listing Rule LR 9.8.6 to make disclosures in relation to the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

The section from page 134 summarises the extent to which TUI Group complies with the TCFD's recommendations. These disclosures are not part of this Non-Financial Group Declaration.

Governance and sustainability management

For TUI Group, sustainability is a fundamental management principle and a cornerstone of our strategy for continually enhancing the value of our Company. Global responsibility for economic, environmental and social sustainability is at the core of our corporate culture.

Disclosures on the business model

TUI Group is an integrated tourism group operating globally. TUI Group's business model is outlined in detail from pages 24 and 28 onwards in this Annual Report in accordance with section 315c para. 1 in conjunction with section 289c para. 1 HGB.

TUI Group has a governance structure in place that ensures that sustainability issues, along with climate-related risks and opportunities, are assessed and actioned at all levels. The Group Executive Committee (GEC) manages TUI's business strategically, it sets the Group's strategic direction and long-term objectives for sustainable development and signed off the Group's Sustainability Agenda, published in February 2023. It defines the global framework for TUI's sustainability activities.

A team of experienced sustainability professionals are working in close collaboration with management to ensure that TUI's business and sustainability activities areas are closely aligned. The Group Sustainability Director heads up the Group Sustainability team, and reports to the Chief Sustainability Officer (CSO) who sits on the GEC.

The role of our sustainability team is to drive implementation of the Sustainability Agenda across TUI Group and along its supply chain. The GEC is regularly updated on our performance in delivering the Sustainability Agenda and tackling other key sustainability issues. Regular meetings are also held with the Risk Oversight Committee (ROC) to review sustainability risks.

Sustainability Governance

TUI Sustainability Agenda

TUI Group's Sustainability Agenda, developed in the past few reporting periods by TUI's international sustainability team, was published in February 2023. New priorities and strategic directions for TUI's global sustainability activities were drawn up in consultation with internal and external stakeholders, taking account of current challenges, global scenarios and mechanisms such as the EU Green Deal.

We engaged in direct dialogue with our stakeholders and participated in industry initiatives to discuss expectations as well as existing and future challenges in relation to sustainability issues, and these have been incorporated into our sustainability activities. The Supervisory Board, Executive Board, Group Executive

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Board and employee representatives were regularly involved in the development of the Agenda by means of individual and group presentations. We also discussed specific topics with associations and interested stakeholders. We have continued to foster this dialogue since publishing our Agenda in order to ensure that we focus on the most important issues and adopt relevant future topics at an early stage.

Our Sustainability Agenda builds on tourism as a force for good. Together with our partners we continue to promote the positive effects of tourism on local communities, reduce our ecological footprint and create more sustainable holiday products for our guests.

OUR MISSION

"We are mindful of the importance of travel and tourism for many countries in the world and for the people living there. We partner with these countries and other stakeholders to actively shape a more sustainable future for tourism."

TUI's ambition is to actively shape a more sustainable future for tourism in all three dimensions of sustainability – social, environmental and economic. We use our scale and influence for the sustainable transformation of the tourism industry. We understand sustainable transformation as an opportunity.

Our Agenda is founded on three priorities: We aim to empower people in the destinations and TUI employees to drive the sustainable transformation actively (People). We aim to reduce TUI's ecological footprint (Planet). We aim to partner with others to launch initiatives for the sustainable transformation of our sector (Progress). Our three P's – People, Planet and Progress – are supported by 15 focus areas with key goals, objectives and initiatives. Our Sustainability Agenda seeks to address the major challenges we will face in the coming decades, in particular climate change. For more details on the three P's, please refer to the table below.

Our targets include achieving net-zero emissions across our own operations and in the supply chain by 2050 at the latest, setting near-term science-based targets for emission reduction, becoming a circular business and enabling around 20 million customers a year to make sustainable holiday choices (from 2030).

Our Sustainability Agenda supports the United Nations' Sustainable Development Goals (SDGs) 17 global goals to fight inequality, end poverty and protect our planet by 2030 – and defines appropriate measures to contribute to their achievement. The tourism value chain is closely linked with many different sectors. This enables us to influence progress on many SDGs, with a particular focus on 13 of these goals.

TUI Sustainability Agenda

	PEOPLE	PLANET	PROGRESS
Building blocks	**Empower people to drive development** We will ensure that local people and communities benefit from tourism and the local supply chain. We will empower a generation of change-makers by helping them acquire the new skills and knowledge they need to transform the tourism industry.	**Reduce our footprint** We will achieve net-zero emissions across our operations and supply chain. To protect our planet, we will change the way we use natural resources and become a circular business.	**Accelerating the transformation** Together with our partners we will co-create the next generation sustainable business model for the tourism industry. We will enable our customers to make sustainable holiday choices in every stage of the customer journey.
Focus areas	• *Buy local first* • *Community for changemakers* • *Socially fair* • *Upskilling* • *Support TUI Care Foundation*	• *Emission reduction roadmaps* • *Green & clean energy sources* • *Circular business* • *Water management* • *Biodiversity*	• *Destination Co-Lab Rhodes* • *Empowering consumers* • *Driving certification* • *Green Tech & Data-driven* • *Net-zero travel accelerator*
UN SDGs	4 Quality Education, 5 Gender Equality, 8 Decent Work and Economic Growth, 10 Reduced Inequalities	6 Clean Water and Sanitation, 7 Affordable and Clean Energy, 12 Responsible Consumption and Production, 13 Climate Action, 14 Life Below Water, 15 Life on Land	9 Industry, Innovation and Infrastructure, 11 Sustainable Cities and Communities, 17 Partnerships for the Goals

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People – Empowering to drive development

In many parts of the world, tourism is one of the key driving forces for development and prosperity. It creates employment, provides education and drives social and environmental standards. We aim to ensure that local people and communities benefit from tourism and local supply chains. Our employees are empowered to play a crucial role in this because we offer the skills and knowledge they need for a sustainable transformation of the tourism industry.

CONTRIBUTION TO THE SDGS

TUI SUSTAINABILITY ACADEMY AND TRAINING PROGRAMMES

We seek to provide our colleagues with the knowledge and skills required to become sustainability change-makers. One of our tools is the digital TUI Sustainability Academy learning platform. It offers insights into a wide range of sustainability topics, from energy and fuels to social impacts and the circular economy. The launch of TUI's Sustainability Agenda includes training sessions designed to familiarise our employees with the core content of the strategy so that they can apply it more easily to their respective areas of work. Some elements of the training courses are adapted to a specific business area and market, enhancing the relevance and integration. By 2025 we hope to deliver our employees 25,000 hours of training a year on sustainability issues. We intend to start our reporting in FY24.

GERMAN SUPPLY CHAIN DUE DILIGENCE ACT

Protecting human rights and environmental standards across supply chains is the focus of the new German Supply Chain Due Diligence Act (GSCA), which entered into force on 1 January 2023. For TUI, it applies to our own business, TUI suppliers and the wider supply chain, both in Germany and worldwide. An internal GSCA Steering Group has been established to manage the introduction and integration of the Act within the Company. In the financial year under review, the focus was on the development and implementation of risk analyses, training programmes, preventative and corrective measures and the adjustment and updating of policies and reporting processes. These activities build on the work already delivered by TUI to protect human rights and the environment and support preparations for the EU Due Diligence Directive.

More detailed information on TUI's Human Rights Policy Statement at https://www.tuigroup.com/damfiles/default/tui-group-15/en/sustainability/msa/msa-download-statements/TUI-Human-Rights-Policy-Statement-and-Framework_final.pdf-8d907708399b58b9232f73cf5224d1e0.pdf or https://www.tuigroup.com/damfiles/default/tuigroup-15/en/sustainability/msa/msa-download-statements/Policy-Statement_Human-Rights-Framework_TUI-Deutschland-GmbH_EN_signed.pdf-a123f16e1f2b3eedd31ded408f4d0d45.pdf

RESPECTING HUMAN RIGHTS

In accordance with applicable laws, conventions and regulations, TUI Group commits to respecting all internationally proclaimed human rights as specified in the International Bill of Human Rights and expects its suppliers and business partners to do so, too. We have a number of policies and initiatives in place to monitor, identify, mitigate and prevent human rights impacts in line with the UN Guiding Principles on Business and Human Rights, and will take remedial action where necessary.

- TUI signed up to the UN Global Compact in 2014. TUI Group has thus committed to aligning its activities to principles in the fields of human rights, labour standards, environmental protection and anti-corruption.
- TUI signed the UN World Tourism Organisation (UNWTO)'s Global Code of Ethics in 2012.
- Our Global Employment Statement focusses on fair and respectful dealings with employees at all levels and compliance with applicable law and industry standards.
- Our Employee Code of Conduct, the Integrity Passport, commits us to respect and observe human rights. Colleagues are encouraged to report any wrongdoing via the Speak Up Line.
- Our Supplier Code of Conduct sets out the minimum standards we expect from our suppliers, covering human rights and labour laws, anti-bribery and anti-corruption, environmental impacts and support for local communities.
- We expect our hotel partners to implement sustainability certifications recognised by the Global Sustainable Tourism Council (GSTC)* comprising standards for human rights, child protection and social welfare. We also apply the GSTC Criteria to our experiences programme. In FY22 we started certifications of the TUI Collection portfolio and extended this process in FY23 to further excursion programmes we offer.
- Our in-house child protection policies include information for our colleagues on 'voluntourism'.
- Our Human Rights Policy Statement, published on TUI's website, sets out our activities and measures implemented in our business operations and our supply chain to prevent human rights violations.
- We continue to provide e-learning modules on human rights and child protection, which we regularly update to reflect changes in framework parameters. Airline crews in the UK, Nordics and Germany receive Vulnerable Children and Human Trafficking training programmes as part of their induction so that they can spot human trafficking and take action. All staff working for TUI Musement have to complete the Human Rights and Child Protection modules every two years. A global training programme for TUI employees was being rolled out in the period under review.

*TUI requirement for hotel partners with more than 80 rooms and TUI occupancy rate > 10 %.

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SUPPORTING THE TUI CARE FOUNDATION

One of our initiatives aimed at making a difference in the destinations is the foundation set up by our Group, which draws on tourism as a force for good to improve the lives of young people, preserve the natural environment and support local communities in their development.

With over 40 projects in 25 countries, the TUI Care Foundation focuses on the special needs of individual destinations, supported by TUI's customers. The foundation carries out projects in the fields of education, community empowerment, natural landscapes and marine conservation. Examples include projects for marine conservation in Bali, vocational training at the TUI Academy for disadvantaged young people in Cape Verde, campaigning against plastic waste in Cyprus and Zanzibar, and support for local communities in transitioning to sustainable, regenerative agriculture.

In June 2023, the government of Cape Verde, TUI Group and the TUI Care Foundation signed a Memorandum of Understanding entitled 'Tourism for Development' as a basis for cooperation between the parties in promoting the sustainable development of tourism in the Cape Verde islands. The focus is on strengthening local supply chains, expanding educational programmes about the environment and sustainable tourism, and promoting renewable energies.

For more information on the TUI Care Foundation, please refer to www.tuicarefoundation.com

Planet – Reduce our footprint

CONTRIBUTION TO THE SDGS

We are working to reduce the ecological footprint of travel and increase environmental performance in our industry. We aim to achieve net-zero emissions in our operations and along our supply chain by 2050 and considerably reduce our environmental impact in the fields of water, energy and waste. We are also reporting the first strategic and operational steps taken in this context. In order to protect our planet, we are planning to change how we use natural resources and to become a circular business.

VOLUNTARY CLIMATE COMMITMENTS

Climate change is a pressing global challenge. For 30 years, we have been committed to reducing our environmental impacts. We are linking these activities closely to science-based findings.

We have therefore joined the Science Based Targets initiative (SBTi), committing to implement emission reductions on the basis of the latest findings in climate science. The SBTi is a global initiative enabling businesses to set ambitious emission reduction targets in line with the Paris Agreement goals to fight the effects of global climate change. The SBTi is a joint initiative of the Carbon Disclosure Project (CDP), the United Nations' Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

In accordance with the SBTi methods, emissions from TUI Group's airline, cruises and hotels account for 99 % of our emissions. Roadmaps for a significant reduction in emissions have been drawn up for each of our three business areas.

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The emission reduction targets for our own aircraft, cruise ships and hotels to be achieved by 2030 were submitted to the SBTi for final review and were officially recognised and validated by the SBTi. Intensity and absolute targets have been submitted:

- Reduction of CO_2e-Emissions per Revenue Passenger Kilometer from TUI Airline –24 % by 2030[1]
- Reduction of absolute CO_2e-Emissions from TUI's cruise business –27.5 % by 2030[1]
- Reduction of absolute CO_2e-Emissions from TUI Hotels&Resorts (owned) –46.2 % by 2030[2]

[1] Base year 2019. Target level: well below 2°C. CO_2e = CO_2 equivalents. In addition to carbon dioxide (CO_2), these take into account the other five climate-impacting greenhouse gases according to the Kyoto Protocol: Methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6). TUI Group's commitments to achieve science-based targets also include well-to-wake emissions for our aviation and cruise activities (emissions from aviation and marine fuels, Scope 1 and Scope 3, Category 3).
[2] Base year 2019. target level: 1.5°C. For our hotels, the SBTi commitment includes emissions from all energy sources plus gases from refrigerants (Scope 1 and 2).

Airline, cruise and hotel GHG emissions figures published in the FY23 Non-Financial Group Declaration do not match the scope, boundaries or reporting methodology of our science-based targets. Therefore inferences of progress towards achieving SBTs based on figures in this or previous Non-Financial Group Declarations should not be made.

Our reduction targets

EMISSIONS FROM TUI AIRLINE

–24 %

(CO_2e per rpk* by 2030, Baseline year 2019)

EMISSIONS FROM TUI'S CRUISE BUSINESS

–27.5 %

(absolute CO_2e by 2030, Baseline year 2019)

EMISSIONS FROM TUI HOTELS & RESORTS

–46.2 %

(absolute CO_2e by 2030, Baseline year 2019)

* rpk = Revenue Passenger Kilometers (RPK) or Revenue Passenger Miles (RPM) is an aviation industry metric that indicates the number of kilometers traveled by paying passengers.

ACTIVITIES AT OUR BUSINESS LOCATIONS

We are committed to reducing the environmental impact of our administrative buildings. The TUI Campus in Hanover will be supplied with electricity generated by a photovoltaic system. The array und construction in FY23, which will occupy 7,350 m² and have a maximum output of 1.6 megawatts , is a significant step towards reducing emissions on site. In addition, 40 e-charging stations were under construction in the financial year under review in order to promote sustainable mobility.

OUR CURRENT FOOTPRINT

In financial year 2023, TUI Group's total absolute emissions were largely stable year-on-year at an increase of 1 %. In aviation, emission reductions were due to the sale of the stake in Sunwing in March 2023. We did not adjust the FY22 data. In Cruises, the increase was driven by the continued recovery of business after the COVID-19 pandemic and the inclusion of our river cruises segment in reporting. Scope 3 emissions reflect the expansion of the reporting framework, in particular due to the inclusion of WTT (well-to-tank) emissions from marine cruise fuel and jet fuel.

Carbon dioxide emissions (CO_2)

tons	2023	2022	Var. %
Airlines	4,218,553	4,331,628	–2.6
Cruises	899,790	762,942	+17.9
Hotels	805,541	767,049[1]	+5.0
Major premises/shops	14,890	14,251	+4.5
Ground transport	14,413	13,144	+9.7
Scope 3 (indirect emissions from TUI's value chain)[3]	1,239,493	1,232,804[2]	+0.5
Total	**7,192,680**	**7,121,818**	**+1.0**

[1] Previous year adjusted due to inclusion of refrigerant gases
[2] Previous year adjusted due to extended reporting scope
[3] With reference to the Greenhouse Gas Protocol, TUI Group currently includes Scope 3 emissions from the production of office paper and printed brochures, well-to-tank emissions from fuel consumption of aircraft, ships, hotels and ground transport, the distribution of electricity (hotels), waste and water treatment (hotels), employee business travel with third-party airlines and rail, and employee commuting. The current scope of the reported Scope 3 emissions therefore does not yet fulfil all the requirements of the Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

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Energy usage by business area

MWh	2023	2022	Var. %
Airlines	17,202,638	17,655,179	–2.6
Cruises	3,507,396	2,962,423	+18.4
Hotels	1,762,992	1,599,057	+10.3
Major premises/shops	59,651	60,036	–0.6
Ground transport	61,087	55,311	+10.4
Total	**22,593,764**	**22,332,006**	**+1.2**

MORE EFFICIENT FLYING

We already operate one of Europe's most carbon-efficient airlines and aim to continually enhance our environmental performance. Our airline emissions reduction targets by 2030 have been validated by the SBTi. Our emission reduction roadmap for our aircraft fleet comprises the following measures: additional capex on modern carbon-efficient aircraft, efficiency enhancement through operational measures and investments in sustainable aircraft fuels (SAF).

In order to reduce emissions, TUI Group has invested in state-of-the-art aircraft such as Boeing 787s and Boeing 737 Max aircraft. On average, these planes are 20 % (787) and 16 % (737 MAX) more fuel-efficient than the aircraft they replace in TUI's fleet.

Moreover, TUI fly Belgium added Embraer E195-E2 aircraft, highly efficient planes in the category of up to 150 seats, to its fleet. The aircraft will operate on short- and medium-haul routes and reduce the carbon footprint by up to one third.

Environmental management systems and operational measures play a key role in implementing sustainability and further enhancing TUI's climate efficiency. In financial year 2023, all TUI airlines were certified under the internationally recognised ISO 14001:2015 standard. All ISO 14001 management systems used by individual TUI airlines were transferred to one single management system in the period under review. The following examples illustrate the operational measures implemented to enhance efficiency:

- Flight operations, for instance single engine taxiing in and out, wind uplinks and optimised climb speeds and profiles
- Weight reduction, for instance carbon brakes and fly away kit (spare parts and tools)
- Fight planning optimisation, for instance alternate distance and minimum fuel programme
- Fuel management system to improve fuel analysis, identification of further savings potential and tracking of savings

Sustainable aviation fuels (SAF) play a crucial role in reducing aviation emissions and are hence a key part of our emission reduction roadmap to further improve airline carbon efficiency by 2030. TUI cooperates with a number of partners to secure supplies of SAF. Examples include the signing of a Memorandum of Understanding with the Spanish energy company CEPSA. The partnership with CEPSA will focus on SAF fuels generated from raw materials such as used cooking oils, non-food animal waste and biodegradable waste from various industries. This will make it possible to reduce aircraft emissions by up to 80 % compared to conventional jet fuel. An additional Memorandum of Understanding was signed with Shell.

In 2023, relative carbon emissions across our airlines decreased by 3.9 %. This improvement was largely due to higher load factors versus 2022 and our ongoing re-fleeting programme to replace older aircraft by new, more carbon-efficient aircraft.

Specific emissions are additionally shown in the form of CO_2 equivalents (CO_2e). Apart from carbon dioxide (CO_2), these include the other five greenhouse gases impacting the climate as listed in the Kyoto Protocol: methane (CH_4), nitrous oxide (N_2O), hydro-fluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6).

TUI Airlines – Fuel consumption and CO_2 emissions

		2023	2022	Var. %
Specific fuel consumption	l/100 rpk*	2.43	2.52	–3.9
Carbon dioxide (CO_2) – total	t	4,218,553	4,053,745	+4.1
Carbon dioxide (CO_2) – specific	kg/100 rpk*	6.11	6.36	–3.9

*rpk=revenue passenger kilometer

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TUI Airlines – Carbon intensity

g CO_2/rpk*	2023	2022	Var. %	g CO_2e/rpk*
TUI Airline fleet	**61.1**	**63.6**	**–3.9**	**61.7**
TUI Airways	60.7	62.2	–2.5	61.3
TUI fly Belgium	66.3	70.7	–6.3	66.9
TUI fly Germany	60	64.4	–6.8	60.5
TUI fly Netherlands	59.6	59.8	–0.2	60.2
TUI fly Nordic	59.8	66.4	–9.9	60.4

*rpk=Revenue Passenger Kilometre
We commissioned Verifavia to provide assurance on the carbon intensity metrics for financial year 2023 as shown in the above table 'TUI Airlines – CO_2 intensity'. The airline carbon data methodology document and the full assurance report are available at www.tuigroup.com/en-en/responsibility/sustainability/reporting-downloads

MORE SUSTAINABLE CRUISING

We continue to focus on reducing the emissions of our cruise ships, delivering progress by investing in state-of-the-art technology to reduce air emissions and in operational efficiency. Emission reduction roadmaps were drawn up for TUI Cruises, Hapag-Lloyd Cruises and Marella Cruises as part of our submission of 2030 targets for validation by the SBTi. Key levers include investments in fleet modernisation and efficiency enhancement with a focus on shore power, route optimisation, energy efficiency enhancement and switching to alternative fuels.

TUI Cruises with its Mein Schiff and Hapag-Lloyd Cruises brands continues to operate a modern and technologically advanced fleet. The newbuilds in the fleet are equipped with state-of-the-art technologies to minimise fuel consumption. A smart energy management system, efficient air conditioning, innovative lighting controls and the use of exhaust heat from the engines contribute to a significant reduction in the carbon footprint compared with vessels not equipped with those technologies.

In the period under review, essential steps were taken to reduce emissions generated by the Mein Schiff and Hapag-Lloyd Cruises fleet. The Company will successively install the equipment required for shore power connection on all ships of the Mein Schiff fleet. In the period under review, Mein Schiff 1 was retrofitted during her scheduled dock period. Mein Schiff 2 and Mein Schiff 5 will follow in November 2023 and in January 2024.

In summer 2023, both fleets successfully used shore power, e.g. in Kiel and Hamburg. During their scheduled dock periods, both ships, Mein Schiff 1 (in FY 2023) and Mein Schiff 6 (in FY 2022), obtained a new silicone coating to reduce resistance in the water so as to save fuel during the voyage.

In the period under review, the Company also successfully completed the first tests on the use of sustainable biofuels, with both Hanseatic Inspiration and Mein Schiff 4 successfully operating on biofuel blends on some voyages. The second-generation biofuel, which was bunkered for the first time, is purely plant-based and mainly consists of cooking oil residues. This fuel is virtually free from sulphur oxides and in its pure form offers a CO_2 reduction of up to 90 % compared to fossil fuels.

Thanks to new exhaust gas treatment systems operated on all new vessels, the newbuilds in the Mein Schiff fleet also significantly reduce their sulphur and nitrogen emissions. Use of these advanced emission purification systems goes beyond regulatory requirements. They are, for instance, not only used in the designated emission control areas in the North and Baltic Seas, the English Channel and North America, but also in other regions sailed by Mein Schiff such as the Mediterranean, the Orient, the Caribbean and Central America.

The Mein Schiff fleet is also setting another milestone for sustainable growth. Mein Schiff 7 is currently under construction in the Meyer Turku shipyard in Finland. The focus is on compliance with high maritime environmental standards by optimising the design in terms of energy efficiency and the use of modern technologies to improve sustainability. The ship will feature equipment enabling her to run on green methanol in future. She is scheduled for commissioning in 2024.

The expedition ships in the Hapag-Lloyd Cruises fleet exclusively use low-sulphur marine gas oil with a sulphur content of 0.1 %. This reduces sulphur emissions from these vessels by up to 80 % and particulate and soot emissions by up to 30 % versus the use of heavy fuel oil. All Hapag-Lloyd Cruises ships have tributyltin-free underwater coatings, on-board seawater desalination systems to make drinking water and biological sewage treatment systems for wastewater. Waste is separated on board prior to disposal on land by specialised companies in accordance with international regulations (MARPOL).

In financial year 2023, relative CO_2 emissions in the Cruises segment declined by around 24 %. This was due to a significant increase in load factors, as the previous year's figures were more strongly impacted by the effects of the pandemic. The amount of waste per cruise passenger night decreased by around 23 % to 8 litres, with freshwater consumption up by around 24 % to 46 litres. Our reporting covers all ships operating under the Mein Schiff, Hapag-Lloyd Cruises. Marella and TUI River Cruises brands.

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Cruises – Carbon intensity, fresh water and waste

	2023	2022	Var. %
Carbon dioxide (CO_2) – relative, kg/Cruise passenger night	101	132	–23.7
Fresh water – relative, litre/Cruise passenger night	46	37	+24.2
Total water – litre/Cruise passenger night	301	321	–6.1
Waste – relative, litre/Cruise passenger night	8.2	10.6	–22.9

ENVIRONMENTAL PROTECTION IN OUR HOTELS

Our hotels and hotel partners continue to focus on promoting the sustainability transformation across their operations. Each hotel plays an important role in managing the impacts on the local community, the economy and the environment. Emission reductions remain our key priority, and we have prepared comprehensive roadmaps and defined targets for 2030 for our Hotels & Resorts segment. These targets have been validated by the SBTi.

Our hotel portfolio is still growing and many of our hotels use green technology in order to improve their sustainability performance. The generation of renewable energies from solar and wind power is a key element of the emission reduction roadmaps for our hotels, alongside efficiency measures delivered through hotel refurbishment and standard-setting for new buildings.

Sustainable construction is an important tool for saving energy and cutting carbon emissions from hotels. In the financial year under review, the Hotels & Resorts segment published Green Building Guidelines for the first time. They provide specific recommendations to our own hotels and to our hotel partners for their construction and refurbishment projects. The Guidelines cover the key factors for reducing the ecological footprint of construction and refurbishment projects and paring back water and energy consumption. They also cover aspects such as monitoring systems, sustainability certifications and stakeholder communication. The Guidelines were reviewed by external experts from the Fraunhofer IAO Institute.

For more information on the topic, please refer to: TUI Green Building Guidelines (online version): https://mediacenter.tui-info.com/onlinekataloge/index.php?catalog=tui_greenbuildingguideline_gj2023_f#page_1

Our TUI Global Hotel Awards 2023 placed a particular emphasis on sustainability. The award included categories reflecting TUI's Sustainability Agenda. The winners in these categories are selected by an external committee based on pre-defined criteria. In 2023, TUI also granted an award for sustainability innovation. Atlantica Hotels & Resorts was recognised for introducing new, sustainable technologies. Examples of this commitment can be found on the Greek island of Rhodes, where the hotel company has invested in the latest solar panel technology, e-mobility for electric cars and a water desalination plant.

We continued to drive forward the use of photovoltaic systems in our hotels to promote sustainable power generation. In cooperation with our joint venture partners RIU, Grupotel and Atlantica, 19 PV systems with an output of almost 3,500 kWp were installed in Greece, Spain and the Cape Verde Islands in financial year 2023.

Our hotels made further inroads towards a better ecological footprint in terms of emissions, water consumption and waste production. This is the result of continual measures to improve our environmental performance alongside higher customer numbers and occupancy levels as the pandemic subsided.

Hotels – Carbon intensity, fresh water and waste

	2023	2022	Var. %
Carbon dioxide (CO_2) – relative kg/guest night	12.4	13.8[1]	–9.8
Fresh water – litre/guest night	478	494	–3.4
Water[2] – relative litre/guest night	617	652	–5.3
Waste – relative kg/guest night	1.7	1.9	–7.5

[1] Previous year adjusted due to inclusion of refrigerant gases
[2] Includes water for domestic, pool and irrigation purposes

CIRCULAR ECONOMY: REDUCE, REUSE, RECYCLE

One of our core Planet targets is to work towards a circular business model. The concept of a circular economy is about how we generate, use and recycle products and services. The goal is to keep resources and materials in the loop for as long as possible and prevent waste from arising in the first place.

TUI has entered into Circular Economy Commitments focused on changing the way we operate and use resources. These commitments involve all areas of our business model. TUI cooperates with suppliers in order to capture relevant information about their sustainability performance so as to track and measure progress. As part of our efforts to become a circular business, we joined the Sustainable Transformation Group on Circular Economy, coordinated by the Antwerp Management School and part of the Ellen MacArthur Foundation community.

In the reporting period, for example, TUI's cruise companies supported the circular economy and the careful and sustainable use of resources. Examples include the refurbishment of the bar on board Mein Schiff 6, where the focus was on sustainable design. The tables are made of 100 % recycled plastic or of the natural material cork, and the carpeting is certified according to the Cradle-to-Cradle standard. Furniture no longer used is donated to local aid organisations.

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Circular processes were also taken into account for the TUI Campus project, the redesigned corporate headquarters in Hanover: sustainable carpet tiles will reduce future material consumption, and much of the furniture has been kept to avoid purchasing new items. Energy efficiency was an important factor in purchasing new electrical equipment.

At TUI, we have worked hard for many years to reduce plastic items in our business operations and identify alternatives. TUI Group is part of the Global Tourism Plastic Initiative and has signed up to the relevant commitments. The implementation of the initiative is headed by the UN World Tourism Organisation (UNWTO) and the United Nations' Environmental Programme (UNEP) in cooperation with the Ellen MacArthur Foundation and is supported by an advisory council of which TUI Group is a member. As part of these efforts, we are committed to replacing all problematic and unnecessary plastic packaging by 2025 wherever possible.

PROTECTING BIODIVERSITY

We support the Nature Positive Vision for Travel and Tourism approach adopted by the World Travel & Tourism Council (WTTC), promoting nature conservation in order to halt and reverse biodiversity loss by 2030. We invest in the protection and restoration of nature in the destinations. Apart from our existing focus on animal welfare in our supply chain, we intend to place further emphasis on biodiversity. To that end, we prepared a first action plan in the period under review.

TUI audits its suppliers in accordance with animal welfare guidelines. We continue to carry out our checks, which comply with the latest version of the ABTA (Global Animal Welfare Guidance for Animals in Tourism) guidelines. Wherever possible, we work with suppliers to implement improvements. A number of tenders have, however, been removed from our programme as they did not meet the required standards.

Progress – Accelerate the transformation

CONTRIBUTION TO THE SDGS

By leveraging our scale, we aim to increase the positive social and environmental impact of the holiday experiences we offer. We strive to be sustainability leaders in everything we do. Together with our partners we will help shape the next-generation sustainable business model for the tourism industry. In this way, we can enable our customers to make sustainable holiday choices at every stage of the customer journey. Our goal for 2030 is to have 20 million customers per year choosing a Green & Fair hotel or excursion that meets the strict criteria of the Global Sustainable Tourism Council.

DESTINATION CO-LAB

TUI Group, the TUI Care Foundation and the government of the Southern Aegean region have launched a project called Destination Co-Lab Rhodes. Together with our partners are building the next-generation sustainable business model for the tourism industry in Rhodes.

The project has three strategic pillars: 'Regenerate the natural environment', 'Strengthen social development and cultural heritage' and 'Foster inclusive economic development in the tourism business model'. The goal of the Co-Lab is to collaborate with the local tourism industry and international partners in developing specific solutions and implementing them in Rhodes. Examples include the provision of 30 e-bikes and 20 cargo bikes for short journeys by staff while looking after our customers. This cut the number of cars used from over 100 to 60.

SUSTAINABLE RAIL TRAVEL

Following the positive experience gained in the Netherlands, TUI increasingly offers rail travel to provide sustainable overnight trips to the holiday destinations. As a first step, the TUI City Express was launched for city connections to Prague in July 2023, while the TUI Ski Express will connect the Netherlands and Germany with the skiing regions in Austria from December 2023.

PROMOTING CERTIFICATION

TUI promotes social and environmental standards through certification. We expect our hotels and hotel partners to obtain sustainability certification from independent organisations.[1] This process involved a third-party assessment to certify that the hotel complies with the criteria of the Global Sustainable Tourism Council (GSTC) and hence engages in good social and environmental practice. The GSTC criteria are the established global standard for sustainable tourism and cover four main aspects: effective sustainability planning, maximising social and economic benefits for local communities, valuing cultural heritage, and reducing negative impacts on the environment.

In financial year 2023, 10.5 m customers stayed in a contracted hotel[2] certified to a GSTC-recognised standard, compared with 7.9 m in 2022. The number of certified contracted hotels[3] rose by ca. 32 % year-on-year to 1,481. This increase was attributable to the fact that many of our key hotel partners have obtained sustainability certificates to honour their long-standing commitment.

Sustainability also plays a key role in our holiday experiences. To assess sustainability, we were one of the first tourism companies to start applying the GSTC criteria to individual tours and activities within the TUI Collection experiences in financial year 2022. In financial year 2022, 180 TUI Collection experiences were certified according to these criteria. In financial year 2023, the process was extended to other excursion categories such as National Geographic or Shorex. By the end of the financial year, a total of 1420 experiences had been certified in accordance with the GSTC criteria. We offer these tours under the "Green & Fair" label.

[1] TUI requirement for hotel partners with hotels offering more than 80 rooms and a TUI occupancy rate above 10 %.
[2] Number of hotels includes TUI Hotels & Resorts and hotels TUI Group has a contract with and that are certified to a Global Sustainable Tourism Council (GSTC) recognised standard. Methodology changes apply in FY 23 to align with TUI's FY.
[3] Number includes hotels TUI Group has a contract with, that are certified to a according to a GSTC-recognised standard and had a minimum of 100 TUI guests in FY 2023. TUI Hotels & Resorts that do not have a contract with TUI Group are excluded from this figure.

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Progress performance

	2023	2022	Var. %
Number of customers (millions) staying at hotels with certifications[1]	10.5	7.9	+33.0
Number of hotels with certifications[2]	1,481	1,126	+31.5
% of TUI Hotels & Resorts with certifications (variance in % points)	75	61	+14
Number of certified TUI Collection excursions[3]	1,420	180	+688.9

[1] Number of hotels includes TUI Hotels & Resorts and hotels TUI Group has a contract with and that are certified to a Global Sustainable Tourism Council (GSTC) recognised standard. Methodology changes apply in FY 23 to align with TUI's FY.
[2] Number includes hotels TUI Group has a contract with, that are certified to a according to a GSTC-recognised standard and had a minimum of 100 TUI guests in FY 2023. TUI Hotels & Resorts that do not have a contract with TUI Group are excluded from this figure.
[3] Certification in accordance with GSTC, process of certifying several excursion categories (e.g. TUI Collection, National Geographic) was commenced in FY 2023.

INVOLVING PARTNERS

We created TUIPartners.com to support our many partners (hotels; tour, activity and transport providers) in their transformation towards more sustainable tourism. It offers them information and guidance on current issues such as sustainability, health and workplace safety. The sustainability section of the platform serves in particular to share knowledge, experience and information on various matters, including successful sustainability certification.

GREEN IT AWARD

In 2023, TUI launched new awards to recognise the sustainability commitment of its more than 2,000 IT partners and suppliers. Three award winners convinced the jury with innovative approaches to carbon and energy savings and the promotion of global sustainability goals through technological solutions. Technology is an integral part of TUI's Sustainability Agenda.

MORE SUSTAINABLE CUSTOMER DECISIONS

Our goal is to enable customers to make more sustainable holiday choices. In addition to anchoring sustainability in our brand essence and providing a marketing toolkit on sustainability for our companies, we have created a label to identify more sustainable products. The Green & Fair label provides guidance on the booking website to make it easier for our customers to select and book holidays certified to GSTC criteria.

Our people

CONTRIBUTION TO THE SDGS

Our employees make a key contribution to TUI's success. We aim to secure this success in the long run. In the financial year under review, we focused on continuing our strategic initiatives as defined in our People Strategy.

PEOPLE STRATEGY

The world of work is continuing to undergo structural change. We offer hybrid working models in order to give our employees and future talents greater flexibility about where and when they work. One example of our flexible, hybrid working models is the TUI Campus, which opened in the financial year. Around 2,800 employees from eight TUI companies have been working under one roof at the Hanover site since the Campus was inaugurated. The offices have been redesigned and co-working spaces have been created.

Moreover, employees increasingly attach importance to diversity, a sense of belonging and greater wellbeing. TUI responds to these expectations in order to acquire and retain talent in a highly competitive labour market and provide a positive employee experience.

Against this backdrop, we have developed our People Strategy. Our vision is to be Digital, Engaging and Inclusive.

Digital: We use digital tools to ease the workload for our employees, promote innovation and enhance efficiency.
Engaging: We invest in the development of employees and empower our executives.
Inclusive: We acknowledge difference and bring global and local teams together.

In order to implement our strategy, we have adopted a mission defining our relevant areas of action. Our goal is to create a framework that empowers our employees to deliver their best performance and succeed as one team.

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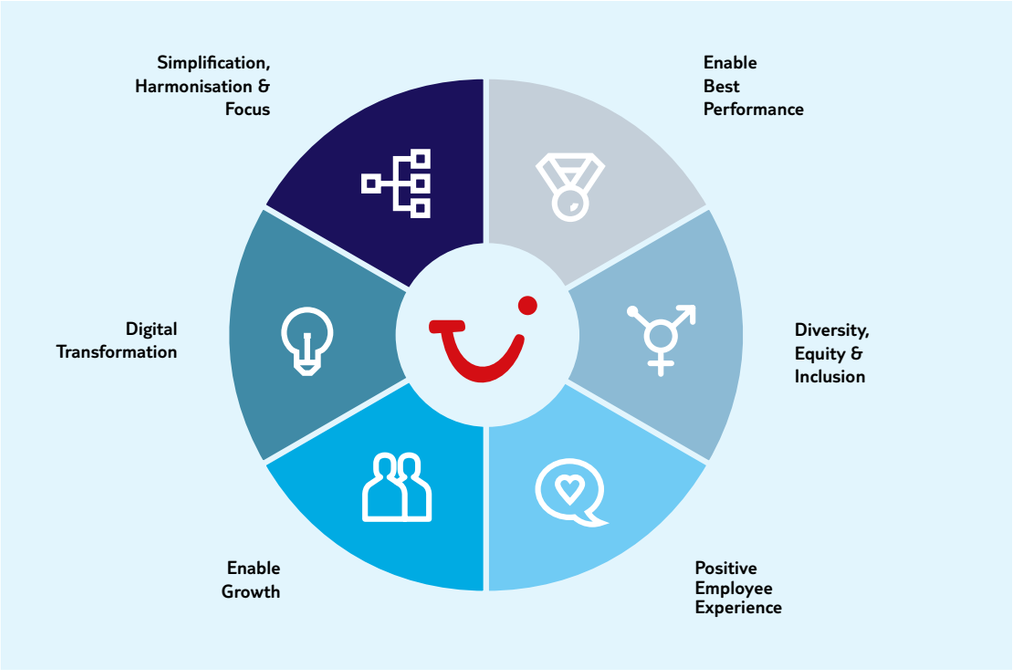
People Strategy: areas of action



SIMPLIFICATION, HARMONISATION, FOCUS

Our HR activities must be aligned to the principles of simplification, harmonisation and focus. Processes are being harmonised, standardised and transparently communicated across the globe so as to create synergies and avoid duplication.

We have also realigned our internal HR structure to match that principle. In addition to the existing HR Business Partner and HR Services structures, local teams were pooled in four global Centres of Expertise (CoEs) in the reporting period, established for the fields of Reward, HR Systems & People Analytics, Talent Acquisition and Talent Management & People Development. The goal of combining expertise in the cross-national CoEs is to define and implement global processes and establish a uniform and standardised IT landscape.

DIGITAL TRANSFORMATION

Our People Strategy centres on the harmonisation and digitalisation of our HR systems. We are continually expanding our digital HR solutions to facilitate data-based decision-making.

In the period under review, the implementation of our single HR IT platform TUI People progressed further. This far, the platform has been used to operate Recruiting, Learning, Talent Management, Reward and master data administration. In the second quarter of the reporting period, the HR core system was rolled out to the TUI Musement segment. For Germany, the launch is scheduled for the beginning of the new financial year.

We also continued to introduce new functions in TUI People and to expand our desktop assistant, which offers our employees real-time step-by-step instructions for handling system functions.

Moreover, we rolled out the TUI eSafe to several companies in Germany during financial year 2023. This is an electronic safe for employees to which we send documents such as payroll slips, wage tax statements, etc. in digital form. The current utilisation rate of the TUI eSafe is around 91 %. Its successive global roll-out is scheduled for the next few financial years.

So that we can measure our performance, we present relevant HR metrics in dashboards and make them available to the operational units. Areas monitored by us include the global use of TUI WORKWIDE.

ENABLE GROWTH

In order to retain our employees and recruit new people in a challenging labour market, we have initiated a range of measures to secure internal and external talent succession.

Our strategic focus includes succession planning and targeted career development. To ensure TUI's ability to act at any time and secure the availability of human resources for business-relevant functions and key positions, succession planning and potential analysis are carried out on a regular basis. They extend to all members of TUI's Executive Board, all top management functions, executives and business-critical roles. Succession planning takes account of short-, medium- and long-term changes and plays an essential role in the success of the Company. In addition, succession planning reports are submitted to the Executive Board at regular intervals.

In the completed financial year, we successfully introduced the first Group-wide Employer Value Proposition (EVP). The EVP describes TUI's identity as an employer and sums up its key strengths and USPs. It offers us a research-based framework to retain and win our current employees and future talents and has a positive impact on perceptions of TUI in the labour market. This is achieved via the employer branding measures based on our EVP, which puts people first. Our EVP "Let's TUI it" was initially introduced in-house to inform our employees about the relevance of the topic, promote employee retention and encourage people to recommend TUI as an employer. Subsequently, a number of initiatives were launched drawing on photographs and video clips taken by employees to provide authentic insights into working at TUI. We initiated an Employer Brand Ambassador programme, which forms the framework for all measures with which employees support TUI's employer branding. More than 200 employees have volunteered to take part.

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The campaign has created a high level of awareness in online channels. In the first few weeks after the launch, we reached out to an estimated 2.39 m people on LinkedIn. Our Employer Branding campaign has been nominated for various international awards and has already received a number of prizes in various countries.

As in the prior year, our career sites recorded nearly 1.5 m visits in the period under review. The number of job applications declined slightly from 295,000 to around 293,000.

POSITIVE EMPLOYEE EXPERIENCE

We want to create an environment where people like to work. With the launch of the TUI Way of Working, we created the key conditions to achieve that goal. The TUI Way of Working is our joint vision for the future of work at TUI and how to organise it globally and adjust it to local needs. We are seeking to create a culture of trust, offering flexibility for our employees. The core statement of that vision is: work is what we live and do, not where we go.

TUI WORKWIDE is an innovative programme enabling people to work from abroad for up to 30 days per year. In the financial year under review, around 1,260 employees participated in TUI WORKWIDE with an average stay of 8 days.

We continued updating the new Employee Listening strategy. Our goal is to listen to our employees regularly, measuring their commitment and growing it in a sustained manner. The new TUIgether+ survey methods will facilitate a holistic approach to measuring and enhancing the employee experience. We focus on three different survey types, each tailored to the specific needs of different groups of participants. Apart from global surveys relating to engagement and other strategic topics, we also measure key moments in each employee's life cycle and use business insight surveys to obtain their feedback on certain topics such as transformation. Based on the survey results, executives receive feedback on a regular basis to help them plan measures at all levels.

At the end of August 2023, we rolled out our new TUIgether+ survey, again giving our employees the opportunity to provide feedback to their employer. The goal of the employee survey is to capture the sentiment within TUI Group and transform the survey results into measures. The survey was open until the end of the period under review. It will be evaluated from the beginning of the new financial year.

DIVERSITY, EQUITY & INCLUSION

Our goal is to support and promote the wellbeing of our employees. We want them to feel accepted and appreciated. This includes welcoming and leveraging diversity.

In the period under review, we developed our vision "Come as you are!", defined the focus areas "People & Culture", "Leadership" and "Community" and agreed on specific measures to take.

People & Culture: Our goal is to recruit and promote the best talents worldwide in order to have a diverse workforce.
Leadership: We create a work environment with trustworthy executives, where our employees are appreciated and empowered to deliver their top performance.
Community: We enter into global and external partnerships enabling us to be perceived as a diverse and inclusive brand, promoting diversity and inclusion beyond TUI.

We have forged additional external partnerships, like the one with Code Girls First. This collaboration aims to enhance the appeal of data science for female and diverse professionals. We also promote the diversity of internal networks with different interests, such as LGBTQI+ and Religion, within the framework of Diversity, Equity & Inclusion.

Diversity-related content has been shared on TUI's Intranet, in the TUI Learning Lounge and in our leadership programmes. Throughout the year, we also took part in various key events and special dates such as International Women's Day and Pride Month.

In aviation our vision "Come as you are!" was the springboard for a new Uniform Policy, allowing our employees more flexibility in their choice of look and clothing.

With TUI's Global Employment Statement and as a signatory to the UN Global Compact, we have made clear commitments: We do not accept any discrimination based on nationality or ethnicity, sex, gender identity, sexual orientation, marital status, religion, world view, disability, age or social origin. Decisions about hiring, salary, benefits, training opportunities, work assignments, advancement, discipline and termination must be based solely on objective grounds.

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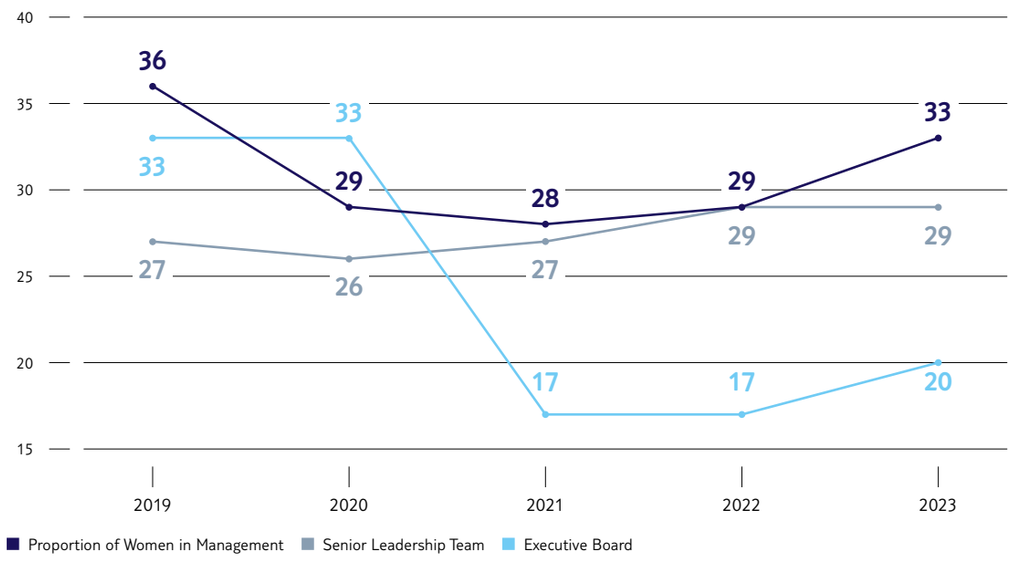
In financial year 2023 we monitored a number of diversity-related indicators. The proportion of women in the overall headcount matched the prior year's level at around 56 %. The proportion of women in managerial functions increased year-on-year by four percentage points. The proportion of women on the Senior Leadership Team remained constant.

TUI Group Proportion of Women in Leadership 2019 – 2023 in %



Proportion of women in managerial positions

in %	30 Sep 2023	30 Sep 2022	Target 2023
TUI AG			
Supervisory Board	45	45	30
Executive Board	1 woman	1 woman	at least 1 woman
First management level below Executive Board	14	21	25
Second management level below Executive Board	30	24	30
TUI Deutschland			
Supervisory Board	42	33	30
Executive Board	33	33	25
First management level below Executive Board	39	35	30
Second management level below Executive Board	41	43	40
TUI fly			
Supervisory Board	42	25	30
Executive Board	0	0	20
First management level below Executive Board	0	0	30
Second management level below Executive Board	38	41	40

For Germany (TUI AG, TUI Deutschland, TUI fly), targets covering the period to 2023 had been fixed in financial year 2020 under a voluntary commitment adopted in accordance with the statutory provisions of the German Stock Corporation Act (AktG) and the German Limited Liability Companies Act (GmbHG). TUI Deutschland GmbH achieved all its targets for 2023. TUI AG met three of the four targets it had set itself and managed to increase the proportion of women in the second tier of management by six percentage points. TUI fly did not achieve all of the targets set.

The new targets 2026 will be set by the relevant committees in autumn 2023.

See declaration in the Corporate Governance Report on page 130.

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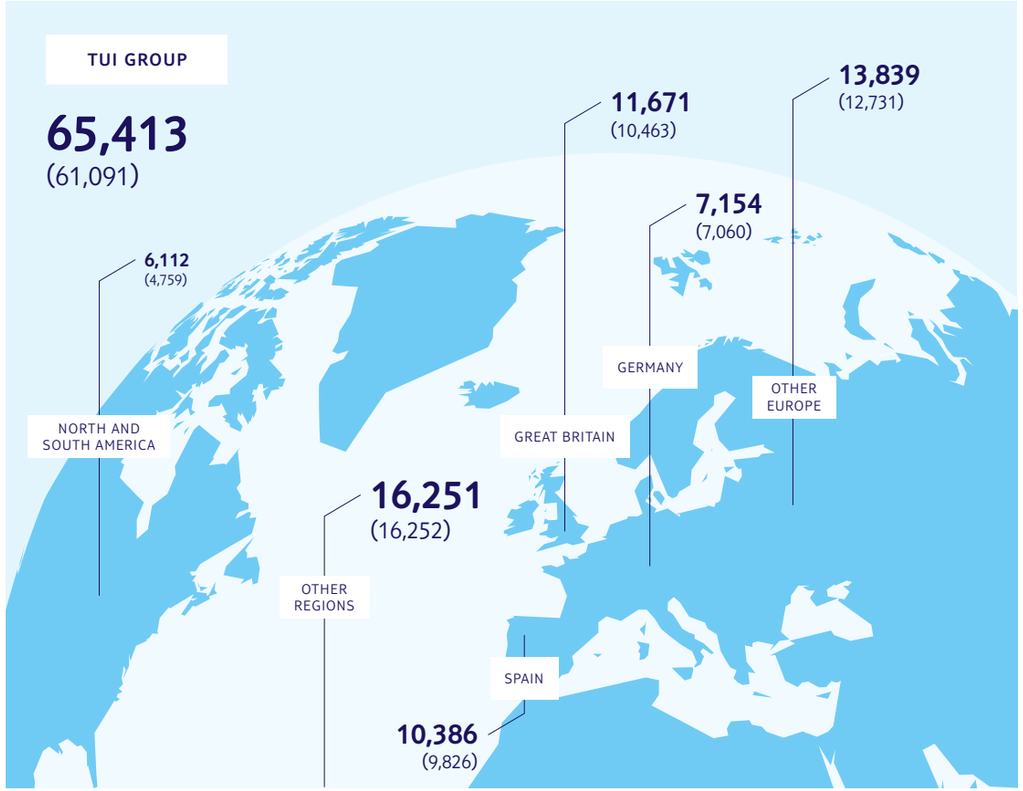
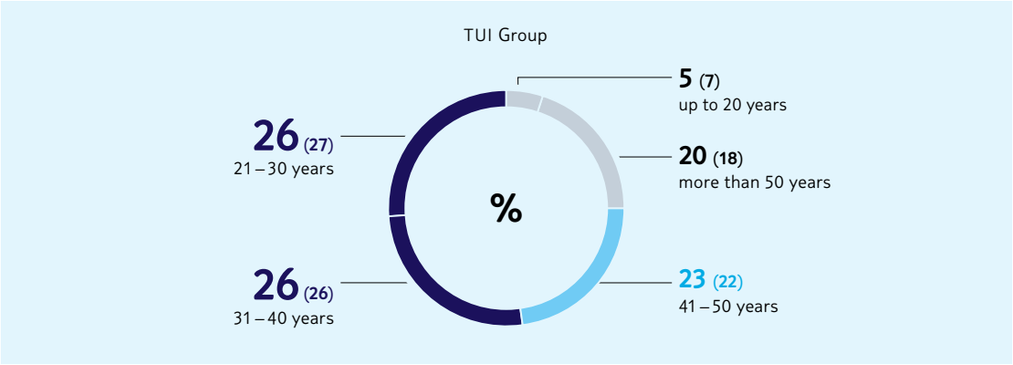
Personnel by region* (30 SEPTEMBER 2023)



*By domicile of company
In brackets: previous year

Age structure (30 SEPTEMBER 2023)

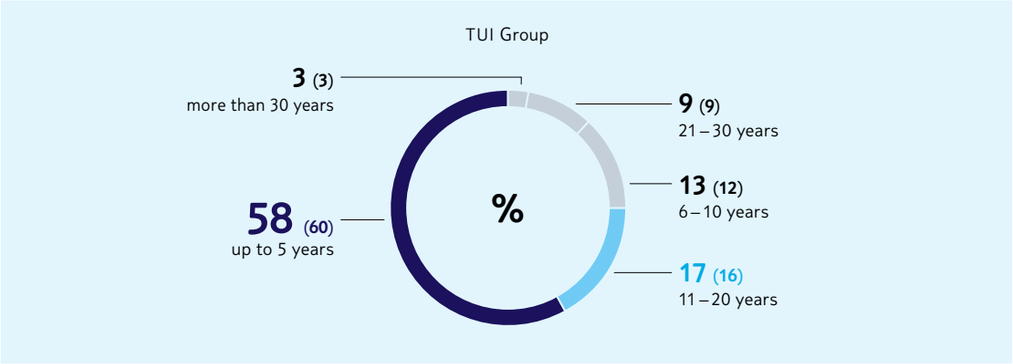
in %



In brackets: previous year

Average company affiliation (30 SEPTEMBER 2023)

in %



In brackets: previous year

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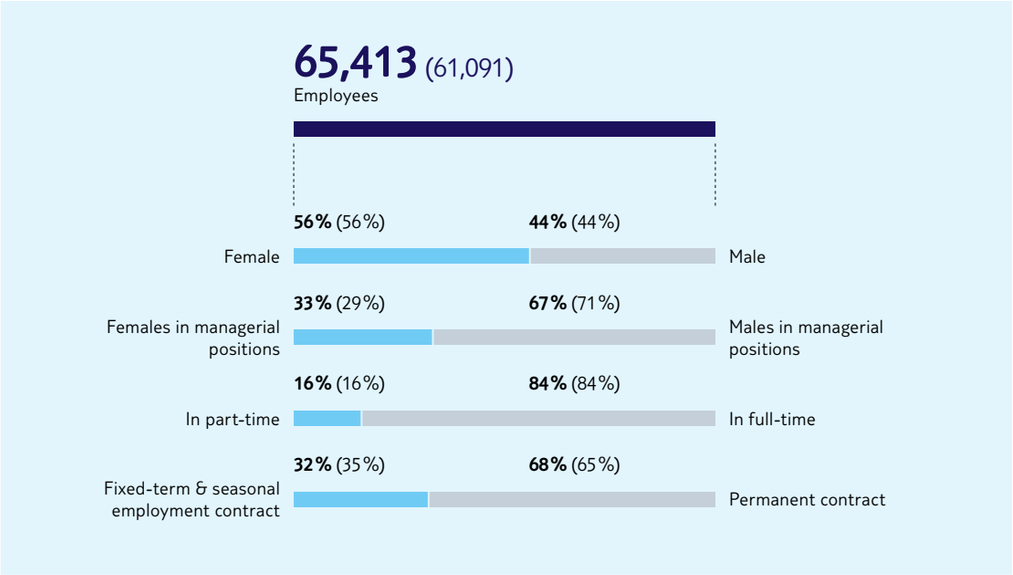
Employment structure (30 SEPTEMBER 2023)



In brackets: previous year

ENABLE BEST PERFORMANCE

In order to be successful together at TUI, we are seeking to empower our employees to deliver their top performance. We are supporting our executives and promoting dialogue between managers and employees.

In the financial year under review, we revised our feedback and target agreement process Great Place to Grow, placing the focus on continuous development targets and extended feedback. Four target categories were defined: Transformation; Growth, Profitability & Cash Generation; Employee & Customer Engagement; ESG / Sustainability. Great Place to Grow ensures regular dialogue between executives and employees to discuss development targets and performance.

Depending on their development targets, our employees can choose from a broad range of development and learning formats. Overall, the active users of our learning platform TUI People completed, similar to prior year, an average of more than two hours of training per month in financial year 2023. We also offered a range of programmes in the TUI Learning Lounge, such as the Sustainability Academy.

Our program for:ward focuses on further training in the IT sector and was continued in financial year 2023 with a third cohort. A total of 23 employees participated in this cohort.

Our executives have access to various development programmes. How2 is our global four-month programme conveying key leadership fundamentals to new executives starting their leadership role. In financial year 2023, 373 employees from across TUI Group completed the programme. The number of participants last year was 194. We also resumed our leadership programmes Horizons and Perspectives after they had been suspended due to the pandemic. A total of 46 executives were selected to take part – 20 participants for the Horizons programme and 26 for Perspectives. The focus was on leadership skills for global teams as well as strategy communication and implementation.

Our International Graduate Programme was reactivated after the end of the pandemic in financial year 2023. The two-year programme familiarises participants with commercial and head office functions within TUI.

OUTLOOK

Our People Strategy is our targeted, strategic approach to promoting strong leadership and supporting the development of our employees. We consistently pursue the strategy of a Group-wide core HR system. To facilitate data-based decision-making, we are continually expanding and harmonising our digital systems. A key focus is on Diversity, Equity & Inclusion (DEI) and the launch and implementation of a global DEI strategy, covering many different aspects of diversity.

EMPLOYEE REPRESENTATIVES

TUI Group historically features a strong co-determination landscape. It embraces the Supervisory Board at corporate level, the Group Works Council at Group level and many local works councils at company level.

In the period under review, many topics were jointly updated, continued or initiated in constructive talks. The focus was on the revision of the feedback and target agreement process Great Place to Grow, the introduction of TUIgether+ and our digitalisation projects, including the implementation of our single core HR system in TUI People.

At the European level, the TUI Europe Forum as an information and consultation body represents the interests of employees working in companies outside Germany and thus plays an important role as a facilitator and integrator in the European framework. With the joint revision of the basic agreement about the composition, tasks and rights of the TUI Europe Forum, TUI's Executive Board has endorsed the effective involvement of European employees to ensure that harmonisation and transformation programmes within the Group are effected on the basis of socially acceptable solutions.

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EMPLOYEE HEALTH

TUI promotes the physical and mental health of all employees. The Group-wide body of health officers regularly deals with best practices, ongoing projects and the plans presented to it for health-promoting activities. Against the backdrop of global challenges, especially in relation to mental health, an even stronger focus will be placed in future on aligning activities to common targets and establishing stringent processes.

In the course of the year, health-promoting activities and presentations were offered across the Group. While some of the offerings, such as the company sports programmes in Germany, were resumed post-COVID-19, digital alternatives continue to complement the range of activities on offer.

EMPLOYEE INDICATORS

As at 30 September 2023, staff numbers had increased by 7.1 % to 65,413. The expansion of business operations following the COVID-19 pandemic resulted in a significant increase in overall staff numbers. Due to the re-segmentation of Future Markets from All other segments to the segments Central Region and TUI Musement in financial year 2023, previous year's figures have been adjusted.

Personnel by segment

	30 Sep 2023	30 Sep 2022 adjusted	Var. %
Hotels & Resorts	28,621	27,234	+5.1
Cruises*	73	72	+1.4
TUI Musement	10,484	9,061	+15.7
Holiday Experiences	39,178	36,367	+7.7
Northern Region	11,031	10,423	+5.8
Central Region	7,266	7,120	+2.1
Western Region	5,519	5,141	+7.4
Markets & Airlines	23,816	22,684	+5.0
All other segments	2,419	2,040	+18.6
TUI Group	**65,413**	**61,091**	**+7.1**

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

HOTELS & RESORTS

Due to an increase in business operations at Hotels & Resorts, the headcount grew by a total of 5.1 % from 27,234 to 28,621. Robinson recorded a 2.7 % increase in staff numbers from 5,141 to 5,278. The headcount numbers reported by TUI Blue remained basically flat year-on-year. Riu recorded a growth in staff numbers by 11.9 % from 12,691 to 14,195, driven by an increase in occupancy. Northern Hotels reported a slight decrease in the headcount.

CRUISES

The headcount in the Cruises segment increased slightly year-on-year by 1.4 % to 73.

TUI MUSEMENT

In financial year 2023, the headcount in TUI Musement rose by 15.7 % from 9,061 to 10,484. The increase was driven by the growing business in destinations such as Spain, Greece, and North and South America.

NORTHERN REGION

Northern Region recorded a year-on-year headcount increase of 5.8 % from 10,423 to 11,031. In the UK, staff numbers in the Retail, Tour Operator and Airline sectors rose by 5.6 % year-on-year from 9,666 to 10,207. In the Nordics, staff numbers in Tour Operator and Airline grew by a total of 8.9 % from 757 to 824.

CENTRAL REGION

In Central Region, the headcount grew by 2.1 % year-on-year from 7,120 to 7,266. In Germany, staff numbers were more or less flat year-on-year at 5,521. In Austria, staff numbers rose slightly by 7.3 % from 464 to 498. In Switzerland, the headcount increased slightly by 1.9 % from 366 to 373. In Poland, the headcount grew by 13.2 % from 720 to 815. Future Markets recorded a decline in its headcount.

WESTERN REGION

The headcount in Western Region increase by 7.4 % year-on-year from 5,141 to 5,519. This was driven by higher staff numbers in the Retail and Tour Operator sectors in Belgium and the Netherlands. The number of employees in the Airline sector in the Netherlands rose by 10.9 % from 750 to 832. In France, staff numbers grew by 17.6 % from 636 to 748.

ALL OTHER SEGMENTS

Overall staff numbers rose by 18.6 % year-on-year from 2,040 to 2,419. The number of employees working for Head Office functions increased by 18.7 % from 1,079 to 1,281, including 262 employees working for TUI AG. The headcount in IT rose by 18.4 % year-on-year from 961 to 1,138.

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Personnel costs

€ million	2023	2022	Var. %
Wages and salaries	1,954.6	1,732.3	+12.8
Social security contributions	294.9	300.4	–1.8
Pension costs	108.8	109.2	–0.4
Total	**2,358.3**	**2,141.9**	**+10.1**

In the period under review, TUI Group's personnel costs increased from € 2.1 bn to € 2.4 bn year-on-year. The year-on-year increase in wages and salaries and social security contributions in financial year 2023 mainly results from the 11.4 % growth in average staff numbers.

For further details, please refer to page 212.

The pay package offered by TUI Group consists of various components, reflecting the framework conditions in different countries and companies and the appropriateness of compensation and customary market rates. Depending on the function concerned, a fixed salary may go hand in hand with variable components, honouring individual performance and promoting the sustainable participation of employees in the Company's long-term targets. In addition, the Senior Leadership Team can participate in a long-term share-based compensation programme based on the allocation of virtual shares.

Many TUI Group companies offer their employees pension schemes in the form of direct benefits or through an occupational providence fund, or else by paying in additional employer contributions to pension insurance, in some cases beyond the statutory minimum required. In Germany, collective contracts have been concluded with an insurance undertaking in order to meet the legal entitlement to deferred compensation.

Customer experience, security & safety and crisis management*

We place our guests and their individual wishes and needs at the center of our organisation in order to offer them differentiated and consistent experiences. In this way, we aim to increase customer loyalty and tap into new customer segments, as satisfied guests are a decisive factor for the TUI Group's long-term growth. Our goal is to continuously adapt the customer experience to individual needs and to further personalise it. The more flexible and personalised design of our products and services is supported by the expansion of our product portfolio and our digital platform.

*As part of social matters

Our integrated business model allows us to accompany our guests through the entire travel experience from booking, arrival, hotel stay and cruise to local activities and excursions – digitally and personally. The digital travel experience is complemented by the personal support of our employees, which our guests experience in our travel agencies, aircraft and hotels, on our ships and in the destination.

The travel experience is about relaxing and winding down, or discovering and exploring something new. However, the travel experience can also entail a wide range of risks. As far as possible, our activities aim to minimise these risks for customers and employees. The business takes a risk based approach to prevent intentional risks to the well-being of our customers, such as crime or terror (Security) and offer all customers a travel experience within the most security and safety, even in relation to unintentional risks (Health & Safety), for all services booked in the framework of their trips (e. g. flight, transfer to the hotel, hotel stay and excursions). TUI continually monitors and analyses safety-critical developments in destinations and discusses response measures with the markets and other involved business areas.

SAFETY

Throughout this financial year, Group Safety & Risk have continued to oversee and deliver our safety management programme, supporting the Group's businesses with a resumption to normal operations after the COVID 19-pandemic and the delivery of strategic growth plans.

The Safety & Risk team's focus is on the principal safety risks associated with accommodation, transfers, excursions, activities and tours supporting our tour operators in the source markets, TUI Musement and TUI Hotels & Resorts.

In addition to the continuous monitoring approach of key risk areas taken in TUI Hotels & Resorts, TUI have conducted multiple safety assessments across our third-party providers using a multi-layered assessment approach.

The continued development of our data-led, risk-based approach to Safety Risk Management with third party hoteliers is increasing our operational efficiency and enabling an improved approach to safety risk management. This approach includes the use of data sharing portals, in partnership with several technical safety specialist providers conducting safety monitoring / management programs with hoteliers globally.

Group Safety & Risk continues to support the strategic direction of the business and ensuring that TUI remains a brand that can be trusted.

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SECURITY

Following the review of security activities in 2022, recruitment of a new Head of Global Security lead and Intelligence lead was completed in February 2023. Since March 2023 the function has worked to complete a discovery phase, reviewing the whole security operation. This culminated with the creation of a new six pillar strategy that not only is completely in accord with TUI Safety, but also reflects TUI today and its risk based approach to SHS services and engagement.

This new strategy will be delivered in two stages over three years, the first 18 months will be the creation of, or amendment to manuals, policies and guidelines related to our security specialisms. All infrastructure will be made available to all via TUI partners and we will seek ISO9001 accreditation to officially cement our expertise. Strategic delivery is via a cyclical security system and this approach has been presented to various elements of the business during operational activities and presentations.

CRISIS MANAGEMENT AND BUSINESS CONTINUITY

TUI operates Group wide crisis and business continuity protocols and governance modules. Regular update calls between Group function and business areas take place on a weekly or monthly basis, depending on the area, and are established to share strategic and operational topics including best practice. Data is aggregated and analysed, the frame works ascertain when guests and/or employees are affected and what support or actions at what moment is need.

Experienced crisis managers work within a team to cover areas such as customer, commercial, communications and insurance management. These experts across the Group facilitate a fast, flexible response to levels of crisis. Appropriate reporting and coordination within TUI ensures that management is updated on all key incidents and developments and can immediately take decisions if necessary.

The Group wide crisis management system software for monitoring, escalation and managing of day-to-day incidents gives the ability to work individually within our businesses or together as a group when needed.

Anti-corruption and anti-bribery

Details of TUI Group's anti-corruption and anti-bribery measures are presented in the Corporate Governance section on Integrity & Compliance from page 154 in this Report.

Disclosures under the EU Taxonomy Regulation (EU) 2020/852

Pursuant to Article 8 of the Regulation (EU) 2020/852 of 18 June 2020 on the Establishment of a Framework to Facilitate Sustainable Investment, TUI AG is publishing its report in accordance with the Taxonomy Regulation. Compared with 2022, an extended reporting obligation applies for financial year 2023. Undertakings have to disclose information on the proportion of turnover, capital expenditure and operating expenditure as defined in the EU Regulation that is associated with economic activities described in EU Regulations and Delegated Acts and hence taxonomy-eligible. In addition, undertakings have to disclose information on the degree to which these KPIs qualify as environmentally sustainable or taxonomy-aligned under Articles 3 and 9 of the Taxonomy Regulation.

Environmental sustainability is analysed on the basis of technical screening criteria for the following six environmental objectives:

- Climate change mitigation,
- Climate change adaptation,
- The sustainable use and protection of water and marine resources,
- The transition to a circular economy,
- Pollution prevention and control,
- The protection and restoration of biodiversity and ecosystems.

An economic activity qualifies as environmentally sustainable or taxonomy-aligned if it demonstrably makes a substantial contribution to one of the six environmental objectives while doing no significant harm to any of the remaining environmental objectives. The economic activity also has to meet minimum standards on human rights as well as social and labour standards, anti-corruption, fair competition and taxation.

The regulations on the EU Taxonomy are still under development. TUI has a financial year which ends at 30 September. Accordingly, for financial year 2023, economic activities defined by regulations only related to the environmental objectives of climate change mitigation and climate change adaptation. As of 1 January 2024, additional economic activities will also be defined for other environmental objectives. Furthermore, technical screening criteria for economic activities already defined will be adjusted. These regulations did not apply in financial year 2023. Due to the larger number of defined economic activities, generally taxonomy-eligible revenue, capital expenditure and operating expenditure are expected to increase from financial year 2024. Moreover, some of the terms and definitions used in the EU Taxonomy regulations are still unclear in terms of their meaning and interpretation. To clarify these terms, the EU regularly publishes statements (FAQs). Due to this unclarity and the changes in regulations, TUI faces the risk of facing a different future interpretation of these indicators and having to change its reporting accordingly. In its reporting as at 30 September 2023, TUI reflects the status of the FAQs as at 20 October 2023.

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DETERMINATION OF GENERALLY TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES

As a first step, TUI analysed its economic activities, taking into account both activities generating external turnover and activities serving the Company's own needs. TUI's main activities, flight operation and the delivery of accommodation services in hotels, are not currently listed in the EU Taxonomy. Therefore, only a small portion of the indicators mentioned above related to taxonomy-eligible activities in the period under review. TUI does not report any economic activities serving the environmental objective of climate change adaptation.

The second step was to determine indicators relating to these economic activities. Where an indicator relates to several activities at once, it was broken down based on appropriated indicator, usually based on the direct costs incurred for the activity in question. The reported numbers only include the turnover, capital expenditure and operating expenditure of companies fully included in the consolidated financial statements.

CHECKING TECHNICAL SCREENING CRITERIA

Compliance with the relevant technical screening criteria is determined on the basis of queries to the respective Group companies or by means of a screening based on higher-level processes and within the framework of national or EU regulations. Where it was not possible to check compliance with technical screening criteria for lack of data or evidence and the economic activity concerned is not material for TUI, no screening was carried out and the economic activity was classified as non-compliant with the taxonomy according to the Comission Notice C/2023/305 dated 20 October 2023 No. 13. The results are described in the following sections on revenue, capital expenditure and operating expenditure.

CHECKING MINIMUM PROTECTION CRITERIA

TUI ensures compliance with the minimum protection criteria through Group-wide policies, training programmes, codes of conduct and risk management systems, which also cover our suppliers and the impact of the services we provide. With regard to compliance with human rights, we refer to the Non-Financial Group Declaration. Regarding anti-corruption and fair competition, we refer to the Corporate Governance Report. TUI has also implemented a tax strategy aiming to ensure taxation in line with our business, preventing aggressive or artificial tax planning, ensuring cooperation with local tax authorities and centrally managing and reviewing tax risks. In this context, please refer to the publication of our tax strategy at Our Tax Strategy and Governance (tuigroup.com). At the reporting date, no relevant litigation was pending in this context.

REVENUE

Total revenue is the revenue determined in accordance with international accounting standards and carried as revenue in the Notes. In the TUI Musement segment, customer transport in the destination, e. g. in the framework of excursions or transfers from the airport to the hotel, was allocated to economic activity 6.3 "Urban and suburban transport, road passenger transport". The revenue numbers were taken from our internal reporting system. Where this revenue also related to other economic activities, e. g. in the case of excursions involving not only transport but also guided tours, it was allocated on the basis of direct costs of the respective economic activity. Revenue from coach transport services provided by third parties is only recognised if this revenue meets the definitions of international accounting standards and if TUI controls the underlying processes. The revenue generated in the Cruises segment is allocated to economic activity 6.11 "Sea and coastal passenger water transport". Revenue in the Northern Region segment includes revenue from economic activity 6.7 "Inland passenger water transport". The revenue is regularly generated from sales of package tours consisting, for example, of a flight, transport to the destination and overnight accommodation on a ship. For the purposes of the EU Taxonomy, these revenues are broken down in line with the direct costs of the respective economic activity so as to determine the revenue attributable to passenger transport by ship. As TUI's key economic activities currently do not fall under the EU Taxonomy, taxonomy-eligible revenue only accounts for 3.0 % (previous year 2.0 %) of total revenue. In addition, technical screening criteria relate partially to regulations exclusively applicable in the EU or to ship newbuilds so that taxonomy-aligned revenues could not be identified.

CAPITAL EXPENDITURE

Capital expenditure summarises the additions to the relevant assets mentioned in the Notes in the sections "Goodwill", "Other intangible assets", "Property, plant and equipment" and "Rights of use". In financial year 2023, there were no additions from mergers.

Total capital expenditure of € 974.8 m is broken down as follows for financial year 2023:

Other intangible assets	€ 180.9 m
Property, plant and equipment	€ 483.3 m
Right of use assets	€ 310.6 m

As a rule, capital expenditure is allocated to individual economic activities on the basis of our internal project controlling. Alongside the economic activities already mentioned in the Revenue section, capital expenditure are particularly attributable to economic activities in connection with the construction and renovation of buildings in the Hotels & Resorts segment, as well as the installation of renewable energy technologies. Overall, taxonomy-eligible capital expenditure accounts for 44.7 % (previous year 31.0 %) of total capital expenditure. The increase year on year is mainly related to the addition of one cruise ship. Due to the lack of well-founded threshold values for hotels and administrative buildings and unclear transferability of technical screening criteria based on EU regulations to non-EU countries, taxonomy-aligned capital expenditure accounts for a very low proportion at under 1 %.

OPERATING EXPENDITURE

TUI's operating expenditure includes building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment, other intangible assets and right of use assets. Where necessary, operating expenditure is allocated to an economic activity on a cost basis. The review of the taxonomy eligibility and alignment of operating expenditure follows the review of the respective property, plant and equipment, other intangible assets or right-of-use assets to which they can be allocated. Taxonomy-eligible operating expenditure thus accounts for 25.1 % (previous year 25.0 %) of total operating expenditure.

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Revenue 2023

Economic activities (1)	Code (2)	Revenue (3) in € million	Proportion of revenue 2023 (4) in %	Substantial conribution criteria: Climate change mitigation (5) in %	Substantial conribution criteria: Climate change adaption (6) in %	DNSH ('Does not significant harm'): Climate change mitigation (7) Yes/No	DNSH: Climate change adaption (8) Yes/No	DNSH: Water and marine resources (9) Yes/No	DNSH: Circular economy (10) Yes/No	DNSH: Pollution (11) Yes/No	DNSH: Biodiversity and ecosystems (12) Yes/No	DNSH: Minimum safeguards (13) Yes/No	Portion of taxonomy-aligned or taxonomy-eligible turnover, 2022 (14) in %	Category (enabling activity) (15) Yes/No	Category (transitional activity) (16) Yes/No
A. Taxonomy-eligible activities															
A.1. Environmentally sustainable activities (taxonomy-aligned)															
Revenues environmentally sustainable activities (taxonomy-aligned) (A.1)		**0.0**	**0.0**	**0.0**	**0.0**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**		
Thereof enabling activities		0.0	0.0	0.0	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Thereof transitional activities		0.0	0.0	0.0		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		N/A
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)															
Urban and suburban transport, road passenger transport	CCM 6.3	123.8	0.6												
Inland passenger water transport	CCM 6.7	26.2	0.1												
Sea and coastal passenger water transport	CCM 6.11	477.8	2.3												
Revenues taxonomy-eligible but not environmentally sustainable activities (non-taxonomy-aligned activities) (A.2)		**627.8**	**3.0**	**3.0**	**0.0**								**2.0**		
A. Revenues of taxonomy-eligible activities (A.1+A.2)		**627.8**	**3.0**	**3.0**	**0.0**								**2.0**		
B. Taxonomy-non-eligible activities															
Revenue from taxonomy-non-eligible activities		20,038.1	97.0												
Total		**20,665.9**	**100.0**												

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Capital Expenditure (CapEx) 2023

		Substantial conribution criteria				DNSH ('Does not significantly harm')									
Economic activities (1)	Code (2)	CapEx (3) in € million	Proportion of CapEx (4) in %	Climate change mitigation (5) in %	Climate change adaption (6) in %	Climate change mitigation (7) Yes/No	Climate change adaption (8) Yes/No	Water and marine resources (9) Yes/No	Circular economy (10) Yes/No	Pollution (11) Yes/No	Biodiversity and ecosystems (12) Yes/No	Minimum safeguards (13) Yes/No	Portion of taxonomy-aligned or taxonomy-eligible CapEx, 2022 (14) in %	Category (enabling activity) (15) Yes/No	Category (transitional activity) (16) Yes/No
A. Taxonomy-eligible activities															
A.1. Environmentally sustainable activities (taxonomy-aligned)															
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	2.2	0.2	100	–	Yes	Yes	N/A	N/A	N/A	N/A	Yes	N/A	E	
CapEx environmentally sustainable activities (taxonomy-aligned) (A.1)		**2.2**	**0.2**	**0.0**	**0.0**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**		
Thereof enabling activities		2.2	0.2	0.0	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	E	
Thereof transitional activities		0.0	0.0	0.0		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)															
Urban and suburban transport, road passenger transport	CCM 6.3	7.1	0.7												
Sea and coastal passenger water transport	CCM 6.11	226.5	23.2												
Construction of new buildings	CCM 7.1	62.3	6.4												
Renovation of existing buildings	CCM 7.2	136.4	14.0												
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	1.3	0.1												
CapEx taxonomy-eligible but not environmentally sustainable activities (non-taxonomy-aligned activities) (A.2)		**433.6**	**44.5**	**100**	**–**								**31.0**		
A. CapEx taxonomy-eligible activities (A.1+A.2)		**435.8**	**44.7**	**100**	**–**								**31.0**		
B. Taxonomy-non-eligible activities															
Capital expenditures on taxonomy-non-eligible activities		539.1	55.3												
Total		**974.9**	**100.0**												

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Operating expenditures (OpEx) 2023

		Substantial conribution criteria				DNSH ('Does not significantly harm')									
Economic activities (1)	**Code (2)**	OpEx (3) in € million	Proportion of OpEx (4) in %	Climate change mitigation (5) in %	Climate change adaption (6) in %	Climate change mitigation (7) Yes/No	Climate change adaption (8) Yes/No	Water and marine resources (9) Yes/No	Circular economy (10) Yes/No	Pollution (11) Yes/No	Biodiversity and ecosystems (12) Yes/No	Minimum safeguards (13) Yes/No	Portion of taxonomy-aligned or taxonomy-eligible OpEx, 2022 (14) in %	Category (enabling activity) (15) Yes/No	Category (transitional activity) (16) Yes/No
A. Taxonomy-eligible activities															
A.1. Environmentally sustainable activities (taxonomy-aligned)															
OpEx environmentally sustainable activities (taxonomy-aligned) (A.1)		**0.0**	**0.0**	**0.0**	**0.0**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**		
Thereof enabling activities		0.0	0.0	0.0	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Thereof transitional activities		0.0	0.0	0.0		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)															
Urban and suburban transport, road passenger transport	CCM 6.3	11.2	1.6												
Sea and coastal passenger water transport	CCM 6.11	48.1	6.9												
Renovation of existing buildings	CCM 7.2	110.7	16.0												
Data processing, hosting and related activities	CCM 8.1	4.0	0.6												
OpEx taxonomy-eligible but not environmentally sustainable activities (non-taxonomy-aligned activities) (A.2)		**174.0**	**25.1**										**25.0**		
A. OpEx taxonomy-eligible activities (A.1+A.2)		**174.0**	**25.1**										**25.0**		
B. Taxonomy-non-eligible activities															
Operating expenditures for taxonomy-non-eligible activities		518.1	74.9												
Total		**692.1**	**100.0**												

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Annual financial Statements of TUI AG

The annual financial statements of TUI AG were prepared in accordance with the provisions of the German Commercial Code (HGB), taking account of the complementary provisions of the German Stock Corporation Act (AktG), and audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hanover. They are published in the German Unternehmensregister (www.unternehmensregister.de). The annual financial statements have been made permanently available on the Internet at www.tuigroup.com.

In the present Annual Report, the Management Report of TUI AG has been combined with the Management Report of TUI Group.

Earnings position of TUI AG

Income statement of TUI AG

€ million	2023	2022	Var. %
Revenue	158.4	89.8	+76.4
Other operating income	411.9	491.7	–16.2
Cost of materials	14.5	16.4	–11.6
Personnel costs	53.4	57.5	–7.1
Depreciation	1.4	1.6	–12.5
Other operating expenses	228.7	332.6	–31.2
Net income from investments	–13.5	–205.2	+93.4
Write-downs of investments	444.5	380.0	+17.0
Net interest	–327.3	–121.1	–170.3
Income taxes (expense (+), income (–))	2.7	–3.8	n.a.
Loss after taxes	**–515.7**	**–529.1**	**+2.5**
Other taxes	1.9	1.8	+5.6
Net result for the year	**–517.6**	**–530.9**	**+2.5**

The earnings position of TUI AG, the Group's parent company, is primarily determined by the appropriation of profits from its Group companies, either directly associated with TUI AG via profit and loss transfer agreements or distributing their profits to TUI AG based on relevant resolutions, and by the measurement of financial investments and the funding of TUI Group.

REVENUE AND OTHER OPERATING INCOME

The increase in revenue in financial year 2023 resulted mainly from a higher income from licence fees with subsidiaries. Other operating income in the period under review was characterised in particular by the reversal of impairments on receivables and income from intra-Group cost transfers. This income was offset by expenses for intercompany charging of service costs to TUI AG, carried in Other operating expenses. The year-on-year decline in Other operating expenses was partly driven by lower income from the reversal of provisions and significantly lower income from write-ups on investments and lower income from exchange gains. On the other hand, expenses were incurred for exchange losses, carried in Other operating expenses.

EXPENSES

The year-on-year decrease in personnel costs resulted essentially from lower pension expenses due to lower transfers to pension provisions. An opposite effect was driven by lower expenses for the formation of personnel provisions for Executive Board members.

Other operating expenses comprised in particular expenses for exchange losses, the cost of financial and monetary transactions, fees, charges, capital procurements costs, services, transfers to impairments, other administrative costs as well as expenses for intra-Group cost transfers. While there was a decline in expenses for exchange losses and a considerable fall in impairments on receivables, expenses for intra-Group cost transfers rose. Overall, this resulted in a substantial decline in Other operating expenses.

NET INCOME FROM INVESTMENTS

The year-on-year increase in net income from investments was driven by a decline in expenses for loss transfers and a significant increase in income from profit transfers. The positive development was also attributable to an increase in dividend income from investments. The loss transfers were mainly related to Leibniz-Service GmbH. The income from profit transfers generated in financial year 2023 resulted primarily from companies allocated to Central Operations.

WRITE-DOWNS OF INVESTMENTS

In the period under review, write-downs of investments were mainly related to Tour Operator subsidiaries. In particular due to the inclusion of climate-related costs in the valuation, write-downs were significantly higher than in 2022.

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INTEREST RESULT

In financial year 2023, the movement in the interest result mainly reflected expenses incurred in connection with the redemption of Silent Participation I and the repayment of the remaining warrant bond issued to the Economic Stabilisation Fund (ESF).

TAXES

Income taxes and expenses for other taxes mainly resulted from the regular reassessment of tax provisions. Expenses for income taxes also rose due to expenses for withholding taxes on dividend payments from subsidiaries. Income taxes did not include any deferred taxes.

NET RESULT FOR THE YEAR

For financial year 2023, TUI AG posted a net result of € – 517.6 m.

Net assets and financial position of TUI AG

TUI AG's net assets and financial position as well as its balance sheet structure reflect its function as TUI Group's parent company. In financial year 2023, the balance sheet total increased slightly year-on-year to € 10,144.4 m.

Abbreviated balance sheet of TUI AG (financial statement according to German Commercial Code)

€ million	30 Sep 2023	30 Sep 2022	Var. %
Intangible assets / property, plant and equipment	17.6	4.6	+282.6
Investments	7,824.3	7,753.6	+0.9
Fixed assets	7,841.9	7,758.2	+1.1
Receivables	1,981.8	1,781.1	+11.3
Marketable Securities	0.3	–	n.a.
Cash and cash equivalents	319.4	473.0	–32.5
Current assets	2,301.5	2,254.1	+2.1
Prepaid expenses	1.0	9.8	–89.8
Total Assets	**10,144.4**	**10,022.1**	**+1.2**
Equity	5,298.6	4,044.3	+31.0
Special non-taxed items	–	–	–
Provisions	307.9	323.3	–4.8
Bonds	589.6	648.3	–9.1
Other liabilities	3,948.3	5,006.2	–21.1
Liabilities	4,537.9	5,654.5	–19.7
Total Liabilities	**10,144.4**	**10,022.1**	**+1.2**

FIXED ASSETS

At the balance sheet date, fixed assets almost exclusively consisted of investments. The movement in financial assets was affected by the capital increases carried out in subsidiaries and, in particular, by unscheduled write-downs, which more than offset the capital increases effected in the period under review. The write-downs mainly related to shares in Group companies in tour operation. Due to the issuance of new non-current loans and write-ups of shares in Group companies and participations, in particular in Hotels & Resorts, fixed assets rose slightly overall year-on-year in the completed financial year.

CURRENT ASSETS

The moderate rise in current assets of 2.1 % to € 2,301.5 m was driven by an increase in receivables, which more than offset the decrease in cash and cash equivalents. The increase in receivables was primarily attributable to the development of claims and obligations from profit and loss transfer agreements as well as the short- and medium-term financing of Group companies. The rise in receivables and corresponding fall in cash and cash equivalents was also driven by a further cash deposit for the regulatory hedging of customer deposits for package tours.

TUI AG's capital structure

EQUITY

TUI AG's equity increase by 31.0 % to € 5,298.6 m. This was primarily driven by the capital increase carried out in April of the financial year under review.

The loss for the year totalled € – 517.6 m. Including a loss carried forward of € – 831.5 m, net loss totalled € – 1,349.1 m. The equity ratio rose to 52.2 % in the financial year under review (previous year 40.4 %).

PROVISIONS

Provisions decreased by € 15.4 m to € 307.9 m. They consisted of pension provisions worth € 160.8 m (previous year € 164.0 m), tax provisions worth € 25.1 m (previous year € 30.1 m), and other provisions worth € 122.0 m (previous year € 129.2 m).

In financial year 2023, the decline in pension provisions was primarily attributable to a change in parameters. Other provisions declined, in particular due to the reversal of provisions for investment hedges. Moreover, use was made of the provision formed in connection with the early redemption of Silent Participation II. An opposite effect was driven by the slight increase in personnel provision.

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LIABILITIES

As at 30 September 2023, TUI AG's liabilities totalled € 4,537.9 m, a decline of € 1,116.6 m or 19.7 %.

In order to strengthen its balance sheet ratios and fund the state aid granted, TUI AG carried out a capital increase of around € 1.8 bn in April 2023. As a result, TUI AG was able to refinance the repayment of a Silent Participation obtained from the ESF with a nominal amount of € 420.0 m and implement the early repayment of a warrant bond with a nominal amount of € 58.7 m plus the warrants worth 58.7 m for the purchase of shares in TUI AG that were acquired and subsequently cancelled.

Furthermore, bank liabilities under the syndicated credit facility were significantly reduced. In addition, an amount of € 1,050.0 m of the undrawn KfW tranche of € 2.1 bn granted by the German government was cancelled, reducing the tranche to € 1,050.0 m. The credit line of the syndicated credit facility from the two tranches available for cash drawdowns thus amounted to € 2,504.4 m. As before, the amount of the tranche available for the use of bank guarantees totalled € 190.0 m in the period under review.

In May 2023, an agreement was reached with the banks to extend the term of the syndicated credit facility from July 2024 to July 2026.

As at 30 September 2023, there had been no cash drawdown under the syndicated credit facility (previous year: € 562.0 m). Drawdowns from this credit facility by means of bank guarantees amounted to € 109.2 m as at 30 September 2023.

The considerable decrease in liabilities to banks and other liabilities was partly offset by the increase in liabilities to Group companies. Due to the increase in operating activities, Tour Operator companies, in particular, transferred monies to TUI AG.

The net financial position (cash and cash equivalents minus liabilities to banks, bonds and Schuldschein) totalled € – 517.3 m in the completed financial year (previous year: € – 1,170.9 m).

CAPITAL AUTHORISATION RESOLUTIONS

Information on new and existing capital authorisation resolutions, adopted by the Annual General Meetings, is provided in the next chapter on Information required under takeover law.

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Information required under Takeover Law

Pursuant to sections 289a and 315a of the German Commercial Code (HGB) and explanatory report

Subscribed capital

The subscribed capital of TUI AG consists of no-par value shares, each representing an equal share of the capital stock. As a proportion of the capital stock, the value of each share is around € 1.00.

The subscribed capital of TUI AG, registered in the commercial registers of the district courts of Berlin-Charlottenburg and Hanover, consisted of 507,431,033 shares at the end of financial year 2023 (previous year 1,785,205,853 shares) and correspondingly totalled € 507,431,033.00. Each share confers one vote at the Annual General Meeting.

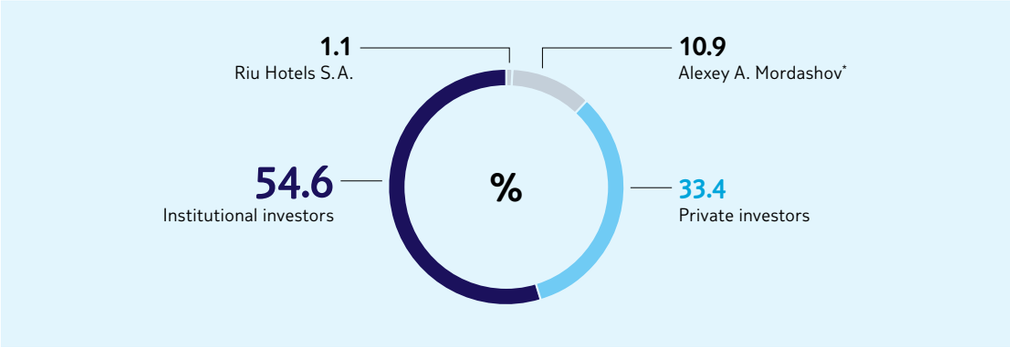
RESTRICTIONS ON VOTING RIGHTS OR SHARE TRANSFERS

The Executive Board assumes that it is currently impossible to transfer the shares it considers attributable to Alexey Mordashov or to exercise the voting rights from these shares.

EQUITY INTERESTS EXCEEDING 10% OF THE VOTING SHARES

The Executive Board of TUI AG has been notified of the following direct or indirect equity interests amounting to 10 % or more of the voting rights:

Shareholder structure (30 SEPTEMBER 2023) in %



* As a result of the capital increase in spring 2023, in which Alexey A. Mordashov (Moscow, Russian Federation) has not been allowed to participate due to his sanction since 28 February 2022, his shareholding has decreased significantly. According to the voting rights notifications of the German Federal Financial Supervisory Authority (BaFin) dated 16 May 2023, 10.87 % shares in TUI AG have been indirectly attributable to Alexey A. Mordashov since 19 April 2023.

At the end of financial year 2023, around 89 % of TUI shares were in free float. Around 33 % of all TUI shares were held by private shareholders, around 55 % by institutional investors and financial institutes, and around 12 % by strategic investors.

The current shareholder structure and voting rights notifications according to section 33 of the Securities Trading Act (WpHG) are available online at:
www.tuigroup.com/en-en/investors/share/shareholder-structure and www.tuigroup.com/en-en/investors/news

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Shares with special rights conferring powers of control

No shares with special rights conferring powers of control have been issued.

System of voting right control of any employee share scheme where control rights are not exercised directly by the employees

Where TUI AG grants shares to employees under its employee share programme, the shares are directly transferred to the employees (sometimes with a lock-up period). Beneficiaries are free to exercise the control rights to which employee shares entitle them directly, in just the same way as other shareholders, in line with statutory requirements and the Articles of Association.

Appointment and removal of Executive Board members and amendments to the Articles of Association

The appointment and removal of Executive Board members is based on Sections 84 et seq. of the German Stock Corporation Act in combination with Section 31 of the German Co-Determination Act. Amendments to the Articles of Association are based on the provisions of Sections 179 et seq. of the German Stock Corporation Act in combination with Section 24 of the Articles of Association of TUI AG.

Powers of the Executive Board to issue shares

The Annual General Meeting on 9 February 2016 adopted a resolution to create conditional capital of € 150.0 m for the issue of bonds. The authorisation to issue bonds with conversion options or warrants as well as profit-sharing rights and income bonds (with or without fixed terms) of up to a nominal amount of € 2.0 bn expired on 8 February 2021. With the issuance of a bond with warrants worth € 150 m to the German Economic Stabilisation Fund (ESF) in October 2020, this authorisation was fully used. The bonds and warrants outstanding were repaid in full on 27 April 2023 without the ESF having exercised its option rights.

The Annual General Meeting on 13 February 2018 adopted a resolution to create authorised capital for the issue of employee shares worth € 30.0 m. The Executive Board of TUI AG was empowered to use this authorised capital by 12 February 2023 in one or several transactions by issuing employee shares against cash contributions. In the completed financial year, no new employee shares were issued.

The Extraordinary General Meeting on 5 January 2021 resolved to create conditional capital of € 420.0 m in order to grant the ESF the right to convert ESF's asset contribution in the form of a silent participation of € 420.0 m ('Silent Participation I') at any time (in a single or several transactions) in full or in part into up to 420 m new registered no-par value shares, each representing a proportionate share in the capital stock of € 1.00 per no-par value share. The new shares will be issued at the minimum issue price of € 1.00. Silent Participation I was repaid in full on 27 April 2023 without the ESF having exercised its conversion right.

The Annual General Meeting on 25 March 2021 resolved to create conditional capital for the issuance of bonds totalling € 109.9 m. The authorisation to issue bonds with conversion options or warrants as well as profit-sharing rights and income bonds (with or without fixed terms) is limited to a nominal amount of € 2.0 bn and expires on 24 March 2026. This authorisation was nearly fully used with the issuance of a convertible bond worth € 589.6 m in April and July 2021. As at the balance sheet date, no shares had yet been issued to service the convertible bond.

The Annual General Meeting on 8 February 2022 resolved to create an authorisation to use new registered shares against cash contribution for up to a maximum of € 162.3 m (Authorised Capital 2022 / I). This authorisation will expire on 7 February 2027.

The Annual General Meeting on 8 February 2022 also resolved to create authorised capital for the issuance of new shares against cash or non-cash contribution of € 626.9 m (Authorised Capital 2022 / II). The issuance of new shares against non-cash contribution is limited to € 162.3 m. This authorisation will expire on 7 February 2027.

In the completed financial year, the capital stock was increased by € 328.9 m, utilising a part of the two last-mentioned authorisations. Authorised Capital 2022 / I worth Proceeds of € 140.4 m were used from Authorised Capital 2022 / I, primarily to repay in full the state aid provided by the German government for stabilisation measures, while Authorised Capital 2022 / II worth proceeds of € 188.5 m were used from Authorised Capital 2022 / I to reduce the credit lines under the KfW facility. The further use of the not yet used authorized capital is subject to the binding declaration of commitment of the Executive Board from February 2023.

The Annual General Meeting on 8 February 2022 resolved to create two additional amounts of capital for the issue of bonds worth € 162.3 m and € 81.1 m. The authorisations to issue bonds with conversion options or war-rants as well as profit-sharing rights and income bonds (with or without fixed terms) are limited to a nominal amount of € 2.0 bn and will expire on 7 February 2027.

→ *See the section on Subscribed capital in the Notes to the consolidated financial statements on page 235 and the section on Subscribed capital in the annual financial statements of TUI AG (disclosure pursuant to Section 160 (1) no. 2 of the German Stock Corporation Act).*

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Significant agreements taking effect in the event of a change of control of the Company following a takeover bid, and the resulting effects

Some of TUI AG's outstanding financing instruments contain change of control clauses. A change of control occurs in particular if a third partly 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, the holders of the Schuldschein worth € 242.0 m, and the convertible bond worth € 589.6 m must be offered a buyback. For the syndicated credit facilities worth € 2.7 bn (including bank guarantees), of which 0.0 m (via cash) and € 109.2 m (via bank guarantees) had been used as at the balance sheet date, a right of termination by the lenders has been agreed in the event of a change of control.

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 above-mentioned financing instruments, a framework agreement between the Riu family and TUI AG includes a change of control clause effective in the event of a change of control. Accordingly, a change of control occurs if a shareholder group represents a predefined majority of AGM attendees or if one third of the shareholder representatives on the Supervisory Board are attributable to a group of shareholders. In the event of a change of control, the Riu family is entitled to acquire at least 20 % and at most all shares held by TUI in RIUSA II S. A. at the share value determined by an internationally recognised auditing company. Since TUI AG's Annual General Meeting of 25 March 2021, the conditions had been met for Unifirm to represent a majority of AGM attendees, so that the entitlement arose for the Riu family to acquire shares within certain time windows in 2021, 2022 and 2023. The Riu family dispensed with exercising its acquisition right within all the time windows mentioned above.

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 AGM 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 during three periods following the change of control at a share value determined by an internationally recognised auditing company. As the stake in TUI AG held by Unifirm increased following the capital increase of 2 November 2021, here, too, a change of control was triggered due to a majority of AGM attendees. The final period for El Chiaty Group to exercise its acquisition right is from 16 November to 16 December 2023.

A change of control agreement has likewise 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 whereby more than 50 % of voting rights are acquired by an individual or group. The agreement in this case 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.

Compensation agreements effective in the event of a takeover bid have not been concluded between the Company and its Executive Board members or employees.

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TUI Share[1]

TUI share price significantly impacted by economic uncertainty, persistent energy crisis and inflation, and interest rate increases

In financial year 2023, the TUI share showed at times significant share price volatility, primarily driven by uncertainty about the course of inflation, above all energy prices, and continued monetary tightening by the central banks. Global growth concerns also remained at the forefront. The International Monetary Fund revised its growth forecasts for gross domestic product downward for 2023 and 2024. Overall, the value of the TUI share, with an entry price adjusted for share consolidation and the capital increase with subscription rights of €7.17[2,3] declined by around 27 %, closing at €5.22[2,3] on 30 September.

At the beginning of the financial year, sentiment in the capital markets benefited from the persistent post-COVID recovery in demand, despite economic uncertainties. In addition, in mid-December 2022, TUI concluded an agreement with the Economic Stabilisation Fund ('WSF') on the repayment of corona state aids received during the pandemic, hence reducing debt and interest costs. In subsequent weeks, TUI's share price rose significantly to its annual high of €12.57[2,3] on 18 January 2023. In February, TUI carried out a capital decrease by means of a ten-for-one reverse stock split, previously approved by the Annual General Meeting and subsequently implemented in accordance with the repayment agreement as the final condition for the capital increase scheduled for March. On 18 April 2023, TUI completed the rights issue of approximately €1.8 bn, and issued around 329 million new shares. The proceeds were used to repay TUI's remaining WSF state aid including interest and for another major reduction to its KfW credit line. TUI thus strengthened its balance sheet, is benefiting from lower interest payments and has gained greater financial and entrepreneurial flexibility for the implementation of its strategy.

Furthermore, TUI successfully extended the existing syndicated credit lines totalling €2.7 bn in May. The syndicated credit facility from 20 banks (€1.65 bn) and the credit line from KfW (€1.05 bn) will now mature in July 2026. In future, the interest terms and conditions under that revolving credit facility will also be linked to achieving the Group's emissions reduction targets confirmed by the Science Based Targets initiative. The capital increase and the extension of the credit facilities were key measures to improve TUI's credit metrics, also reflected in improved credit ratings from S&P (B3 to B2) and Moody's (B- to B). This progress, and the gratifying development of bookings in the summer months, supported by higher prices, facilitated the recovery of the TUI share up until mid-July.

Despite the positive booking momentum, which continued into Winter 2023/24, the tense macro-economic environment led to uncertainty in the stock markets in the final months of the financial year. With several members of OPEC+ (Organization of Petroleum Exporting Countries) continuing to cut back production, oil prices rose substantially, in particular towards the end of the financial year under review which put additional pressure on the TUI share price.

Driven by these economic uncertainties, higher interest rates, persistent inflation and its potential impact on booking behaviour in tourism, the TUI share recorded its financial year low of €5.01[2,3] on 26 September and closed at €5.22[2,3] on 30 September.

[1] The contents presented in this chapter are unaudited and voluntary.
[2] Source: Reuters, Xetra closing prices
[3] Historical prices adjusted for the effect of the capital reduction through share consolidation and capital increase with subscription rights

TUI share data

30 September 2023		
WKN		TUAG50
ISIN		DE000TUAG505
Stock exchange centres		London, Xetra, Hanover
Reuters/Bloomberg		TU1n.DE/TU1.GR (Xetra); TUIT.L/TUI:LN (London)
Stock category		Registered ordinary shares
Capital stock	€	507,431,033.00
Number of shares		507,431,033
Market capitalisation	bn €	2.6
Market capitalisation	bn £	2.3

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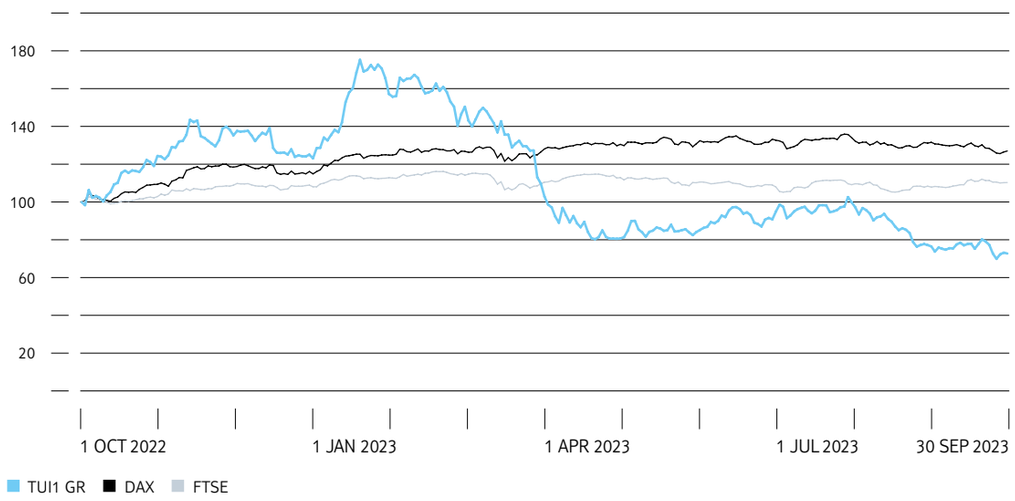
TUI share price performance (FY 2023)[1, 2] in %



Long-term development of the TUI share (Xetra)[1, 2]

€	2019	2020	2021	2022	**2023**
High	51.23	39.19	25.86	20.37	12.57
Low	24.35	8.94	9.29	7.17	5.01
Year-end share price	32.99	10.02	18.52	7.17	5.22

[1] Source: Reuters, Xetra closing prices
[2] Historical prices adjusted for the effect of the capital reduction through share consolidation and capital increase with subscription rights

Quotations, indices, and trading

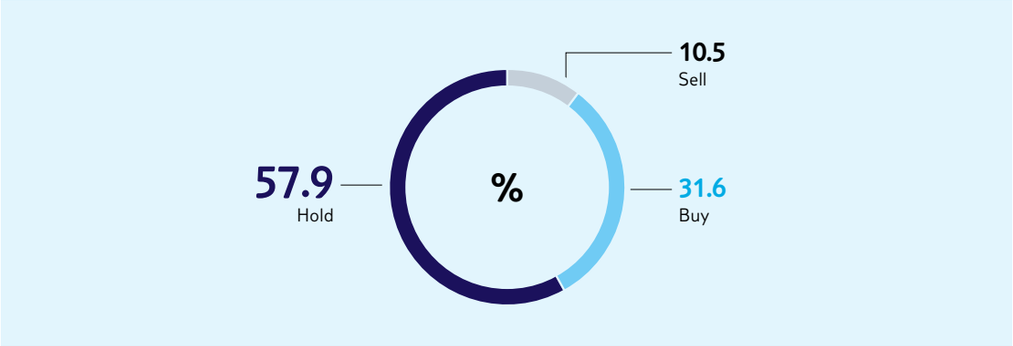
The TUI share has its primary listing in the Premium segment of the Main Market of the London Stock Exchange and is included in FTSE's UK Index Series. It also has a secondary listing at the Frankfurt Stock Exchange and the Hanover Stock Exchange and is admitted to the electronic trading system Xetra.

As TUI shares are also admitted to trading in a regulated market in Germany apart from their listing at the London Stock Exchange, TUI falls within the scope of the German Securities Acquisition and Takeover Act and is monitored by the Federal Financial Supervisory Authority and the Financial Conduct Authority in this respect.

In financial year 2023, the average daily trading volume at the London Stock Exchange was around 839 thousand shares, while about 2.5 million shares were traded on Xetra per day. Across all trading platforms, the daily trading volume in the UK amounted to around 1.8 million shares, with around 6.2 million shares traded in the euro line. Both the sterling and the euro lines thus delivered strong liquidity for trading by institutional and retail investors.

Analyst recommendations

Analyst recommendations (30 SEPTEMBER 2023) in %



Analyses and recommendations by financial analysts serve as a decision-making basis for institutional and private investors. In the financial year under review, around 20 analysts regularly published studies on TUI Group. In September 2023, 32 % of analysts recommended to 'buy' the TUI share, with 58 % recommending 'hold' and 10 % of analysts recommending 'sell'.

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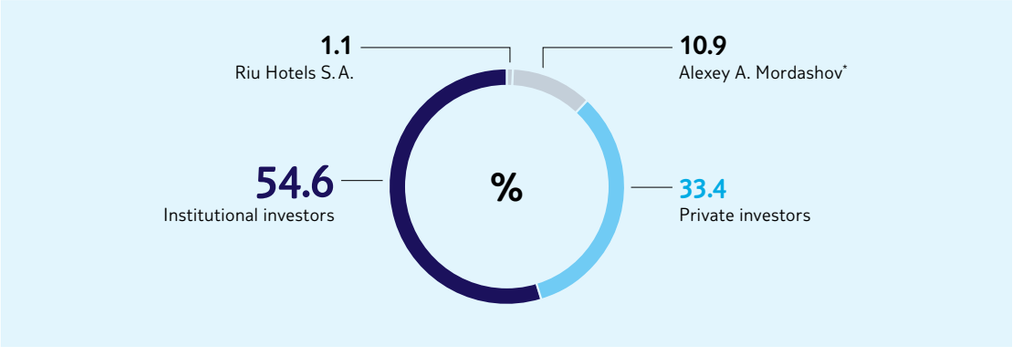
Shareholder structure

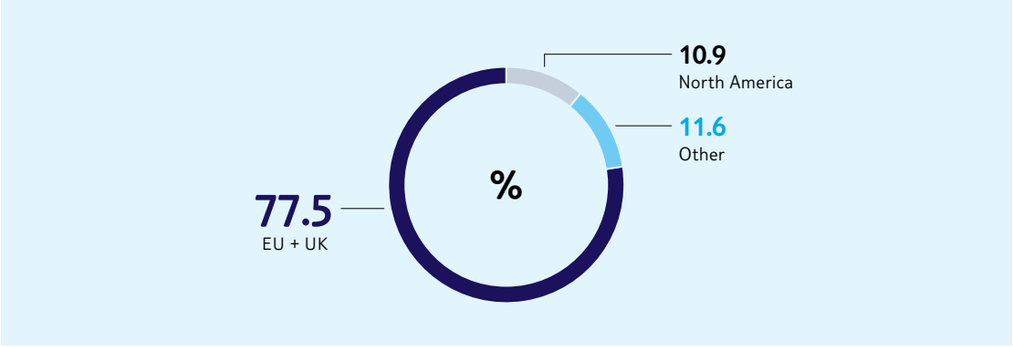
Shareholder structure (30 SEPTEMBER 2023) in %



*As a result of the capital increase in spring 2023, in which Alexey A. Mordashov (Moscow, Russian Federation) has not been allowed to participate due to his sanction since 28 February 2022, his shareholding has decreased significantly. According to the voting rights notifications of the German Federal Financial Supervisory Authority (BaFin) dated 16 May 2023, 10.87 % shares in TUI AG have been indirectly attributable to Alexey A. Mordashov since 19 April 2023.

At the end of financial year 2023, around 89 % of TUI shares were in free float. Around 33 % of all TUI shares were held by private shareholders, around 55 % by institutional investors and financial institutes, and around 12 % by strategic investors.

Geographical shareholder structure (30 SEPTEMBER 2023) in %



The current shareholder structure and the voting right notifications pursuant to Section 33 of the German Securities Trading Act are available online at:
https://www.tuigroup.com/en-en/investors/share/shareholder-structure and www.tuigroup.com/en-en/investors/news

Dividend policy

Development of dividends and earnings of the TUI share

€	2019	2020	2021	2022	**2023**
Earnings per share	+0.71	–5.34	–2.58	–1.02[1]	0.80
Dividend	0.54	–	–	–	–

[1] Earnings per share adjusted for the capital reduction through share consolidation

In connection with the COVID-19 crisis, TUI agreed on three stabilisation packages with the federal German government. Conditions attached to the support include a de facto dividend holiday, which will remain in force over the term of the loans and the duration of the investment made by the Economic Stabilisation Fund. TUI used the proceeds from the rights issue in financial year 2023 to repay the remaining financial aid from the Economic Stabilisation Fund including interest and to reduce the (undrawn) credit line from KfW to € 1.05 bn, extending it to July 2026.

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Investor Relations

Open and continuous dialogue and transparent communication with our private shareholders, institutional investors, equity and credit analysts and lenders form the basis for our Investor Relations engagement. Many discussions were held, centring on the Group strategy, business performance in the individual segments, the strong operative Summer business post-COVID-19, the financing measures and the impact of inflation as well as the energy crisis. The goal of this dialogue is to ensure transparent communication so as to enable stakeholders to make a realistic assessment of the future performance of the TUI share.

In financial year 2023, dialogue with investors primarily focused on the following topics:

- Demand for travel, capacity development and booking numbers for the Summer and Winter seasons
- Operational and financial implications of heat waves and wildfires in Europe and the impact of these events on customers' booking behaviour
- Impacts of cost inflation on prices and margins and on customers' booking behaviour
- Repayment of the remaining WSF state aid: reduction in the KfW credit line as well as extension of the credit facilities
- Strategic priorities: expansion of our TUI Musement segment for tours and activities, our dynamic packaging as well as hotel-only and flight-only offering, and further growth of our hotel portfolio and ship fleet through asset-right financing structures such as joint ventures
- Meeting expectations for financial year 2023 and future growth
- New TUI Sustainability Agenda 'People, Planet, Progress' and the Group's emissions reduction targets confirmed by the Science Based Targets initiative (SBTi)

TUI's management team sought dialogue with investors at physical and virtual roadshows and conferences in New York, London, Frankfurt, Düsseldorf, Munich, Warsaw, Zurich and Paris. The management also met investors from other financial hubs in Europe, North America, Asia, South Africa and Australia.

TUI's Investor Relations team also makes every effort to engage in direct contact with private investors, with IR staff presenting TUI Group at events held by shareholder associations and answering questions asked by that target group. TUI also offers a broad range of information for analysts, investors and private shareholders on its website. All conference calls dealing with financial results were transmitted live.

3

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Supervisory Board and Executive Board

TUI AG Supervisory Board

Name	Function / Occupation	Location	Initial Appointments	Appointed until AGM	Other Board Memberships[2]		Number of TUI AG shares
Dr Dieter Zetsche	Chairman of the Supervisory Board of TUI AG	Stuttgart	13.2.2018	2027		b) Veta Health LLC Wallbox N.V.	37,460
Frank Jakobi[1]	Deputy Chairman of the Supervisory Board of TUI AG Chairman of Group Works Council of TUI AG	Hamburg	15.8.2007	2026			1,068
Ingrid-Helen Arnold	Member of the Executive Board, Südzucker AG	Dreieich	11.2.2020	2024			0
Sonja Austermühle[1]	Trade union secretary of ver.di – Vereinte Dienstleistungsgewerkschaft and Lawyer	Berlin	1.4.2022	2026			0
Christian Baier	Member of the Management Board (CFO) Covestro AG (since October 2023)	Dusseldorf	31.5.2022	2027			0
Andreas Barczewski[1]	Aircraft Captain, TUIfly GmbH	Grethem (OT Buechten)	10.5.2006	2026	a) TUIfly GmbH[4] 20.09.2023; Court appointment as of 19.10.2023)		14,450
Peter Bremme[1]	Regional Head of the Special Service Division of ver.di – Vereinte Dienstleistungsgewerkschaft	Hamburg	2.7.2014	2026	a) TÜV Nord AG		0
Dr Jutta A. Dönges	Member of the Executive Board (CFO), Uniper SE	Frankfurt am Main	25.3.2021	2025	a) Commerzbank AG		0
Prof Dr Edgar Ernst	Member of supervisory bodies in different companies	Bonn	9.2.2011	2025	a) Metro AG		0
Wolfgang Flintermann[1]	Group Director Financial Accounting & Reporting, TUI AG	Großburgwedel	13.6.2016	2026	a) Deutscher Reisepreis-Sicherungsverein VVaG	b) RIUSA II S.A. TUI Netherland N.V.	3,201
María Garaña Corces	Member of the Management Board Forterro UK Ltd. (since October 2023)	Madrid	11.2.2020	2024		b) Alantra Partners S.A.	0
Stefan Heinemann[1]	Technology Team Lead Airline Platform Services, Airline IT, TUI InfoTec GmbH	Nordstemmen	21.7.2020	2026			3,906
Janina Kugel	Supervisory Board Member & Senior Advisor	Munich	25.3.2021	2025		b) Kyndryl Inc. thinkproject Deutschland GmbH	0

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TUI AG Supervisory Board

Name	Function / Occupation	Location	Initial Appointments	Appointed until AGM	Other Board Memberships[2]		Number of TUI AG shares
Coline McConville	Member of supervisory bodies in different companies	London	11.12.2014	2024		b) 3i Group PLC Fevertree Drinks PLC Travis Perkins PLC	0
Helena Murano	Senior Advisor to Arcano Partners	Palma de Mallorca	31.5.2022	2027			0
Mark Muratovic[1]	Chairman of Works Council Tour Operator, TUI Deutschland GmbH	Langenhagen	25.3.2021	2026	a) TUI Deutschland GmbH MER – Pensionskasse V. V. a. G.		1,252
Anette Strempel[1]	Chairman of Works Council, TUI Customer Operations GmbH	Hemmingen	2.1.2009	2026			3,357
Joan Trían Riu	Executive Board Member of Riu Hotels & Resorts	Palma de Mallorca	12.2.2019	2024		b) Ahungalla Resorts Ltd. Hotel San Francisco S. A. Pep Toni Hotels S. A. RIUSA II S. A. Riu Hotels S. A.	0
Tanja Viehl[1]	Lawyer (in-house lawyer), Vereinigung Cockpit e.V.	Woelfersheim	25.3.2021	2026			0
Stefan Weinhofer[1]	International Employee Relations Coordinator at TUI AG	Vienna	9.2.2016	2026		b) TUI Austria Holding GmbH	0

[1] Representative of the employees
[2] Information refers to 30 September 2023 or date of resignation from the Supervisory Board of TUI AG in financial year 2023.
[3] Chairman
[4] Deputy Chairman

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).

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TUI AG Executive Board

Name	Department	Other Board Memberships		Number of TUI AG shares (direct and indirect)[1]
Sebastian Ebel (Age: 60) Member of the Executive Board since December 2014 CEO since October 2022 Current appointment until September 2025	Chairman	a) BRW Beteiligungs AG Eves Information Technology AG[2] Compass Group Deutschland GmbH	b) Midnight Canada Inc. RIUSA II S.A.[2]	33,258
David Burling (Age: 55) Member of the Executive Board since June 2015 Current appointment until May 2026	CEO Markets & Airlines	a) TUI Deutschland GmbH	b) First Choice Holidays Ltd. First Choice Holidays & Flights Ltd. First Choice Olympic Ltd. Midnight Canada Inc. Sunwing Vacations 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. Vacation Express USA Corp	16,426
Mathias Kiep (Age: 48) Member of the Executive Board since October 2022 Current appointment until September 2025	CFO	a) TUI Deutschland GmbH[2]	b) TUI Canada Holdings Inc.	3,990

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TUI AG Executive Board

Name	Department	Other Board Memberships		Number of TUI AG shares (direct and indirect)[1]
Peter Krueger (Age: 47) Member of the Executive Board since January 2021 Current appointment until December 2026	CSO & CEO HEX		b) Midnight Canada Inc. Midnight International Holdings Ltd Old Court Management Limited Pep Toni Hotels S.A. RIUSA II S.A. TUI Canada Holdings Inc. 1000476378 Ontario Inc.	44,059
Sybille Reiss (Age: 47) Member of the Executive Board since July 2021 Current appointment until June 2027	CPO/Labour Director	a) TUI Deutschland GmbH		3,315
Frank Rosenberger (Age: 55) Member of the Executive Board since January 2017 Appointment until October 2022	CIO	a) Peakwork AG[3]		1,374

[1] Information refers to 30 September 2023 or date of resignation from the Excecutive Board in financial year 2023.
[2] Chairman
[3] As of 31 October 2022

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)

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Corporate Governance Report*

The actions of TUI AG´s management and oversight bodies are determined by the principles of good and responsible corporate governance.

The Executive Board and the Supervisory Board discussed Corporate Governance issues in financial year 2023. In this chapter, the Executive Board provides – also for the Supervisory Board – the report on Corporate Governance in the Company pursuant to Principle 23 of the German Corporate Governance Code in the version dated 28 April 2022 (GCGC) and section 289a of the German Commercial Code (HGB) as well as Disclosure and Transparency Rule (DTR) 7.2 and Listing Rule (LR) 9.8.7R.

Declaration of Compliance pursuant to section 161 of the German Stock Corporation Act (AktG)

As a stock corporation company under German law, TUI AG's Executive Board and Supervisory Board are obliged to submit a declaration of compliance with the GCGC pursuant to section 161 of the German Stock Corporation Act.

https://www.dcgk.de/en/code//foreword.html

WORDING OF THE DECLARATION OF COMPLIANCE FOR 2023

'In accordance with section 161 of the German Stock Corporation Act, the Executive Board and Supervisory Board hereby declare:

Since the last declaration of compliance was submitted in August 2023, the recommendations of the German Corporate Governance Code in its applicable version have been and will be fully observed.'

Place of publication:

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

Declaration of Compliance pursuant to DTR 7.2 and LR 9.8.7R

As an overseas company with a premium listing on the London Stock Exchange, TUI AG's Executive Board and Supervisory Board are obliged pursuant to No. 7.2 DTR and LR 9.8.7R to make a statement on the application of the UK Corporate Governance Code (UK CGC). Since the German Corporate Governance Code also applies to TUI AG as a stock corporation under German law, TUI AG had announced at the time of its merger with TUI Travel PLC that it would also comply with the UK CGC to the extent practicable.

https://media.frc.org.uk/documents/UK_Corporate_Governance_Code_2018.pdf

In many respects, the requirements of the GCGC and the UK CGC are similar and have continued to converge in recent years. However, there are certain aspects that are not compatible, which are explained below. Therefore, some deviations from Code requirements and best practice in the UK have been necessary.

Under the German Stock Corporation Act, the legislation applicable to TUI AG, a two-tier board system is mandatory, according to which the Executive Board of the company manages the business under its own responsibility and the Supervisory Board, as independent body, supervises the management of the company (see below section 'Functioning of the Executive and Supervisory Board' on page 124). The two-tier board structure is different to the UK unitary board structure on which the UK CGC is based. Some of the principles of composition and operation of the boards of a German stock corporation also differ from those of a UK company (for example, the function of a Company Secretary does not exist in the GCGC). For this reason, the Executive Board and the Supervisory Board have set out below in which areas the UK CGC is not complied with and explained the reasons for the deviations. In addition, the Executive Board and the Supervisory Board have also explained those instances where they consider TUI AG not to be compliant with the UK CGC in the literal sense but where it lives up to the spirit and meaning of the respective regulation.

Sub-headings refer to sections of the UK CGC for ease of reference for investors.

*As part of the combined Management Report

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WORDING OF THE UK CORPORATE GOVERNANCE STATEMENT 2023

'Executive Board and Supervisory Board declare pursuant to DTR 7.2 and LR 9.8.7R:

Throughout the reporting period, TUI AG has complied with the provisions of the UK Corporate Governance Code in the version of July 2018, including its main principles, except as set out and explained below. Further information on compliance with the UK Corporate Governance Code can be found in various parts of the Annual Report.'

Place of publication:

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

DIALOGUE WITH SHAREHOLDERS (PROVISION 3)

It is still not widespread practice in German companies for Supervisory Board committee chairs to make themselves available for meetings with shareholders. The German Corporate Governance Code stipulates in the Suggestion A.3 that the Chairman of the Supervisory Board should be available – within reasonable limits – to discuss Supervisory Board-related issues with investors.

The table below provides an overview of all appointments of the Executive Board with shareholders, in some of which also employees of Investor Relations participated.

Dialogue with shareholders

Date	Meeting	Participants
December 2022	FY22 Results Presentation, London	SE, MK
	Roadshow UK, virtual	SE, MK
January 2023	Commerzbank & ODDO BHF German Investment Seminar, New York City	MK
	UniCredit / Kepler Cheuvreux 22nd German Corporate Conference, Frankfurt	MK
February 2023	FY23 Q1 Results Presentation, virtual	SE, MK
	Annual General Meeting, virtual	SE, MK
March 2023	Capital Raise Roadshow, virtual	SE, MK
May 2023	FY23 Q2 / H1 Results Presentation, London	SE, MK
	Roadshow UK, London	SE, MK
	Roadshow Frankfurt, virtual	SE, MK
	Roadshow Zurich, virtual	MK
June 2023	dbAccess German Corporate Conference, Frankfurt	MK
	Roadshow Paris, virtual	MK
August 2023	FY23 Q3 / 9M Results Presentation, virtual	SE, MK
	Stifel 7th Transportation, Business Services & Leisure Conference, virtual	MK
September 2023	Morgan Stanley CFO Fireside Chat, virtual	MK
	Berenberg & Goldman Sachs Twelfth German Corporate Conference, Munich	MK
	Bernstein's 20th Pan European Annual Strategic Decisions Conference, London	SE

Key: Sebastian Ebel (SE), Mathias Kiep (MK)

The Supervisory Board receives feedback from the Chairman and Executive Board members following meetings with major shareholders or investors. Additionally, a monthly Investor Relations Report and event-driven assessments of brokers are forwarded to the Executive Board and the Supervisory Board. They contain updates on the share price development, analyses of the shareholder structure as well as purchases and sales of shares and feedback and assessments from investors. The Executive Board and the Supervisory Board consider that TUI AG lives up to the spirit and meaning of the UK CGC.

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INDEPENDENCE OF SUPERVISORY BOARD MEMBERS (PROVISION 10)

Under the UK CGC, the Board must identify in the annual report each non-executive director it considers to be 'independent' for the purposes of the UK CGC. Based on the responsibilities assigned to the Supervisory Board by the German Stock Corporation Act, the members of the Supervisory Board are considered to be non-executive directors for the purposes of the UK CGC. Under the UK CGC, persons are 'independent' if they are independent in character and judgement and if there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement. TUI AG does not, however, extend its independence disclosures to its 10 employee representatives on the Supervisory Board. Due to the number of employees, the Supervisory Board of TUI AG is subject to the German Co-Determination Act. Accordingly, the Supervisory Board of TUI AG consists of ten members who are elected by shareholders at the Annual General Meeting (the 'Shareholder Representatives') and ten members who represent the employees of TUI AG (the 'Employee Representatives'). This differs from UK practice where only those board members representing major shareholders are typically referred to as 'Shareholder Representatives' and are not considered as independent under the UK CGC because of their link to a significant shareholder.

ASSESSMENT OF THE INDEPENDENCE OF THE SHAREHOLDER REPRESENTATIVES

The Supervisory Board has determined that seven of its nine shareholder representatives (the Chairman is not taken into account according to the UK CGC) are independent for the purposes of the UK CGC. The shareholder representatives considered to be independent are: Ms Ingrid-Helen Arnold, Mr Christian Baier, Prof. Dr Edgar Ernst, Ms María Garaña Corces, Ms Janina Kugel, Ms Coline McConville and Ms Helena Murano. Additionally, the Chairman, Dr Dieter Zetsche, was independent on his re-election in 2019 and is still considered independent (Dr Dieter Zetsche also was independent when he was elected to the Supervisory Board in February 2018).

In its assessment, the Supervisory Board considered in particular the aspects set out below:

Prof. Dr Ernst has been a member of the Supervisory Board of TUI AG since 9 February 2011. According to the UK CGC, it is an indication of a lack of independence if a member has been on the Supervisory Board for more than nine years. According to the GCGC, it is an indication of a lack of independence from the Executive Board and the Company if a member has been on the Supervisory Board for more than twelve years. In view of this, the shareholder representatives on the Supervisory Board have taken a close look at how they assess Prof. Dr Ernst's independence. In particular in view of Prof. Dr Ernst's professional career, the shareholder representatives have come to the conclusion that Prof. Dr Ernst – also taking into account his membership on the Supervisory Board of TUI AG of over twelve years – provides as before the necessary critical distance from the Executive Board and the Company and therefore consider him to be independent. In addition, due to the personnel changes on TUI AG's Executive Board, particularly on the position of the CFO, in recent years, Prof. Dr Ernst's independence from the Executive Board is strengthened. Prof. Dr Ernst also ensures continuity in the proper performance of the tasks of the Audit Committee, which has also seen personnel changes in recent years. Prof. Dr Ernst has continually exhibited his critical distance from the Executive Board and the Company in the past, especially in his position as Chairman of the Audit Committee. Against this background, the Annual General Meeting 2021 has re-elected Prof. Dr Ernst with a large majority.

As of the balance sheet date, according to the UK CGC (and also the GCGC), Dr Jutta Dönges is qualified as non-independent. However, Dr Dönges will be assessed as independent by the Supervisory Board from 1 November 2023.

On 31 October 2022, Dr Jutta Dönges ceased her position as Managing Director of the Finance Agency of the Federal Republic of Germany (Finanzagentur GmbH der Bundesrepublik Deutschland). On 4 January 2021, TUI AG entered into a Framework Agreement with the Economic Stabilisation Fund (WSF) represented by Finance Agency GmbH regarding a silent participation of the WSF and further measures under the stabilisation package. Dr Dönges was nominated by the WSF for membership of the Supervisory Board of TUI AG and elected to the Supervisory Board by the shareholders with effect from the Annual General Meeting (AGM) 2021. On 27 April 2023, TUI AG repaid the WSF financial aid in full. In view of the above information, the Supervisory Board has come to the conclusion that the factors previously indicating the dependence of Dr Dönges no longer apply. However, as the Supervisory Board has decided to apply a one-year cooling-off period according to recommendation C.7 (paragraph 2, indent 2) of the GCGC in this case, Dr Dönges will only be assessed as independent from the Company and its Executive Board from 1 November 2023, i.e. after one year from the termination of her position as Managing Director of the Finance Agency of the Federal Republic of Germany. The Supervisory Board considers the shorter cooling-off period compared to the UK CGC (1 year according to the GCGC, 3 years according to the UK CGC to be appropriate.

At TUI AG, Mr Joan Trían Riu (Riu Hotels S.A., approx. 1.1 % of the voting rights as of 30 September 2023) is linked to a major shareholder. In this context, he is considered a non-independent under the UK CGC.

ASSESSMENT OF THE INDEPENDENCE OF EMPLOYEE REPRESENTATIVES

Seven of the ten employee representatives of the Supervisory Board are elected by the employees of TUI Group entitled to vote. Three employee representatives are nominated by a German trade union.

Under the UK CGC, directors who are or have been employees of the Group in the last five years or who participate in the Group's pension arrangements would generally not be considered independent. In the UK, directors with an employment relationship are normally current or former executives. By contrast, under German law, employee representatives of the Supervisory Board must be employees of the Group, and must be elected by the employees without any involvement of the Executive or Supervisory Boards. Furthermore, the employment contract of employee representatives may only be terminated in exceptional cases.

The employee representatives may also participate in Group pension schemes as is normal for employees and in their capacity as employees.

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Trade union representatives are nominated and employed by the trade union but are still classified as employee representatives. They can only be removed from the Supervisory Board by their respective union and neither the Executive nor the Supervisory Board has any role in their appointment or removal.

HALF THE BOARD SHOULD BE INDEPENDENT NON-EXECUTIVE DIRECTORS (PROVISION 11)

As mentioned above, TUI AG's Supervisory Board consists of ten employee and ten shareholder representatives. As the employee representatives are not considered independent under the UK CGC, TUI AG's Supervisory Board comprises seven (excluding the Chairman of the Supervisory Board) independent shareholder representatives.

IDENTIFICATION OF SENIOR INDEPENDENT DIRECTOR (PROVISION 12)

Under German law and the GCGC, there is no concept of a 'Senior Independent Director'. Instead, shareholders may raise any issues at the AGM. In this forum, the Executive Board and the Chairman of the Supervisory Board are available to address any issues and are legally obliged to provide adequate responses.

Outside the AGM, shareholders may approach the Executive Board, in particular the CEO or the CFO, or, for topics relating to Supervisory Board matters, the Chairman of the Supervisory Board or his Deputy. Mr Frank Jakobi, as employee representative, is Deputy Chairman of the Supervisory Board in accordance with the German Co-Determination Act.

DIVISION OF RESPONSIBILITIES – CHAIRMAN & CHIEF EXECUTIVE (PROVISION 14)

The separation of the roles of the Chairman of the Supervisory Board (Dr Dieter Zetsche) and the CEO (Mr Sebastian Ebel) is clearly defined under German law as part of the two-tier board structure. Therefore, no further division of their responsibilities as well as responsibilities of the Executive Board and the Supervisory Board is required or even possible. In addition, the division of responsibilities within the Executive Board and the Supervisory Board as well as its committees also results directly from legislation and the respective terms of reference. Therefore, the Executive Board and the Supervisory Board consider that TUI AG lives up to the spirit and meaning of the UK CGC.

ADVICE AND SERVICE OF THE COMPANY SECRETARY (PROVISION 16)

There is no specific role of Company Secretary in German companies. However, Executive and Supervisory Board members have access to the Board Office of TUI AG if they need any advice on all governance matters or other services. The Board Office acts as an interface in corporate matters for the Executive and Supervisory Board members and is responsible for ensuring that the requisite processes and procedures are in place governing all Executive and Supervisory Board meetings (i. e. preparation of agendas, minuting of meetings and ensuring compliance with German and UK law, as appropriate, and with recommendations for corporate governance). The Board Office also supports the Chairman of the Supervisory Board, the CEO, the CFO and the Chairmen of the Audit and the Strategy Committees. Executive and Supervisory Board members also have access to legal advice via the Group Director Legal, Compliance & Board Office and via the Board Office. The Supervisory Board can also approach the Executive Board directly for specific advice on any matters. Accordingly, the Executive Board and the Supervisory Board consider that TUI AG lives up to the spirit and meaning of the UK CGC.

NOMINATION COMMITTEE – COMPOSITION AND RESPONSIBILITIES (PROVISION 17)

The role of the Nomination Committee in a typical UK company is fulfilled in TUI AG by two Committees of the Supervisory Board:

Under the Terms of Reference for the Supervisory Board and its Committees (which are equivalent to the Terms of Reference of a British corporation) the Nomination Committee considers and proposes suitable candidates as shareholder representatives to the Supervisory Board for its election proposals to the AGM. The Presiding Committee determines the requirements and remuneration for any new appointments to the Executive Board and recommends suitable candidates to the Supervisory Board. On that basis, the Supervisory Board appoints Executive Board members. This approach is different from the UK where all director appointments are approved by shareholders at the AGM. Succession planning for management levels below Executive Board is carried out by the Executive Board.

However, as is common practice in Germany, at each AGM shareholders are asked to decide whether they approve the actions of the Executive Board and Supervisory Board members during the past financial year. Since the AGM 2015, in the light of UK practice, TUI AG has changed its procedure to allow a separate vote on each individual Executive Board and Supervisory Board member, as it is customary in the UK.

TUI AG intends to continue this practice. Accordingly, the Supervisory Board considers that TUI AG lives up to the spirit and meaning of the UK CGC to the extent practicable.

In addition to Prof. Dr Ernst, the Nomination Committee also consists of Dr Zetsche as Committee Chairman and Dr Dönges, who is considered non-independent until 30 October 2023. In this context, the majority of the members of the Nomination Committee are assessed by the Supervisory Board to be independent.

ANNUAL RE-ELECTION BY SHAREHOLDERS AT THE AGM (PROVISION 18)

None of the Executive or Supervisory Board members is re-elected annually. However, as noted above, in light of the UK CGC and UK best practice, TUI AG voluntarily puts individual resolutions approving the actions of each Executive and Supervisory Board member to the AGM resolving on the annual financial statements for the previous year. TUI AG intends to continue this practice.

The end of appointment periods for Supervisory Board members are disclosed in the table from page 115.

Current curricula vitae of all Executive and Supervisory Board members are published at www.tuigroup.com/en-en/investors/corporate-governance.

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BOARD PERFORMANCE EVALUATION (PRINCIPLE L AND PROVISION 21)

The performance of each individual Executive Board member is evaluated annually by the Supervisory Board for the annual performance-based remuneration. In this context, the Supervisory Board also reviews the individual member's overall performance as part of the Executive Board. However, no external performance evaluation is done for the Executive Board.

The efficiency of the Supervisory Board is reviewed regularly, but not annually. Each Supervisory Board member can give feedback to the Chairman, the Deputy Chairman or the Supervisory Board as a whole as and when appropriate or required.

The last self-assessment was conducted internally at the end of September 2020. For this purpose, a questionnaire was distributed to all members, in which they could give their assessment of the effectiveness of the working methods of the Supervisory Board and its committees. The Presiding Committee and the Supervisory Board have subsequently dealt with the results and derived measures from them. These primarily concerned the work of the Supervisory Board, the organisation of the meetings and the main topics that the Supervisory Board dealt with in more detail. The next self-assessment is planned for the beginning of 2024 and is accompanied externally by the consulting company ECBE (European Center for Board Effectiveness GmbH) since September 2023. The Company is not aware of any other relationships between ECBE and the Company or its directors.

NOMINATION COMMITTEE – SECTION IN THE ANNUAL REPORT (PROVISION 23)

For the activities of the Nomination Committee, see page 16 which is part of the Supervisory Board Chairman's letter to shareholders. The succession planning approach is outlined on page 131. The policy on diversity and inclusion can be found on page 132. For evaluation of the performance of the Board, see above.

COMPOSITION OF THE AUDIT COMMITTEE (PROVISION 24)

Neither German law nor the German Corporate Governance Code stipulates that the Chairman of the Supervisory Board should not be a member of the Audit Committee and that the Audit Committee may only consist of independent members. The Audit Committee consists of Dr Zetsche as Chairman of the Supervisory Board and Dr Dönges, who is not considered to be independent until 30 October 2023. TUI AG therefore does not fully meet the requirements of the UK CGC, but is of the opinion that the current composition of the Audit Committee ensures reliable work based on experience.

FAIR, BALANCED AND UNDERSTANDABLE ANNUAL REPORT & ACCOUNTS (PROVISION 27)

In a German stock corporation the Executive Board is responsible for drafting the Annual Report & Accounts (ARA). According to section 243 (2) of the German Commercial Act (HGB) the ARA must be clearly arranged and should present a realistic picture of the Company's economic situation. This is equivalent to the UK Code requirement for the ARA to be fair, balanced and understandable. Although this assessment has not been delegated to the Audit Committee, the Executive Board is convinced that this ARA satisfies both requirements.

ESTABLISHED AND OPERATION OF REMUNERATION COMMITTEE (PROVISION 32, 34 AND 41)

In the German governance structure there is no separate Remuneration Committee. The remuneration of the Executive Board is under involvement of the employee representatives monitored and agreed by the Supervisory Board based on recommendations from the Presiding Committee, which is governed by the Supervisory Board Terms of Reference.

The remuneration of the members of the Supervisory Board and the members of the Supervisory Board Committees is governed by the Articles of Association as resolved on by the shareholders at the AGM.

See the Directors' Remuneration Report from page 157 for full details on Executive and Supervisory Board member´s remuneration.

POLICY FOR POST-EMPLOYMENT SHAREHOLDING REQUIREMENTS (PROVISION 36)

Neither German law nor the German Corporate Governance Code requires the company to implement a policy for post-employment shareholding requirements. According to the remuneration system approved by the Annual General Meeting in 2021, no policy is provided for post-employment shareholding requirements.

NOTICE PERIODS FOR EXECUTIVE DIRECTORS (PROVISION 39)

In accordance with the customary practice in Germany members of the Executive Board are generally appointed for a term of three to five years. This is not yet fully in line with the UK CGC recommendation that notice periods or contract terms should be set at one year or less. However, the contracts include maximum limits on the amounts payable on termination.

See Remuneration Report from page 157.

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Further information on Corporate Governance

FUNCTIONING OF THE EXECUTIVE AND SUPERVISORY BOARDS

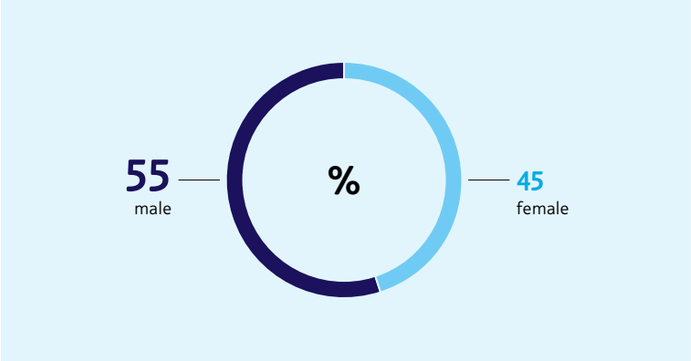
TUI AG is a company under German law. One of the fundamental principles of German stock corporation law is the dual management system involving two bodies, the Executive Board in charge of managing the company and the Supervisory Board in charge of monitoring the management of the company. TUI AG's Executive Board and Supervisory Board cooperate closely and in a spirit of trust, with strict separation between the two bodies in terms of their membership and competences. Both bodies are obliged to ensure the continued existence of the Company and sustainable creation of added value in harmony with the principles of the social market economy.

TUI AG's Executive Board comprised five members as at the closing date 30 September 2023. The Executive Board is responsible for managing the Company's business operations in the interests of the Company. The Executive Board works on the basis of terms of reference issued by the Supervisory Board. The allocation of functions and responsibilities to individual Board members is presented in a separate section.

For functions, see tables 'Supervisory Board and Executive Board' on page 115 et seq.

In accordance with the law and the Articles of Association, the Supervisory Board had 20 members at the balance sheet date, i. e. 30 September 2023. As the oversight body, the Supervisory Board provided on-going advice and supervision for the Executive Board in managing the Company in financial year 2023, as required by the law, the Articles of Association and its own Terms of Reference. The Supervisory Board is involved in strategic and planning decisions and all decisions of fundamental importance to the Company. When the Executive Board takes decisions on major transactions, such as the annual budget, major acquisitions or divestments, it is required by its terms of reference to seek the approval of the Supervisory Board. The Chairman of the Supervisory Board coordinates the work in the Supervisory Board, chairs its meetings and represents the concerns of the body externally. The Supervisory Board and the Audit Committee have adopted terms of reference for their own work. The Terms of Reference of the Supervisory Board are available on the company's website.

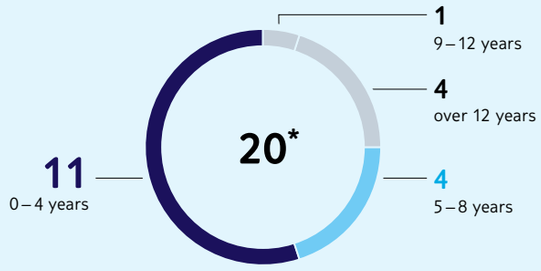
Gender quote and average age of Supervisory Board members of TUI AG (30 SEP 2023) in %



53.35
years

Average age of Supervisory Board member

Duration of appointment of TUI AG (30 SEP 2023) Number of members



* Total number of Supervisory Board members of TUI AG.

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For further details, please refer to the Report of the Supervisory Board on page 11.

TUI AG has taken out a D&O insurance policy for all members of the Executive Board and Supervisory Board, providing for a deductible for Executive Board members in accordance with the statutory requirements of the German Stock Corporation Act. The deductible amounts to 10 % of the loss up to the amount of one and a half times the fixed annual compensation.

COMPETENCE PROFILE AND THE QUALIFICATION MATRIX OF THE SUPERVISORY BOARD

TUI AG falls within the scope of the German Industrial Co-Determination Act (MitbestG). The Supervisory Board is therefore composed of an equal number of shareholder representatives and employee representatives. Employee representatives within the meaning of the Act include a senior manager (section 5 (3) of the German Works Constitution Act) and three trade union representatives. In financial year 2022, the Supervisory Board updated its competence profile for the composition of the entire body.

The competence profile of the Supervisory Board is published at https://www.tuigroup.com/damfiles/default/tuigroup-15/de/ueber-uns/management/Kompetenzprofil/Kompetenzprofil_V03-13-12-2022_EN-FINAL.pdf-473db0556f8dff912a59b-1b37696a1df.pdf.

QUALIFICATION MATRIX OF THE SUPERVISORY BOARD

The following individualized qualification matrix is based on the targets for the composition of the Supervisory Board. The competences shown are based on a self-assessment by the Supervisory Board members. Competence is deemed to exist if at least basic knowledge is available and thus the ability to understand the relevant facts well and to make informed decisions on the basis of existing qualifications, the knowledge and experience acquired in the context of the activity as a supervisory board member, or the further training measures regularly attended by all Supervisory Board members.

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Individualised qualification matrix of the Supervisory Board of TUI AG (as of 30 September 2023)

	Dr Dieter Zetsche	Frank Jakobi	Ingrid-Helen Arnold	Sonja Austermühle	Christian Baier	Andreas Barczewski	Peter Bremme	Dr Jutta Dönges	Prof. Dr Edgar Ernst	Wolfgang Flintermann
Membership										
First appointment	2018	2007	2020	2022	2022	2006	2014	2021	2011	2016
Current appointment until	2027	2026	2024	2026	2027	2026	2026	2025	2025	2026
Duration of membership (in years, as of 30.9.2023)	5	16	3	1	1	17	9	2	12	7
Position	Chairman	Deputy Chairman	SHR	ER	SHR	ER	ER	SHR	SHR	ER
Committee membership:										
Presiding Committee	yes	yes					yes	yes	yes	
Audit Committee	yes	yes			yes			yes	yes	
Nomination Committee	yes							yes	yes	
Diversity										
Gender	m	m	f	f	m	m	m	f	m	m
Birth year	5.5.1953	18.2.1962	5.10.1968	27.2.1978	6.11.1976	15.8.1967	15.3.1960	9.5.1973	10.1.1952	4.12.1969
Age (on 30.9.2023)	70	61	54	45	46	56	63	50	71	53
Nationality	German	German	German	German	German	German	German	German	German	German
International experience	yes	no	yes	no	yes	yes	yes	yes	yes	yes
Personal qualification										
Independence[1]	yes/yes	N/A	yes/yes	N/A	yes/yes	N/A	N/A	no/no[3]	yes/yes	N/A
No overboarding[2]	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Integrity, commitment, engagement	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Professional qualification										
1. Tourism	√	√	√			√	√	√		√
2. Strategy, innovation	√	√	√	√	√	√	√	√	√	
3. IT, digitalisation	√	√	√	√	√		√	√		√
4. Accounting, auditing, sustainability reporting		√			√	√		√	√	√
5. Auditing		√			√	√		√	√	√
6. Sustainability		√	√	√	√		√	√	√	√
7. Capital market	√	√			√			√	√	√
8. Risk management	√	√			√	√	√	√	√	√
9. Internal control system		√			√			√	√	√
10. Compliance	√	√		√	√		√	√	√	√
11. Human resources		√		√		√	√	√		√
12. Sustainability	√	√	√	√	√	√	√	√		√

[1] In accordance with the GCGC and the UK Code, based on the assessment of the shareholder representatives on TUI AG's Supervisory Board
[2] Within the meaning of Recommendation C.4 and C.5 of the GCGC
[3] Will be assessed as independent as from 1 November 2023

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Individualised qualification matrix of the Supervisory Board of TUI AG (as of 30 September 2023)

	María Garaña Corces	Stefan Heinemann	Janina Kugel	Coline McConville	Helena Murano	Mark Muratovic	Anette Strempel	Joan Trían Riu	Tanja Viehl	Stefan Weinhofer
Membership										
First appointment	2020	2020	2021	2014	2022	2021	2009	2019	2021	2016
Current appointment until	2024	2026	2025	2024	2027	2026	2026	2024	2026	2026
Duration of membership (in years, as of 30.9.2023)	3	3	2	8	1	2	14	4	2	7
Position	SHR	ER	SHR	SHR	SHR	ER	ER	SHR	ER	ER
Committee membership:										
Presiding Committee							yes			
Audit Committee		yes				yes				yes
Nomination Committee										
Diversity										
Gender	f	m	f	f	f	m	f	m	f	m
Birth year	4.3.1970	14.4.1979	12.1.1970	21.7.1964	12.7.1966	29.6.1973	28.11.1966	10.7.1983	24.3.1986	31.8.1974
Age (on 30.9.2023)	53	44	53	59	57	50	56	40	37	49
Nationality	Spanish	German	German	Australian	Spanish	German	German	Spanish	German	Austrian
International experience	yes	yes	yes	yes	yes	yes	no	yes	yes	yes
Personal qualification										
Independence[1]	yes/yes	N/A	yes/yes	yes/yes	yes/yes	N/A	N/A	no/no	N/A	N/A
No overboarding[2]	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Integrity, commitment, engagement	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Professional qualification										
1. Tourism	√	√	√	√	√	√	√	√	√	√
2. Strategy, innovation	√	√	√	√	√		√	√	√	√
3. IT, digitalisation	√	√	√	√		√	√	√		
4. Accounting, auditing, sustainability reporting	√	√		√	√			√		√
5. Auditing				√	√	√				√
6. Sustainability			√	√			√			√
7. Capital market				√	√			√	√	√
8. Risk management	√	√		√	√	√	√	√		√
9. Internal control system			√	√	√	√	√			√
10. Compliance		√	√	√	√		√	√	√	√
11. Human resources	√	√	√	√		√	√	√	√	√
12. Sustainability	√	√	√	√	√		√		√	√

[1] In accordance with the GCGC and the UK Code, based on the assessment of the shareholder representatives on TUI AG's Supervisory Board

[2] Within the meaning of Recommendation C.4 and C.5 of the GCGC

[3] Will be assessed as independent as from 1 November 2023

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INDEPENDENCE OF THE SUPERVISORY BOARD MEMBERS

As of the balance sheet date, the Supervisory Board on the shareholder side has eight independent members according to their assessment. The names of these members are listed in the qualification matrix. Further information on the aspects taken into account in the assessment of independence can be found on page 121.

The company has no controlling shareholder.

MEMBERS OF TUI AG'S AUDIT COMMITTEE WITH EXPERTISE IN ACCOUNTING AND AUDITING (RECOMMENDATION D.3 OF THE GCGC)

Prof. Dr Edgar Ernst has, among other things, expertise in the field of accounting and in the field of auditing due to his activities as Chief Financial Officer of Deutsche Post AG, as President of the German Financial Reporting Enforcement Panel and due to his memberships in domestic supervisory boards. Further information, in particular on his activities in these areas, can be found in his curriculum vitae on the Company's website (https://www.tuigroup.com/damfiles/default/tuigroup-15/de/ueber-uns/management/lebenslaeufe-de0/lebenslaufe-de-neu/aufsichtsrat-de-neu/Ernst_Edgar-Lebenslauf-de_en/Ernst_SB_Curriculum-Vitae_04.10.2023.pdf-af2cdbb09cda997cc2549359db92a68f.pdf).

His expertise in the field of accounting also includes, in particular, knowledge and experience in the application of accounting principles and internal control and risk management systems. His expertise in the field of auditing also includes, in particular, knowledge and experience in auditing of financial statements. Accounting and auditing also include sustainability reporting and its auditing.

With regard to the Chairman of the Audit Committee, Prof. Dr Edgar Ernst, the Supervisory Board is of the opinion that he is independent from the Company and the Executive Board (for the independence of the other members of the Audit Committee, see page 121).

Mr Christian Baier has expertise in the field of accounting and in the field of auditing due to his professional career and in particular due to his function as Chief Financial Officer of Metro AG (until July 2023). Further information, in particular on his activities in these areas, can be found in his curriculum vitae on the Company's website (https://www.tuigroup.com/damfiles/default/tuigroup-15/en/about-us/management/lebenslaufe-en/aufsichtsrat-en/Baier_SB_Curriculum-Vitae_31.05.2022.pdf-e56d4eedf2399c6c8f58ca8cb0854609.pdf).

His expertise in the field of accounting also includes, in particular, knowledge and experience in the application of accounting principles and internal control and risk management systems. His expertise in the field of auditing also includes, in particular, knowledge and experience in the auditing of financial statements.

Since Metro AG has also been publishing a non-financial statement for several years, which is prepared taking into account the Global Reporting Initiative (GRI) standards on sustainability reporting and the UN Global Compact, his expertise in the field of auditing also includes sustainability reporting and its audit.

Dr Jutta Dönges has expertise in the field of accounting and in the field of auditing due to her professional career and in particular because of her function as CFO at Uniper SE as well as managing director of the Federal Republic of Germany – Finance Agency GmbH (until 31 October 2022) as well as due to her several years of membership in domestic supervisory boards. Further information, in particular on her activities in these areas, can be found in her curriculum vitae on the Company's website (https://www.tuigroup.com/damfiles/default/tuigroup-15/en/about-us/management/lebenslaufe-en-neu/aufsichtsrat-en-neu/Do-nges_SB_Curriculum-Vitae_05.12.2022.pdf-70e9299c9ba0a333f8c6452cb23ad30d.pdf).

Her expertise in the field of accounting also includes, in particular, knowledge and experience in the application of accounting principles and internal control and risk management systems. Her expertise in the field of auditing includes, in particular, knowledge and experience in the auditing of financial statements. This includes sustainability reporting and its audit, whereby this is oriented, among other things, to the standards of the Global Reporting Initiative (GRI).

TRAINING AND PROFESSIONAL DEVELOPMENT MEASURES

The members of the Supervisory Board take responsibility for undertaking any training or professional development measures necessary to fulfil their duties, for example on issues of corporate governance or changes in the legal framework and they receive support in this respect from the company. The company regularly informs its members about current changes in the legislation as well as about relevant topics relating to the company. New members of the Supervisory Board are given the opportunity to be introduced in detail to key issues of the Supervisory Board as part of the onboarding programme. In addition, they have meetings with members of the Executive Board in order to receive further information on their respective areas of responsibility.

CONFLICTS OF INTEREST

Executive and Supervisory Board members are bound to observe the TUI AG's best interests. In addition, Executive Board members are subject to comprehensive non-compete clauses throughout the duration of their appointment. In the completed financial year 2023, there were no conflicts of interest requiring disclosure to the Chairman of the Supervisory Board or the Executive Board. None of the Executive Board or Supervisory Board members have a board role or a consultancy contract with one of TUI's competitors.

As a precautionary measure, Mr Joan Trían Riu abstained from the vote of the Supervisory Board in its meeting of 4 July 2023 on the resolution to establish a joint venture with the Riu Family.

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Moreover, 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.

SPECIFICATIONS PURSUANT TO SECTIONS 76 (3A) AND (4), 96 (2), 111 (5) OF THE GERMAN STOCK CORPORATION ACT

45 % of the Supervisory Board members were women and 55 % were men at the balance sheet date. The Supervisory Board was therefore compliant with section 96 (2) sentence 1 of the German Stock Corporation Act. Neither the shareholder nor the employee representatives of the Supervisory Board have objected with regard to overall compliance in accordance with section 96 (2) sentence 2 of the German Stock Corporation Act.

In August 2021, the Second Management Positions Act – FüPoG II – came into force. According to this law, at least one woman and at least one man must be a member of the Executive Board of a listed company with equal co-determination and with more than three members on the Executive Board. The company has already complied with this requirement in the reporting period with the membership of Ms Sybille Reiss.

The Executive Board resolved, in line with section 76 (4) of the German Stock Corporation Act, that women should account for 25 % of executives at the level immediately below the Executive Board and 30 % at the second level below the Executive Board. The cut-off date for both was 30 September 2023. For this reason, TUI AG has implemented various measures aimed at increasing the proportion of women on a long-term and sustainable basis over the past years. This includes, among other things, the promotion of women in talent programmes and specifically addressing them in the recruitment process. In addition, at least one female should be on the shortlist in the recruitment process for positions in the Senior Leadership Team. Despite all the measures taken, the suitability and qualification of candidates for filling vacant positions are still of primary importance. With a 30 % proportion of women in the second management level, these measures are already having an effect and have led to the target for FY23 being met. The target of 25 % in the first management level below the Executive Board was not achieved at 14 %. As a new target for the period up to 30 September 2026, the Executive Board has decided that the proportion of women in the first management level below the Executive Board should now be 30 % instead of the previous 25 % and that the proportion of women in the second management level below the Executive Board should remain at 30 %.

SHAREHOLDERS AND ANNUAL GENERAL MEETING

TUI AG shareholders exercise their co-determination and monitoring rights at the AGM, which takes place at least once a year. The AGM takes decisions on all statutory matters, and these are binding on all shareholders and the Company. For voting on resolutions, each share confers one vote.

All shareholders registering in due time are entitled to participate in the AGM. Shareholders who are not able to attend the AGM in person are entitled to have their voting rights exercised by a shareholder association, one of the representatives provided by TUI AG and acting on the shareholders' behalf in accordance with their instructions, or some other proxy of their own choosing. Shareholders also have the opportunity of authorising the representative provided by TUI AG via the web or by postal vote in the run-up to the AGM. Shareholders can, moreover, register for electronic dispatch of the AGM documents.

The invitation to the AGM and the reports and information required for voting are published in accordance with the provisions of the German Stock Corporation Act and provided in German and English on TUI AG's website. During the AGM, the presentations by the Chairman of the Supervisory Board and the Executive Board members can be followed live over the Internet.

STATEMENT PURSUANT TO PROVISION 4 UK CGC

At the AGM of TUI AG on 14 February 2023, no resolution received 20 % or more against votes.

RISK MANAGEMENT

Good corporate governance entails the responsible handling of commercial risks. The Executive Board of TUI AG and the management of the TUI Group have comprehensive general and company-specific reporting and monitoring systems available to identify, assess and manage these risks. These systems are continually developed, adjusted to match changes in overall conditions and reviewed by the auditors. The Executive Board regularly informs the Supervisory Board about existing risks and changes to these risks. The Audit Committee deals in particular with monitoring the accounting process, including reporting, the effectiveness of the internal control and risk management systems and the internal auditing system, compliance and audit of the annual financial statements. The chairman of the Audit Committee reports to the Supervisory Board on the work of the committee at the next Supervisory Board meeting at the latest.

More detailed information about risk management in the TUI Group is presented in the Risk Report. It also contains the report on the accounting-related internal control and risk management system required in accordance with the German Commercial Code (sections 289 (5), 315 (2) no. 5 HGB).

Risk Report see page 35.

TRANSPARENCY

TUI provides immediate, regular and up-to-date information about the Group's economic situation and new developments to capital market participants and the interested public. The Annual Report and the Interim Reports are published within the applicable timeframes. The Company publishes press releases and ad hoc announcements, if required, on topical events and any new developments. Moreover, the company website at www.tuigroup.com provides comprehensive information on TUI Group and the TUI share.

The scheduled dates for the principal regular events and publications – such as the AGM, Annual Report and Interim Reports – are set out in a financial calendar. The calendar is published well in advance and made permanently accessible to the public on TUI AG's website.

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DIRECTORS' DEALINGS

The Company was informed by Mr Andreas Barczewski, Mr David Burling, Mr Sebastian Ebel, Mr Wolfgang Flintermann, Mr Stefan Heinemann, Mr Frank Jakobi, Mr Mathias Kiep, Mr Peter Krueger, Ms Sybille Reiss, Ms Anette Strempel und Dr Dieter Zetsche of notifiable purchase and sale transactions of TUI AG shares or related financial instruments by directors (directors' dealings or managers' transactions) concerning financial year 2023. Details are provided on the Company's website. It should be noted that there are different thresholds for reporting requirements in Germany and the UK of 20,000 € (Germany) and 5,000 € (UK).

Purchase and sales transactions by members of the boards are governed by the Group Manual Share Dealings by Restricted Persons, approved by the Executive Board and the Supervisory Board, alongside corresponding statutory provisions. The Group Manual Share Dealings by Restricted Persons stipulates above all an obligation to receive a clearance to deal for transactions with TUI AG's financial instruments.

ACCOUNTING AND AUDITING

TUI AG prepares its consolidated financial statements and consolidated interim financial statements in accordance with the provisions of the International Financial Reporting Standards (IFRS) as applicable in the European Union. The statutory annual financial statements of TUI AG, which form the basis for the dividend payment, are prepared in accordance with the German Commercial Code (HGB). The consolidated financial statements are prepared by the Executive Board, audited by the auditors and approved by the Supervisory Board. The interim report is discussed between the Audit Committee and the Executive Board prior to publication. The consolidated financial statements and the financial statements of TUI AG were audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hanover, the auditors elected by the 2023 Annual General Meeting. The audit was based on German auditing rules, taking account of the generally accepted auditing standards issued by the German Auditors' Institute as well as the International Standards on Auditing. It also covered the risk detection system. A review pursuant to Listing Rule 9.8.10 R (1) and (2) was carried out.

See audit opinion by the auditors on page 288.

The condensed consolidated interim financial statement and management report as of 31 March 2023 was reviewed by the auditors. In addition, a contractual agreement was concluded with the auditors to the effect that the auditors will immediately inform the Supervisory Board or the Audit Committee about all findings and issues of importance for its tasks which come to the knowledge of the auditors during the performance of the audit. Furthermore, it was agreed with the auditors that they inform the Supervisory Board or the Audit Committee and note in the audit report if during the performance of the audit, any facts were identified that indicate an inaccuracy in the Declaration of Compliance regarding the recommendations of the GCGC issued by the Executive Board and Supervisory Board. There were no grounds to provide such information in the framework of the audit of financial year 2023.

ENGAGEMENT WITH OUR STAKEHOLDERS

Under the UK CGC, TUI AG is required to provide information on how it complies with the requirements of section 172 of the Companies Act 2006, including how it takes into account the interests of key stakeholders in discussions and decisions.

The Company considers key stakeholders to be customers, employees, shareholders and other financial stakeholders, suppliers and Non-governmental organisations.

Further details on how the company engages with particular stakeholders can be found on the following pages of this Annual Report:

- Customers – see page 98
- Employees – see page 91
- Shareholders and other financial stakeholders – see pages 113 and 188
- Suppliers – see page 84
- Non-governmental organisations – see page 90

Diversity concepts for the composition of the Executive Board and Supervisory Boards

DIVERSITY CONCEPT FOR THE COMPOSITION OF THE EXECUTIVE BOARD

The diversity concept for the composition of the Executive Board takes into account the following diversity aspects:

(a) Age:
As a rule, the employment contracts of members of the Executive Board end once the standard retirement age for statutory retirement insurance has been reached (currently 67).

(b) Gender:
The Executive Board should include one woman.

(c) Educational / professional background:
The necessity for a variety of educational and professional backgrounds already arises from the obligation to manage the company in accordance with the law, the company's articles of association and its terms of reference. In addition, the Executive Board as a whole, through its individual members, should possess the following essential background qualities:
- management experience, some of which ideally has been acquired abroad, and intercultural competence for successful management and motivation of global teams;
- in-depth practical experience in stakeholder dialogue (i. e. with managers and employees, including their representative bodies, with shareholders and the public);
- experience in IT management and an understanding of digitalisation of vertically integrated value chains;
- profound experience in value-driven, KPI-based strategy development and implementation and corporate governance;

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- profound knowledge of the intricacies and requirements of the capital market (shareholder management);
- knowledge of accounting and financial management (controlling, financing);
- in-depth understanding of and experience with change management.

GOALS OF THE DIVERSITY CONCEPT FOR THE COMPOSITION OF THE EXECUTIVE BOARD

The standard retirement age on the one hand enables incumbent members of the Executive Board to contribute their professional and life experience for the good of the company for as long a time as possible. On the other hand, adherence to the standard retirement age is intended to promote regular rejuvenation of the board.

Inclusion of both genders in Executive Board work is on the one hand an expression of the conviction of the Supervisory Board that mixed-gender teams lead to the same or better outcomes as teams with representation from only one gender. But it is also the logical continuation of the gender diversity measures implemented by the Executive Board within the wider company, which aim to increase the proportion of women in leadership roles. These measures are only to be applied and implemented in a credible manner if the Executive Board does not consist solely of male members ('proof of concept').

A variety of professional and educational backgrounds is necessary on the one hand to properly address the tasks and obligations of the law, the company's articles of association and its terms of reference. In addition, it is the view of the Supervisory Board that they are a guarantee of ensuring diverse perspectives on the challenges and associated approaches to overcoming them that are faced in the day-to-day work of the company. International management experience is of particular importance. Without such skill and experience with integrating, leading and motivating global teams, it is impossible to take into consideration the different cultural backgrounds of managerial staff and the workforce as a whole.

LONG-TERM SUCCESSION PLANNING FOR THE EXECUTIVE BOARD

A key aspect of applying the diversity concept to the composition of the Executive Board is inclusion of the Supervisory Board within the corporate organisation, as is prescribed by law, the company's articles of association and its terms of reference. This ensures the Supervisory Board is familiar with the strategic, economic and actual situation of the company.

In its role as supervisor of the management of the Executive Board, the Supervisory Board of TUI AG makes decisions on the allocation of business responsibilities within the Executive Board, appointments to the Executive Board and thus also workforce and succession planning within the Executive Board in line with recommendation B.2 of the GCGC. As part of that workforce and succession planning, the Presiding Committee or the Supervisory Board itself regularly meets with the Executive Board or its members to discuss suitable internal succession candidates for Executive Board positions (short-term, medium-term and long-term scenarios). The contract terms and renewal options for current Executive Board members are discussed, as well as possible successors. As part of these Supervisory Board and Committee meetings, or in preparation for them, members of the Supervisory Board have the opportunity to meet up with so-called high potentials within the Group in a professional and personal setting. The Presiding Committee and Supervisory Board make their own deliberations about these matters and also discuss them in the absence of the Executive Board. This includes evaluation and possible inclusion of external candidates for Executive Board positions in the selection process. In all of these deliberations, the above-mentioned diversity aspects of Executive Board appointments play a part in the decision-making of the Supervisory Board. Long-term succession planning is primarily oriented towards the corporate strategy and takes into account the diversity concept defined by the Supervisory Board. The Supervisory Board also asks the Executive Board to report on current progress and implementation of family-friendly concepts and concrete measures for promotion of women (e.g. at least one woman on the final shortlist for any new or replacement appointments to roles within the senior leadership team).

RESULTS ACHIEVED IN FINANCIAL YEAR 2023

With effect from 1 October 2022, Mr Sebastian Ebel was appointed to succeed Mr Friedrich Joussen as Chairman of the Executive Board of TUI AG. In this connection, Mr Mathias Kiep was appointed as a member of the Executive Board as successor to Mr Ebel with effect from 1 October 2022. Mr Kiep took over the Finance Ressort. In the opinion of the Supervisory Board, Mr Ebel and Mr Kiep contribute to the diversity of the Executive Board through their professional careers, their wide-ranging international experience and respective professional backgrounds.

Mr Frank Rosenberger, Executive Board Member for IT and Future Markets, has decided to leave the Group on 31 October 2022. Mr Rosenberger had been with TUI since 2015 and had been responsible for Future Markets and the Group's digitalisation on the company's Executive Board since 2017. Under his responsibility, a global system for TUI Tour operators was launched and the digitalisation of the company was significantly advanced.

The reduction in the number of Executive Board members also required a reorganisation of responsibilities in the management team. The CIO with his central IT functions of the TUI Group has been located in the direct area of responsibility of CEO Sebastian Ebel. The other IT units are interlinked with the operational areas to enable fast and efficient implementation of the digitalisation strategy. Peter Krueger is fully responsible for the Holiday Experiences segment at Executive Board level.

The current composition of the Executive Board meets all the requirements of the diversity concept. The Executive Board members cover a comprehensive range of knowledge and experience as well as educational and professional backgrounds and have international experience. In addition, with Ms Sybille Reiss as a member of the Executive Board, the legal requirement that at least one woman should be a member of the Executive Board was met in the reporting period. Different age groups are represented on the Executive Board. More information on all members of the Executive Board can be found in the CVs on the Company's website and in the communication on the occasion of the appointment decisions of the Supervisory Board.

DIVERSITY CONCEPT FOR THE COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board revised and updated objectives for its composition in addition to the competence profile in the 2023 financial year. In accordance with the applicable legal requirements, the Supervisory Board of TUI AG shall be composed in such a way that its members as a whole have the knowledge and professional experience required to properly perform their duties. In this context, sufficient diversity shall be

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ensured. This includes in particular cultural and ethnic origin, gender, nationality and professional and life experience as well as age. A gender quota of 30 % is to be guaranteed. The standard age limit for election to the Supervisory Board is 68 years.

GOALS OF THE DIVERSITY CONCEPT FOR THE COMPOSITION OF THE SUPERVISORY BOARD

The goals set with regard to the composition of the Supervisory Board reflect the demands placed on the advisory and supervisory body to perform its task in a globally operating company with a challenging competitive environment. For example, multicultural and international experience is just as important as knowledge of the value and success drivers of the sector. In all of this, the impact and cultural features of the so-called stakeholder approach of a social market economy must be taken into account, which is ensured by the codetermination of employee representatives on the Supervisory Board as well. For the shareholder side on the Supervisory Board, the Nomination Committee also ensures that mandatory and voluntary targets are met with regard to the composition of the Supervisory Board. As part of the regularly conducted efficiency reviews, the Supervisory Board also undergoes a self-assessment, which includes aspects of its composition.

RESULTS ACHIEVED IN FINANCIAL YEAR 2023

The Supervisory Board is of the opinion that it meets the composition targets and fills out the competence profile and the diversity concept. The status of implementation of the competence profile and composition targets has been published in the form of a qualification matrix. The competence profile of TUI AG's Supervisory Board is published at www.tuigroup.com/en-en/investors/corporate-governance/management. The qualification matrix can be found at page 126.

The diversity of professional and educational backgrounds of the individual members of the board is also evident from the CVs of Supervisory Board members published on the corporate website.

DIVERSITY IN THE EXECUTIVE BOARD AND SUPERVISORY BOARD AS WELL AS IN THE EXECUTIVE MANAGEMENT OF TUI AG

Pursuant to LR 9.8.6 R (9) of the FCA Listing Rules, the Executive Board and the Supervisory Board confirm that, as at 30 September 2023, the Company has partially met the targets set out in this provision by at least 40 % of the members of the Executive Board and the Supervisory Board were women and at least one member of the Executive Board or the Supervisory Board was from an ethnic minority. The Company did not meet the target in relation to the requirement that at least one of the named executive positions (the Chairman of the Supervisory Board, the Chief Executive Officer, the Senior Independent Director or the Chief Financial Officer) should be held by a woman. The Company recognises the importance of diversity and its long-term goal is to further improve diversity on its boards. This is taken into account primarily in the context of succession planning for the boards.

Since 30 September 2023, there have been no changes in the Executive Board as well as the Supervisory Board that would affect the company's ability to achieve the two objectives mentioned above.

Data on gender and ethnicity was collected directly from board members. Members were asked to indicate their ethnicity using the categories in the table below.

In accordance with LR 9.8.6 R (10) of the FCA Listing Rules, the following table contains data on the ethnic origin and gender of the members of the Executive Board and the Supervisory Board as well as the Executive Management of the Company as of 30 September 2023.

Gender and ethnic background of board members

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Gender					
Men	15	60 %	3	7	100 %
Women	10	40 %	0	0	0 %
Not specified / prefer not to say	–	–	–	–	–
Ethnic Background					
White British or other White (including minority-white groups)	24	96 %	3	7	100 %
Mixed / Multiple Ethnic Groups	–	–	–	–	–
Asian / Asian British	–	–	–	–	–
Black / African / Caribbean / Black British	1	4 %	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified / prefer not to say	–	–	–	–	–

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Description of the main features of the internal control and risk management system

TUI Group's internal control system comprises all systematically designed rules within the Group that serve to methodically manage operational, financial and compliance-related risks. These rules may result from published statements or take the form of policies, work instructions, process descriptions or risk control matrices. A Group-wide framework is in place for the creation, approval, revision and communication of these rules. With its Integrity Passport, TUI Group commits to implementing its Group-wide Code of Conduct that sets minimum standards and provides guidance on how to deal with ethical and legal challenges in day-to-day work, and provides orientation for conflict situations.

On that basis, the business units define an appropriate framework of processes and rules where necessary for the criticality of the process in question. These rules may vary from business unit to business unit as the process of processing the transactions involves different systems, workflows or volumes. For certain risks, addressed through a uniform Group framework, TUI has established central functions, operating as a 'second line' for their area, in order to create appropriate Group-wide standards and support or monitor implementation of these standards.

A Group function has also been established for the area of sustainability. For years, TUI Group has collected certain sustainability-related indicators for management and reporting purposes in the framework of separate sustainability reports or the non-financial statement. The methodologies used to gather this data have been published. These ensure uniform understanding and collection throughout the Group. In the period under review, a reporting software specifically designed for non-financial data points was implemented, further enhancing the maturity of the internal control system in this field.

To ensure that our businesses are scalable, almost all business processes are supported by IT solutions. Where possible and appropriate, we use the controls integrated in these applications or services. This offers greater security and efficiency in implementation compared with manual controls. The IT solutions themselves are protected by a Group-wide framework of general IT controls. The internal control system is completed by a set of manual process controls to prevent or detect errors.

We have a clear approach for identifying and mitigating information security risks. TUI undergoes external auditing, has an IT security risk insurance policy in place and provides a training and compliance programme. Additionally, the Audit Committee is updated on TUI's risk position on a regular basis.

In the case of business processes, the respective process owners are responsible for the effectiveness of the controls put in place; in the case of Group-wide control frameworks, the respective second line is responsible. Depending on the risk assessment, they use a different degree of monitoring intensity.

As an independent third line, Internal Audit reviews business processes, including IT solutions, according to its own risk assessment and provides recommendations to enhance the effectiveness and efficiency of processes and controls.

The Supervisory Board of TUI AG, in particular the Audit Committee, is involved in TUI Group's internal monitoring system with process-independent auditing activities.

Our Risk Report presents the key elements of our risk management system.

Details in our Risk Report, page 35.

The internal control system and the risk management system are dynamic systems that are continuously adapted in response to changes in the business model, the nature and scope of business transactions or responsibilities. As a result, there is potential for improvement in terms of both the appropriateness (lack of suitable controls) and the effectiveness (inadequate execution) of controls, both from the reviews carried out by the second line, from internal audit engagements, and from the audit activities of the external auditor. In addition, potential for improvement may also arise from compliance incidents. In our overall assessment of these management systems, we find that none of the potential improvements identified in the period under review speak against the appropriateness and effectiveness of the two management systems.

However, there can be no absolute certainty, despite the internal control and risk management systems in place, that the controls will detect every single process weakness or, in particular, that newly emerging material risks will always be immediately identified and effectively addressed.

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Disclosure pursuant to UK Listing Rule LR 9.8.6

Task Force on Climate-related Financial Disclosures (TCFD)

Climate change is one of the greatest challenges of our time. TUI recognises the risk posed to its business by climate change from both physical changes in the climate and the transition to a low-carbon economy. TUI is committed to contributing to the transition and mitigating climate-related risks for its business. As a company listed in the Premium Segment of the Main Market of the London Stock Exchange, TUI is required pursuant to Listing Rule LR 9.8.6 to make disclosures in relation to the Recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The TCFD provides a framework to improve the disclosure of consistent, comparable, reliable and clear climate-related financial information so that investors can make better capital allocation decisions in support of the transition to a low-carbon economy.

In financial year 2022, TUI aligned its climate-related disclosures with the TCFD Recommendations for the first time to communicate the potential effects of climate change on its business. The disclosure for financial year 2023 builds on our prior year disclosure and has been enhanced to better align with the TCFD Recommendations. We are committed to complying with the recommendations and recommended disclosures of the TCFD, taking into account the TCFD All Sector Guidance, and we consider the disclosures set out on the following pages to be consistent with these guidelines.

- In financial year 2023, TUI conducted a climate scenario analysis to identify and analyse the potential impact of climate-related risks and opportunities on its business model, and assess the resilience of its strategy (TCFD Recommendations: Strategy a., b. and c.).
- In financial year 2023, TUI embedded the identification, assessment and management of material individual climate-related risks into existing risk management processes (TCFD Recommendations: Risk Management a., b. and c.).
- In 2023, TUI's near-term science-based emissions reduction targets were published following the successful external validation by the Science Based Targets Initiative (SBTi). These targets are included in TUI's 2023 TCFD report (TCFD Recommendations: Metrics and Targets c.) and TUI continues to disclose on its key climate-related metrics (TCFD Recommendations: Metrics and Targets b. and c.).

The following statement follows the structure of the TCFD Recommendations, covering Governance, Strategy, Risk Management, and Metrics and Targets. Our disclosures on these four thematic areas will continue to evolve and mature over time alongside our strategy and the evolution of the risks and opportunities themselves.

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GOVERNANCE

TUI has a governance structure in place that ensures that sustainability issues, along with climate-related risks and opportunities, are assessed and actioned at all levels.

See page 82 for the governance structure in the Non-financial declaration.

TCFD RECOMMENDATION	TUI APPROACH
a) Describe the Board's oversight of climate-related risks and opportunities.	The Group Executive Committee (GEC) has ultimate oversight of climate-related issues and is responsible for reviewing climate-related risks and opportunities, strategy, measures, and target-setting. At the GEC level, the Group Chief Sustainability Officer (CSO) as a member of the GEC is responsible for reporting on sustainability and climate-related issues for TUI. The CSO informs the GEC on sustainability issues on a monthly basis. The Group Sustainability Director regularly reports into the CSO, which is the most appropriate and direct line of reporting to raise climate-related issues to the highest level within the business. Moreover, the Executive Board (all being members of the GEC) also has the final oversight of the non-financial declaration that includes the climate/environmental strategy, organisation, management, measures and targets. By taking into the provided risk information, the Executive Board considers climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans as well as setting the organization's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions, and divestitures. The highest monitoring body in sustainable management is the Supervisory Board which oversees the work done by the Executive Board.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	The GEC manages TUI's business strategically, sets the Group's strategic direction and long-term objectives for sustainable development, and signs off the Group's Sustainability Agenda. A team of experienced sustainability professionals are working in close collaboration with senior management to ensure that TUI's business and sustainability focus areas are aligned. The Group Sustainability Director heads up the Group Sustainability team.

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TCFD RECOMMENDATION	TUI APPROACH

Sustainability Governance

Our group sustainability team, led by the Group Sustainability Director, is responsible for the implementation of the Sustainability Agenda across TUI and along its supply chain. The GEC is regularly updated on our performance in delivering the Sustainability Agenda and tackling other key sustainability issues. Regular meetings are also held with the Group Risk Oversight Committee (ROC) to review climate-related and sustainability risks and discuss any changes, either internal or to the external environment, which affect the business exposure.

To incentivise management to achieve climate-related targets, KPIs are linked to monetary rewards. TUI operates a discretionary bonus scheme for senior and middle management. It is designed to reward employees in line with both financial performance and personal contribution to delivering successfully against our strategy.

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Climate change is an urgent global challenge that requires a strategic response. The tourism industry in which TUI operates faces significant impacts from climate change. As temperatures rise, the attractiveness of certain destinations will decline, and the biodiversity loss will make certain destinations less attractive. The sector also faces impacts of a more general nature: more cancellations from extreme weather-related events, increased risk of stranded assets, as well as changes in policy and customer preferences. Climate change also presents an opportunity for TUI – besides extending touristic seasons in summer destinations also to innovate in new types of tourism, to diversify to new regions, and to engage customers and other stakeholders along the business transformation process.

As part of our strategic and financial planning process, we have analysed various industry and macro trends to model the expected development of TUI and the tourism industry as a whole. We clearly see sustainability as a major trend, largely driven by climate-related market and policy risks (e.g., changing customer behavior, emissions-based taxes and fees, and increasing regulations for aircraft and cruise ships). In financial year 2023, TUI 's 2030 emission reduction targets have been approved by the SBTi. Priorities and strategic directions from TUI's Sustainability Agenda 'People, Planet, Progress' take into account current challenges, global scenarios, and regulatory developments such as the EU Green Deal. These priorities were built into our midterm strategic and financial plan. To better identify and assess the impact of climate change on our financial performance and business model, we have conducted a qualitative and quantitative climate risk assessment for the first time in financial year 2023.

Two scenarios were considered in the climate risk assessment:

- A high emissions scenario to assess the impact of significant changes in the physical climate, which is based on the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway 8.5 (IPCC RCP8.5) and the International Energy Agency (IEA) Stated Policies Scenario. This is aligned with global warming of approximately 4.3°C by the year 2100.
- A low emissions scenario to assess the impact of significant socioeconomic changes to achieve a low-carbon economy, which is based on IPCC RCP2.6 and the IEA Net Zero Scenario. This is aligned with global warming of approximately 1.5°C by the year 2100.

A number of assumptions underpin these scenarios regarding changes to the frequency and intensity of weather-related events, economic growth, technology development, and the development of energy and carbon prices.

The identified risks and opportunities across the different combinations of scenarios and time horizons were first assessed qualitatively to identify the most relevant climate-related risks and opportunities for TUI. Based on the results of this qualitative analysis, a number of risks and opportunities were then subject to more detailed analysis to better understand the potential financial impacts.

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TCFD RECOMMENDATION	TUI APPROACH
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	The following climate-related risks and opportunities have been identified by TUI over the short, medium and long term, where short term is defined as the period up to 2030 (aligned with TUI's science-based targets), medium term as the period up to 2040, and long term as the period up to 2050 (when TUI aims to achieve net-zero emissions across our operations and supply chain). Climate-related impacts are divided into two categories: • Transition: Socioeconomic changes related to the transition to a low-carbon economy including policy, legal, technology and market changes. • Physical: Physical changes in the climate including event-driven (acute) changes such as storms, fires and floods, and long term (chronic) changes such as increased temperature. Given the nature of TUI's business model, most of the below listed risks and opportunities apply to TUIs business segments and geographies. Modest variations in their significance for each segment are described below. TUI has undertaken a qualitative assessment of all below summarized climated related risks and opportunities. In additon, TUI has performed a high-level quantitative assessment for eight risks and opportunities. This assessment has shown the risks to be immaterial for financial planning, which was confirmed by a sensitivity analysis. Further information on the effect of climate-related risks on the useful lives and the measurement of assets can be found in the Notes, chapter 'Key judgements, assumptions and estimates', page 200 of this Annual Report.

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TCFD RECOMMENDATION	TUI APPROACH			
	TCFD Risk Type	**Description**	**Impact**	**Management**
b) Describe the impact of climate-related risks and opportunites on our business, strategy, and financial planning.	**Transition**			
	Policy & Legal	Increased costs due to the introduction of new, or extension of existing, carbon pricing mechanisms (including pass-through of higher costs by suppliers), and new energy and emissions regulations. Increasing regulations and restrictions targeting the airline and cruise industry, leading to reduced revenue and/or stranded assets.	As an energy-intensive company, regulatory changes, such as to carbon pricing through emissions trading systems, emissions-based taxes and fees, and energy and emissions regulation, pose a significant cost risk in the short to medium term for TUI. There is a risk for TUI's airline and cruise operations of stricter regulations and restrictions related to energy and emissions in the short to medium term. Already today, there are operating restrictions at certain airports based on sustainability criteria. and the ban of non-sustainable fuel types while sailing in certain maritime areas.	• TUI is committed to decarbonising its business, and has set ambitious near-term science-based emissions reduction targets validated by the SBTi. • To achieve these, TUI airlines procures state-of-the-art aircraft, implements operational efficiencies (including route optimisation), and will increase the use of SAF. TUI already has cooperation agreements in place to promote the production and supply of SAF. • TUI Cruises invests in energy efficiency at ship operations, fuel-saving route optimisation, shore power in ports and alternative fuels, such as sustainable biofuels, bio-LNG and green methanol. The three newbuilds coming into the fleet by 2026 will not use heavy fuel oil. Mein Schiff 7 will enter service in 2024 and will run on lower-emission marine diesel and be equipped with catalytic converters and a shore power connection. In addition, the ship will also be able to run on green methanol in the future. In 2024 and 2026, two ships will follow, which will be operated with LNG. LNG serves as a bridge technology until bio-LNG is available, which will be produced either from biogenic sources or synthetically from renewable energy. • TUI Hotels & Resorts is focused on renewable energy and resource-saving operational practices to reduce hotel emissions as far as possible.
	Technology	Costly or unavailable future fuels and technologies resulting in higher costs, or preventing further decarbonisation and compliance with regulations.	Although it is expected that future fuels will continue to gain momentum and that production capacity will dramatically increase in the short to medium term, there is a risk that demand will outpace supply resulting in low availability and inflated prices. In the medium term, there is a risk that low carbon technologies are not available to support TUI's path to net zero. Whilst there are trials e.g., in battery or fuel cell aircraft and ships, such technology might not be developed to a market stage.	

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TCFD Risk Type	Description	Impact	Management
Market	Decline of travellers due to shifts in consumer preferences and behaviour, and increasing negative public sentiment towards travel, resulting in loss of revenue.	Market trends show tourism growth outstripping global GDP growth as it has for the last two decades, and customers prioritising spend on leisure tourism over other large purchases such as cars and houses. Nevertheless, there is a risk in the medium to long term that customers decide to travel less (or differently, for example moving away from air travel) for environmental reasons.	• Managing both market and reputational risks depends on the successful implementation of our emissions reduction initiatives. Accordingly, we have roadmaps in place to deliver on our science-based targets. • Whilst the cost for flights is very likely to increase, all markets participants have to roll-over this 'green inflation'. With our state-of the art efficienct fleet, it is likely that our cost increase is competitive. Further, the share of extra cost from low-carbon flying is lower in a package and hence we believe that we can effectively transfer cost additions. • TUI has set science-based emissions reduction targets for 2030 and a net zero target for 2050. TUI continues to notice a wide range of financiers due to TUI Group's financial performance and is continuing to develop relationships with new sources of finance and monitor development of the market. TUI is in a continuing education process with lessors and the financial community to maintain confidence in the strategy.
	Decline of overall customer demand as the price for our products will increase to reflect higher capital expenditures and operational expenses to offer carbon low products.	TUI as a market leader in Europe has significantly contributed to make leisure travel an affordable product for people with lower disposable income, e.g. families, retired persons, etc. Significant price increases for leisure product poses the risk that in the medium to long term such consumer group will not be able to afford our leisure travel products any more.	
	Difficulties in obtaining access to financing and increasing cost of capital due to the inability to reduce emissions in line with market expectations.	Increasingly policies and laws are being introduced that combat climate change, and institutional investors increasingly consider ESG to be part of their fiduciary duties. These investors might be more inclined to divest from TUI if the company does not take sufficient action on ESG issues in the medium and long term.	

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	TCFD Risk Type	**Description**	**Impact**	**Management**
	Reputation	Failure to meet decarbonisation targets, negatively affecting TUI's reputation with stakeholders.	There may be a reputational risk due to increased negative public sentiment on climate change if TUI is unable to meet its decarbonisation targets. This impact applies across all time horizons. This risk may also have an impact on our ability to attract and retain talent.	
	Physical			
	Acute	Physical damage to assets and business disruption due to extreme weather-related events.	Unstable and more extreme weather conditions in certain regions might have a physical impact on our assets resulting in higher costs from property damage and business interruption, predominantly in our hotels & resorts segment. Higher insurance premiums for property damage and/or business interruption will be the consequence. This risk is mostly likely to be realised in the long-term as the effects of physical climate change become more profound.	• This risk is managed at the asset-level. • We manage the overarching risk through insurance and a large and regional spread hotels & resorts portfolio, providing diversifiying the risk of asset impairment. • We hold relatively short-duration lease contracts, enabling flexibility in case of changes in insurability.
		Extreme weather events disrupting transport hubs, resulting in delays and cancellations, and increased costs.	Extreme weather events may disrupt the airport and port operations which TUI relies on, resulting in delays or cancellations. Delays or cancellations are expected to result in additional costs including refunds, repatriation flights and hotel accommodation costs. This risk is mostly likely to be realised in the medium and long term as the effects of physical climate change become more profound.	• The risk of airport disruption was found to be low in the physical risk analysis. Nonetheless, TUI works closely with airports in case of disruption and will continue to evaluate the risk profile of its material airports. • Whilst docking is already considered a resilient activity, the risk is further mitigated by the flexibility to adjust cruise itineraries.

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TCFD Risk Type	Description	Impact	Management
Chronic	Physical damage to assets and business disruption due to longer-term shifts in climate patterns.	Chronic physical changes in the climate can result in asset damage and business interruption, as well as higher operating costs for example from increased cooling load requirements to offset higher sustained temperatures. This risk is mostly likely to be realised in the long-term as the effects of physical climate change become more profound.	• Whilst the scenario analysis indicate higher probability of extreme wheather events, non of the locations where our hotels & resorts are located is vulnerable to a rising sea level during the time frame of our climate scenario analysis. • This risk is managed with insurance and TUI Hotels & Resorts' renewable energy strategy.
	Changing weather patterns decreasing suitability for tourism and/or making source markets more attractive, impacting tourism demand.	Tourism demand in the medium and long term is expected to be affected by climate change as weather is a key determinant in destination choice. In Europe, it's expected that southern regions will face reductions in demand as weather becomes less suitable for tourism, particularly in higher warming scenarios. On the other hand, northern European regions are expected to benefit from changing weather patterns.	• Climate-related factors are considered in the expansion of TUI's Hotels & Resorts business segment.

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	OPPORTUNITIES As short to medium term opportunities, we identified more efficient aircraft and cruise ships as well as a shift to renewable energy sources at hotels & resorts as a way to reduce operating costs. We further see an opportunity to offer lower-emission air travel, cruise travel and hotel stays as a way to improve our competitive position. Providing alternative modes of transport including a move to high-speed rail is also seen as an opportunity for our business. We are investigating and promoting the management of all of these opportunities. The summer season 2023 in Turkey and Greece for selected destinations has been expanded which has been well received by our customers. In the long term, we expect to see this more frequently and in more destinations following a shift in consumer preferences from peak seasons where heat waves may be imminent to shoulder seasons where the wheather is still very favoiurable for travel. In addition, our business model is flexible to offer new destinations based on changing weather conditions, e.g. more travel to destinations around the Baltic Sea. We continue to monitor these trends and embed them into our strategic and operational planning.
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	In financial year 2023, TUI conducted a qualitative and quantitative scenario analysis in order to understand the potential effects of climate change on its business and to test its strategy and financial planning to increase resilience. A number of assumptions underpin this assessment regarding changes to the intensity and frequency of weather related events, technology development, development of energy and carbon prices and the development of knowledge on global warming. Two scenarios were considered in the 2023 climate risk assessment: • A high emissions scenario to assess the impact of significant changes in the physical climate, which is based on the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway 8.5 (IPCC RCP8.5) and the International Energy Agency (IEA) Stated Policies Scenario. This is aligned with global warming of approximately 4.3°C by the year 2100. • A low emissions scenario to assess the impact of significant socioeconomic changes to achieve a low-carbon economy, which is based on IPCC RCP2.6 and the IEA Net Zero Scenario. This is aligned with global warming of approximately 1.5°C by the year 2100. • Both emissions scenarios could have different consequences for the TUI Group. In a low emissions scenario, stricter emissions and fuel efficiency targets could increase operating costs, while assets based on unsustainable practices could lose value. On the other hand, TUI could benefit from a positive image, as environmentally conscious travellers prefer companies that are committed to sustainability. In a high emissions scenario, physical risks from extreme weather events and natural disasters could impact TUI's tourism destinations. Rising operating costs due to stricter environmental regulations could impact profitability.

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TCFD RECOMMENDATION	TUI APPROACH
	Measures to strengthen and more closely align risk management and strategic planning were identified and discussed. TUI has committed to the Science Based Targets initiative (SBTi) to reduce emissions by 2030. Our targets are: • Reduction of airline CO_2e per revenue passenger kilometer by 24 % by 2030. • Reduction of absolute CO_2e from our cruise operations by 27.5 % by 2030. • Reduction of absolute CO_2e from TUI Hotels & Resorts by 46.2 % by 2030. Furthermore it is the commitment of TUI to achieve net-zero emissions by 2050. The reduction of emissions will be accomplished with investments in new technologies and the use of fuel with less CO_2 emissions. The results of the scenario analysis confirm that the Group's above described strategic initiatives and reduction pathway are suitable for minimising the respective risks and creating opportunities. We acknowledge that a number of assumptions descibed above had to be taken into account to derive the scenario analysis and the uncertainty of the impact and likelihood of certain effects increases mid- to long term. TUI has undertaken a qualitative assessment of all below summarized climated related risks and opportunities. In additon, TUI has performed a high-level quantitative assessment for eight risks and opportunities. This assessment has shown the risks to be immaterial for financial planning, which was confirmed by a sensitivity analysis. One key assumption concerns the extent to which costs for low-emission fuels and emission certificates can be passed on to customers. Further information on the effect of climate-related risks on the useful lives and the measurement of assets can be found in the Notes, chapter 'Key judgements, assumptions and estimates', page 200 of this Annual Report.

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RISK MANAGEMENT

TUI has a systematic and Group-wide approach in place to identify, assess and manage risks across the business. This is managed through the processes and structures described in more detail in the Risk Report on page 35.

TCFD RECOMMENDATION	TUI APPROACH
a) Describe the organisation's processes for identifying and assessing climate-related risks.	TUI constantly considers existing and emerging regulatory requirements in the risk management process. The processes and structures to identify, assess and manage climate-related risks across the business are described in the Risk Report. They apply to all types of risks assessed throughout the whole company, including climate-related risks. Decisions are made to mitigate, transfer, accept or control risks based on a likelihood and impact scoring against an established risk appetite. By including the specialist teams, TUI prioritizes risks based on their assessed magnitude and significance. In financial year 2023, TUI has defined a new principal risk 'Climate change impacting our business model'. For more information on the relative magnitude and significance compared to other risks, see overview on page 39 in the Risk Report.
b) Describe the organisation's processes for managing climate-related risks.	Within the framework of TUI's integrated approach, the key business segments and climate risk owners work together in the management of climate-related risks and opportunities. In addition, specialists in the Group Sustainability team coordinate climate-relevant activities and support and facilitate the management of climate risks and opportunities within the Group. When necessary, the GEC deals with climate-related issues at board level.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Our systematic risk management process has identified sustainability risks including climate-related risks. The existing risk categories and definitions of our risk management framework have been used to assess and integrate the climate risks into our ERM. For further details on the risk management process please refer to page 35 in the Risk Report. Whilst the impact of some risks is medium to long term, the Group Risk Management time horizon is short to medium, covering the economic lifetime of an investment at a maximum. The climate change risk assessment has also highlighted risks and opportunities where the impact falls beyond the risk management time horizon. Nevertheless, all major climate-related risks and opportunities from this assessment will be covered by the Group's Risk Management process and will be managed. Where the impact of risks or chances detected in the assessment is in far future, they will be continuously monitored. Moreover, we see additional value in early identification to ensure risks are managed effectively and opportunities are capitalised on.

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TCFD RECOMMENDATION	TUI APPROACH
a) Metrics used by TUI to assess climate related risks and opportunities in line with its strategy and risk management process	Climate change is a pressing global challenge. There is an urgency to act and for everyone to play a role in the transition to a low carbon economy. As a global tourism group, our business model inherently leads to a significant emission of greenhouse gases. In alignment with our reduction strategy, low emissions are the cornerstone for our pathway. This is reflected in our currently used metrics to assess climate related risks and opportunities. TUI is continuously working on improving its metrics and targets to ensuring an effective steering of the most material climate related risks and opportunities. Following the larger scale use of SAF, we will further develop our metrics to reflect the impact on CO_2 emissions. Emissions from TUI's airline, cruises and hotel segments represent 99 % of the Group's emissions. Within our asset portfolio our airline emissions represent roughly 75 % of the Group's total carbon dioxide (CO_2) emissions. We are working to reduce the environmental footprint of holidays and drive-up environmental standards in our industry. In order to measure and manage climate-related risks and in line with our strategic target to achieve net-zero emissions across our operations and supply chain by 2050 at the latest, we monitor our absolute CO_2 emissions, (specific) fuel consumption and specific carbon emissions. TUI has considered the cross-sector risks Following the larger scale use of SAF, we will further develop our metrics to reflect the impact on CO_2 emissions. TUI currently does not have an internal carbon pricing mechanism. For the reasons outlined above, CO_2 emissions form our key metric to assess climate related risks and opportunities.
b) Scope 1, Scope 2, and, Scope 3 greenhouse gas emissions and the related risks	In financial year 2023, TUI Group's total absolute emissions were largely stable year-on-year at an increase of 1 %. In aviation, emission reductions were partly due to the sale of the stake in Sunwing. In Cruises, the increase was driven by the continued recovery of business after the COVID-19 pandemic and the inclusion of our river cruises segment in reporting. Scope 3 emissions reflect the expansion of the reporting framework, in particular due to the inclusion of WTT (well-to-tank) emissions from marine cruise fuel and jet fuel.

Carbon dioxide emissions (CO_2)

tons	**2023**	2022	Var. %
Airlines	4,218,553	4,331,628	–2.6
Cruises	899,790	762,942	+17.9
Hotels	805,541	767,049[1]	+5.0
Major premises/shops	14,890	14,251	+4.5
Ground transport	14,413	13,144	+9.7
Scope 3 (indirect emissions from TUI's value chain)[3]	1,239,493	1,232,804[2]	+0.5
Total	**7,192,680**	**7,121,818**	**+1.0**

[1] Previous year adjusted due to inclusion of refrigerant gases
[2] Previous year adjusted due to extended reporting scope
[3] With reference to the Greenhouse Gas Protocol, TUI Group currently includes Scope 3 emissions from the production of office paper and printed brochures, well-to-tank emissions from fuel consumption of aircraft, ships, hotels and ground transport, the distribution of electricity (hotels), waste and water treatment (hotels), employee business travel with third-party airlines and rail, and employee commuting. The current scope of the reported Scope 3 emissions therefore does not yet fulfil all the requirements of the Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

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Carbon dioxide emissions (CO_2), Scope 1 – 3

tons	2023	2022	Var. %
Scope 1	5,416,692	5,395,049	+ 0.4
Scope 2	536,495	493,965	+ 8.6
Scope 3	1,239,493	1,232,804	+ 0.5

With reference to the Greenhouse Gas Protocol, TUI Group currently includes Scope 3 emissions from the production of office paper and printed brochures, well-to-tank emissions from fuel consumption of aircraft, ships, hotels and ground transport, the distribution of electricity (hotels), waste and water treatment (hotels), employee business travel with third-party airlines and rail, and employee commuting. The current scope of the reported Scope 3 emissions therefore does not yet fulfil all the requirements of the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. For the validation of it's SBTi targets TUI assessed it's total GHG inventory. Scope 3 emissions currently constitute less than 40 % of the total GHG inventory. Because of this, TUI is not obliged to set a standalone scope 3 target. Yet due to their significance for the respective segments, TUI included category 3.3. fuel and energy related activities in their targets for the segments Cruises and Airlines. The corresponding emissions are currently reported. The current extent of the scope 3 reporting is explained above.

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Energy usage by business area

MWh	2023	2022	Var. %
Airlines	17,202,638	17,655,179	–2.6
Cruises	3,507,396	2,962,423	+18.4
Hotels	1,762,992	1,599,057	+10.3
Major premises/shops	59,651	60,036	–0.6
Ground transport	61,087	55,311	+10.4
Total	**22,593,764**	**22,332,006**	**+1.2**

More efficient flying

We already operate one of Europe's most carbon-efficient airlines and aim to continually enhance our environmental performance. Our airline emissions reduction targets by 2030 have been validated by the SBTi. Our emission reduction roadmap for our aircraft fleet comprises the following measures: additional capex on modern carbon-efficient aircraft, efficiency enhancement through operational measures and investments in sustainable aircraft fuels (SAF).

In order to reduce emissions, TUI Group has invested in state-of-the-art aircraft such as Boeing 787s and Boeing 737 Max aircraft. On average, these planes are 20 % (787) and 16 % (737 Max) more fuel-efficient than the aircraft they replace in TUI's fleet.

Moreover, TUI fly Belgium added Embraer E195-E2 aircraft, highly efficient planes in the category of up to 150 seats, to its fleet. The aircraft will operate on short- and medium-haul routes and reduce the carbon footprint by up to one third.

Environmental management systems and operational measures play a key role in implementing sustainability and further enhancing TUI's climate efficiency. In financial year 2023, all TUI airlines were certified under the internationally recognised ISO 14001:2015 standard. All ISO 14001 management systems used by individual TUI airlines were transferred to one single management system in the period under review. The following examples illustrate the operational measures implemented to enhance efficiency:

- Flight operations, for instance single engine taxiing in and out, wind uplinks and optimised climb speeds and profiles
- Weight reduction, for instance carbon brakes and fly away kit (spare parts and tools)
- Fight planning optimisation, for instance alternate distance and minimum fuel programme
- Fuel management system to improve fuel analysis, identification of further savings potential and tracking of savings

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Sustainable aviation fuels (SAF) play a crucial role in reducing aviation emissions and are hence a key part of our emission reduction roadmap to further improve airline carbon efficiency by 2030. TUI cooperates with a number of partners to secure supplies of SAF. Examples include the signing of a Memorandum of Understanding with the Spanish energy company CEPSA. The partnership with CEPSA will focus on SAF fuels generated from raw materials such as used cooking oils, non-food animal waste and biodegradable waste from various industries. This will make it possible to reduce aircraft emissions by up to 80 % compared to conventional jet fuel. An additional Memorandum of Understanding was signed with Shell.

In 2023, relative carbon emissions across our airlines decreased by 3.9 %. This improvement was largely due to higher load factors versus 2022 and our ongoing re-fleeting programme to replace older aircraft by new, more carbon-efficient aircraft.

Specific emissions are additionally shown in the form of CO_2 equivalents (CO_2e). Apart from carbon dioxide (CO_2), these include the other five greenhouse gases impacting the climate as listed in the Kyoto Protocol: methane (CH_4), nitrous oxide (N_2O), hydro-fluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6).

TUI Airlines – Fuel consumption and CO_2 emissions

		2023	2022	Var. %
Specific fuel consumption	l/100 rpk*	2.43	2.52	–3.9
Carbon dioxide (CO_2) – total	t	4,218,553	4,053,745	+4.1
Carbon dioxide (CO_2) – specific	kg/100 rpk*	6.11	6.36	–3.9

* rpk=revenue passenger kilometer

TUI Airlines – Carbon intensity

g CO_2/rpk*	**2023**	2022	Var. %	g CO_2e/rpk*
TUI Airline fleet	**61.1**	**63.6**	**–3.9**	**61.7**
TUI Airways	60.7	62.2	–2.5	61.3
TUI fly Belgium	66.3	70.7	–6.3	66.9
TUI fly Germany	60	64.4	–6.8	60.5
TUI fly Netherlands	59.6	59.8	–0.2	60.2
TUI fly Nordic	59.8	66.4	–9.9	60.4

* rpk=Revenue Passenger Kilometre
We commissioned Verifavia to provide assurance on the carbon intensity metrics for financial year 2023 as shown in the above table 'TUI Airlines – CO_2 intensity'. The airline carbon data methodology document and the full assurance report are available at www.tuigroup.com/en-en/responsibility/sustainability/reporting-downloads

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	More sustainable cruising We continue to focus on reducing the emissions of our cruise ships, delivering progress by investing in state-of-the-art technology to reduce air emissions and in operational efficiency. Emission reduction roadmaps were drawn up for TUI Cruises, Hapag-Lloyd Cruises and Marella Cruises as part of our submission of 2030 targets for validation by the SBTi. Key levers include investments in fleet modernisation and efficiency enhancement with a focus on shore power, route optimisation, energy efficiency enhancement and switching to alternative fuels. TUI Cruises with its Mein Schiff and Hapag-Lloyd Cruises brands continues to operate a modern and technologically advanced fleet. The new-builds in the fleet are equipped with state-of-the-art technologies to minimise fuel consumption. A smart energy management system, efficient air conditioning, innovative lighting controls and the use of exhaust heat from the engines contribute to a significant reduction in the carbon footprint compared with vessels not equipped with those technologies. In the period under review, essential steps were taken to reduce emissions generated by the Mein Schiff and Hapag-Lloyd Cruises fleet. The Company will successively install the equipment required for shore power connection on all ships of the Mein Schiff fleet. In the period under review, Mein Schiff 1 was retrofitted during her scheduled dock period. Mein Schiff 2 and Mein Schiff 5 will follow in November 2023 and in January 2024. In summer 2023, both fleets successfully used shore power, e.g. in Kiel and Hamburg. During their scheduled dock periods, both ships, Mein Schiff 1 and Mein Schiff 6, also obtained a new silicone coating to reduce resistance in the water so as to save fuel during the voyage. In the period under review, the Company also successfully completed the first tests on the use of sustainable biofuels, with both Hanseatic Inspiration and Mein Schiff 4 successfully operating on biofuel blends on some voyages. The second-generation biofuel, which was bunkered for the first time, is purely plant-based and mainly consists of cooking oil residues. This fuel is virtually free from sulphur oxides and in its pure form offers a CO_2 reduction of up to 90 % compared to fossil fuels. Thanks to new exhaust gas treatment systems operated on all new vessels, the newbuilds in the Mein Schiff fleet also significantly reduce their sulphur and nitrogen emissions. Use of these advanced emission purification systems goes beyond regulatory requirements. They are, for instance, not only used in the designated emission control areas in the North and Baltic Seas, the English Channel and North America, but also in other regions sailed by Mein Schiff such as the Mediterranean, the Orient, the Caribbean and Central America. The Mein Schiff fleet is also setting another milestone for sustainable growth. Mein Schiff 7 is currently under construction in the Meyer Turku shipyard in Finland. The focus is on compliance with high maritime environmental standards by optimising the design in terms of energy efficiency and the use of modern technologies to improve sustainability. The ship will feature equipment enabling her to run on green methanol in future. She is scheduled for commissioning in 2024.

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The expedition ships in the Hapag-Lloyd Cruises fleet exclusively use low-sulphur marine gas oil with a sulphur content of 0.1 %. This reduces sulphur emissions from these vessels by up to 80 % and particulate and soot emissions by up to 30 % versus the use of heavy fuel oil. All Hapag-Lloyd Cruises ships have tributyltin-free underwater coatings, on-board seawater desalination systems to make drinking water and biological sewage treatment systems for wastewater. Waste is separated on board prior to disposal on land by specialised companies in accordance with international regulations (MARPOL).

In financial year 2023, relative CO_2 emissions in the Cruises segment declined by 23.7 %. This was due to a significant increase in load factors, as the previous year's figures were more strongly impacted by the effects of the pandemic. The amount of waste per cruise passenger night decreased by 23 % to 8 litres, with freshwater consumption up by 24.2 % to 46 litres. Our reporting covers all ships operating under the Mein Schiff, Hapag-Lloyd Cruises. Marella and TUI River Cruises brands.

Cruises – carbon intensity

	2023	2022	Var. %
Carbon dioxide (CO_2) – relative kg/Cruise passenger night	101	132	–23.7

Environmental protection in our hotels

Our hotels and hotel partners continue to focus on promoting the sustainability transformation across their operations. Each hotel plays an important role in managing the impacts on the local community, the economy and the environment. Emission reductions remain our key priority, and we have prepared comprehensive roadmaps and defined targets for 2030 for our Hotels & Resorts segment. These targets have been validated by the SBTi.

Our hotel portfolio is still growing and many of our hotels use green technology in order to improve their sustainability performance. The generation of renewable energies from solar and wind power is a key element of the emission reduction roadmaps for our hotels, alongside efficiency measures delivered through hotel refurbishment and standard-setting for new buildings.

Sustainable construction is an important tool for saving energy and cutting carbon emissions from hotels. In the financial year under review, the Hotels & Resorts segment published Green Building Guidelines for the first time. They provide specific recommendations to our own hotels and to our hotel partners for their construction and refurbishment projects. The Guidelines cover the key factors for reducing the ecological footprint of construction and refurbishment projects and paring back water and energy consumption. They also cover aspects such as monitoring systems, sustainability certifications and stakeholder communication. The Guidelines were reviewed by external experts from the Fraunhofer IAO Institute.

For more information on the topic, please refer to: TUI Green Building Guidelines (online version): https://mediacenter.tui-info.com/onlinekataloge/index.php?catalog=tui_greenbuildingguideline_gj2023_f#page_1

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Our TUI Global Hotel Awards 2023 placed a particular emphasis on sustainability. The award included categories reflecting TUI's Sustainability Agenda. The winners in these categories are selected by an external committee based on pre-defined criteria. In 2023, TUI also granted an award for sustainability innovation. Atlantica Hotels & Resorts was recognised for introducing new, sustainable technologies. Examples of this commitment can be found on the Greek island of Rhodes, where the hotel company has invested in the latest solar panel technology, e-mobility for electric cars and a water desalination plant.

We continued to drive forward the use of photovoltaic systems in our hotels to promote sustainable power generation. In cooperation with our joint venture partners Riu, Grupotel and Atlantica, 19 PV systems with an output of almost 3,500 kWp were installed in Greece, Spain and the Cape Verde Islands in financial year 2023.

Our hotels made further inroads towards a better ecological footprint in terms of emissions, water consumption and waste production. This is the result of continual measures to improve our environmental performance alongside higher customer numbers and occupancy levels as the pandemic subsided. The scope of the hotel KPI-reporting is made up of TUI's Hotels & Resorts portfolio. This includes owned, managed, leased and franchised properties.

Hotels – Carbon intensity

	2023	2022	Var. %
Carbon dioxide (CO_2) – relative kg/guest night	12.4	13.8*	–9.8

* Previous year adjusted due to inclusion of refrigerant gases

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c) Targets used by TUI to manage climate-related risks and opportunities and its performance against targets	For TUI Group, sustainability covering all three areas of economic, environmental and social sustainability is a fundamental management principle and a cornerstone of our strategy for continually enhancing the value of our company. We firmly believe that sustainable development is critical to long-term economic success. Together with our many partners around the world, we are actively committed to shaping a more sustainable future for tourism. We already operate some of the most efficient aircraft and cruise ships. Our commitment is to be industry-leading in achieving net-zero emissions and we aim to achieve this target across our operations and supply chain by 2050 at the latest. TUI has committed to the Science Based Targets initiative (SBTi) to reduce emissions in line with the latest climate science by 2030 for airlines, cruises and hotels. The independent organisation has now checked and validated our reduction targets. It confirmed that they are in line with the latest climate science. Our intensity and absolute targets are: • Reduction of airline gCO_2e per revenue passenger kilometer by 24 % by 2030[1, 3] • Reduction of absolute tCO_2e from our own cruise operations by 27.5 % by 2030[1, 3] • Reduction of absolute tCO_2e from TUI Hotels & Resorts own operations by 46.2 % by 2030[2, 3] [1] Baseline 2019. Level of ambition well below 2 °C. CO_2e = CO_2 equivalents. Apart from carbon dioxide (CO_2), emissions include the other five greenhouse gases impacting the climate as listed in the Kyoto Protocol: methane (CH_4), nitrous oxide (N_2O), hydro-fluorocarbons (HFCs), perfluorocarbons (PFCs) and Sulphur hexafluoride (SF_6). TUI Group's science-based targets commitments include well-to-wake emissions for our airline and cruise operations (emissions from aviation and marine fuel, scope 1 and scope 3, category 3). [2] Baseline 2019. Level of ambition 1.5 °C. For our hotels, the commitment includes emissions from all energy sources plus refrigerant gases (scope 1 and 2). [3] Airline, cruise and hotel GHG emissions figures published in the FY23 Non-Financial Declaration do not match the scope, boundaries or reporting methodology of our science-based targets. Therefore inferences of progress towards achieving SBTs based on figures in this or previous Non-Financial Declarations should not be made.

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Integrity & Compliance

Anti-corruption and bribery

In implementing our business activities, and along our supply chain, compliance with many national and international laws and rules as well as internal policies is essential. However, our understanding of Compliance goes beyond respecting laws and regulations, as we shift our Company's culture away from a purely rule-based approach towards a living culture of integrity. Behaviour violating integrity principles may not only have legal consequences, but can also result in lasting damage to TUI's reputation. TUI's Compliance Management System aims to promote integrity and prevent potential misconduct, to make liability risks manageable for TUI and its employees and in this way to protect the Company's reputation. It is a fundamental component in our commitment to corporate, environmental and social responsibility.

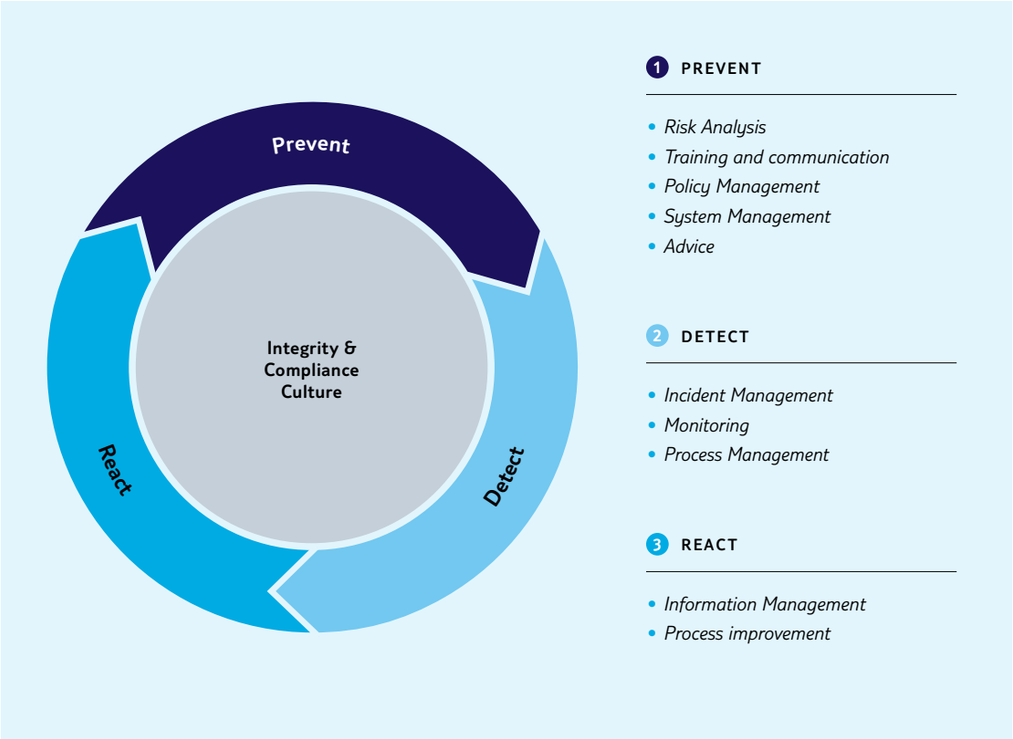
In the completed financial year, Integrity & Compliance focused on the core areas of, implementation of the new legal requirements set out in the German Act on Corporate Due Diligence Obligations in Supply Chains and the German Whistleblower Protection Act, training and risk analysis.

In the financial year under review, mandatory online training courses were provided on the Integrity Passport (for all employees) and Fair Competition (for all employees in Finance, Legal, Purchasing, Procurement, Corporate & External Affairs and Aviation). For selected groups of employees, in-person training sessions with an anti-trust law expert were carried out to facilitate more in-depth discussions of specific legal questions with employees. As sanctions have remained an important topic, an online training session on sanctions was rolled out by the end of the financial year.

In order to comply with the obligations arising from the German Supply Chain Due Diligence Act and Whistleblower Protection Act, the whistleblowing system was opened up to third parties to provide an additional channel for raising concerns confidentially and anonymously. The rules of procedure are available on TUI Group's website. In addition, the Integrity & Compliance team, in collaboration with other relevant stakeholders, has drafted contractual clauses to reflect the obligations set out in the Supply Chain Due Diligence Act with regard to human rights and environmental matters, and, where appropriate, to pass on these obligations to business partners and suppliers.

Furthermore, a pilot risk analysis was implemented for selected TUI Group companies in the completed financial year. The risk assessment was carried out by means of a revised survey and a newly developed weighted assessment matrix which automatically calculates the risk score for each region / segment.

TUI Compliance Management System



COMPLIANCE MANAGEMENT SYSTEM

TUI Group's Compliance Management System is based on a risk management approach. It is built around three pillars: prevent, detect and react, which, in turn, comprise a variety of measures and processes.

The Integrity & Compliance team is in charge of the core areas anti-corruption, fair competition and trade sanctions. Our Compliance Management System defines pilot and standard operation and the documentation of roles, responsibilities and processes in these areas.

The Compliance Management System applies to TUI AG and all companies majority-owned, directly or indirectly, by TUI AG, whether domestic or foreign, and to any other shareholdings where management control directly or indirectly lies with TUI AG ('Managed Group Companies'). Implementation of the Compliance Management System is recommended for companies where management control does not lie with TUI AG ('Non-Managed Group Companies').

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INTEGRITY & COMPLIANCE STRUCTURE

The Chief Compliance Officer is responsible for drawing up, maintaining and developing our Compliance Management System. He is supported by the Group Director Integrity & Compliance and the centralised Integrity & Compliance team, forming part of Legal. All Compliance Officers are in close contact with local management, who remain generally responsible for observing all the Compliance rules, and together they are responsible for implementing our Compliance requirements and Integrity values, above all:

- Raising awareness of Integrity & Compliance and the associated core issues through communication campaigns
- Performing risk analyses relating to the core Compliance issues and self-assessments or Pulse Checks
- Implementing measures to ensure that we comply with our commitment to integrity in line with the Integrity Passport
- Providing training on the Integrity Passport and Fair Competition
- Advising employees, primarily with regard to trade sanctions, anti-corruption & anti-bribery and fair competition
- Securing the necessary exchange of information between local management and the Integrity & Compliance team
- Monitoring new national and international legislation
- Providing regular reports to the Group Executive Committee and to the Audit Committee of the Supervisory Board

INTEGRITY & COMPLIANCE CULTURE

The Integrity & Compliance culture influences people's behaviour and their views about complying with the applicable rules. It therefore forms the basis for an effective Compliance Management System. Our culture reflects our corporate values and the fundamental attitude and conduct of management all the way up to the Executive Board and Supervisory Board of TUI AG, thus the 'tone from the top'. It is expressed, in particular, in our corporate value 'Trusted', appealing to our employees' personal responsibility and their honesty and sincerity in handling guests, fellow employees and other stakeholders.

INTEGRITY PASSPORT – TUI'S CODE OF CONDUCT

Our Integrity Passport is binding for all employees, from Executive Board members to trainees, and for all managed Group companies. The Integrity Passport serves as the guiding principle for our Executive Board, managements, executives and employees alike. It provides orientation in key areas of people's day-to-day work and in conflict situations: fair competition, anti-bribery and anti-corruption, appropriate gifts and hospitality, protection of our business secrets, data privacy, handling conflicts of interest, prevention of insider trading, maintaining proper accounts and financial records, anti-money laundering, trade restrictions, respectful dealings with each other, sustainability, and public communications about TUI and how to raise a concern.

SUPPLIERS' CODE OF CONDUCT

The Integrity Passport is complemented by the Suppliers' Code of Conduct, which details TUI's ethical, social and legal expectations of its business partners. Moreover, all business partners are required by contract to observe all national and international anti-corruption laws applicable to the supplier relationship. The Suppliers' Code of Conduct has been revised to reflect the Supply Chain Due Diligence Act which has entered into force. Legal obligations resulting from the Act that must be observed in our own business operations and in the supply chain have been incorporated or set out in more detail. This places our business relationships with our business partners on a solid basis.

MANAGEMENT OF INTEGRITY & COMPLIANCE POLICIES

The principles anchored in the Integrity Passport are communicated to and implemented in TUI Group through our policies, statements and manuals. Our Group-wide policy management develops the standards for Group-wide policies and coordinates the involvement of relevant internal stakeholder groups, e. g. other departments and the works council. This approach is designed to provide employees with a set of policies which are as comprehensible as possible. TUI Group's Compliance policies offer guidance on a range of issues, including how to react to gifts and hospitality and fair competition. In the financial year under review, the Group Policy on Trade Sanctions was updated and adjusted to existing processes within TUI Group.

INTEGRITY & COMPLIANCE – RISK ANALYSIS

Integrity & Compliance performed a pilot risk analysis for eight TUI Group companies across all regions and segments. The responsible Compliance Officers selected the companies on a risk based approach. The criteria applied included the revenues, business activities, headcount, business location and headquarters of the companies. The risk assessment was performed by means of a revised survey and a newly developed weighted assessment matrix which automatically calculates the risk score for each region / segment. The survey comprises general and specific questions, e. g. on use of the SpeakUp Line and the Gifts & Hospitality Register, the business environment and incident management. The individual companies cooperated closely with local management in answering the questions and assessing the risks. Additional objective criteria included the corruption perception index, number of training programmes and number of reported and confirmed incidents. On that basis, risk scores were calculated for each individual company. The risks determined in this way proved moderate. Where necessary, risk mitigation measures were adopted. TUI Group is planning to roll out this risk analysis across the Group in order to further enhance the determination of risks and the identification of mitigation measures for TUI Group.

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INTEGRITY & COMPLIANCE TRAINING

Training is a key element of TUI's Compliance Management System, with its focus on preventing misconduct, and a crucial component of TUI Group's Integrity & Compliance culture. It is carried out according to a graded concept: managers and staff at TUI have all benefited from face-to-face teaching and online programmes. The online training programme on the Integrity Passport, which explains integrity and the underlying corporate values, is mandatory for all employees and executives. The online training on 'Fair Competition' was rolled out for risk groups within TUI. To enable Legal and Procurement to deal with the topic in depth and engage in dialogue on specific legal questions, training programmes were offered and implemented by a lawyer specialising in competition law and compliance. Other training schemes with their own specific focus addressed anti-corruption and the appropriate handling of gifts and hospitality to raise awareness of the risk-related challenges employees might face. As sanctions remain an important topic, an online training programme was rolled out by the end of the financial year.

WHISTLEBLOWER SYSTEM: SPEAKUP LINE

TUI offers its employees a Group-wide whistleblower system to enable indications of infringements of laws or the policies anchored in TUI's Integrity Passport to be reported anonymously and without reprisals. This whistleblowing system is currently available to staff in 53 countries. In accordance with the requirements of the Supply Chain Due Diligence Act and the EU Whistleblowing Directive, it has been opened up for third parties outside TUI Group. All reports are consistently followed up in the interests of all stakeholders and the Company. Our top priority is to ensure confidentiality and handle information discreetly. Any incident resulting from the use of the whistleblower system is reviewed and followed up by the Integrity & Compliance team, and is investigated and handled in conjunction with different departments, depending on the issue at stake.

The opening of the whistleblowers system to third parties, has significantly increased the number of reports received. In the financial year under review, a total of 117 reports on compliance issues (in 2022 43 reports) were received through the SpeakUp Line. Apart from the SpeakUp Line, employees also used the opportunity to report infringements through other channels e. g. directly to their line managers, the local Compliance contact or the Compliance Mailbox, which is also available externally. A further 29 reports (in 2022 26 reports) were received through these channels. They were followed up whenever there were any indications suggesting potential infringements of internal policies or the law. Out of the 146 reports (in 2022 69 reports) submitted in total, 78 cases (in 2022 30 cases) initially presented prima facie indications of a Compliance infringement, leading to further investigations, which in ten cases (in 2022 eight cases) resulted in further measures.

Regarding infringements of human rights or environmental requirements under the Supply Chain Due Diligence Act, 31 reports have been received through the SpeakUp Line since 1 January 2023. In 18 cases, employees used the opportunity to report infringements directly to their line managers, the local Compliance contact or the Compliance Mailbox. Out of the 49 reports submitted in total, 49 cases initially presented prima facie indications of an infringement, leading to further investigations, which in four cases resulted in further measures.

BUSINESS PARTNER SCREENING (DUE DILIGENCE PROCESSES)

There is a risk of active and passive corruption because we operate in countries with a high corruption index. Moreover, the risk of TUI business partners being subject to trade sanctions or similar listings cannot be ruled out.

Business partners were checked against international sanctions, terrorist and wanted persons lists via the Internet data base provider. In the event of a red flag, further measures were launched, in the severest cases terminating the business relationship.

DATA PROTECTION

Data protection remains important for the TUI Group. We evaluate the compliance with data protection law permanently and report indicators to the Group Executive Committee. In addition, in financial year 2023 we have reported 15 data breaches in accordance with Art. 33 GDPR. However, no fines are imposed so far.

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Remuneration Report

The Remuneration Report mainly explains the remuneration of the members of TUI AG's Executive Board and the remuneration of the members of the Supervisory Board in accordance with the Articles of Association. The underlying remuneration systems are based in particular on the recommendations of the German Corporate Governance Code (GCGC), the requirements of the German Stock Corporation Act (Aktiengesetz – AktG) and, where possible, the recommendations of the UK Corporate Governance Code (UK CGC). In addition, the Remuneration Report includes the disclosures required by Section 162 of the German Stock Corporation Act (AktG) as amended by the Act implementing the Second Shareholders' Rights Directive (SRD II).

As a German stock corporation, TUI AG is also listed on the London Stock Exchange (LSE). Where mandatory rules on the governance structure and legal requirements of a German stock corporation are affected, these are presented accordingly in this report and, where appropriate, placed in the context of the UK CGC.

Executive Board and Executive Board Remuneration

CONFIRMATION OF THE REMUNERATION SYSTEM BY THE SHAREHOLDERS

Following preparatory work in financial year 2019, the Supervisory Board of TUI AG adopted a revised remuneration system for the members of the Executive Board in December 2019 with retroactive effect from the beginning of financial year 2020, i. e. 1 October 2019. The revision of the remuneration system included different performance targets for the short-term variable remuneration (STI). Furthermore, the Total Shareholder Return (TSR) performance target was removed from the calculation of the long-term variable remuneration (LTIP). In addition, the currentremuneration system now includes compliance malus and clawback rules, thus taking into account the requirements of UK-based stakeholders and the recommendations of the GCGC in particular. The remuneration system in its current form was approved by TUI AG shareholders at the Annual General Meeting on 11 February 2020, also with retrospective effect from the beginning of financial year 2020. In addition to the statutory requirements, the revision of the remuneration system took into account the recommendations of the GCGC as amended on 7 February 2017 and the draft of the new version of the GCGC as of 16 December 2019. In addition, the recommendations of the UK CGC and a different market practice in the United Kingdom were also taken into account in the revision. Against the background of changes in market practice and further developments in the structure of Executive Board remuneration since the last fundamental revision of the remuneration system, the remuneration system for TUI AG's Executive Board was revised to include and take account of the aforementioned perspectives and approved by TUI AG's shareholders: The defined performance indicators are designed to take account of the interests of all stakeholders and create value for our equity and debt providers. In designing the Executive Board remuneration system, the Supervisory Board was supported by renowned, independent external remuneration consultants PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC).

According to the German Stock Corporation Act in the version of SRD II, the Supervisory Board must in future submit the remuneration system for approval whenever there is a significant change, but at least every four years. The Supervisory Board had to make such a submission for the first time at the first ordinary Annual General Meeting following 31 December 2020. TUI AG's previous voluntary procedure in line with the UK CGC already largely complied with these new requirements. In the context of the resolution adopted on 25 March 2021, the Annual General Meeting approved and thus adopted the remuneration system for the members of the Executive Board by 95.8 %. Pursuant to the German Stock Corporation Act in the version of SRD II, the Executive Board and Supervisory Board must also prepare an annual Remuneration Report, which must comply with certain requirements (Section 162 AktG). The auditor has to check whether the Remuneration Report pursuant to Section 162 AktG contains all legally required information and, in addition, to issue an audit opinion. Pursuant to Section 120a (4) AktG, the audited Remuneration Report must be submitted to the Annual General Meeting for a decision on its approval. Under the applicable transitional law, the new provisions of the AktG on the Remuneration Report had to be applied for the first time for the first financial year beginning after 31 December 2020. Accordingly, the Remuneration Report for financial year 2022 would in principle have had to be submitted to the Annual General Meeting of TUI AG for approval for the first time in 2023. However, the Executive Board and Supervisory Board of TUI AG have made use of the option to voluntarily apply the new provisions of the German Stock Corporation Act on the Remuneration Report earlier. This was also done to fulfil a contractual obligation TUI AG has assumed vis-à-vis the Economic Stabilisation Fund in September 2020 in the framework of the granting of stabilisation measures in accordance with the Economic Stabilisation Fund Act. The Remuneration Report prepared and audited within the meaning of Section 162 AktG for financial year ended 30 September 2022 was approved by the shareholders of TUI AG on 14 February 2023 with 97.62 %. The decision of the Annual General Meeting on the approval of the Remuneration Report is of recommendatory nature.

COMPOSITION OF THE EXECUTIVE BOARD

In the financial year 2023, the Executive Board consisted of the following members.

- Sebastian Ebel: CEO
- David Burling: CEO Markets & Airlines
- Mathias Kiep: CFO
- Peter Krueger: CSO & CEO HEX
- Sybille Reiss: CPO / Labour Director
- Frank Rosenberger: CIO (until the end of 31 October 2022)

GENERAL PRINCIPLES

Upon recommendation of the Presiding Committee, the Supervisory Board determines the remuneration of the individual members of the Executive Board in accordance with Section 87 (1) sentence 1 AktG. In addition, the Supervisory Board regularly reviews the remuneration system for the Executive Board.

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In particular, the following principles are taken into account:

- Comprehensibility and transparency
- Economic situation, success and sustainable development of the Company
- Linking the shareholder interest in value enhancement and profit distribution with corresponding performance incentives for the members of the Executive Board
- Competitiveness in the market for highly qualified managers
- Appropriateness and orientation towards tasks, responsibility and success of each individual member of the Executive Board, also in a relevant environment of comparable international companies, taking into account the typical practice in other large German companies
- Linking a significant part of the total remuneration to the achievement of demanding long-term performance targets
- Appropriate relationship between the amount of the fixed remuneration and the performance-related remuneration
- Adequacy in horizontal and vertical comparison

The remuneration system and the service agreements of the members of the Executive Board stipulate in particular,

- how the target total remuneration is determined for the individual members of the Executive Board and what amount the total remuneration may not exceed (maximum remuneration),
- the relative share of fixed remuneration on the one hand and short-term variable and long-term variable remuneration components on the other hand in the target total remuneration,
- which financial and non-financial performance criteria are decisive for the granting of variable remuneration components,
- what the relationship is between the achievement of the previously agreed performance criteria and the variable remuneration,
- in which form and when the member of the Executive Board can dispose of the variable remuneration amounts.

The remuneration system adopted by the Supervisory Board at the end of 2019 and approved by the 2020 and 2021 Annual General Meetings also contains a compliance malus and clawback provision. Accordingly, in the event of a serious breach by the beneficiary of the principles contained in the Company's Code of Conduct or of due diligence in the management of the Company during the assessment period of the corresponding variable remuneration components, the Company may reduce or cancel the payment amounts in full or demand their return in full or in part after payment. The Supervisory Board shall decide on this in each individual case at its due discretion and shall take into account in its decision in particular the severity of the violation as well as the amount of the financial or reputational damage caused thereby.

In the financial year 2023, the Supervisory Board did not make use of the option to withhold or reclaim variable remuneration components.

I. REMUNERATION OF THE EXECUTIVE BOARD IN FINANCIAL YEAR 2023

In financial year 2023, the remuneration of the Executive Board members consisted of: (1) a fixed remuneration, (2) a performance-related annual bonus as short-term incentive (STI), (3) virtual shares in TUI AG under the long-term incentive plan (LTIP), (4) fringe benefits and (5) pension benefits. The following table provides an overview of the individual components of the remuneration system for Executive Board members in effect and approved by the Annual General Meeting as well as the structure of the individual remuneration components.

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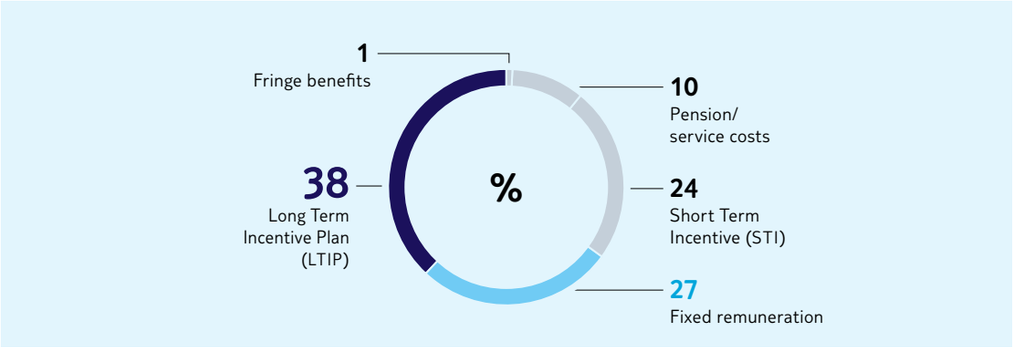
Target total remuneration

TARGET

The target total remuneration of the members of the Executive Board was determined as follows.

COMPOSITION OF THE TARGET TOTAL REMUNERATION OF ALL MEMBERS OF THE EXECUTIVE BOARD



€ '000	Fixed remuneration[1]	STI	LTIP
Sebastian Ebel	1,100.0	1,270.0	1,830.0
David Burling	680.0	500.0	920.0
Mathias Kiep	600.0	465.0	765.0
Peter Krueger	600.0	465.0	765.0
Sybille Reiss	600.0	465.0	765.0
Frank Rosenberger[2]	600.0	465.0	765.0

[1] Fixed amount, no cap applied.
[2] Appointment until the end of 31 October 2022.

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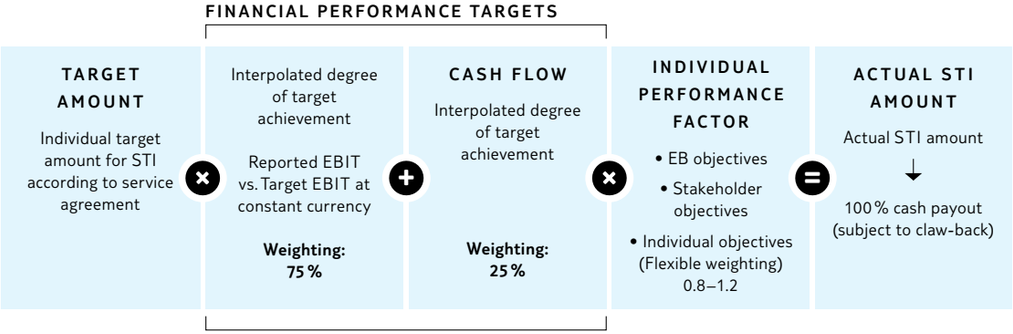
(1) Fixed remuneration

TARGET	Fixed remuneration paid in twelve equal monthly instalments in arrears at the end of a month, taking into account the applicable tax and social security regulations. Together with the other remuneration components, the fixed remuneration forms the basis for attracting and retaining the highly qualified members required for the development and implementation of the corporate strategy for the Executive Board.
INTRA-GROUP MANDATES	No separate remuneration / offset against fixed remuneration
EXTRA-GROUP MANDATES	No offsetting against fixed remuneration, subject to approval by the Supervisory Board

(2) STI

TARGET	STI is designed to motivate members of the Executive Board to achieve demanding and challenging financial, operational and strategic goals during a financial year. The targets reflect the corporate strategy and are aimed at increasing the value of the Company. In particular, through the link to EBIT (reported), the one-year variable remuneration is linked to the achievement of a key Group performance indicator in the respective financial year.
DESCRIPTION STI	



TARGET AMOUNT	Contractually agreed, individual target amount
OVERALL TARGET ACHIEVEMENT	• Total target achievement of the financial ratios • Interpolation: 0 % to 180 % • Individual performance factor: 0.8 to 1.2 • Adjustment element pursuant to section G.11 DCGK • Compliance malus and claw-back

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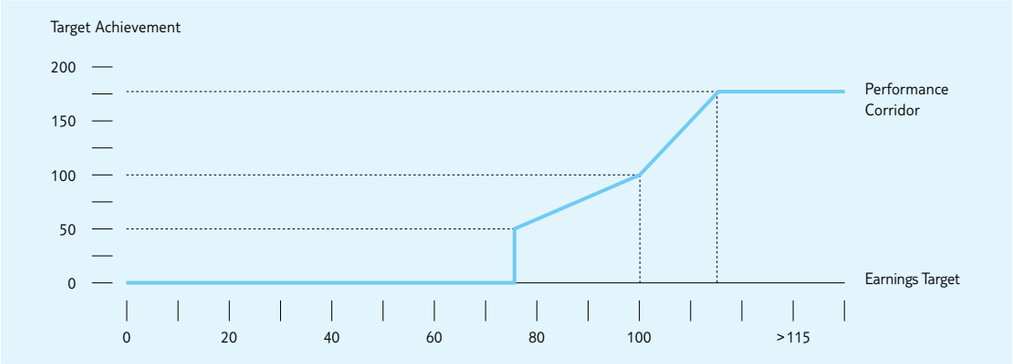
Group key figure 1

GROUP KEY FIGURE	EBIT (reported)
TARGET ACHIEVEMENT	Actual vs. target value at constant currency
TARGET ACHIEVEMENT CORRIDOR	75 % to 115 %
PERFORMANCE CORRIDOR EBIT IN %	



WEIGHTING	75 %

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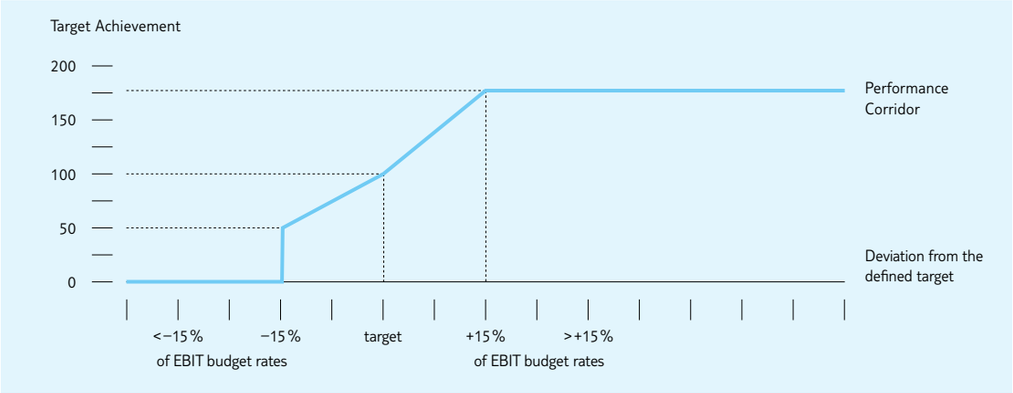
Group key figure 2	GROUP KEY FIGURE	Cash flow before dividends
	TARGET ACHIEVEMENT	Target value against +/–15 % of EBIT to budget rates
	TARGET ACHIEVEMENT CORRIDOR	85 % to 115 %
	PERFORMANCE CORRIDOR CASH FLOW IN %	
	WEIGHTING	25 %
Individual performance	TARGET	For each financial year, the Supervisory Board sets performance criteria for the individual performance of the beneficiary, the performance of the entire Executive Board and the achievement of stakeholder targets, as well as their weighting in relation to each other. ESG targets are always taken into account here.
	TARGET ACHIEVEMENT CORRIDOR	0.8 to 1.2
(3) LTIP	TARGET	The Company's value and the value for the shareholders (shareholder value) are to be increased in the long term by setting ambitious targets that are closely linked to the Company's earnings, the share price development and the dividend. By linking earnings per share and share price performance, congruence is established between the interests and expectations of shareholders and the remuneration of the Executive Board. The performance period of four years helps to ensure that the actions of the Executive Board in the current financial year are also aligned with the long-term development of the Company.

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DESCRIPTION LTIP

TARGET AMOUNT

Contractually agreed, individual target amount

OVERALL TARGET ACHIEVEMENT

- Interpolation: 0 % to 175 %
- Adjustment: EPS < 0.50 €
- Compliance Malus and Clawback

Group key figure

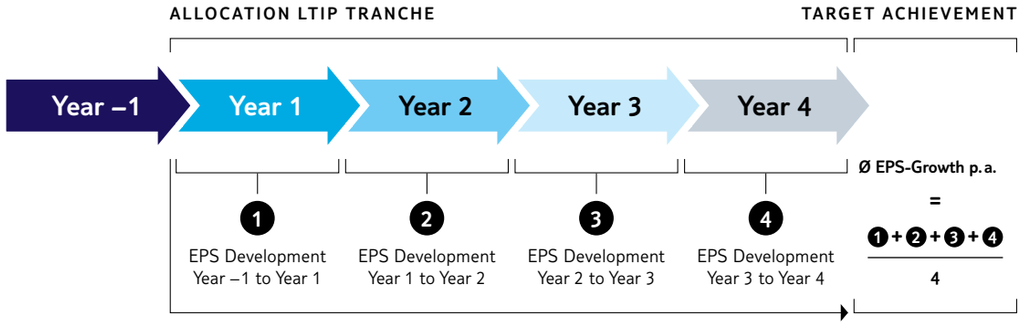
GROUP KEY FIGURE

EPS

TARGET ACHIEVEMENT

EPS p.a. based on four weighted annual amounts

ALLOCATION OF VIRTUAL SHARES



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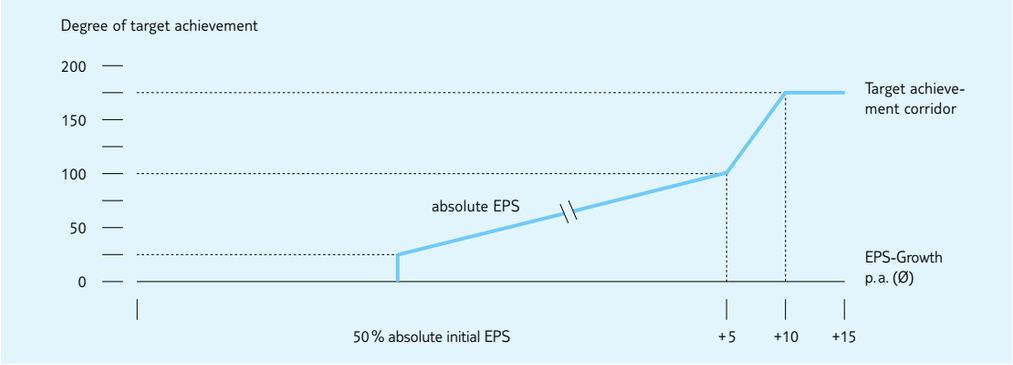
	TARGET ACHIEVEMENT CORRIDOR	Ø 50 % Start EPS to Ø 10 % p.a.
	TARGET ACHIEVEMENT CORRIDOR EPS IN %	

Shares		• Allocation of a provisional number of virtual shares calculated from the quotient of the agreed individual target amount and the average Xetra share price of TUI AG for the twenty trading days prior to the first day of financial year. • The final number of virtual shares is calculated from the product of the preliminary number of virtual shares and the degree of target achievement of the key figures.
Payment		Multiplication of the final number of virtual shares by the average Xetra share price of TUI AG of the last twenty trading days in the respective performance period.
(4) Fringe benefits	TARGET	The fringe benefits should be competitive in the market for highly qualified members of the Executive Board in order to attract and retain suitable candidates for the Company in the long term. Furthermore, an attractive working environment shall be created for the members of the Executive Board. • For business trips, reimbursement of travel expenses • Twice per financial year reimbursement of costs of a trip or individual travel components from programmes of tour operators in which TUI holds a majority stake (incl. discount for family members); only applies to the service agreements of Mr Ebel, Mr Burling, and Mr Rosenberger; does not apply to the service agreements of Mr Kiep, Mr Krueger and Ms Reiss • Discount of 75 % on flights with a TUI airline. Applies only to the service agreements of Mr Ebel, Mr Burling and Mr Rosenberger; does not apply to the service agreements of Mr Kiep, Mr Krueger and Ms Reiss • Accident insurance • Subsidy for health and long-term care insurance • Criminal law protection and D&O insurance • Company car / car allowance

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(5) Maximum remuneration

TARGET

- CEO: € 7,500 k
- Other Executive Board: € 3,500 k
- Contractually defined upper limit for total remuneration (incl. fixed remuneration, STI, LTIP, Company pension scheme (bAV) and fringe benefits). If the contractually defined upper limit of the total remuneration is exceeded, the LTIP is reduced proportionately in the inflow. The contractually defined upper limit of the total remuneration corresponds to the respective maximum total remuneration for the members of the Executive Board determined by the Supervisory Board.

MAXIMUM REMUNERATION

€ '000	Fixed remuneration[1]	STI	LTIP	Maximum total remuneration
Sebastian Ebel	1,100.0	2,743.2	4,392.0	7,500.0
David Burling	680.0	1,080.0	2,208.0	3,500.0
Mathias Kiep	600.0	1,004.4	1,836.0	3,500.0
Peter Krueger	600.0	1,004.4	1,836.0	3,500.0
Sybille Reiss	600.0	1,004.4	1,836.0	3,500.0
Frank Rosenberger[2]	600.0	1,004.4	1,836.0	3,500.0

[1] Fixed amount, no cap applied.
[2] Appointment until the end of 31 October 2022.

(6) Severance payment cap in the event of early termination of contract

TARGET

- CEO: Severance payment limited to the value of two years' remuneration
- Other Executive Board members: Severance payment limited to the value of one year's remuneration
- No change of control clauses agreed

(7) Pension benefits

TARGET

The aim is to attract and retain the highly qualified members of the Executive Board necessary for the development and implementation of the corporate strategy. The pension benefits or the pension subsidy should be competitive in the market for highly qualified members of the Executive Board and offer them an appropriate level of benefits in retirement.

Contributions to the company pension scheme

- Mr Ebel: € 454.5 k per year. In the case of Mr Ebel, the resulting pension can be paid out when he reaches the age of 62.
- Mr Rosenberger: € 230.0 k per year. In the case of Mr Rosenberger, the resulting pension can be paid out when he reaches the age of 63.

Fixed annual payout amounts for the purpose of retirement benefits

- Mr Burling: € 225.0 k per year
- Mr Kiep: € 230.0 k per year
- Mr Krueger: € 230.0 k per year
- Ms Reiss: € 230.0 k per year

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I.1 PENSION PROVISIONS FOR THE APPOINTED MEMBERS OF THE EXECUTIVE BOARD AND FOR FORMER MEMBERS OF THE EXECUTIVE BOARD WITH CURRENT SERVICE CONTRACTS UNDER TUI AG'S PENSION SCHEME

Pension obligations for appointed members of the Executive Board or former members of the Executive Board with current service contracts in accordance with IAS 19 totalled € 11,805.2 k as at 30 September 2023 (previous year € 13,235.3 k). Of this amount, € 3,796.0 k (previous year € 4,210.9 k) related to entitlements earned by Mr Ebel in the framework of his work for TUI Group until 31 August 2006. The remaining entitlements were distributed as follows:

Pensions and the amounts spent or accrued for this purpose by the appointed members of the Executive Board or former members of the Executive Board with current service contracts under TUI AG's pension plan

	Addition to / reversal from pension provisions		Net present value	
€ '000	**2023**	2022	**30 Sep 2023**	30 Sep 2022
Friedrich Joussen	251.2	– 694.7	5,002.3	4,751.1
Sebastian Ebel	727.9	–140.2	3,006.9	2,279.0
Total	**979.1**	**– 834.9**	**8,009.2**	**7,030.1**

For the pension obligations of Mr Ebel and Mr Rosenberger, corresponding assets were transferred in each case to a trustee on a fiduciary basis in line with the contractual agreement in order to finance the pension rights and to secure them in case of a security event.

Due to the appointment of Mr Ebel as Chairman of the Executive Board from 1 October 2022, his commitment was amended in financial year 2023. According to addendum no. 7 paragraph 3.e. dated 29 July 2022 to the service agreement between TUI AG and Mr Ebel, the pension contribution will increase from € 207,000 to € 454,500.

I.2 BENEFITS IN THE EVENT OF PREMATURE TERMINATION OF BOARD MEMBERSHIP

The payments to be made to a member of the Executive Board in the event of premature termination of his employment contract without good cause are limited in principle in Mr Ebel's service agreement to the value of two years' remuneration (severance payment cap).

In the service agreements of Mr Burling, Mr Kiep, Mr Krueger, Ms Reiss and Mr Rosenberger, it is agreed that payments in the event of premature termination of their Executive Board activities without good cause may not exceed the value of one year's remuneration (severance payment cap).

For all members of the Executive Board, no more than the remaining term of the service agreement is compensated. For the calculation of the severance payment cap, the target direct remuneration (fixed remuneration, target amount of the STI and target amount of the LTIP) of the past financial year and, if applicable, also the expected target direct remuneration for the current financial year are taken into account. If the service agreement is terminated for cause, the members of the Executive Board do not receive any benefits.

If the appointment of a member of the Executive Board is revoked, the respective service agreement shall also end. If the revocation is not based on a reason which at the same time constitutes an important reason for termination of the service agreement without notice, the service agreement shall end upon expiry of a period of expiry. This expiry period is generally twelve months.

In the event of premature termination of the service contract, the STI and the payments from the LTIP are regulated as follows:

- STI:
  - If the service agreement is terminated by the Company before the end of the one-year performance period for good cause for which the member of the Executive Board is responsible, or if the member of the Executive Board resigns without good cause, the entitlement to an annual bonus for the performance period in question shall lapse without replacement or compensation.
  - In all other cases of early termination of the service agreement before the end of the one-year performance period, the STI shall be paid pro rata temporis.
- LTIP:
  - Claims under the LTIP shall lapse without replacement or compensation for all tranches not yet disbursed if the service agreement is terminated by TUI AG before the end of the performance period for cause for which the Executive Board member is responsible or by the Executive Board member without cause.
  - If the service agreement ends before the end of the performance period for other reasons, the entitlements under the LTIP for tranches not yet paid out are retained. The tranche for the current financial year is reduced pro rata temporis. The amount to be paid out is determined in the same way as in the case of a continuation of the service agreement.

In connection with the stabilisation measures and associated remuneration restrictions, it was agreed with Mr Joussen and Mr Burling that they could unilaterally resign from their positions as members of the Executive Board from 1 June 2022 with a notice period of three months to 30 September 2022, whereby JEV and LTIP would be paid out in accordance with the contract and would not lapse. On 24 June 2022, Mr Joussen exercised his right of resignation from his office as member of the Executive Board of TUI AG ahead of schedule as per 30 September 2022. During the agreed expiry period of 24 months, TUI AG has agreed to process the service agreement in accordance with the service agreement until the termination date. Mr Burling did not exercise his right of resignation.

TUI AG shall be entitled to release the members of the Executive Board in connection with a termination of the service agreement, in particular following a termination of this service agreement, irrespective of the party declaring which such termination, or following the conclusion of a termination agreement, in whole or

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in part from the obligation to perform work with continued payment of remuneration. The release shall initially be irrevocable for the duration of any outstanding holiday entitlements, which are thereby settled. Subsequently, the release shall be maintained until the termination of the service agreement. It is revocable if there are questions in connection with the settlement of the employment relationship or if a temporary activity becomes necessary for operational reasons.

The rest of the service agreement is not affected by this. The service agreements of the members of the Executive Board do not contain any change of control clauses.

I.3 BENEFITS AND BENEFIT COMMITMENTS TO MEMBERS OF THE EXECUTIVE BOARD WHO HAVE LEFT THE EXECUTIVE BOARD IN FINANCIAL YEAR 2023

In financial year 2023, Mr Frank Rosenberger resigned from TUI AG's Executive Board. Mr Rosenberger was originally appointed as a member of TUI AG's Executive Board until the end of 31 December 2023. TUI AG and Mr Rosenberger terminated the Executive Board mandate prematurely by mutual agreement as per the end of 31 October 2022. On the occasion of the termination, TUI AG concluded a termination agreement with Mr Rosenberger. The subject matter of the termination agreement included the continuation of the service agreement until the end of the regular termination date, i.e. until 31 December 2023. TUI AG promised Mr Rosenberger that his remuneration would be settled in accordance with the contract until the termination date of the service agreement. The fringe benefits and the company car were only granted until the termination of the Executive Board mandate.

II. REMUNERATION RESTRICTIONS BASED ON THE FRAMEWORK AGREEMENT WITH THE ECONOMIC STABILISATION FUND

Principle

On 4 January 2021, TUI AG had concluded a framework agreement with the Economic Stabilisation Fund (Wirtschaftsstabilisierungsfonds – WSF) on the granting of stabilisation measures, which sets out various requirements for the remuneration of Executive Board members during the utilisation of stabilisation measures (Framework Agreement II). According to this agreement, any member of the Executive Board already appointed on 31 December 2019 was not allowed to receive any remuneration in excess of the basic remuneration of this member of the Executive Board as at 31 December 2019 (including any Group remuneration in the event of dual employment at another Group Company), as long as at least 75 % of the stabilisation measure had not been repaid. The framework agreement also stipulated that, as long as TUI AG makes use of the stabilisation measure, it would not grant and thus not constitute any bonuses, other variable or comparable remuneration components or special payments in the form of share packages, bonuses or other separate remuneration in addition to the fixed salary, other remuneration components and benefits at the discretion of the Company or severance payments not required by law to members of the Executive Board 'including any Group remuneration'.

For members of the Executive Board who were appointed as members of the Executive Board at the time the stabilisation measure was granted or thereafter, the upper limit was the basic remuneration of members of the Executive Board with the same level of responsibility as at 31 December 2019.

The WSF stabilisation measures were repaid with effect from 27 April 2023. The conditions and covenants to be fulfilled by TUI under Framework Agreement II generally ended on the stabilisation termination date.

Procedure

TUI AG had agreed corresponding amendments to the service agreements with all Executive Board members, adjusting the benefits generally promised under the remuneration system to the remuneration restrictions agreed with the Economic Stabilisation Fund.

Due to the corresponding amendment of the service agreements and the waivers of the Executive Board members, TUI AG deviated until termination of the WSF stabilization measures from the remuneration system in place in financial year 2023 with regard to the Short Term Incentive (STI) and the Long Term Incentive Plan (LTIP). The deviation was in the interest of TUI AG and was a prerequisite for TUI AG to be able to took advantage of stabilisation measures in accordance with the Economic Stabilisation Fund Act, if required. Apart from that, there were no deviations from the current remuneration system in financial year 2023.

III. OVERVIEW: INDIVIDUAL REMUNERATION OF THE MEMBERS OF THE EXECUTIVE BOARD

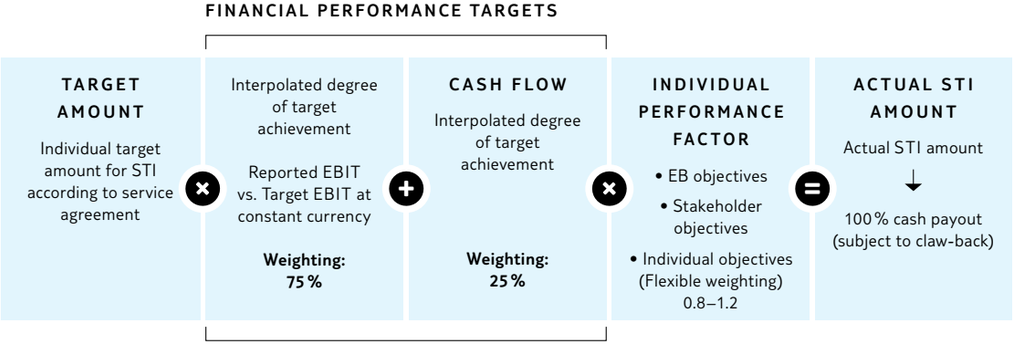
III.1 ACHIEVEMENT OF TARGETS

The following describes how the performance criteria were applied and the targets for the variable remuneration components were achieved in financial year 2023.

III.1.1 STI

The multiplication of the target amounts with the weighted target achievement levels for EBIT and cash flow and the individual performance factor results in the amount taken into account for the payment of the STI per member of the Executive Board.

Description STI



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With regard to STI's individual performance factor for the financial year 2023, the Supervisory Board decided to define individual targets, success criteria for the performance of the entire Executive Board and success criteria for the stakeholder targets. The company-wide transformation process and the prioritisation and implementation of the IT roadmap were key objectives here. Furthermore, the focus was on customer and employee satisfaction.

In addition, the members of the Executive Board have been given ESG targets. These include the implementation of emission reduction plans in the cruise segment, the definition and agreement of industry-leading standards for new construction and renovation in the hotel sector, and targets related to Sustainable Fuel (SAF) procurement.

Following the termination of the remuneration restrictions, the Supervisory Board has also re-established target achievement for EBIT (reported) and cash flow. The 2023 summer programme showed a strong performance, exceeding the previous year and almost matching the pre-pandemic level. Challenging factors, especially at the beginning of the financial year 2023, were the fuel and exchange rate developments. In addition, events beyond TUI's control, such as the forest fires in Rhodes, were recorded. Despite these factors, reported earnings rose significantly year-on-year and EBIT (reported) showed a degree of target achievement of 119 %. The cash flow[1] showed a degree of target achievement of 67 %. Taking into account the weighting of the key figures, this leads to an overall target achievement of around 106 % for STI 2023. Thus, in the 2023 financial year, there is remuneration granted and owed within the meaning of § 162 para. 1 sentence 1, sentence 2 no. 1 of the German Stock Corporation Act (AktG) from the STI for the financial year 2023.[2]

Following the end of the remuneration restrictions, the Supervisory Board again set an individual performance factor for each member of the Executive Board based on the targets set for the financial year 2023 as a precautionary measure despite the remuneration restrictions in place at the time. Overall, multiplying the target amounts by the weighted target achievement levels for EBIT and cash flow as well as the individual performance factor results in an STI for the members of the Executive Board that is commensurate with the results of the financial year. After evaluation, the Supervisory Board came to the following conclusions regarding the individual performance factor: Sebastian Ebel: 1.2; David Burling: 1.2; Mathias Kiep: 1.2; Peter Krueger: 1.2 and Sybille Reiss: 1.2. The factor 1.0 was defined for the former Executive Board members Friedrich Joussen and Frank Rosenberger, who still have service agreements that are due to expire.

III.1.2 LTIP

The payment of the LTIP tranche 2020 – 2023 is governed by the provisions of the remuneration system, which came into effect retroactively as of 1 October 2019.

The LTIP tranche was based on an average TUI AG share price of € 9.87 at the time of allocation. At the end of the performance period, TUI AG's average stock price was € 5.44. Due to the development of the EPS during the years of the COVID-19 pandemic, no target achievement level could be reached. The EPS were below the € 0.50 mark for financial years 2020, 2021 and 2022, at which point the Supervisory Board is to set new absolute target values for the EPS as well as minimum and maximum values for determining the percentage target achievement in accordance with the relevant remuneration system. After the termination of the remuneration restrictions, the Supervisory Board defined corresponding absolute values. For the past financial years with negative EPS, a target achievement of 0 was defined. For the respective remaining terms, the absolute EPS target values were determined on the basis of the original approved planning at the beginning of the respective performance period. For the LTIP tranche 2020 – 2023, there is no remuneration granted and owed in December 2023 within the meaning of Section 162 para. 1 sentence 1, sentence 2 no. 1 AktG.[2]

[1] For a detailed definition of cash flow, please refer to the section 'Value-oriented Group management' in the summarised management report.

[2] The definition of the remuneration granted and owed within the meaning of Section 162 para. 1 sentence 1, sentence 2 no. 1 AktG can be found in Section III. 3.1.

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III.2 LOANS OR ADVANCES

No loans or advances were granted to the members of the Executive Board in financial year 2023, as in the previous year and the previous years.

III.3 APPLICATIONS

III.3.1 'REMUNERATION GRANTED AND OWED' WITHIN THE MEANING OF SECTION 162 (1) SENTENCE 1 AKTG IN FINANCIAL YEAR 2023

Pursuant to Section 162 para. 1 sentence 1, sentence 2 no. 1 AktG, all fixed and variable remuneration components 'granted and owed' to the individual members of the Executive Board in financial year 2023 must be disclosed. The values stated for both the STI and the LTIP for financial year 2023 refer to the remuneration components 'granted and owed' in the respective financial year pursuant to Section 162 (1) sentence 1 AktG. They thus include all benefits earned in the respective financial year. The value of the STI therefore corresponds to the amount for the STI for financial year 2023, which would not be paid out until financial year 2024 in accordance with the service agreement. The value of the LTIP tranche 2020 – 2023 therefore corresponds in value to the amount for the LTIP whose four-year term ended on 30 September 2023, but which would not be paid out until the 2024 financial year in accordance with the service agreement.

In the financial year 2023, the members of the Executive Board neither received nor were promised benefits from third parties with regard to their activities on the Executive Board.

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Remuneration 'granted and owed remuneration' pursuant to section 162 (1) sentence 1 AktG

	Sebastian Ebel CEO, since 1 October 2022				**David Burling** Member of the Executive Board, since 1 June 2015				**Mathias Kiep** Member of the Executive Board, since 1 October 2022			
	€ '000 2022	in %[2]	**€ '000 2023**	**in %[2]**	€ '000 2022	in %[2]	**€ '000 2023**	**in %[2]**	€ '000 2022	in %[2]	**€ '000 2023**	**in %[2]**
Fixed remuneration	680.0	70.7	1,100.0	36.5	680.0	73.6	680.0	43.3	0.0	0.0	600.0	41.7
Fringe benefits[3]	18.0	1.9	18.0	0.6	19.2	2.1	30.3	1.9	0.0	0.0	18.0	1.3
Total	**698.0**	**72.6**	**1,118.0**	**37.1**	**699.2**	**75.7**	**710.3**	**45.2**	**0.0**	**0.0**	**618.0**	**42.9**
STI	0.0	0.0	1,615.5	53.6	0.0	0.0	636.0	40.5	0.0	0.0	591.5	41.1
LTIP												
LTIP Tranche (2019–2022)	0.0	0.0			0.0	0.0						
LTIP Tranche (2020–2023)			0.0	0.0			0.0	0.0				
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claw back according to § 162 para. 1 sen. 2 no. 4 AktG[4]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**698.0**	**72.6**	**2,733.5**	**90.6**	**699.2**	**75.7**	**1,346.3**	**85.7**	**0.0**	**0.0**	**1,209.5**	**84.0**
Pension/service costs[5]	263.5	27.4	282.8	9.4	225.0	24.3	225.0	14.3	0.0	0.0	230.0	16.0
Total remuneration	**961.5**	**100.0**	**3,016.3**	**100.0**	**924.2**	**100.0**	**1,571.3**	**100.0**	**0.0**	**0.0**	**1,439.5**	**100.0**

[1] Member of the Executive Board since 15 October 2012 until 30 September 2022; Co-Chairman of the Executive Board from 9 December 2014 to 9 February 2016.

[2] The relative shares stated here refer to the remuneration components 'granted and owed' in the respective financial year in accordance with section 162 (1) sentence 1 AktG. They thus include all benefits actually granted in the respective financial year, irrespective of the financial year for which they were paid to the Executive Board members. The relative shares are therefore not comparable with the relative shares in the description of the remuneration system pursuant to section 87a (1) no. 3 AktG, which will be submitted to the Annual General Meeting together with this Remuneration Report. The shares stated in the remuneration system refer to the respective target values.

[3] Without insurance from group contracts.

[4] The service agreements of the members of the Executive Board include – in accordance with the remuneration system adopted by the Supervisory Board in December 2019 – a compliance malus and clawback provision. In financial year 2023 TUI AG did not use this provision.

[5] For Mr Ebel, Mr Joussen and Mr Rosenberger service costs according to IAS 19, therefore not constituting 'awarded and owed' remuneration' within the meaning of section 162 (1) sentence 1 AktG. For Mr Burling, Mr Kiep, Mr Krueger and Mrs Reiss payments for pension contribution and therefor part of 'awarded and owed' remuneration within the meaning of Section 162 (1) sentence 1 AktG.

[6] Member of the Executive Board until 31 October 2022.

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Remuneration 'granted and owed remuneration' pursuant to section 162 (1) sentence 1 AktG

			Peter Krueger Member of the Executive Board, since 1 January 2021				**Sybille Reiss** Member of the Executive Board, since 1 July 2021	
	€ '000 2022	in %[2]	**€ '000 2023**	**in %[2]**	€ '000 2022	in %[2]	**€ '000 2023**	**in %[2]**
Fixed remuneration	600.0	70.8	600.0	41.7	600.0	70.8	600.0	41.7
Fringe benefits[3]	18.0	2.1	18.0	1.3	18.0	2.1	18.0	1.3
Total	**618.0**	**72.9**	**618.0**	**42.9**	**618.0**	**72.9**	**618.0**	**42.9**
STI	0.0	0.0	591.5	41.1	0.0	0.0	591.5	41.1
LTIP								
LTIP Tranche (2019–2022)								
LTIP Tranche (2020–2023)								
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claw back according to §162 para. 1 sen. 2 no. 4 AktG[4]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**618.0**	**72.9**	**1,209.5**	**84.0**	**618.0**	**72.9**	**1,209.5**	**84.0**
Pension/service costs[5]	230.0	27.1	230.0	16.0	230.0	27.1	230.0	16.0
Total remuneration	**848.0**	**100.0**	**1,439.5**	**100.0**	**848.0**	**100.0**	**1,439.5**	**100.0**

[1] Member of the Executive Board since 15 October 2012 until 30 September 2022; Co-Chairman of the Executive Board from 9 December 2014 to 9 February 2016.

[2] The relative shares stated here refer to the remuneration components 'granted and owed' in the respective financial year in accordance with section 162 (1) sentence 1 AktG. They thus include all benefits actually granted in the respective financial year, irrespective of the financial year for which they were paid to the Executive Board members. The relative shares are therefore not comparable with the relative shares in the description of the remuneration system pursuant to section 87a (1) no. 3 AktG, which will be submitted to the Annual General Meeting together with this Remuneration Report. The shares stated in the remuneration system refer to the respective target values.

[3] Without insurance from group contracts.

[4] The service agreements of the members of the Executive Board include – in accordance with the remuneration system adopted by the Supervisory Board in December 2019 – a compliance malus and clawback provision. In financial year 2023 TUI AG did not use this provision.

[5] For Mr Ebel, Mr Joussen and Mr Rosenberger service costs according to IAS 19, therefore not constituting 'awarded and owed' remuneration' within the meaning of section 162 (1) sentence 1 AktG. For Mr Burling, Mr Kiep, Mr Krueger and Mrs Reiss payments for pension contribution and therefor part of 'awarded and owed' remuneration within the meaning of Section 162 (1) sentence 1 AktG.

[6] Member of the Executive Board until 31 October 2022.

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Remuneration 'granted and owed remuneration' pursuant to section 162 (1) sentence 1 AktG

	Friedrich Joussen CEO, since 14 February 2013[1]				**Frank Rosenberger** Member of the Executive Board, since 1 January 2017[6]			
	€ '000 2022	in %[2]	**€ '000 2023**	**in %[2]**	€ '000 2022	in %[2]	**€ '000 2023**	**in %[2]**
Fixed remuneration	1,100.0	63.6	1,100.0	37.9	600.0	60.8	600.0	54.2
Fringe benefits[3]	57.6	3.3	0.0	0.0	25.2	2.6	13.3	1.2
Total	**1,157.6**	**66.9**	**1,100.0**	**37.9**	**625.2**	**63.3**	**613.3**	**55.4**
STI	0.0	0.0	1,346.2	46.4	0.0	0.0	492.9	44.6
LTIP								
LTIP Tranche (2019–2022)	0.0	0.0			0.0	0.0		
LTIP Tranche (2020–2023)			0.0	0.0			0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claw back according to § 162 para. 1 sen. 2 no. 4 AktG[4]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**1,157.6**	**66.9**	**2,446.2**	**84.4**	**625.2**	**63.3**	**1,106.2**	**100.0**
Pension/service costs[5]	571.6	33.1	452.9	15.6	362.3	36.7	0.0	0.0
Total remuneration	**1,729.2**	**100.0**	**2,899.1**	**100.0**	**987.5**	**100.0**	**1,106.2**	**100.0**

[1] Member of the Executive Board since 15 October 2012 until 30 September 2022; Co-Chairman of the Executive Board from 9 December 2014 to 9 February 2016.

[2] The relative shares stated here refer to the remuneration components 'granted and owed' in the respective financial year in accordance with section 162 (1) sentence 1 AktG. They thus include all benefits actually granted in the respective financial year, irrespective of the financial year for which they were paid to the Executive Board members. The relative shares are therefore not comparable with the relative shares in the description of the remuneration system pursuant to section 87a (1) no. 3 AktG, which will be submitted to the Annual General Meeting together with this Remuneration Report. The shares stated in the remuneration system refer to the respective target values.

[3] Without insurance from group contracts.

[4] The service agreements of the members of the Executive Board include – in accordance with the remuneration system adopted by the Supervisory Board in December 2019 – a compliance malus and clawback provision. In financial year 2023 TUI AG did not use this provision.

[5] For Mr Ebel, Mr Joussen and Mr Rosenberger service costs according to IAS 19, therefore not constituting 'awarded and owed' remuneration' within the meaning of section 162 (1) sentence 1 AktG. For Mr Burling, Mr Kiep, Mr Krueger and Mrs Reiss payments for pension contribution and therefor part of 'awarded and owed' remuneration within the meaning of Section 162 (1) sentence 1 AktG.

[6] Member of the Executive Board until 31 October 2022.

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III.3.2 COMPLIANCE WITH THE MAXIMUM REMUNERATION AS REMUNERATION CAPS

For financial year 2023, in addition to the maximum amounts for the one-year and multi-year variable remuneration, a maximum amount for the remuneration for financial year as a whole (including fringe benefits and pension commitment) is provided for in accordance with Section 87a para. 1 sentence 2 no. 1 AktG. This maximum remuneration is €7.5 m for the Chairman of the Executive Board and €3.5 m for an ordinary member of the Executive Board and relates to the remuneration granted for a financial year. If the remuneration for financial year 2023 exceeds the aforementioned maximum limit, the LTIP will be reduced accordingly. As the multi-year variable remuneration component is not available until the third year after the end of the reporting year due to the four-year performance period, compliance with the maximum remuneration for financial year 2023 can only be reported conclusively as part of the Remuneration Report for financial year 2026.

III.3.3 COMPARISON OF THE ANNUAL CHANGE IN THE REMUNERATION OF THE MEMBERS OF THE EXECUTIVE BOARD WITH THE DEVELOPMENT OF EARNINGS AND THE AVERAGE REMUNERATION OF EMPLOYEES OF TUI AG

The following table shows a comparison of the percentage change in the remuneration of the Executive Board members with the development of TUI AG's earnings and with the average remuneration of employees on a full-time equivalent basis as against the previous financial year.* The remuneration of the Executive Board members included in the table reflects the benefits earned in the respective financial year. For active members of the Executive Board, these values for financial year 2023 correspond to the values stated in the table 'Remuneration granted and owed within the meaning of Section 162 (1) sentence 1 AktG'.

As a matter of principle, the development of earnings is presented on the basis of the development of TUI AG's net profit for the year in accordance with Section 275 (2) no 17 of the German Commercial Code (HGB). Since the remuneration of the Executive Board members also depends to a significant extent on the development of Group key figures, TUI Group's earnings trend also includes the development of TUI Group's underlying EBIT shown in the consolidated financial statements for financial years 2020, 2021, 2022 and 2023 and TUI Group's underlying EBITA shown in the consolidated financial statements for financial years 2018 and 2019.

The comparison with the development of average employee remuneration is based on the average remuneration of TUI AG's workforce. Since the employee and remuneration structures in the subsidiaries are diverse, in particular in the case of employees abroad, it is appropriate to base the comparison of the development of average remuneration only on TUI AG's workforce. This comparative group was also used to review the appropriateness of the remuneration of the Executive Board members. The remuneration of all employees, including executive employees within the meaning of Section 5 (3) German Works Council Constitution Act (Betriebsverfassungsgesetz – BetrVG), was taken into account. Where employees also received remuneration as members of TUI AG's Supervisory Board, this remuneration was not taken into account. In order to ensure comparability, the remuneration of part-time employees was extrapolated to full-time equivalents.

* Pursuant to Section 26j, paragraph 2, sentence 2 of the Introductory Act to the Stock Corporation Act (EGAktG), a comparison of the average remuneration of employees on a full-time equivalent basis over the last five financial years pursuant to Section 162, paragraph 1, sentence 2, no. 2 of the Stock Corporation Act (AktG) is not yet to be included in the Remuneration Report.

Comparison of annual change to Executive Board remuneration according to section 162 (para 1) no. 2 AktG

Annual change (in %)	2023 vs. 2022	2022 vs. 2021[6]	2021 vs. 2020	2020 vs. 2019	2019 vs. 2018
Executive Board remuneration[1]					
Sebastian Ebel (CEO since 1 October 2022)	252	0	4	–2	–58
David Burling	70	0	7	–8	–55
Mathias Kiep					
Peter Krueger[7]	70	33			
Sybille Reiss[7]	70	300			
Friedrich Joussen (CEO until 30 September 2022)	80	0	5	–1	–74
Frank Rosenberger (CIO until 31 October 2022)	56	–1	5	–1	–45
Horst Baier (CFO until 30 September 2018)[2]	7	0	5	10	–73
Birgit Conix (CFO until 31 December 2020)		–100	–32	–4	144
Dr Elke Eller (CHRO until 30 June 2021)		–97	–1	0	–48
Earnings performance					
TUI AG[3]	3	–177	30	–1,994	–88
TUI Group[4]	139	120	69	–435	–22
Average employee remuneration on FTE basis					
Company employees[5]	30	10	6	–2	

[1] Remuneration granted and owed within the meaning of section 162 (1) sentence 1 AktG (fixed remuneration, STI, LTIP, fringe benefits and fixed annual pension payment for Mr Burling, Mr Kiep, Mr Krueger and Ms Reiss). In addition to the active members of the Executive Board, those former Executive Board members were taken into account who still received remuneration from their active activities within the comparison period.

[2] Mr Baier received a payout from his pension plan in financial years 2019 to 2023. In financial year 2021, he received a final payout from the remuneration paid and owed from the 2017/2020 LTIP tranche.

[3] Annual result within the meaning of section 275 para 2 no. 17 HGB.

[4] Adjusted EBIT of TUI Group for financial years 2023, 2022, 2021 and 2020. For financial years 2018 and 2019, adjusted EBITA of TUI Group.

[5] Due to the improved company result, higher variable remuneration was paid out this year than in the previous year. Tariff increases and related increases for non-tariff employees are also relevant in this context.

[6] The comparison for financial years 2021 and 2022 was based on the amended definition of remuneration granted and owed pursuant to section 162 (1) no. 2 AktG.

[7] Pro rata remuneration in financial year 2021.

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REVIEW OF THE APPROPRIATENESS OF EXECUTIVE BOARD REMUNERATION AND PENSIONS

The Supervisory Board conducted the annual review of the Executive Board remuneration and pensions for financial year 2023. It came to the conclusion that the amount of the Executive Board remuneration and the pensions are appropriate from a legal point of view pursuant to Section 87 (1) of the German Stock Corporation Act (AktG).

For the assessment of the appropriateness of the Executive Board remuneration and pensions, the Supervisory Board also regularly calls on external advice. This involves assessing the relationship between the amount and structure of Executive Board remuneration and the remuneration of senior management and the workforce as a whole from an external perspective (vertical comparison). In addition to a status quo analysis, the vertical comparison also takes into account the development of remuneration ratios over time. Secondly, the remuneration level and structure are assessed on the basis of TUI AG's positioning in a comparative market (horizontal comparison). The entirety of the companies listed in the DAX and MDAX was used as a comparison group. In addition to the fixed remuneration, the horizontal comparison also includes the short- and long-term remuneration components as well as the amount of the Company pension plan.

After the termination of the remuneration restrictions, the Supervisory Board did againa corresponding expert opinion on the appropriateness of the remuneration level for members of the Executive Board for financial year 2023. For financial year 2023, the consulting firm hkp group was commissioned to prepare an expert opinion on the appropriateness of the level of remuneration for Executive Board members. The partner of hkp group commissioned to carry out the survey does not have any dependent relationship with TUI AG's Executive Board or the Company. The findings of the external consultant confirm the Supervisory Board's assessment that the level of Executive Board remuneration is in line with the requirements of section 87 (1) of the German Stock Corporation Act (AktG) and the recommendations of the GCGC.

III.3.4 BENEFITS TO FORMER MEMBERS OF THE EXECUTIVE BOARD

For former members of the Executive Board and their surviving dependents, total pension payments in financial year 2023 amounted to € 6,361.9 k (previous year € 6,248.9 k). Of this amount, € 968.9 k was attributable to Michael Frenzel, who left the Executive Board on 31 March 2014, and € 1,069.0 k to Horst Baier, who left the Executive Board on 30 September 2018, in financial year 2023. The remaining payments related to former members of the Executive Board who left TUI AG's Executive Board more than ten years ago.

At the balance sheet date, pension provisions for former members of the Executive Board and their surviving dependants totalled € 59,098.9 k (previous year € 62,985.5 k) measured in accordance with IAS 19 – excluding Mr Ebel's entitlements of € 3,796.0 k (previous year € 4,210.9 k) earned in the framework of his service for TUI Group before 31 August 2006.

TUI AG and Dr Eller agreed on the premature termination of the Executive Board mandate and the Labour Director mandate as per 30 June 2021. On the occasion of the termination, TUI AG concluded a termination agreement with Dr Eller. The subject matter of the termination agreement included the continuation of the employment contract until the end of the regular termination date, i. e. until 14 October 2021. TUI AG has agreed to Dr Eller that it would continue to pay her remuneration in accordance with the service agreement until the termination date of the service agreement. TUI AG also continued to make contributions to the Company pension scheme until that date. No entitlement arose from the LTIP 2020 – 2023 in the financial year 2023.

On 24 June 2022, Mr Friedrich Joussen exercised his right to resign from his office as member of the Executive Board prematurely as of 30 September 2022. In the event of the right to resign being exercised, an expiry period of 24 months had been agreed. During this expiry period, TUI AG undertook to perform the service agreement in accordance with the contract until the termination date. TUI AG will continue to pay contributions to the company pension scheme until that date. In financial year 2023, Mr Joussen was thus entitled to a fixed remuneration of € 1,100.0 k and a variable remuneration of € 1,346.2 k.

TUI AG and Mr Frank Rosenberger agreed on the premature termination of his Executive Board mandate with effect from the end of 31 October 2022. On the occasion of the termination, TUI AG concluded a termination agreement with Mr Rosenberger. The subject matter of the termination agreement included the continuation of the service agreement until the end of the regular termination date, i. e. until the end of 31 December 2023. TUI AG agreed to pay Mr Rosenberger his remuneration in accordance with the contract until the termination date of the service agreement. TUI AG will also continue to make contributions to the company pension scheme until that date. Following the premature termination of his Executive Board mandate with effect from 31 October 2022, Mr Rosenberger was thus entitled to a pro rata fixed remuneration of € 550.0 k and variable remuneration of € 492.9 k in financial year 2023.

Supervisory Board and Supervisory Board Remuneration

CONFIRMATION OF THE REMUNERATION SYSTEM BY THE SHAREHOLDERS

According to the German Stock Corporation Act (AktG) in the version of the SRD II, the Annual General Meeting of a listed Company must resolve on the remuneration of the members of the Supervisory Board at least every four years. A resolution confirming the existing remuneration is also permissible. The resolution must comply with new formal requirements. Such a resolution was passed by the Annual General Meeting on 25 March 2021. The remuneration system for the members of the Supervisory Board was approved by 99.7 % and thus adopted. In addition, the Remuneration Report prepared and audited in accordance with Section 162 of the German Stock Corporation Act (AktG) for financial year ended 30 September 2021 was approved by the shareholders of TUI AG on 08 February 2022 with 98.72 %. Furthermore, the remuneration report prepared and audited within the meaning of section 162 of the German Stock Corporation Act (AktG) for the financial year ended 30 September 2022 was approved by the shareholders of TUI AG on 14 February 2023 by 97.62 %.

COMPOSITION OF THE SUPERVISORY BOARD

In accordance with the Articles of Association, the Supervisory Board of TUI AG comprises a total of 20 members. At the Annual General Meeting on 14 February 2023, there were three new or renewed mandates to be filled by shareholder representatives.

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Composition of the Supervisory Board

Dr Dieter Zetsche	Member since 13 February 2018, Chairman
Frank Jakobi*	Member since 15 August 2007, Vice-Chairman
Ingrid-Helen Arnold	Member since 11 February 2020
Sonja Austermühle*	Member since 1 April 2022
Christian Baier	Member since 31 May 2022
Andreas Barczweski*	Member since 10 May 2006
Peter Bremme*	Member since 2 July 2014
Dr Jutta Dönges	Member since 25 March 2021
Prof. Dr Edgar Ernst	Member since 9 February 2011
Wolfgang Flintermann*	Member since 13 June 2016
María Garaña Corces	Member since 11 February 2020
Stefan Heinemann*	Member since 21 July 2020
Janina Kugel	Member since 25 March 2021
Helena Murano	Member since 31 May 2022
Mark Muratovic*	Member since 25 March 2021
Coline McConville	Member since 11 December 2014
Anette Strempel*	Member since 2 January 2009
Joan Trían Riu	Member since 12 February 2019
Tanja Viehl*	Member since 25 March 2021
Stefan Weinhofer*	Member since 9 February 2016

* Employee representatives

I. REMUNERATION OF THE SUPERVISORY BOARD IN FINANCIAL YEAR 2023

The rules and remuneration of the members of the Supervisory Board are set out in Section 18 of TUI AG's Articles of Association, permanently accessible to the public on the internet. Supervisory Board remuneration is reviewed at appropriate intervals. It takes account of the expected time commitment for the mandate and the practice in companies of a comparable size, industry and complexity.

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(1) Fixed remuneration Supervisory Board	TARGET	The aim is to attract and retain highly qualified members of the Supervisory Board. This will promote the efficiency of the Supervisory Board's work and the long-term development of TUI AG. • Chairman: € 270.0 k • Vice-Chairman: € 180.0 k • Member: € 90.0 k • In each case plus the value-added tax on the remuneration In accordance with the provisions of TUI AG's Articles of Association, retired members of the Supervisory Board shall receive (pro rata temporis) fixed remuneration from TUI AG for the last time immediately after the end of financial year in which they resigned for the duration of their membership of TUI AG's Supervisory Board. After the final payment of the (pro rata temporis) fixed remuneration, retired members of the Supervisory Board shall no longer receive any remuneration from TUI AG for their former Supervisory Board activities.
(2) Fixed remuneration Committees	PRESIDING COMMITTEE	• Chairman: € 42.0 k • Member: € 42.0 k
	AUDIT COMMITTEE	• Chairman: € 126.0 k • Member: € 42.0 k
	NOMINATING COMMITTEE	• None
	TRANSACTION COMMITTEES	• None
(3) Attendance fees		• Supervisory Board: € 1.0 k per meeting • Presiding Committee: € 1.0 k per meeting • Audit Committee: € 1.0 k per meeting • Nomination Committee: € 1.0 k per meeting • Transaction Committees: none
(4) Maximum remuneration		Since the remuneration of the members of the Supervisory Board does not consist of variable but exclusively of fixed components, there is no need to determine a maximum total remuneration for the members of the Supervisory Board. The provisions of the German Stock Corporation Act (AktG) in the version of the SRD II expressly provide for the determination of a maximum remuneration only for the members of the Executive Board, but not for the members of the Supervisory Board.
(5) D&O	TARGET	In addition, the members of the Supervisory Board are included in a pecuniary damage liability insurance policy (so-called D&O insurance) taken out by the Company in the interest of the Company at an appropriate amount. The premiums for this are paid by the Company. There is no deductible.

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I.1 TOTAL REMUNERATION OF THE SUPERVISORY BOARD

I.1.1 REMUNERATION 'GRANTED AND OWED' WITHIN THE MEANING OF SECTION 162 PARA. 1 SENTENCE 1 OF THE GERMAN STOCK CORPORATION ACT (AKTG) IN FINANCIAL YEAR 2023

Pursuant to Section 162 (1) sentence 1, sentence 2 no. 1 AktG, all fixed and variable remuneration components 'granted and owed' to the individual members of the Supervisory Board in financial year 2023 must be disclosed. The values stated refer to the remuneration components 'granted and owed' in the respective financial year pursuant to Section 162 (1) sentence 1 AktG. They thus include all benefits earned in the respective financial year, regardless of whether they were received by the members of the Supervisory Board in the respective financial year. In terms of value, the amounts for financial year 2023 are therefore also taken into account, which, according to the Articles of Association, will only be paid out in financial year 2024. The remuneration granted and owed to the Supervisory Board includes the fixed remuneration earned for financial year 2023, but which, according to the Articles of Association, will only be paid in financial year 2024. The attendance fees, on the other hand, are usually paid immediately after the respective meetings, so that the attendance fees for the Supervisory Board meetings in 2023 were also paid in the financial year 2023.

Total remuneration granted and owed to the Supervisory Board

€ '000	**2023**	2022
Fixed remuneration	2,070.0	1,980.9
Remuneration for committee memberships	672.0	906.3
Attendance fees	292.0	245.0
Total remuneration for TUI AG Supervisory Board mandate	3,034.0	3,132.2
Remuneration for Supervisory Board mandates in the Group	47.7	50.7
Total	**3,081.7**	**3,182.9**

In addition, travel costs and expenses amounting to € 41.9 k (previous year € 72.5 k) were reimbursed. The remuneration of the Supervisory Board in financial year 2023, together with the reimbursement of travel costs and expenses, amounted to € 3,123.6 k (previous year € 3,255.4 k).

I.2. REMUNERATION 'GRANTED AND OWED' WITHIN THE MEANING OF SECTION 162 PARA. 1 SENTENCE 1 OF THE GERMAN STOCK CORPORATION ACT (AKTG) IN FINANCIAL YEAR 2023

Pursuant to Section 162 (1) sentence 1, sentence 2 no. 1 of the German Stock Corporation Act (AktG), all fixed and variable remuneration components 'granted and owed' to the individual members of the Supervisory Board in financial year 2023 must be disclosed. The values stated refer to the remuneration components 'granted and owed' in the respective financial year pursuant to Section 162 (1) sentence 1 AktG. They thus include all benefits earned in the respective financial year, regardless of whether they were received by the members of the Supervisory Board in the respective financial year. In terms of value, the amounts for financial year 2023 are therefore also taken into account, which, according to the Articles of Association, will only be paid out in financial year 2024.

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Granted and owed remuneration of the Supervisory Board (individual) in FY 2023

	Fixed remuneration		Remuneration for committee		Attendance fees		Remuneration for Supervisory Board mandates in the Group		
	€ '000	in %	€ '000	in %	€ '000	in %	€ '000	in %	**Total**
Dr Dieter Zetsche (Chairman)	270.0	71.4	84.0	22.2	24.0	6.3			378.0
Frank Jakobi (Vice Chairman)	180.0	62.5	84.0	29.2	24.0	8.3			288.0
Ingrid-Helen Arnold	90.0	90.9		0.0	9.0	9.1			99.0
Sonja Austermühle	90.0	80.5		0.0	9.0	8.1	12.8	11.4	111.8
Christian Baier	90.0	61.2	42.0	28.6	15.0	10.2			147.0
Andreas Barczewski	90.0	75.0		0.0	10.0	8.3	20.0	16.7	120.0
Peter Bremme	90.0	60.8	42.0	28.4	16.0	10.8			148.0
Dr Jutta Dönges	90.0	46.2	84.0	43.1	21.0	10.8			195.0
Prof. Dr Edgar Ernst	90.0	31.8	168.0	59.4	25.0	8.8			283.0
Wolfgang Flintermann	90.0	90.0		0.0	10.0	10.0			100.0
María Garaña Corces	90.0	90.9		0.0	9.0	9.1			99.0
Stefan Heinemann	90.0	60.0	42.0	28.0	18.0	12.0			150.0
Janina Kugel	90.0	90.0		0.0	10.0	10.0			100.0
Coline McConville	90.0	90.0		0.0	10.0	10.0			100.0
Helena Murano	90.0	90.0		0.0	10.0	10.0			100.0
Mark Muratovic	90.0	54.6	42.0	25.5	18.0	10.9	14.9	9.0	164.9
Anette Strempel	90.0	60.8	42.0	28.4	16.0	10.8			148.0
Joan Trían Riu	90.0	90.0		0.0	10.0	10.0			100.0
Tanja Viehl	90.0	90.0		0.0	10.0	10.0			100.0
Stefan Weinhofer	90.0	60.0	42.0	28.0	18.0	12.0			150.0
Total	**2,070.0**	**67.2**	**672.0**	**21.8**	**292.0**	**9.5**	**47.7**	**1.5**	**3,081.7**

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I.3 COMPARISON OF THE ANNUAL CHANGE IN THE REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD WITH THE DEVELOPMENT OF EARNINGS AND THE AVERAGE REMUNERATION OF TUI AG EMPLOYEES

The following table shows a comparison of the percentage change in the remuneration of the members of the Supervisory Board with the development of TUI AG's earnings and with the average remuneration of employees on a full-time equivalent basis as against the previous financial year*. The remuneration of the members of the Supervisory Board included in the table reflects the amounts earned in the respective financial year. For financial year 2023, these values correspond to the values stated in the table 'Remuneration granted and owed within the meaning of Section 162 (1) sentence 1 AktG'. Where members of the Supervisory Board had previously been members of TUI AG's Executive Board and had received remuneration for this, this would not be included in the comparative presentation. However, this does not apply to any member of the Supervisory Board.

The development of earnings is generally presented on the basis of the development of TUI AG's profit for the year in accordance with Section 275 (2) no 17 of the German Commercial Code (HGB).

The comparison with the development of average employee remuneration is based on the average remuneration of TUI AG's workforce. Since the employee and remuneration structures in the subsidiaries are diverse, in particular in the case of employees abroad, it is appropriate to base the comparison of the development of average remuneration only on the workforce of TUI AG. The remuneration of all employees, including executive staff as defined in Section 5 (3) of the German Works Constitution Act (BetrVG), was taken into account. Employee remuneration did not include remuneration received by employees as members of TUI AG's Supervisory Board. In order to ensure comparability, the remuneration of part-time employees was extrapolated to full-time equivalents.

* Pursuant to Section 26j, paragraph 2, sentence 2 of the Introductory Act to the Stock Corporation Act (EGAktG), a comparison of the average remuneration of employees on a full-time equivalent basis over the last five financial years pursuant to Section 162, paragraph 1, sentence 2, no. 2 of the Stock Corporation Act (AktG) is not yet to be included in the Remuneration Report.

Comparison of annual change to Supervisory Board remuneration according to section 162 para 1 no. 2 AktG

Annual change (in %)	2023 vs. 2022	2022 vs. 2021[6]	2021 vs. 2020	2020 vs. 2019	2019 vs. 2018
Supervisory Board remuneration[1]					
Dr Dieter Zetsche	–18	2	17	71	268
Frank Jakobi	–13	–3	18	0	–6
Ingrid-Helen Arnold	2	–5	91		
Sonja Austermühle	84				
Christian Baier	198				
Andreas Barczewski	1	–22	–6	–13	5
Peter Bremme	2	–5	9	–14	1
Dr Jutta Dönges	–7	111			
Prof. Dr Edgar Ernst	–13	4	15	–6	17
Wolfgang Flintermann	3	–8	16	–10	1
María Garaña Corces	2	–6	96		
Angelika Gifford			–47	12	14
Stefan Heinemann	3	12	914		
Dr Dierk Hirschel			–46	–15	3
Janina Kugel	3	81			
Peter Long			–46	–8	21
Vladimir Lukin		–54	47	279	
Coline McConville	–29	–8	10	–16	3
Alexey Mordashov[2]		–96	8	–8	5
Helena Murano	210				
Mark Muratovic	2	92			
Michael Pönipp			–34	–8	2
Carola Schwirn		–62	16	–21	3
Anette Strempel	2	–5	8	–14	0
Joan Trían Riu	3	–8	16	41	
Tanja Viehl	3	78			
Stefan Weinhofer	3	12	44	–10	1
Earnings performance					
TUI AG[3]	3	–177	30	–1,994	–88
TUI Group[4]	139	120	69	–435	–22
Average employee remuneration on FTE basis					
Company employees[5]	30	10	6	–2	

[1] Changes result in particular from the date of entry into the Supervisory Board, committee membership and the respective date of resignation.

[2] No pay-outs from 28 February 2022 onwards, as Mr Mordashov has been subject to EU sanctions since that date. Actual pay-outs in conjunction with the meeting of the Presiding Committee (4 February 2022) and the Supervisory Board (7 February 2022) have been made prior to listing on sanctions list on 16 February 2022. A pay-out in conjunction with the meeting of the Strategy Committee (21 February 2022) has not been paid out because of EU sanctions.

[3] Annual result within the meaning of section 275 (2) no. 17 HGB.

[4] Adjusted EBIT of the TUI Group for financial years 2023, 2022, 2021 and 2020. For financial years 2018 to 2019, adjusted EBITA of the TUI Group.

[5] Due to the improved company result, higher variable remuneration was paid out this year than in the previous year. Tariff increases and related increases for non-tariff employees are also relevant in this context.

[6] The comparison for 2021 and 2022 was based on the amended definition of remuneration granted and owed pursuant to Section 162 (1) no. 2 AktG.

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Apart from the work performed by the employee representatives in the framework of their employment contracts, the members of the Supervisory Board did not provide any personal services, such as consultancy or agency services, for TUI AG or its subsidiaries in financial year 2023 and therefore did not receive any additional remuneration based on such services.

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Consolidated Financial Statements

Consolidated Income Statement of TUI AG for the period from 1 Oct 2022 to 30 Sep 2023

€ million	Notes	2023	2022
Revenue	(1)	20,665.9	16,544.9
Cost of sales	(2)	19,052.9	15,613.3
Gross profit		**1,613.0**	**931.7**
Administrative expenses	(2)	1,015.6	746.3
Other income	(3)	37.6	52.2
Other expenses	(3)	32.0	1.7
Impairment of financial assets	(41)	18.4	7.3
Financial income	(4)	87.6	35.9
Financial expenses	(5)	533.6	509.5
Share of result of investments accounted for using the equity method	(6)	407.2	100.7
Impairment (+)/Reversals of impairment (–) of net investments in joint ventures and associates	(6)	–5.4	1.6
Earnings before income taxes		**551.2**	**–145.9**
Income taxes (expense [+], income [–])	(7)	95.5	66.7
Group profit/loss		**455.7**	**–212.6**
Group profit/loss attributable to shareholders of TUI AG	(8)	305.8	–277.3
Group profit attributable to non-controlling interest	(9)	149.9	64.6

Earnings per share*

€	Notes	2023	2022
Basic earnings/loss per share	(10)	**0.80**	**–1.02**
Diluted earnings/loss per share	(10)	**0.75**	**–1.02**

* Earnings per share for all periods presented were adjusted for the impact of the 10-for-1 reverse stock split in February 2023 as well as the impact of the subscription rights issued in the capital increase on 24 April 2023.

Consolidated Statement of Comprehensive Income of TUI AG for the period from 1 Oct 2022 to 30 Sep 2023

€ million	Notes	2023	2022
Group profit/loss		**455.7**	**–212.6**
Remeasurements of defined benefit obligations and related fund assets		–241.4	245.5
Other comprehensive income of investments accounted for using the equity method that will not be reclassified		1.3	–
Fair value profit/loss on investments in equity instruments designated as at FVTOCI		23.7	–1.2
Income tax related to items that will not be reclassified (expense [–], income [+])	(11)	47.6	–71.8
Items that will not be reclassified to profit or loss		**–168.7**	**172.5**
Foreign exchange differences		–65.6	206.1
Foreign exchange differences outside profit or loss		–75.9	206.2
Reclassification		10.3	–0.1
Cash flow hedges		169.3	110.7
Changes in the fair value		106.9	130.2
Reclassification		62.4	–19.5
Other comprehensive income of investments accounted for using the equity method that may be reclassified		1.4	17.0
Changes in the measurement outside profit or loss		1.4	17.0
Income tax related to items that may be reclassified (expense [–], income [+])	(11)	–37.1	–28.5
Items that may be reclassified to profit or loss		**68.1**	**305.3**
Other comprehensive loss/income		**–100.7**	**477.8**
Total comprehensive income		**355.1**	**265.1**
attributable to shareholders of TUI AG		197.7	144.1
attributable to non-controlling interest		157.3	121.1

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Consolidated Statement of Financial Position of TUI AG as at 30 Sep 2023

€ million	Notes	30 Sep 2023	30 Sep 2022
Assets			
Goodwill	(12)	2,949.2	2,970.6
Other intangible assets	(13)	538.0	507.6
Property, plant and equipment	(14)	3,480.3	3,400.9
Right-of-use assets	(15)	2,763.4	2,971.5
Investments in joint ventures and associates	(16)	1,198.2	785.4
Trade and other receivables	(17), (41)	74.7	131.6
Derivative financial instruments	(41)	10.3	26.6
Other financial assets	(41)	10.8	10.6
Touristic payments on account	(18)	152.5	138.0
Other non-financial assets	(19)	100.7	169.7
Income tax assets		17.2	17.2
Deferred tax assets	(20)	310.6	222.0
Non-current assets		**11,605.9**	**11,351.7**
Inventories	(21)	62.1	56.1
Trade and other receivables	(17), (41)	1,090.4	1,011.8
Derivative financial instruments	(41)	258.2	232.5
Other financial assets	(41)	48.6	85.8
Touristic payments on account	(18)	787.4	619.6
Other non-financial assets	(19)	129.9	135.4
Income tax assets		41.0	23.1
Cash and cash equivalents	(22), (41)	2,060.3	1,736.9
Assets held for sale	(23)	68.6	2.7
Current assets		**4,546.5**	**3,903.8**
Total assets		**16,152.4**	**15,255.5**

Consolidated Statement of Financial Position of TUI AG as at 30 Sep 2023

€ million	Notes	30 Sep 2023	30 Sep 2022
Equity and liabilities			
Subscribed capital	(24)	507.4	1,785.2
Capital reserves	(25)	9,090.1	6,085.9
Revenue reserves	(26)	–8,474.6	–8,432.7
Silent participation	(27)	–	420.0
Equity before non-controlling interest		**1,122.9**	**–141.6**
Non-controlling interest	(29)	824.3	787.3
Equity		**1,947.2**	**645.7**
Pension provisions and similar obligations	(30)	637.1	568.2
Other provisions	(31)	848.5	755.0
Non-current provisions		**1,485.7**	**1,323.2**
Financial liabilities	(32), (41)	1,198.5	1,731.4
Lease liabilities	(32), (41)	2,216.9	2,508.7
Derivative financial instruments	(41)	1.7	3.2
Other financial liabilities	(33), (41)	2.6	2.8
Other non-financial liabilities	(35)	252.9	165.2
Income tax liabilities		11.0	11.1
Deferred tax liabilities	(20)	159.0	121.2
Non-current liabilities		**3,842.6**	**4,543.8**
Non-current provisions and liabilities		**5,328.3**	**5,867.0**
Pension provisions and similar obligations	(30)	33.3	33.1
Other provisions	(31)	333.4	541.0
Current provisions		**366.7**	**574.2**
Financial liabilities	(32), (41)	98.5	319.9
Lease liabilities	(32), (41)	701.2	698.8
Trade payables	(41)	3,373.7	3,316.5
Derivative financial instruments	(41)	35.3	57.5
Other financial liabilities	(33), (41)	121.8	174.6
Touristic advance payments received	(34)	3,530.2	2,998.9
Other non-financial liabilities	(35)	534.1	519.9
Income tax liabilities		113.8	82.3
Current liabilities		**8,508.6**	**8,168.6**
Liabilities related to assets held for sale	(36)	1.6	–
Current provisions and liabilities		**8,876.9**	**8,742.7**
Total equity, liabilities and provisions		**16,152.4**	**15,255.5**

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Consolidated Statement of Changes in Equity of TUI AG for the period from 1 Oct 2022 to 30 Sep 2023

€ million	Subscribed capital	Capital reserves	Other revenue reserves	Foreign exchange differences	Financial assets at FVTOCI	Cash flow hedges	Revaluation reserve	Revenue reserves	Silent participation	Equity before non-controlling interest	Non-controlling interest	**Total**
Notes	(24)	(25)						(26)	(27)		(29)	
Balance as at 1 Oct 2021	**1,099.4**	**5,249.6**	**–7,301.9**	**–1,172.2**	**–24.0**	**–40.4**	**12.8**	**–8,525.7**	**1,091.0**	**–1,085.8**	**667.3**	**–418.4**
Dividends	–	–	–	–	–	–	–	–	–	–	–0.9	–0.9
Coupon on silent participation	–	–	–51.0	–	–	–	–	–51.0	–	–51.0	–	–51.0
Share-based payment schemes	–	–	–0.2	–	–	–	–	–0.2	–	–0.2	–	–0.2
Acquisition of own shares	–	–0.6	–	–	–	–	–	–	–	–0.6	–	–0.6
Capital increase	685.8	836.9	–	–	–	–	–	–	–	1,522.7	–	1,522.7
Repayment of silent participation	–	–	–	–	–	–	–	–	–671.0	–671.0	–	–671.0
Group loss for the year	**–**	**–**	**–277.3**	**–**	**–**	**–**	**–**	**–277.3**	**–**	**–277.3**	**64.6**	**–212.6**
Foreign exchange differences	–	–	28.7	121.6	0.1	–1.5	–	148.9	–	148.9	57.3	206.2
Financial assets at FVTOCI	–	–	–	–	–1.2	–	–	–1.2	–	–1.2	–	–1.2
Cash flow hedges	–	–	–	–	–	110.7	–	110.7	–	110.7	–	110.7
Remeasurements of defined benefit obligations and related fund assets	–	–	245.5	–	–	–	–	245.5	–	245.5	–	245.5
Other comprehensive income of investments accounted for using the equity method	–	–	17.8	–	–	–	–	17.8	–	17.8	–0.8	17.0
Taxes attributable to other comprehensive income	–	–	–71.8	–	–	–28.5	–	–100.3	–	–100.3	–	–100.3
Other comprehensive income	**–**	**–**	**220.1**	**121.6**	**–1.1**	**80.7**	**–**	**421.3**	**–**	**421.3**	**56.5**	**477.8**
Total comprehensive income	–	–	–57.2	121.6	–1.1	80.7	–	144.1	–	144.1	121.1	265.1

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Consolidated Statement of Changes in Equity of TUI AG for the period from 1 Oct 2022 to 30 Sep 2023

€ million	Subscribed capital	Capital reserves	Other revenue reserves	Foreign exchange differences	Financial assets at FVTOCI	Cash flow hedges	Revaluation reserve	Revenue reserves	Silent participation	Equity before non-controlling interest	Non-controlling interest	**Total**
Notes	(24)	(25)						(26)	(27)		(29)	
Balance as at 30 Sep 2022	**1,785.2**	**6,085.9**	**–7,410.3**	**–1,050.4**	**–25.2**	**40.4**	**12.8**	**–8,432.8**	**420.0**	**–141.7**	**787.3**	**645.7**
Dividends	–	–	–	–	–	–	–	–	–	–	–120.4	–120.4
Coupon on silent participation	–	–	–16.8	–	–	–	–	–16.8	–	–16.8	–	–16.8
Capital increase	328.9	1,432.0	–	–	–	–	–	–	–	1,760.9	–	1,760.9
Capital reduction	–1,606.7	1,606.7	–	–	–	–	–	–	–	–	–	–
WSF repurchase agreement	–	–34.5	–222.8	–	–	–	–	–222.8	–420.0	–677.4	–	–677.4
Group profit for the year	**–**	**–**	**305.8**	**–**	**–**	**–**	**–**	**305.8**	**–**	**305.8**	**149.9**	**455.7**
Foreign exchange differences	–	–	–6.8	–60.1	–0.1	–6.3	–	–73.3	–	–73.3	7.7	–65.6
Financial assets at FVTOCI	–	–	–	–	23.7	–	–	23.7	–	23.7	–	23.7
Cash flow hedges	–	–	–	–	–	169.3	–	169.3	–	169.3	–	169.3
Remeasurements of defined benefit obligations and related fund assets	–	–	–241.0	–	–	–	–	–241.0	–	–241.0	–0.3	–241.4
Other comprehensive income of investments accounted for using the equity method	–	–	2.7	–	–	–	–	2.7	–	2.7	–	2.7
Taxes attributable to other comprehensive income	–	–	47.6	–	–	–37.1	–	10.5	–	10.5	–	10.5
Other comprehensive income	**–**	**–**	**–197.5**	**–60.1**	**23.7**	**125.9**	**–**	**–108.1**	**–**	**–108.1**	**7.4**	**–100.7**
Total comprehensive income	–	–	108.3	–60.1	23.7	125.9	–	197.7	–	197.7	157.3	355.1
Balance as at 30 Sep 2023	**507.4**	**9,090.1**	**–7,541.6**	**–1,110.6**	**–1.5**	**166.3**	**12.8**	**–8,474.6**	**–**	**1,122.9**	**824.3**	**1,947.2**

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Consolidated Cash Flow Statement of TUI AG for the period from 1 Oct 2022 to 30 Sep 2023

€ million	Notes	2023	2022
Group profit/loss		455.7	–212.6
Depreciation, amortisation and impairment (+)/write-backs (–)		859.1	883.5
Other non-cash expenses (+)/income (–)		–404.4	–110.9
Interest expenses		525.1	492.1
Dividends from joint ventures and associates		24.1	0.2
Profit (–)/loss (+) from disposals of non-current assets		3.0	–37.2
Increase (–)/decrease (+) in inventories		–6.2	–16.4
Increase (–)/decrease (+) in receivables and other assets		–266.5	–692.1
Increase (+)/decrease (–) in provisions		–278.5	–117.8
Increase (+)/decrease (–) in liabilities (excl. financial liabilities)		726.0	1,889.0
Cash inflow from operating activities	(43)	**1,637.3**	**2,077.8**
Payments received from disposals of property, plant and equipment and intangible assets		142.9	180.7
Payments received/made from disposals of consolidated companies (less disposals of cash and cash equivalents due to divestments)		–0.7	25.2
Payments received from disposals of other non-current assets		115.7	4.3
Payments made for investments in property, plant and equipment and intangible assets		–666.2	–515.7
Payments made for investments in consolidated companies (less cash and cash equivalents received due to acquisitions)		0.4	–
Payments made for investments in other non-current assets		–84.3	–2.7
Cash outflow from investing activities	(44)	**–492.2**	**–308.2**
Payments received from capital increase by issuing new shares		1,760.9	1,522.7
Payments made for repayment of the silent participation		–	–671.0
Payments made for the repurchase of equity instruments		–682.4	–
Payments made for acquisition of own shares		–	–0.6
Dividends			
Coupon on silent participation		–16.8	–51.0
Subsidiaries to non-controlling interest		–120.3	–
Payments received from the raising of financial liabilities		217.8	109.7
Transaction costs related to loans and borrowings		–15.5	–0.4
Payments made for redemption of loans and financial liabilities		–947.7	–1,571.3
Payments made for principal of lease liabilities		–595.1	–583.6
Interest paid		–435.6	–385.6
Cash outflow from financing activities	(45)	**–834.6**	**–1,630.9**
Net change in cash and cash equivalents		**310.5**	**138.6**
Development of cash and cash equivalents	(46)		
Cash and cash equivalents at beginning of period		**1,736.9**	**1,586.1**
Change in cash and cash equivalents due to exchange rate fluctuations		13.1	12.2
Net change in cash and cash equivalents		310.5	138.6
Cash and cash equivalents at end of period		**2,060.5**	**1,736.9**
of which included in the balance sheet as assets held for sale		0.2	–

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Principles and Methods underlying the Consolidated Financial Statements

General

TUI Group and its major subsidiaries and shareholdings operate in tourism.

TUI AG, based in Karl-Wiechert-Allee 23, 30625 Hanover, Germany, is 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 financial year 2023 comprising the period from 1 October 2022 to 30 September 2023. 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 4 December 2023.

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 2023 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 2023 are generally consistent with those followed in preparing the previous consolidated financial statements for financial year 2022, with the exception of the initial application of new or amended standards, as outlined below.

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NEWLY APPLIED STANDARDS

Since the beginning of financial year 2023, 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 or voluntary basis:

Newly applied standards in financial year 2023

Standard	Applicable from	Amendments	Impact on financial statements
Amendments to IAS 37 Onerous Contracts	1 Jan 2022	The amendments specify which costs to include in assessing whether a contract is onerous. The amendments clarify that the cost of fulfilling a contract consists of the direct cost of the contract representing either the incremental costs of fulfilling the contract or an allocation of other costs that relate directly to fulfilling the contract.	No material 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 impacts.
Amendments to IFRS 3 Reference to the Conceptual Framework	1 Jan 2022	The amendments update a reference to the Conceptual Framework in IFRS 3 without changing the accounting requirements for business combinations.	No impacts.
Various amendments to IFRS (2018–2020)	1 Jan 2022	The amendments resulting from the Annual Improvements 2018–2020 Cycle include small amendments to IFRS 1, IFRS 9, IAS 41, and the Illustrative Examples accompanying IFRS 16.	No material impacts.
Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules	Immediately or, respectively, 1 Jan 2023	The amendments to IAS 12 (endorsement during the preparation period) introduce a temporary recognition exception for the accounting of deferred taxes as part of the implementation of the global minimum taxation (so-called 'Pillar Two' regulations of the OECD). This is intended to help ensure the consistency of the financial statements and facilitate the implementation of the regulations. This recognition exception is applicable with immediate effect according to the IASB requirements.	No material impacts.

For more information on the impact of the reform of global interest rate benchmarks, please refer to the section 'Interest rate risk' in Note 41.

For more information about the introduction of a global minimum taxation at TUI, we refer to the chapter 'Deferred taxes and income taxes' within the section accounting and measurement methods.

Going concern reporting according to the UK Corporate Governance Code

TUI Group covers its daily working capital requirements through cash in hand, balances with and borrowings from banks. As at 30 September 2023, TUI Group's net debt (financial debt plus lease liabilities less cash and cash equivalents and less short-term interest-bearing investments) totalled € 2,106.2 m (as at 30 September 2022 € 3,436.2 m).

Net debt

€ million	**30 Sep 2023**	30 Sep 2022	Var. %
Financial debt	1,297.0	2,051.3	–36.8
Lease liabilities	2,918.1	3,207.5	–9.0
Cash and cash equivalents	2,060.3	1,736.9	+18.6
Short-term interest-bearing investments	48.6	85.8	–43.3
Net debt	**2,106.2**	**3,436.2**	**–38.7**

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The global travel restrictions to contain COVID-19 have had a continuous negative impact on the Group's earnings and liquidity development since the end of March 2020. Following the successive lifting of the measures to restrict contact and travel in most countries, business has been mainly resumed in all segments in the course of the first half year of the 2022 calendar year.

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

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

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

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

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

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

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

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

Moreover, TUI AG reduced the volume of the KfW credit facility from € 2.1 bn to € 1.05 bn following completion of the capital increase.

The capital increase completed in April 2023 and the subsequent substantial reduction in government financing will enable a significant improvement in the TUI Group's credit ratios and reduce current interest costs, allowing TUI to focus on growth and further market recovery.

In May 2023, TUI extended the maturity of the existing credit lines of € 2.7 bn by a further two years. The syndicated credit line with the 19 banks (€ 1.64 bn), including the credit line with KfW (€ 1.05 bn), together referred to as the 'RCF', will now mature in July 2026. The RCF of TUI AG is subject to compliance with certain financial targets (covenants) for debt coverage and interest coverage, the review of which is carried out on the basis of the last four reported quarters at the end of the financial year or the half-year of a financial year.

As at 30 September 2023, TUI Group's revolving credit facilities totalled € 2.7 bn, they comprised the following

- € 1.64 bn credit line from 19 private banks (incl. € 190 m guarantee line)
- € 1.05 bn KfW credit line

The KfW credit line, which was reduced to € 1.05 bn after the successful capital increase, is not expected to be drawn on and serves only as a buffer. The aim is to return this credit line quickly.

In the view of the Executive Board, the TUI Group currently has and will continue to have sufficient funds, resulting both from borrowings and from operating cash flows, to meet its payment obligations and to continue as a going concern in the foreseeable future. Therefore, as at 30 September 2023, the Board does not identify any material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

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The Board does not foresee risks that may jeopardise the Group's ability to continue as a going concern and does not believe that compliance with the financial covenants is at risk as at 31 March 2024 and 30 September 2024.

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

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 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 fair 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 are taken into account that are currently exercisable when decisions about the direction of relevant activities are made. 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 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 between 20 to 50 %.

Stakes in joint ventures are also measured using the equity method. A joint venture is a company managed jointly by 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 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 34 companies with a financial year from 1 January to 31 December, three companies with a financial year from 1 November to 31 October and two companies with a financial year from 1 April to 31 March.

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GROUP OF CONSOLIDATED COMPANIES

In financial year 2023, the consolidated financial statements included a total of 266 subsidiaries. The table below presents changes in the number of companies since 1 October 2022.

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

	Consolidated subsidiaries	Associates	Joint ventures
Number at 30 Sep 2022	**268**	**17**	**27**
Additions	4	4	–
Incorporation	1	2	–
Demerger	1	–	–
Acquisition	2	1	–
Start/expansion of business operations	–	1	–
Disposals	6	1	–
Liquidation	2	–	–
Merger	4	1	–
Change in ownership stake	–	–	–
Number at 30 Sep 2023	**266**	**20**	**27**

*excl. TUI AG

TUI AG's direct and indirect subsidiaries, associates and joint ventures are listed under Other Notes – TUI Group Shareholdings.

30 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

A total of three companies were acquired. One of the acquisitions did not comprise any business operations. Another acquisition is immaterial and not explained in greater detail here.

On 26 September 2023, an agreement was signed to acquire 49 % of the shares in Pep Toni Hotels S. A., Palma de Mallorca. The purpose of the company is to invest in and develop leisure hotels and hotels in (tourist) cities worldwide. The purchase price of € 29,400 corresponds to the nominal value of the shares. The investment is carried as a TUI Group associate. Subsequently, the shareholders contributed equity in line with their stakes in the company. This equity was transferred to the company's capital reserves. In this context, we refer to the section 'Companies measured at equity'.

An insignificant company acquisition took place after the balance sheet date that requires no further explanation.

ACQUISITIONS OF THE PRIOR FINANCIAL YEAR

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

DIVESTMENTS

The non-consolidated shares in Peakwork AG were sold in financial year 2023. The divestment of the shares and the payment of the purchase price of € 24.0 m took place in April 2023.

After the balance sheet date the following divestments took place:

The shares in the joint venture WOT Hotels Adriatic Asset Company d. o. o., a company accounted for using the equity method, were sold by way of an agreement dated 30 August 2023 and effective as of 20 October 2023. The purchase price amounts to € 12.0 m and was paid on 10 November 2023. The preliminary gain on disposal from this transaction is zero. In this context, we refer to the section 'Assets held for sale'.

The shares in the joint venture Raiffeisen-Tour RT-Reisen GmbH, a company accounted for using the equity method, were sold by way of a purchase agreement dated 29 August 2023 and effective as of 19 October 2023. The consideration calculated as part of a purchase price distribution amounts to € 3.1 m. The payment was made on 30 October 2023. The preliminary gain on disposal from this transaction is zero. In this context, we refer to the section 'Assets held for sale'.

On 31 March 2023, an agreement was signed with TUI Global Hospitality Fund S. C. S. to sell Club Hotel CV, S. A. (Robinson Club Cabo Verde), consolidated in the Hotels & Resorts segment. The divestment was completed on 31 October 2023. The purchase price was € 3.4 m. The purchase price was paid on 31 October 2023. A preliminary gain on disposal of € 4.6 m was generated from the transaction, reported under Other income. The divestment of the company resulted in the disposal of goodwill totalling € 2.3 m by the 'Robinson' cash-generating unit. In this context, we refer to the section 'Assets held for sale'.

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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 are included in revenue reserves.

Some TUI Group subsidiaries operate their business in a hyperinflation country (previous year: equally Group companies in hyperinflationary economies). As the Euro is the functional currency for these companies, accounting in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies, is not required.

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. As at 30 September 2023, TUI Group had granted loans of this type in particular to hotel companies in North Africa.

Exchange rates of currencies of relevance to TUI Group

	Closing rate		Annual average rate	
1 € equivalent	**30 Sep 2023**	30 Sep 2022	**2023**	2022
Sterling	0.87	0.88	0.87	0.85
US dollar	1.06	0.98	1.07	1.09
Swiss franc	0.97	0.96	0.98	1.02
Swedish krona	11.55	10.95	11.34	10.43

CONSOLIDATION METHODS

The recognition of the assets and liabilities of acquired businesses is based on the acquisition method. Accordingly all identifiable assets, all liabilities and certain contingent 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. 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 combinations 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.

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On loss of control of a subsidiary, the gain or loss on derecognition will be calculated as the total 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 entered into on an arm's length basis.

Accounting and measurement methods

The consolidated financial statements are 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, 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).

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TUI has to pay compensation to customers for flight delays or cancellations (so-called denied boarding compensation). These payments are directly related to the obligation of the flight service. Therefore these payments represent variable considerations. Hence, 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 13 years
Customer base as at acquisition date	7 to 15 years

Due to changes in our strategy and delays in the digital transformation, the useful lives of certain software solutions were extended by up to three years. As a result of the adjustment of individual useful lives for computer software, the economic useful life in individual cases has been extended from the previous ten years to a total of 13 years. For further information, please refer 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. 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 groups of cash-generating units.

Impairment charges are recognised where the carrying amount of the tested units, including 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 over the useful economic life. The useful economic lives are as follows:

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Useful lives of property, plant and equipment

	Useful lives
Hotel buildings	30 to 50 years
Other buildings	25 to 50 years
Cruise ships	30 to 38 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 10 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 at first-time recognition for cruise ships is between 4 % and 30 % 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. In addition, a residual value of 20 % is used to determine the scheduled depreciation of spare parts. 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 are 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, travel agency and office space as well as a hotel.

TUI AS LESSEE

TUI recognises right-of-use assets and corresponding lease liabilities for the lease arrangements, in which it is the lessee, in the statement of financial position. As an exception, 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 twelve 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.

At the inception of an agreement, TUI evaluates whether it 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 twelve months, provided 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.

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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.

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 asset 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, the lease classification has been made by reference to the right-of-use asset arising from the head lease in accordance with IFRS 16 and not by reference to the underlying lease asset.

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 own equity instruments for one of the two contracting parties and correspondingly to an inflow or outflow of financial assets for the other contracting party. They also comprise (derivative) rights or obligations derived in particular, from non-derivative financial assets.

NON-DERIVATIVE FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The classification and measurement of financial assets are determined on the basis of the business model assigned 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)".

With the exception of trade receivables, non-derivative financial financial assets are recognised at fair value. Trade receivables are recognised with their values at the trading date on which TUI Group under-takes to buy the assets. When recognised for the first time, they are either classified at amortised costs or at fair value, depending on their objective. Non-derivative 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 contractually agreed cash flows, and when the cash flows exclusively constitute interest and principal payments on the nominal amount outstanding.

For 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 or if the financial instruments are trade receivables, lease liabilities or contract assets. 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 be recognised at initial recognition. TUI applies the simplified approach for all trade receivables.

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Impairments and reversals of impairments are recognised under 'Impairment / reversals of impairment of financial assets' 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 fluctuations in the fair value in the income statement would not be in line with the Group's strategy. They are allocated to 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 subsequent measurement of the equity instruments recognised in other comprehensive income will continue to be recognised in equity even after the equity instrument has been derecognised and 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 and loss.

Financial assets are derecognised at the date on which the rights for payments from the assets expire or are transferred and therefore 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 the derecognition requirements of IFRS 9.

Non-derivative 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. A non-derivative financial liability is initially recognised at its fair value. For loans taken out, the nominal amount is reduced by discounts retained and transaction costs paid and discounted over the expected remaining term of the liability. The subsequent measurement of non-derivative financial liabilities is effected at amortised cost using the effective interest method. TUI does not use the fair value option.

Financial liabilities are derecognised when the obligations specified in the contract are discharged, cancelled or expire.

All foreign exchange differences resulting from the translation of trade accounts payable are recognised in the income statement within cost of sales. Foreign exchange differences from the translation of liabilities not resulting from normal operating processes are reported under Other income / expenses, Financial expenses / income or Administrative expenses, depending on the nature of the underlying receivables or payables.

The bond with warrants and the convertible bond on shares in TUI AG have to be accounted for as compound financial instruments. Compound financial instruments are divided into an equity and a debt component in accordance with IAS 32. The debt component shown under financial liabilities is valued, less the pro rata transaction costs and added to the repayment amount using the effective interest method. The equity component is valued at the residual value that results after deducting the amount determined for the debt component from the fair value of the entire instrument. The pro rata transaction costs of the equity component are deducted from this component. No gain or loss will result from the exercise or expiry of the relevant conversion option.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

At initial measurement, derivative financial instruments are measured at the fair value attributable to them on the date the contract is entered into and recognised in the balance sheet. Subsequent remeasurement is also recognised at the fair value calculated at the respective balance sheet date. Where derivative financial instruments are not part of a designated hedging relationship 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 of a derivative financial instrument not designated as a hedging instrument or the component of a derivative financial instrument not designated as a hedging instrument are immediately recognised through profit and loss. If, by contrast, an effective hedging relationship exists, the transaction is recognised as a hedge. The unrealised gains and losses from the fair value valuation of derivative financial instruments that are designated as hedging instruments within hedge accounting are initially recognised in equity without affecting profit or loss. In the case of derivative financial instruments that are not part of a hedging relationship, the effect on profit or loss is immediate, i. e. the changes from the fair valuation are recognised through profit and loss.

TUI Group uses the accounting policy choice provided by IFRS 9, enabling entities to continue applying the hedge accounting requirements of IAS 39. Hedge accounting is exclusively used to hedge the exposure due to foreign currency and fuel price fluctuations in cash flows from highly probable forecast transactions (cash flow hedges). Hedges of balance sheet items (fair value hedges), i. e. hedges of the fair value of an asset or a liability, which would be accounted for at amortised cost, are currently not designated.

Upon entering into a transaction, TUI 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 by using the Critical Terms Match method and on a continual qualitative 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.

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The effective portion of changes in the fair value of derivatives forming cash flow hedges is recognised in equity without affecting profit and loss. 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 or the hedge has an effect on results or it is no longer highly expected that the hedged item or a corresponding part thereof will occur.

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 41 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 generally 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, current account balances and other highly liquid current financial assets with an original term of a maximum of three months, such as shares in money market funds. Investments in money market funds are made in shares with a stable net asset value or LVNAV (low volatility net asset value). The investment criteria of the individual money market funds, their credit ratings, historical performance and stress tests meet the criteria for cash and cash equivalents. As the contractual cash flows of the money market funds do not exclusively comprise interest and principal payments, they are measured at fair value through profit or loss.

Bank overdrafts are shown as liabilities to banks under current financial liabilities.

EQUITY

Ordinary shares are classified as equity. Costs directly attributable 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 non-financial assets as far as the capitalisation is not limited under the asset ceiling defined in IAS 19. 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.

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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 recognised 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. Government grants include, for example, income subsidies or social security contributions for short-time allowances. If short-time allowance is a personal benefit for the employee, the respective payments are not recognised as income in the statement of profit or loss.

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 taxes are charged or credited directly to equity or other comprehensive income if the tax relates to items that are charged or credited to equity or recognised in other comprehensive income without affecting Group profit or loss.

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.

Based on the OECD initiative, numerous jurisdictions are in the process of the introduction of a global minimum tax. The aim of this minimum taxation is to ensure that multinational groups with a turnover of over €750 m are subject to a minimum taxation of 15 %. As a potentially affected company, TUI is closely following the worldwide development towards the introduction of global minimum taxation and is analysing the potential impact on TUI. As the transposition into local law has not yet been finalised and the draft regulations published to date are highly complex, TUI has not yet been able to make a reliable estimate of the future impact. TUI has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, TUI neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

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 'Share-based payments in accordance with IFRS 2'.

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SUMMARY OF SELECTED ACCOUNTING AND MEASUREMENT METHODS

The table below lists the key accounting and measurement methods used by 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 reclassification to profit or loss)
Trade and other receivables	At amortised cost or at fair value through profit or loss (depending on the underlying business model and the contractual cash flows)
Derivative financial instruments	At fair value through profit or loss
Cash and cash equivalents	At amortised cost or at fair value through profit or loss
Inventories	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 costs 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
Other 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 and provisions as well as contingent assets and liabilities shown in the consolidated financial statements is based on judgements, assumptions and estimates. 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 of when the Group has control over an investee and therefore consolidates this investment
- Definition of whether a Group company acts as an agent or as a principal in a transaction
- Determination of 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 based on 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 that 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.

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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 TUI Group are mainly related to the following balance sheet-related facts and circumstances:

- Assumptions for use in impairment tests, in particular for goodwill and property, plant and equipment
- Effect of climate-related risks on the useful lives and the measurement of assets
- 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 expected credit losses (ECL) of financial instruments

ASSUMPTIONS FOR USE IN IMPAIRMENT TESTS, IN PARTICULAR FOR GOODWILL AND PROPERTY, PLANT AND EQUIPMENT

The impairment tests are performed on the basis of future discounted cash inflows derived from the medium-term corporate planning. Both the derivation of future cash inflows and the determination of the interest rate are heavily influenced by assumptions and estimates and are associated with uncertainties, in particular due to the strong general increase in prices and interest rates, which could lead to a decline in demand for tourism products and increased expenses for input factors. In addition assumptions and estimates regarding the financial impact of climate-related risks were made, which are described further below.

In the financial year 2023 TUI left behind the impacts of the COVID-19 pandemic. In the holiday experience division the complete product portfolio could be offered. In aviation business disruptions did not occur unlike in the financial year 2022. The number of guests reached near pre crisis levels, revenues exceeded pre crisis levels. In contrast the financial year 2023 was still affected by the general increase in prices, especially for fuel, and by changes in exchange rates. TUI was insufficiently hedged against these changes due to limited access to relevant hedging instruments. However, overall all the segments increased their results in comparison to the financial year 2022.

For the financial year 2024 it is expected that customer volumes will reach 2019 levels. In the course of the financial year 2023 TUI improved its financial position due to the recovery of its business, the capital increase and the prolongation of the RCF. Accordingly TUI has now far more options to hedge against changes in fuel prices or exchange rates. The further digitalisation of our business and the expansion of existing and new business areas are expected to take effect. Below we describe the key assumptions underlying the medium-term business planning in the segments.

In its business plan, Hotels & Resorts expects to deliver further earnings growth due to capacity expansion, demand growth and increases in average selling prices.

In the Cruises segment, results are expected to recover further in the financial year 2024 as the winter season of the financial year 2023 was still affected by the comparative late recovery of demand in 2022. Furthermore, results will increase until 2026 due to the expansion of the fleets of Marella and TUI Cruises. In Summer 2023 Marella took over one cruise ship from TUI Cruises, which will deliver a full year's trading result in 2024. TUI Cruises will launch a new ship in Summer 2024 and expand its fleet to nine ships (excluding the Hapag Lloyd Kreuzfahrten brand) in the following years to 2027. However, the results will be negatively impacted by the cost of meeting the emission reducing regulatory measures, notably the introduction of the EU emission trading system from 2024.

The future development of TUI Musement depends in part on the development of customer numbers in Markets & Airlines. TUI Musement will also generate growth through the sale of tours, activities and tickets due to the expansion of its own / direct distribution via the internet and the app.

In Markets & Airlines, beginning with the financial year 2024 it is expected that customer numbers will reach 2019 levels. Wider use of online distribution and distribution by the app, the provision of dynamic production capacities for flights and accommodation and the investments in digitalisation are expected to further improve the results. In addition, TUI has now by far more options to hedge against changes in fuel prices and in exchange rates in comparison to financial year 2023. Conversely the emission trading system of the EU and Great Britain will lead to higher expenses. In addition, the usage of alternative fuels with lower climate-damaging emissions will increase in order to reach emission reduction targets for 2030 and beyond. These fuels are more expensive than conventional kerosine. For further information on assumptions and estimates in relation to climate related risks we refer to the section below.

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Other key factors are the weighted average cost of capital after income taxes (WACC), on which discounting is based, the sustainable growth rate and the growth in perpetuity. Changes in these assumptions may have a significant impact on the recoverable amount and the amount of any impairment loss.

The weighted average cost of capital after income taxes (WACC), on which discounting is based, was derived from external capital market information about comparable companies. The cost of capital to Markets & Airlines was increased by an additional risk premium of 2.1 % (previous year: 1.9 %). This additional risk premium was based on an analysis of internal and external market expectations and reflects the elevated uncertainty with regard to medium- and long-term market developments. Additional country-specific risk premiums are included, in particular, in the measurement of individual hotels. For further details on the determination of WACC refer to the section 'Goodwill'.

Finally we have implemented sensitivity analyses to estimate the uncertainty associated with the assumptions on which the impairment tests are based. The sensitivities and their impact on the fair value result exclusively from the adjustment of individual parameters. Possible compensatory measures were not taken into account. Sensitivities have been calculated for changes of the WACC and sustainable growth in perpetuity. In addition, sensitivity analyses have been carried out for a general increase or decrease of future cash flows and for material climate related risks. For further details refer to the section 'Goodwill'.

EFFECT OF CLIMATE-RELATED RISKS ON THE USEFUL LIVES AND THE MEASUREMENT OF ASSETS

OVERVIEW OF CLIMATE RELATED RISKS

The tourism industry faces significant impacts from climate change. As temperature rises the attractiveness of certain destinations might decline. Extreme weather events due to climate change might damage our assets and might lead to increased cancellations of holidays. Political and legal developments might increase the expenses for emission certificates and customer preferences might change. Climate change might also present opportunities for TUI to extending the touristic season in summer destinations or to diversify to new regions. All these changes impact to some extend already and will have a more significant impact on long term financial performance.

As a result of climate-related risks TUI has committed to the Science Based Targets initiative (SBTi) to reduce emissions by 2030 in comparison to a baseline 2019. Our targets are:

- Reduction of airline CO_2e per revenue passenger kilometer by 24 % by 2030
- Reduction of absolute CO_2e from our cruise operations by 27.5 % by 2030
- Reduction of absolute CO_2e from TUI Hotels & Resorts by 46.2 % by 2030

Furthermore it is the commitment of TUI to achieve net-zero emissions by 2050. The reduction of emissions will be accomplished with investments in new technologies and the use of fuel with less CO_2 emissions.

To assess the impact of climate-related risks on our financial performance and business model TUI has conducted a qualitative and quantitative climate risk assessment in the financial year 2023. A number of assumptions underpin this assessment regarding changes to the intensity and frequency of weather related events, technology development, development of energy and carbon prices and the development of knowledge on global warming. The impact of climate-related risks was assessed for two scenarios, one scenario which implies a global warming of approximately 4.3°C and a scenario which implies a global warming of approximately 1.5°C, both by 2100. The analysis was carried out for the periods until 2030, 2040 and until 2050. The level of uncertainty of the results of the analysis increases over time.

Given the uncertainty TUI has applied critical estimation and judgment in the evaluation of the impact of climate-related risks regarding the recognition and measurement within its financial statements which are described below.

EFFECT OF CLIMATE-RELATED RISKS ON THE USEFUL LIVES OF ASSETS

The useful lives of assets can be affected by climate-related risks in different ways:

- Physical changes in the climate like an increased frequency and intensity of acute events (storms, fire and floodings) as well as long term trends like increased temperature might impact our assets
- Transitional changes related to the transition to a low-carbon economy including policy, legal, technology and market changes might affect the use of our assets

In the assessment of the impact of the climate change on the useful lives of our assets TUI applied the following assumptions and estimates:

The impact of physical risks on our aircrafts and our cruise ships is assumed to be low. Both assets could be flexibly used and itineraries or flight routes could be adjusted. The main risk relates to the commitment of TUI to decarbonize its business. However, all aircrafts of the current aircraft fleet have the capability to utilise sustainable aviation fuel (SAF). In addition the useful lives of our aircrafts, which are mainly leased and recognised as right of use assets, end before 2050 so that TUI could replace the aircraft with new technologies such as hydrogen powered aircraft if these prove viable. Likewise our cruise ships can either already utilise sustainable marine fuel (SMF) or can be converted to do so. Accordingly TUI concluded that climate-related risks do not affect the useful life of aircrafts or cruise ships.

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TUI assessed as well the useful lives of our Hotels in light of climate related risks. Based on the aforementioned analysis TUI concludes that the risk from acute weather events like storms, fire and floodings will increase only to a level which is still manageable through insurance and the large and regional spread of our hotels & resorts portfolio. Furthermore the increase of these risks will most likely occur in the long term so that our leased hotels with a relatively short useful life are less affected. Based on this analysis TUI concludes that none of our hotels will have a reduced useful life due to sea level rise. The risk for our hotels relating to the decarbonization of our business is assumed to be low as there exists already technology to produce carbon neutral energy for example from renewable sources such as solar panels or wind turbines. The useful lives of our hotels could also be affected by consumer behaviour reacting to increased temperatures. Certain destinations might see a reduced number of tourists in the long term, especially in the peak season e. g. in summer in the Mediteranean. However, it is assumed that the shoulder seasons in spring and autumn will become broader which will mitigate this effect. In addition TUI has the ability to steer our customers to our owned Hotels and to manage reduced numbers of guests through reduction in use of 3rd party capacity. Overall, TUI does not see any impact of climate-related risks on the useful life of hotels.

Overall, useful lives and residual values have not been amended in the prior and current financial year as a result of climate related risks.

IMPACT OF CLIMATE-RELATED RISKS ON THE MEASUREMENT OF DEFERRED TAX ASSETS IN RELATION TO LOSSES CARRIED FORWARD

TUI applies a five-year planning horizon derived from its medium-term corporate planning when determining the usability of tax losses carried forward and deductible temporary differences. Medium-term climate-related risks are factored into the measurement of deferred tax assets in relation to losses carried forward. Accordingly, the considerably higher charges that will occur in the long term do not impact the measurement of deferred tax assets in relation to losses carried forward.

IMPACT OF CLIMATE-RELATED RISKS ON IMPAIRMENT TESTS, IN PARTICULAR FOR GOODWILL AND PROPERTY, PLANT AND EQUIPMENT

When performing impairment tests, the discounted future financial charges determined on the basis of the above-mentioned climate-related risk analysis were deducted from the discounted future cash flow surpluses calculated based on our medium-term planning. Due to the long-term nature of these future charges and uncertain technological and regulatory developments, the charges determined in this manner are subject to a high level of uncertainty.

The underlying assumption is that until 2030 TUI will reduce its climate-damaging emissions in accordance with the SBTi and will subsequently follow a linear path to achieving net-zero emissions by 2050. It is likewise assumed that the emissions of our suppliers are reduced for the period until 2050. These will be achieved in particular by gradually replacing aircraft fuel and bunker oil with fuels that do not cause climate-damaging emissions. The expectation here is that these fuels will be available in sufficient quantities. This assumption depends on the development of technologies and production capacities and is therefore subject to elevated uncertainty. A key estimate concerns price movements for fuels without greenhouse gas emissions. Currently the prices for these fuels are by far higher as conventional fuels. It is assumed that the prices will level off by 2050.

Technological innovation, such as in the form of hydrogen-powered aircraft, is not taken into account. Greater fuel efficiency was only considered insofar as it relates to the planned fleet renewal in aviation or else can be achieved by means of known technologies such as underwater coatings on cruise ships. Fleet expansion in the Cruises segment has also been factored in. In the segment Hotels & Resorts, it is assumed that emission reductions will be achieved by means of existing and continued investments in renewable energies, such as solar panels.

This reduction in greenhouse gas emissions will be underpinned by a public regulatory framework encompassing everyone, including TUI's suppliers, leading in particular to a reduction in free emission allowances or an increase in the price of emission certificates. While harmful gas emissions will be reduced in the manner described above, rising prices for emission certificates will generate substantial financial charges before the expenses for emission certificates drop to zero in 2050. The calculation of these financial charges reflects TUI's own costs and the costs of emission certificates passed on by suppliers.

In addition, physical risks from climate-related one-off events such as storms or floods or long-term developments such as rising temperatures, affecting the Hotels & Resorts segment, were taken into account. Average annual charges were determined based on external studies. It is expected that the financial impact of these climate-related risks are relatively low.

Overall, the use of low-emission fuels and rising prices for emission certificates will lead to significant financial charges, particularly for energy-intensive aviation operations in the Northern Region, Western Region, and Central Region segments. The Cruises segment will also be impacted. In Hotels & Resorts segment, the burden will be relatively low; in fact, the autonomous generation of energy, such as by means of solar power, may even generate cost savings.

One key assumption, then, concerns the extent to which costs for low-emission fuels and emission certificates can be passed on to customers. TUI assumes that the reduction in greenhouse gas emissions will generate general price increases (green inflation). TUI additionally benefits from opportunities to pass on costs across the entire value chain. Overall, TUI therefore assumes that it will be able to pass on 90 % of the costs in aviation, a sector that is particularly affected, and 95 % in other sectors.

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In the light of the uncertainties regarding the long-term financial burden from climate-related risks, TUI has calculated sensitivities for the particularly affected Markets & Airlines and Cruises. These are presented in the section on 'Goodwill'. The sensitivities relate to assumptions on the development of climate related risks in general, the development of prices for alternative fuels and emission certifivates and the potential for passing on climate change-related costs to our customers. Overall, TUI does not regard climate-related risks as a triggering event for carrying out impairment tests.

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 2023 totals €3,480.3 m (previous year €3,400.9 m). Material assumptions and estimates are the determination of useful lives and residual carrying amounts of property, plant and equipment. The effects of climate-related risks are also taken into account here. From the analysis 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.

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 2023, the carrying amount of provisions for pensions and similar obligations totals €670.4 m (previous year €601.3 m). For those pension plans where the plan assets exceed the obligation, other non-financial assets amounting to €98.5 m are shown as at 30 September 2023 (previous year €163.4 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 €1,905.8 m (previous year €2,076.4 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 in Note 30.

OTHER PROVISIONS

As at 30 September 2023, other provisions amount to €1,181.9 m (previous year €1,296.0 m). When recognising and measuring provisions, assumptions to a considerable content regarding the probability of occurrence, maturity and level of risk are required.

Determining whether a current obligation exists is usually based on review by internal or external experts. The amount of provisions 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 ranges of possible claims, 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 31.

LEASE LIABILITIES

As at 30 September 2023, lease liabilities worth €2,918.1 m (previous year €3,207.5 m) were carried, reflecting the present value of the future lease payments 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 specific agreed terms and conditions such as the transaction currency or contract term. TUI determines the incremental borrowing rate using observable inputs (bond yields and CDS quotations) and makes specific adjustments for individual companies (e.g. country risk premiums).

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DEFERRED TAX ASSETS

As at 30 September 2023, deferred tax assets totalling € 310.6 m (previous year € 222.0 m) were recognised. Prior to offsetting against deferred tax liabilities, deferred tax assets total € 675.7 m, including an amount of € 269.4 m (previous year € 194.4 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 recoverability of tax loss carryforwards and deductible differences. If the assessment of the recoverability of deferred tax assets changes, the carrying amount of deferred tax assets will be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable profit will be available.

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

As at 30 September 2023, the carrying amount of touristic prepayments totals € 939.9 m (previous year € 757.6 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 forthcoming 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. The uncertainty remains that this future ECL will not be in line with actual default rates due to market development.

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Segment Reporting

Notes to 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 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 five other executives. The legally binding decision regarding the use of resources is taken by the Executive Board. TUI Group's 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 segment comprises the companies providing services in the destinations.

The income statement items of the aircraft leasing companies holding 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).

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. Our strategic investment in Sunwing Travel Inc., Canada, sold its tour operator business, which was previously included in this segment, in May 2023. This segment also includes the tour operator TUI Lakes & Mountains, which plays a major role in securing the load factor for our UK aircraft fleet 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 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. The Future Markets Division was dissolved in the year under review and the activities managed here were reclassified from All other segments to the Hotels & Resorts, TUI Musement and Central Region segments. The prior periods were adjusted.

Notes to the segment data

The selection of segment data presented is based on the regular internal reporting to the Executive Board. From the 2020 financial year onwards, adjusted EBIT is the segment performance indicator within the meaning of IFRS 8.

We define the EBIT in underlying EBIT as earnings before interest, income taxes and result of the measurement of the Group's interest hedges. 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 financial year 2023, net income totalling € 45.8 m was adjusted as separately disclosed items.

The adjusted separately disclosed items for the financial year 2023 include a positive gain on disposal of € 91 m from the sale of the tour operator business by the equity method accounted company Sunwing Travel Group Inc., Ontario in the Northern Region segment and a profit share from the disposal of our 49 % stake in the joint venture Riu Hotels S. A. to a company of the Riu Group in the financial year 2021 (€ 3 m). In addition, expenses in connection with the sale of an investment in All other segments (€ 1 m) and in the Hotels & Resorts segment (€ 1 m) were adjusted. The adjusted restructuring expenses related to the Central Region (€ 4 m), All other segments (€ 45 m, in particular from the impairment of software) and TUI Musement (€ 5 m, mainly from the revaluation of the risk following the termination of the Tantur / TUI Russia business in the previous financial year). This was contrasted by income from the reversal of restructuring provisions no longer required in the Northern Region (€ 3 m) and Western Region (€ 1 m) as well as in Hotels & Resorts (€ 4 m).

In financial year 2022, net expenses totalling € 58.7 m were adjusted as separately disclosed items.

The adjusted separately disclosed items for financial year 2022 include restructuring expenses of € 94 m in the Hotels & Resorts (€ 37 m), Central Region (€ 21 m), Northern Region (€ 19 m), TUI Musement (€ 9 m), All Other Segments (€ 14 m) and Western Region (€ 3 m) segments. Restructuring expenses also include income of € 9 m from the reversal of restructuring provisions no longer required in Western Region. In addition, income of € 19 m from the sale of the shares in Nordotel S.A, fully consolidated in the Hotels & Resorts segment, to Grupotel dos S. A., a joint venture of the TUI Group, income of € 16 m from the subsequent purchase price adjustment of the disposal of our 49 % stake in the Riu Hotels S. A. joint venture to a company of the Riu Group in the previous year was adjusted.

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The adjusted expenses of €23.7 m (previous year €30.1 m) from purchase price allocations mainly include scheduled amortization of intangible assets from acquisitions made in previous years.

In accordance with IFRS 8 TUI presents intercompany leases – in line with the internal steering logic – as if they were IAS 17 Operating leases in segment reporting.

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 determining underlying EBIT. As a rule, intersegment 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 and write-backs relate to non-current assets by region.

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*

	2023			2022		
€ million	**External**	**Group**	**Total**	External	Group	Total
Hotels & Resorts	1,032.5	822.8	1,855.3	806.2	693.4	1,499.6
Cruises	656.0	–	656.0	331.5	–	331.5
TUI Musement	770.0	390.9	1,160.9	578.4	288.3	866.7
Consolidation	–	–1.0	–1.0	–	–3.6	–3.6
Holiday Experiences	2,458.5	1,212.7	3,671.2	1,716.0	978.2	2,694.2
Northern Region	7,722.9	328.5	8,051.4	6,320.2	327.8	6,648.0
Central Region	7,329.7	88.2	7,417.9	5,787.3	83.7	5,871.0
Western Region	3,142.8	144.1	3,286.9	2,712.6	146.2	2,858.8
Consolidation	–	–528.8	–528.8	–	–538.1	–538.1
Markets & Airlines	18,195.4	32.0	18,227.4	14,820.1	19.6	14,839.7
All other segments	11.9	7.8	19.7	8.8	6.2	15.0
Consolidation	–	–1,252.4	–1,252.4	–	–1,004.0	–1,004.0
Total	**20,665.9**	**–**	**20,665.9**	**16,544.9**	**–**	**16,544.9**

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

Underlying EBIT by segment*

€ million	**2023**	2022
Hotels & Resorts	549.5	480.3
Cruises	236.0	0.8
TUI Musement	36.0	23.7
Holiday Experiences	821.5	504.7
Northern Region	71.5	–101.6
Central Region	88.1	74.6
Western Region	81.1	–31.5
Markets & Airlines	240.6	–58.6
All other segments	–84.8	–37.4
Total	**977.2**	**408.7**

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

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Reconciliation to underlying EBIT of TUI Group

€ million	2023	2022
Earnings before income taxes	**551.2**	**–145.9**
plus: Net interest expense (excluding expense / income from measurement of interest hedges)	432.6	478.9
plus: Expense / less income from measurement of interest hedges	15.6	–13.0
EBIT	**999.3**	**320.0**
Adjustments:		
less / plus: Separately disclosed items	– 45.8	58.7
plus: Expense from purchase price allocation	23.7	30.1
Underlying EBIT	**977.2**	**408.7**

Other segmental information*

€ million	Amortisation (+), depreciation (+), impairment (+) and write-backs (–) of other intangible assets, property, plant and equipment, right-of-use assets and investments		Thereof impairment of intangible assets and property, plant, equipment and right-of-use assets		Thereof reversal of impairment losses on intangible assets and property, plant, equipment and right-of-use assets		Thereof amortisation / depreciation of intangible assets and property, plant, equipment and right-of-use assets		Share of result of joint ventures and associates	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Hotels & Resorts	184.9	208.7	25.0	62.6	21.7	30.6	181.5	176.7	105.3	94.0
Cruises	65.4	54.6	–	–	11.6	15.2	77.0	69.8	174.2	41.4
TUI Musement	35.3	33.0	1.7	1.2	–	–	33.6	31.7	13.2	7.5
Holiday Experiences	285.6	296.3	26.7	63.8	33.3	45.8	292.2	278.3	292.7	142.9
Northern Region	296.0	328.1	2.2	4.1	1.3	3.6	295.1	327.6	112.8	– 46.2
Central Region	97.2	111.2	0.7	5.7	0.1	0.8	96.5	106.2	1.1	3.8
Western Region	142.2	144.6	0.6	–	–	–	141.6	144.6	0.3	–
Markets & Airlines	535.5	583.9	3.6	9.8	1.3	4.5	533.3	578.5	114.3	– 42.3
All other segments	38.0	3.1	37.4	0.2	–	0.1	0.6	3.1	0.2	0.2
Total	**859.1**	**883.4**	**67.7**	**73.9**	**34.6**	**50.4**	**826.1**	**859.8**	**407.2**	**100.7**

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

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Key figures by region

	External revenue by customer location		Non-current assets	
€ million	**2023**	2022	**2023**	2022
Germany	5,699.1	4,555.2	276.3	257.8
United Kingdom	7,475.8	6,103.1	3,756.0	3,829.3
Spain	175.6	145.5	564.3	551.4
Other Europe	6,653.7	5,357.9	482.6	483.7
North and South America	494.8	293.7	733.8	728.4
Rest of the world	166.9	89.6	1,141.4	1,196.1
Total	**20,665.9**	**16,545.0**	**6,954.4**	**7,046.7**

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Notes to the Consolidated Income Statement

In the completed financial year, the TUI Group's business volume was significantly higher than in financial year 2022, which was still impacted by travel restrictions to contain COVID-19, in particular in the first half. Moreover, the TUI Group's performance is subject to significant seasonality due to the tourism business being characterised by the winter and summer travel months.

(1) Revenue

Group revenue is mainly generated from tourism services. The other revenues present income from sub-lease. In financial year 2023, consolidated revenue increased by 24.9 % year-on-year from € 16.5 bn to € 20.7 bn.

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External revenue allocated by destinations for the period from 1 Oct 2022 to 30 Sep 2023*

€ million	Spain (incl. Canary Islands)	Other European destinations	Caribbean, Mexico, USA & Canada	North Africa & Turkey	Rest of Africa, Ind. Ocean, Asia	Other countries	**2023 Revenues from contracts with customers**	Other	**2023 Total**
Hotels & Resorts	358.9	89.0	314.9	91.2	178.6	–	1,032.5	–	1,032.5
Cruises	232.0	179.5	244.6	–	–	–	656.1	–	656.0
TUI Musement	111.0	251.1	187.5	39.1	128.0	53.3	770.0	–	770.0
Holiday experiences	701.9	519.6	747.0	130.3	306.6	53.3	2,458.6	–	2,458.5
Northern Region	2,246.3	2,384.9	1,292.7	1,175.2	604.9	13.3	7,717.3	5.5	7,722.9
Central Region	2,037.2	2,254.1	341.5	1,803.7	886.1	5.3	7,327.8	1.9	7,329.7
Western Region	819.7	902.5	540.9	568.5	290.5	16.6	3,138.7	4.1	3,142.8
Markets & Airlines	5,103.2	5,541.5	2,175.1	3,547.4	1,781.5	35.2	18,183.9	11.5	18,195.4
All other segments	0.3	11.1	0.5	–	–	–	11.9	–	11.9
Total	**5,805.4**	**6,072.2**	**2,922.6**	**3,677.7**	**2,088.1**	**88.5**	**20,654.4**	**11.5**	**20,665.9**

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

External revenue allocated by destinations for the period from 1 Oct 2021 to 30 Sep 2022*

€ million	Spain (incl. Canary Islands)	Other European destinations	Caribbean, Mexico, USA & Canada	North Africa & Turkey	Rest of Africa, Ind. Ocean, Asia	Other countries	2022 Revenues from contracts with customers	Other	2022 Total
Hotels & Resorts	292.0	85.8	216.1	74.7	137.6	–	806.2	–	806.2
Cruises	158.2	124.8	48.3	–	–	0.1	331.4	–	331.5
TUI Musement	99.9	203.2	129.1	37.0	63.3	45.9	578.4	–	578.4
Holiday experiences	550.1	413.8	393.5	111.7	200.9	46.0	1,716.0	–	1,716.0
Northern Region	1,955.3	1,986.4	1,202.6	816.7	333.1	20.8	6,314.9	5.3	6,320.2
Central Region	1,646.2	1,987.9	305.3	1,271.3	570.8	5.3	5,786.8	0.5	5,787.3
Western Region	868.7	832.5	474.6	390.8	138.8	6.0	2,711.4	1.3	2,712.6
Markets & Airlines	4,470.2	4,806.8	1,982.5	2,478.8	1,042.7	32.1	14,813.1	7.1	14,820.1
All other segments	0.1	8.3	0.3	–	–	–	8.7	–	8.8
Total	**5,020.4**	**5,228.9**	**2,376.3**	**2,590.5**	**1,243.6**	**78.1**	**16,537.8**	**7.1**	**16,544.9**

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

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Future revenue from performance obligations not yet delivered as at 30 September 2023, of which at least twelve months are between the contract start and the contract end date, totals €799.6 m (previous year €1,502.1 m), including an amount of €758.3 m (previous year €1,340.6 m) to be recognised within the next twelve months. The remaining revenue will be recognised in the following twelve months.

The touristic advance payments received (contract liabilities) are presented in Note 34.

(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 increased business volume, the cost of sales increased by 22.0 % from €15.6 bn to €19.1 bn in financial year 2023.

The cost of sales in financial year 2023 and in the prior year include effects from the termination of hedging relationships that were previously designated in hedge accounting relationships. For more details, please refer to Note 41 'Financial instruments'.

Government grants

€ million	2023	2022
Cost of Sales	1.6	58.0
Administrative expenses	–0.5	35.5
Total	**1.1**	**93.5**

Government grants were awarded due to the measures in place to contain the COVID-19 pandemic. When these measures ended in financial year 2022, the various aid programs were also terminated. The government grants reported under cost of sales and administrative expenses include in particular grants for wages and salaries as well as social security contributions directly reimbursed to the relevant company. In addition, a number of Group companies have received government grants, e. g. in the form of grants for fixed costs. In the current financial year receivables from government grants of €2.9 m were written off. The related expenses are presented within administrative expenses.

In addition TUI AG received government assistance in the form of financing measures to cover the liquidity requirements due to the COVID-19 pandemic from the KfW and the ESF. The financial aid received from the ESF was fully redeemed in the current financial year. The volume of the KfW credit facility was reduced from €2.1 bn to €1.05 bn. For further details we refer to the section 'Going concern reporting according to the UK Corporate Governance Code'.

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

Administrative expenses

€ million	2023	2022
Staff cost	619.2	544.7
Rental and leasing expenses	9.5	11.0
Depreciation, amortisation and impairment	87.0	73.6
Others	299.9	116.9
Total	**1,015.6**	**746.3**

Other administrative expenses mainly increased due to the termination of state aid programmes as well as increased exchange rates.

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

Staff costs

€ million	2023	2022
Wages and salaries	1,954.6	1,732.3
Social security contributions	294.9	300.4
Pension costs	108.8	109.2
Total	**2,358.3**	**2,141.9**

Pension costs include service cost for defined benefit obligations and contributions to defined contribution pension schemes.

In the period under review, TUI Group's personnel expenses rose from €2.1 bn in the prior year to €2.4 bn. The year-on-year increase in wages and salaries and social security contributions in financial year 2023 resulted in particular from a 11.4 % increase in the average number of employees across the Group.

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The average annual headcount (excluding trainees) evolved as follows:

Average annual headcount in the financial year (excl. trainees)*

	2023	2022
Hotels & Resorts	24,442	21,766
Cruises	75	63
TUI Musement	8,965	6,983
Holiday Experiences	33,482	28,812
Northern Region	10,401	9,722
Central Region	6,935	7,001
Western Region	5,310	4,867
Markets & Airlines	22,646	21,590
All other segments	2,214	1,962
Total	**58,342**	**52,364**

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

Depreciation / amortisation / impairment

€ million	2023	2022
Depreciation and amortisation of other intangible assets, property, plant and equipment and right-of-use assets	826.1	859.8
Impairment of other intangible assets, property, plant and equipment and right-of-use assets	67.7	73.9
Total	**893.8**	**933.7**

Impairment losses of € 45.8 m (previous year € 73.6 m) are presented within cost of sales and € 21.9 m (previous year € 0.3 m) in administrative expenses.

Impairments losses of € 14.0 m (previous year € 57.2 m) relate to property, plant and equipment. Additionally € 14.0 m (previous year € 8.8 m) correspond to right-of-use assets and € 39.7 m (previous year € 7.9 m) to other intangible assets.

In financial year 2023, reversals of impairment losses of € 34.6 m (previous year € 50.4 m) were recognised which are all presented in cost of sales. In the previous year € 49.6 m were recorded in cost of sales and € 0.8 m in administrative expenses.

For details of the impairment losses and reversals of impairment losses effected in financial year 2023, please refer to the respective sections in the Notes to the consolidated statement of financial position. A breakdown of impairments and reversals of impairments is presented in Segment Reporting.

(3) Other income and other expenses

In financial year 2023 other income mainly shows the gain in the amount of € 14.5 m from the disposal of aircraft assets and € 10.6 m income from the sale of emission certificates (ETS).

In the previous year, this item had primarily included the gain on disposal of Nordhotel S.A. in October 2022 and the subsequent income of € 13.4 m relating to the disposal of Riu Hotels S.A. in financial year 2021.

In financial year 2023, other expenses result in particular from portion of the goodwill allocated to the segment Northern Region was disposed with the transfer of the operational business of Sunwing (€ 19.5 m). This portion was determined as the relative value of the operations of Sunwing disposed of in relation to the retained segment Northern Region. In this context, please refer to the section "Investments in joint ventures and associates – Significant associates". Furthermore, the losses from the disposal of aircraft assets in the amount of € 6.3 m are recognised in other expenses.

In the previous year, other expenses included in particular the losses from the disposal of aircraft assets.

(4) Financial income

Financial income

€ million	2023	2022
Bank interest income	39.1	4.7
Other interest and similar income	37.3	20.2
Income from the measurement of hedges	0.5	1.4
Interest income	**76.9**	**26.3**
Income from investments	0.1	0.3
Income from the measurement of other financial instruments	0.7	–
Foreign exchange gains	9.9	9.3
Total	**87.6**	**35.9**

The increase in financial income by € 51.7 m in the financial year 2023 is primarily due to a € 50.6 m increase in interest income.

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(5) Financial expenses

Financial expenses

€ million	2023	2022
Bank interest payable on loans and overdrafts	29.7	15.2
Interest expenses on lease liabilities	175.6	159.3
Net interest expenses from defined benefit pension plans	10.5	6.6
Unwinding of discount on provisions	25.4	10.1
Other interest and similar expenses	267.8	293.1
Expenses relating to the measurement of hedges	16.1	7.8
Interest expenses	**525.1**	**492.1**
Expenses relating to the measurement of other financial instruments	0.8	0.1
Foreign exchange losses	7.7	17.3
Total	**533.6**	**509.5**

In the period under review, financial expenses increased by € 24.1 m. This increase mainly results from higher interest expenses, driven in particular by liabilities to banks and lease liabilities, higher expenses from compounding on provisions and increased expenses from the measurement of hedges. On the other hand, lower expenses were incurred for other interest and similar expenses, largely due to lower interest expenses in connection with the early redemption of the warrant bond and Silent Participation II of the ESF and lower expenses for exchange rate changes in lease liabilities in accordance with IFRS 16.

(6) Share of result of joint ventures and associates

The share of result of joint ventures and associates of € 407.2 m (previous year € 100.7 m) comprises the net result for the year attributable to the associated companies and joint ventures.

Joint ventures and associates were tested for impairment as at 30 September 2023. This resulted in no impairments (previous year € 4.8 m) and reversals of € 7.6 m (previous year € 3.4 m) in the Hotels & Resorts segment and € 2.5 m impairments (previous year € 0.4 m) and € 0.3 m reversals (previous year € 0.2 m) in the Central Region segment.

For the breakdown of the results of the material joint ventures and associates, please 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	2023	2022
Current tax (expense [+] / income [–])		
in Germany	3.0	–15.7
abroad	118.8	127.5
Deferred tax (expense [+] / income [–])	–26.3	–45.1
Total	**95.5**	**66.7**

In financial year 2023, the actual tax income in Germany included income attributable to prior periods. Due to the required reassessment of tax risks, income tax liabilities of € 3.5 m (previous year € 4.8 m) were reversed. In financial year 2023, the tax income from actual taxes attributable to prior periods totalled € 4.9 m (previous year tax expense of € 42.4 m).

In the financial year deferred tax expenses include deferred tax income from the reassessment of tax loss carryforwards in Germany of € 46.8 m (previous year tax income € 61.4 m).

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In financial year 2023, tax expense totalled € 95.5 m (previous year € 66.7 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	2023	2022
Earnings before income taxes	551.2	–145.9
Expected income tax (current year 31.5 %, previous year 31.5 %)	**173.6**	**– 46.0**
Effect from the difference of the actual tax rates to the expected tax rates	–14.9	35.4
Changes in tax rates and tax law	27.3	23.0
Income not taxable	– 236.4	– 61.8
Expenses not deductible	92.4	30.5
Effects from loss carryforwards	59.3	89.5
Temporary differences for which no deferred taxes were recognised	1.2	–15.0
Deferred and current income tax relating to other periods (net)	–18.8	31.8
Other differences (expense [+] / income [–])	11.8	– 20.7
Income taxes	**95.5**	**66.7**

(8) Group result attributable to shareholders of TUI AG

In financial year 2023, the share in the Group result attributable to TUI AG shareholders increased from € – 277.3 m in the prior year (share in group loss) to € 305.8 m (share in group profit).

(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 € 147.1 m (previous year Group profit € 64.2 m).

(10) Earnings per share

In accordance with IAS 33, basic earnings per share were 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 was calculated on the basis of the shares outstanding at the beginning of the financial year, taking account of the capital reduction and the pro rata temporis consideration of the issue of subscription rights in the financial year under review and the capital increase in April of this year.

Earnings per share

		2023	2022
Group profit / loss for the year attributable to shareholders of TUI AG	€ million	305.8	– 277.3
Weighted average number of shares		384,257,173	273,082,806*
Basic earnings per share	€	**0.80**	**–1.02**

* Previous year adjusted

Diluted Earnings per share

		2023	2022
Group profit / loss for the year attributable to shareholders of TUI AG	€ million	305.8	– 277.3
Weighted average number of shares		384,257,173	273,082,806*
Weighted average number of shares (diluted)		406,363,829	273,082,806*
Diluted earnings per share	€	**0.75**	**–1.02**

* Previous year adjusted

Earnings per share for all periods presented were adjusted retrospectively for the effect of the capital reduction carried out in February 2023 at a ratio of 10:1 from 1,785,205,850 shares to 178,520,585 shares. In addition, TUI completed a capital increase on April 24, 2023 in which subscription rights were issued to the existing shareholders. As the subscription price of the new shares was below the market price of the existing shares, the capital increase included a bonus component. To take into account that the number of shares outstanding had increased without a corresponding change in resources, the weighted average number of shares was adjusted according to IAS 33 for all periods presented. The weighted average number of shares was therefore increased retrospectively for the time-weighted effect of the issue of subscription rights by 61,556,666 shares (prior year: 109,600,893 shares).

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Dilution of earnings per share generally occurs when the average number of shares is increased by the addition of the issue of potential shares. This is not the case in the event of a loss. The situation described below therefore had no dilutive effect as at the previous year's reporting date.

In April and July 2021, a convertible bond was issued for a total of €589.6 m. At a current conversion price of €26.67 per share, the number of potential shares amounts to 22.1 m.

(11) Taxes attributable to other comprehensive income

Tax effects relating to other comprehensive income

	2023			2022		
€ million	**Gross**	**Tax effect**	**Net**	Gross	Tax effect	Net
Foreign exchange differences	–65.6	–	–65.6	206.1	–	206.1
Cash flow hedges	169.3	–37.1	132.2	110.7	–28.5	82.2
Remeasurements of benefit obligations and related fund assets	–241.3	47.6	–193.7	245.5	–71.8	173.7
Changes in the measurement of companies measured at equity outside profit or loss	2.7	–	2.7	17.0	–	17.0
Fair value gain/loss on investments in equity instruments designated as at FVTOCI	23.7	–	23.7	–1.2	–	–1.2
Other comprehensive income	**–111.2**	**10.5**	**–100.7**	**578.1**	**–100.3**	**477.8**

In the period under review corporate income taxes in the amount of €0.0 m were recognised directly in equity (previous year €–1.0 m). Deferred income taxes recognised directly in equity were not generated, as in the prior year.

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(12) Goodwill

Goodwill

€ million	2023	2022
Historical cost		
Balance as at 1 Oct	**3,444.9**	**3,469.5**
Exchange differences	2.2	–24.6
Disposals	–19.5	–
Reclassification as assets held for sale	–2.3	–
Balance as at 30 Sep	**3,425.3**	**3,444.9**
Impairment		
Balance as at 1 Oct	**–474.3**	**–476.4**
Exchange differences	–1.8	2.1
Balance as at 30 Sep	**–476.1**	**–474.3**
Carrying amounts as at 30 Sep	**2,949.2**	**2,970.6**

The goodwill disposals relate to the sale of the operating business in Canada by the company Sunwing Travel Group Inc., Ontario, which is accounted for using the equity-method. The disposal is attributable to the Northern Region. In this context, we refer to section 'Significant associates'. The reclassification of assets held for sale led to a reduction of goodwill of € 2.3 m and relate to the planned disposal of the Robinson Club Cabo Verde. Detailed information on acquisitions and divestments are 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 2023, an increase in the carrying amount of goodwill of € 0.4 m (previous year reduction of € 22.5 m) resulted from foreign exchange differences.

The following table presents a breakdown of goodwill by cash-generating unit (CGU) at carrying amounts. 'Other' consists of the two independent cash-generating units, Robinson, and Midnight International (formerly Blue Diamond), which belong to the Hotels & Resorts segment.

Goodwill per cash-generating unit

€ million	30 Sep 2023	30 Sep 2022
Northern Region	1,185.1	1,204.7
Central Region	502.4	502.5
Western Region	412.3	412.3
Riu	343.1	343.1
Marella Cruises	294.3	288.8
TUI Musement	167.3	171.4
Other	44.7	47.8
Total	**2,949.2**	**2,970.6**

As at 30 September 2023, an impairment test of capitalised goodwill was performed at the level of cash-generating units. No impairments of capitalised goodwill were identified.

For all CGUs, the recoverable amount was determined on the basis of fair value less costs of disposal, being the higher value compared to the value in use. 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 2023. Budgeted revenues and EBIT margins are based on expectations with regard to the future business performance. We refer to the section 'Key judgements, 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 unchanged high weighted average cost of capital reflects the current market situation.

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The table below provides an overview of the parameters versus the previous financial year, underlying the determination of the fair values per CGU. As in the previous year, the EBIT margin has been adjusted for deductions of centrally incurred costs. The table lists the CGUs to which goodwill has been allocated:

Parameters for calculation of the recoverable amount as at 30 Sep 2023

	Planning period in years	Growth rate revenues[2] in % p.a.	EBIT margin[3] in % p.a.	Sustainable growth rate[4] in %	WACC in %	Level	Carrying amount in € million	Recoverable amount in € million
Northern Region	3.00	13.2	1.9	0.5	11.60	3	641.7	2,221.4
Central Region	3.00	8.6	1.9	0.5	11.60	3	212.0	1,327.5
Western Region	3.00	6.2	2.3	0.5	11.60	3	180.5	673.6
Riu[1]	3.00	4.8	29.5	1.0	9.05	3	2,391.3	3,238.3
Marella Cruises[1]	3.00	4.6	12.1	1.0	10.70	3	828.0	956.1
TUI Musement	3.00	12.3	4.6	1.0	9.52	3	477.3	722.9
Other	3.00	1.4 to 3.0	15.3 to 20.0	1.0	9.05 to 10.33	3	563.9 to 746.0	618.0 to 810.2

[1] Those are groups of CGUs
[2] Planned growth rate in revenues in % in relation financial year 2025 to financial year 2026
[3] EBIT-Margin for financial year 2026
[4] Growth rate of expected net cash inflows

Parameters for calculation of the recoverable amount as at 30 Sep 2022

	Planning period in years	Growth rate revenues[2] in % p.a.	EBIT margin[3] in % p.a.	Sustainable growth rate[4] in %	WACC in %	Level	Carrying amount in € million	Recoverable amount in € million
Northern Region	3.00	8.7	2.8	0.5	11.75	3	1,099.5	2,787.8
Central Region	3.00	4.1	2.5	0.5	11.75	3	–134.2	1,133.5
Western Region	3.00	4.1	2.1	0.5	11.75	3	471.1	786.2
Riu[1]	3.00	8.8	30.5	1.0	8.55	3	2,279.8	3,107.2
Marella Cruises[1]	3.00	0.7	11.0	1.0	10.57	3	722.6	1,081.5
TUI Musement	5.00	25.0	2.9	1.0	9.84	3	453.0	805.3
Other	3.00	2.3 to 4.3	15.5 to 21.3	1.0	8.55 to 9.21	3	669.4 to 812.3	711.8 to 956.0

[1] Those are groups of CGUs
[2] Planned growth rate in revenues in % in relation financial year 2024 to financial year 2025
[3] EBIT margin for financial year 2025
[4] Growth rate of expected net cash inflows

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In view of the existing uncertainties regarding future business development, an analysis of sensitivities for the main planning parameters was carried out. In the sector Markets & Airlines a risk premium of 2.1 % (previous year 1.9 %) was added to the cost of capital. For further information we refer to 'Key judgements, assumptions and estimates'. The following table shows the effects of potential deviations in fair value in financial year 2023:

Sensitivities presenting potential changes of the recoverable amount

Sensitivity analysis Markets & Airlines	WACC +150 BPS € million	WACC –150 BPS € million	Sustainable growth rate[2] +50 BPS € million	Sustainable growth rate[2] –50 BPS € million	Cash inflow +15 % € million	Cash inflow –15 % € million
Northern Region	–142.7	178.9	35.9	–32.8	333.2	–333.2
Central Region	–119.9	154.1	34.7	–31.7	203.1	–203.1
Western Region	–50.1	63.3	13.2	–11.9	101.0	–101.0

Sensitivity analysis Cruises	WACC +100 BPS € million	WACC –100 BPS € million	Sustainable growth rate[2] +50 BPS € million	Sustainable growth rate[2] –50 BPS € million	Cash inflow +10 % € million	Cash inflow –10 % € million
Marella Cruises[1]	–86.6	106.3	41.5	–37.5	95.6	–95.6

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	Cash inflow +10 % € million	Cash inflow –10 % € million
Riu[1]	–388.8	500.6	202.9	–179.1	323.8	–323.8
TUI Musement	–79.2	100.3	40.1	–35.6	79.5	–79.5
Other	–67.2 to –75.7	86.2 to 93.8	34.4 to 36.8	–30.3 to –33.0	61.8 to 81.0	–61.8 to –81.0

[1] Those are groups of CGUs
[2] Sustainable growth rate of expected net cash inflows

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The fair values determined in the sensitivity analysis would have led to an impairment requirement of €13.0 m in the CGU Robinson and of €11.6 m in the CGU Midnight International in the Hotels & Resorts segment if the WACC had increased by 100 basis points. A reduction in the Cash inflow by 10 % would result in an impairment requirement of €16.9 m in the CGU Midnight International and of €7.7 m in the CGU Robinson. With the exception of the impairments presented in the Hotels & Resorts segment, the sensitivity analysis did not reveal any further indications of an additional need for impairment losses.

In the financial year 2023 a study was carried out on the financial impact of climate related risks on the business model of TUI. The use of low-emission fuels and rising prices for emission certificates will lead to significant financial charges, particularly for energy-intensive aviation operations in the Northern Region, Western Region, and Central Region segments. The Cruises segment will also be impacted. In Hotels & Resorts, the burden will be relatively low; in fact, the autonomous generation of energy, such as by means of solar power, may even generate cost savings. In addition, physical risks from climate-related one-off events such as storms or floods or long-term developments such as rising temperatures, mainly affecting Hotels & Resorts, were taken into account. It is expected that the financial impact of these climate-related risks are relatively low. The financial impact overall is especially dependent in as far these costs can be passed on to customers. For further information on the impact of climate related risks on impairment test refer to the section 'Key judgements, assumptions and estimates'. The estimation of the financial impact are particular uncertain with regard to the development of climate related risks, the price development for alternative fuel and emission certificates and the willingness of customers, to bear these costs, amongst others. Therefore, sensitivities of climate related risks and chances were calculated for especially impacted energy intensive Markets & Airlines and Cruises segments. The sensitivity for climate related risks refers to an increase of climate related costs by 50 %. The climate related chances relate to a decrease by 50 %.

The sensitivity on climate related risk would not have led to an impairment. The following table provides the effects of the sensitivities on the fair value as of 30 September 2023.

Sensitivities presenting potential changes of the recoverable amount

Sensitivity analysis Markets & Airlines	Climate-related risks	Climate-related chances
Northern Region	–160.0	160.0
Central Region	–59.0	59.0
Western Region	–90.0	90.0

Sensitivitätsanalyse Kreuzfahrten	Climate-related risks	Climate-related chances
Marella Cruises*	–11.5	11.5

* Those are groups of CGUs

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(13) Other intangible assets

The development of the line items of Other intangible assets in financial year 2023 is shown in the following table.

Other intangible assets

€ million	Brands, licenses and other rights	Computer software: Internally generated	Computer software: Acquired	Transport contracts	Customer base	Intangible assets in the course of construction and Payments on account	**Total**
Historical cost							
Balance as at 1 Oct 2021	**329.7**	**508.8**	**249.3**	**62.4**	**79.6**	**118.5**	**1,348.3**
Exchange differences	4.7	–11.1	2.6	–1.4	0.7	–3.6	–8.1
Additions	0.1	10.0	12.5	–	–	112.6	135.2
Disposals	–0.2	–74.2	–17.5	–	–0.3	–0.7	–92.9
Transfer	–0.3	26.6	12.7	–	–	–40.4	–1.4
Balance as at 30 Sep 2022	**334.0**	**460.1**	**259.6**	**61.0**	**80.0**	**186.4**	**1,381.1**
Exchange differences	–4.9	5.0	0.7	1.2	–0.2	2.6	4.4
Additions	16.9	15.7	11.1	–	–	137.2	180.9
Disposals	–2.0	–37.8	–34.5	–	–	–7.4	–81.7
Transfer	–	106.5	13.7	–	–	–121.8	–1.6
Balance as at 30 Sep 2023	**343.0**	**549.5**	**250.5**	**62.2**	**79.8**	**197.0**	**1,482.0**

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Other intangible assets

€ million	Brands, licenses and other rights	Computer software: Internally generated	Computer software: Acquired	Transport contracts	Customer base	Intangible assets in the course of construction and Payments on account	**Total**
Amortisation and impairment							
Balance as at 1 Oct 2021	**–203.0**	**–342.7**	**–182.7**	**–49.7**	**–54.3**	**–17.3**	**–849.7**
Exchange differences	1.9	9.3	–2.6	1.2	0.1	0.1	10.0
Amortisation for the current year	–15.9	–64.5	–30.3	–2.5	–5.4	–	–118.6
Impairment for the current year	–	–	–7.3	–	–	–0.6	–7.9
Reversal of impairments	–	–	–	–	–	0.1	0.1
Disposals	0.2	74.1	17.4	–	0.3	0.6	92.6
Transfer	0.2	–1.8	–1.1	–	–	2.7	–
Balance as at 30 Sep 2022	**–216.6**	**–325.6**	**–206.6**	**–51.0**	**–59.3**	**–14.4**	**–873.5**
Exchange differences	–0.7	–3.3	–0.7	–1.0	–0.2	0.2	–5.7
Amortisation for the current year	–14.4	–58.6	–29.0	–2.4	–3.5	–	–107.9
Impairment for the current year	–	–37.1	–1.6	–	–	–1.0	–39.7
Disposals	2.0	37.8	34.5	–	–	7.4	81.7
Transfer	–	–	0.2	–	–	–0.2	–
Balance as at 30 Sep 2023	**–228.7**	**–386.8**	**–203.1**	**–54.4**	**–63.0**	**–8.0**	**–944.0**
Carrying amounts as at 30 Sep 2022	**117.4**	**134.5**	**53.0**	**10.0**	**20.7**	**172.0**	**507.6**
Carrying amounts as at 30 Sep 2023	**114.3**	**162.7**	**47.4**	**7.8**	**16.8**	**189.0**	**538.0**

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.

The intangible assets in the course of construction amounted to € 189.0 m as at 30 September 2023 (previous year € 172.0 m).

The impairments recognised for the financial year under review totalled € 39.7 m (previous year € 7.9 m). Impairments of € 37.1 m are mainly attributable to an adjusted strategy in the digital transformation in the Markets & Airline business, which resulted in impairment charges on internally generated computer software in 'All other segments'. In the previous year, Impairment charges of € 6.7 m related primarily to purchased computer software and were due to restructuring.

Due to changes in our strategy and delays in the digital transformation, the useful lives of a number of software solutions were reviewed, with the result to extend the useful lives of the affected software systems, which reduced the amortization by € 3.8 m in the financial year under review. We expect a decrease of amortization of € 2.6 m for the financial year 2024 and of € 0.6 m for the financial year 2025 compared with the amount that would have been charged before the change in useful life. The extension of the useful life beyond the previous end of useful life will lead to an increase in amortisation of € 5.4 m for financial year 2026 and of € 2.2 m for financial year 2027.

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In the previous year, due to a change in strategy with a focus on key strategic elements and delays in the digital transformation, the useful lives of various software solutions in the Markets & Airline segment had been revised. Due to the revision the useful life of the affected software systems were extended which reduced the amortisation by €8.6 m in the previous year.

(14) Property, plant and equipment

The table below presents the development of the individual items of property, plant and equipment in financial year 2023.

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**
Balance as at 1 Oct 2021	**2,350.4**	**183.5**	**285.3**	**692.1**	**1,172.5**	**134.6**	**259.2**	**5,077.6**
Exchange differences	118.5	26.2	39.3	–15.9	37.9	25.2	20.8	252.0
Additions	34.7	0.2	150.7	–	32.9	184.2	57.1	459.8
Disposals	–8.0	–4.5	–51.9	–16.5	–23.4	–0.3	–157.9	–262.5
Transfer to assets held for sale	–	–4.9	–	–	–0.6	–	–	–5.5
Transfer	98.9	–	98.7	35.2	46.6	–173.0	–66.5	39.9
Balance as at 30 Sep 2022	**2,594.5**	**200.5**	**522.1**	**694.9**	**1,265.9**	**170.7**	**112.7**	**5,561.3**
Exchange differences	–9.1	1.8	–22.2	12.8	–8.3	–4.7	–7.6	–37.3
Acquisitions	–	–	–	–	0.2	–	–	0.2
Additions	68.3	0.2	52.9	–	66.1	189.6	106.2	483.3
Disposals	–57.8	–0.1	–68.3	–1.0	–101.8	–0.3	–36.6	–265.9
Transfer to assets held for sale	–76.0	0.3	–31.8	–0.2	–12.8	–10.6	–	–131.1
Transfer	206.8	–151.9	162.2	86.2	63.3	–192.8	–14.8	159.0
Balance as at 30 Sep 2023	**2,726.7**	**50.8**	**614.9**	**792.7**	**1,272.6**	**151.9**	**159.9**	**5,769.5**

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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 2021	**–674.6**	**–18.0**	**–158.2**	**–245.8**	**–820.8**	**–**	**–0.9**	**–1,918.3**
Exchange differences	–34.1	0.9	–8.9	7.3	–22.2	–	–0.1	–57.1
Depreciation for the current year	–59.1	–1.4	–27.9	–59.7	–82.5	–	–	–230.6
Impairment for the current year	–53.0	–	–	–	–4.2	–	–	–57.2
Reversal of impairment losses	19.4	–	–	15.2	–	–	–	34.6
Disposals	7.7	1.9	38.0	16.5	23.1	–	–	87.2
Transfer to assets held for sale	–	2.2	–	–	0.5	–	–	2.7
Transfer	0.1	–	–22.8	–	1.0	–	–	–21.7
Balance as at 30 Sep 2022	**–793.6**	**–14.4**	**–179.8**	**–266.5**	**–905.1**	**–**	**–1.0**	**–2,160.4**
Exchange differences	6.0	–	4.4	–5.2	4.5	–	–	9.7
Depreciation for the current year	–67.7	–1.2	–40.8	–63.5	–86.9	–	–	–260.1
Impairment for the current year	–13.3	–	–0.6	–	–0.1	–	–	–14.0
Reversals of impairment losses	16.4	–	–	11.6	–	–	–	28.0
Disposals	57.6	–	34.7	0.4	101.1	–	–	193.8
Transfer to assets held for sale	4.0	–	0.8	–	5.6	–	–	10.4
Transfer	0.2	2.1	–92.1	0.1	–6.9	–	–	–96.6
Balance as at 30 Sep 2023	**–790.4**	**–13.5**	**–273.4**	**–323.1**	**–887.8**	**–**	**–1.0**	**–2,289.2**
Carrying amounts as at 30 Sep 2022	**1,800.9**	**186.1**	**342.3**	**428.4**	**360.8**	**170.7**	**111.7**	**3,400.9**
Carrying amounts as at 30 Sep 2023	**1,936.3**	**37.3**	**341.5**	**469.6**	**384.8**	**151.9**	**158.9**	**3,480.3**

In the financial year under review, the construction of a new hotel in Mauritius, the acquisition of land in Jamaica and the renovation of hotels in Mexico, Spain and Cape Verde led to additions to the Riu Group totalling € 164.0 m. These investments include an amount of € 70.1 m for assets under construction, € 54.9 m for hotels including land and € 17.8 m for payments in advance.

Additions to assets under construction include € 81.3 m in reconstruction measures for a cruise ship, that was commissioned in April 2023 and the carrying out of maintenance work on cruise ships. Further additions to assets under construction relate with € 17.5 m to investments in aircraft.

In the financial year under review, advance payments of € 88.4 m (previous year € 29.7 m) were made for the future delivery of aircraft. In the previous year, further payments in advance of € 10.1 m related to cruise ships.

Further additions to aircraft assets include € 32.3 m for spare parts and € 17.0 m for engines.

The renovation of an administrative building in Hanover led to further investments of € 18.0 m in the financial year under review.

The main disposals in the financial year under review include € 36.6 m (previous year € 157.9 m) for the disposal of advance payments for the delivery of aircraft. Due to sale and leaseback transactions, the disposal of these pre-delivery payments led to additions of right-of-use assets. In this context, please refer to the section 'Right-of-use assets and leases'. Further disposals relate with € 17.7 m to the sale of spare parts and with € 15.9 m to the sale of aircraft.

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The review of the carrying amounts of property, plant and equipment resulted in impairment losses of € 14.0 m in the financial year under review (previous year € 57.2 m). The impairments mainly comprised € 13.3 m (previous year € 53.0 m) to hotels including land and were attributable to hotels of Magic Life, TUI Blue and Robinson in the Hotels & Resorts segment. The impairment loss of the previous year, notably included € 36.2 m relating to the demolition of a hotel in Mauritius.

The review of the carrying amounts also led to the reversal of impairment losses of € 28.0 m (previous year € 34.6 m). Reversal of impairments of € 16.4 m were attributable to hotels of Robinson and TUI Blue in the Hotels & Resorts segment. In addition, reversal of impairments of € 11.6 m were made for one Marella cruise ship in the Cruises segment.

The reclassification of property, plant and equipment to the balance sheet item 'Assets held for sale' relates to € 41.0 m for the planned disposal of the Robinson Club Cabo Verde and to planned sales of land in Mexico (€ 39.9 m) and Jamaica (€ 8.6 m) and are attributable to the Riu group in the Hotels & Resorts segment. In this context, we refer to the section 'Assets held for sale'. Further reclassifications of € 31.0 m related to the disposal of aircraft engines in the Markets & Airline segment.

The transfer to property, plant and equipment among others relate to the carrying amounts of previously leased assets carried as right-of-use assets for which purchase options were exercised.

As in the previous year, no borrowing cost were capitalised as part of the acquisition cost.

The carrying amount of property, plant and equipment subject to ownership restrictions or pledged as security totals € 616.7 m as at the balance sheet date (previous year € 611.3 m).

(15) Right-of-use assets and leases

As a lessee, TUI recognises right-of-use assets and lease liabilities according to IFRS 16. For more detailed information on the use of practical expedients, please refer to the accounting and measurement methods in the section 'Leases'.

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.

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The development of the right-of-use assets in financial year 2023 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 2021	**3,323.4**	**497.5**	**233.1**	**184.3**	**232.9**	**84.6**	**4,555.8**
Exchanges differences	454.2	–2.4	–0.3	3.0	–5.0	–0.1	449.4
Additions	142.0	–	6.3	4.8	0.5	2.6	156.2
Revaluations and modifications	57.1	–12.9	15.2	–5.7	–1.5	–0.8	51.4
Disposals	–63.2	–15.0	–10.5	–4.2	–0.5	–4.0	–97.4
Transfer	–33.4	–	0.3	0.9	–0.3	–0.1	–32.6
Balance as at 30 Sep 2022	**3,880.1**	**467.2**	**244.1**	**183.1**	**226.1**	**82.2**	**5,082.8**
Exchanges differences	–214.5	–10.1	2.0	–2.4	6.6	–0.2	–218.6
Additions	112.1	10.5	14.8	6.0	144.1	23.1	310.6
Revaluations and modifications	84.8	13.5	20.8	7.2	–1.0	0.6	125.9
Disposals	–115.1	–45.4	–18.0	–2.7	–	–5.0	–186.2
Transfer	–143.4	–	–0.2	–0.2	–	–7.5	–151.3
Balance as at 30 Sep 2023	**3,604.0**	**435.7**	**263.5**	**191.0**	**375.8**	**93.2**	**4,963.2**
Depreciation and impairment							
Balance as at 1 Oct 2021	**–1,055.5**	**–181.2**	**–116.3**	**–70.5**	**–87.4**	**–35.7**	**–1,546.6**
Exchange differences	–184.2	1.6	0.9	–0.1	2.6	–	–179.2
Depreciation for the current year	–365.0	–59.8	–37.7	–21.4	–16.0	–10.7	–510.6
Impairment for the current year	–	–4.4	–3.4	–	–1.0	–	–8.8
Reversals of impairments loses	0.6	13.2	2.0	–	–	–	15.8
Disposals	63.2	15.1	10.5	3.5	0.5	4.0	96.8
Transfer	22.4	–	–	0.1	–	–1.2	21.3
Balance as at 30 Sep 2022	**–1,518.5**	**–215.5**	**–144.0**	**–88.4**	**–101.3**	**–43.6**	**–2,111.3**
Exchange differences	94.5	5.7	–1.3	1.0	–1.9	0.2	98.2
Depreciation for the current year	–325.7	–45.2	–37.2	–21.5	–18.8	–9.6	–458.0
Impairment for the current year	–	–11.8	–2.2	–	–	–	–14.0
Reversals of impairments losses	–	5.3	1.3	–	–	–	6.6
Disposals	115.1	38.8	18.2	2.6	–	5.1	179.8
Transfer	93.6	–	0.3	0.4	–	4.6	98.9
Balance as at 30 Sep 2023	**–1,541.0**	**–222.7**	**–164.9**	**–105.9**	**–122.0**	**–43.3**	**–2,199.8**
Carrying amounts as at 30 Sep 2022	**2,361.6**	**251.7**	**100.1**	**94.7**	**124.8**	**38.6**	**2,971.5**
Carrying amounts as at 30 Sep 2023	**2,063.0**	**213.0**	**98.6**	**85.1**	**253.8**	**49.9**	**2,763.4**

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Additions of € 144.1 m were attributable in particular to the rental of a cruise ship, that was put into service in April 2023. Furthermore, additions of € 112.1 m were due to the delivery of eight aircraft and four aircraft engines (previous year € 142.0 m for the delivery of six aircraft), some of which were acquired through sale and leaseback transactions.

Changes and remeasurements of existing leases increased the right-of-use assets by € 125.9 m. The increase is primarily driven by a large number of lease extensions for leased aircraft (€ 84.8 m), leased travel agencies (€ 20.8 m) and hotel contracts (€ 13.5 m).

The transfer to property, plant and equipment led to a reduction in right-of-use assets of € 52.4 m and mainly result from reclassifications of aircraft and aircraft engines into property, plant and equipment. In this context, we refer to the section 'Property, plant and equipment'.

Information on the associated lease liabilities is provided in Note 32 '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 41 'Financial instruments'.

The table below presents the expenses and income carried in the consolidated income statement in financial year 2023 in connection with leases in which TUI is the lessee:

Expenses and income from leases with TUI as the lessee

€ million	**2023**	2022
Expenses from short-term leases	–124.0	–131.1
Expenses from low-value leases	– 8.2	– 3.0
Variable lease income and expenses	– 8.0	0.5
Depreciation of right-of-use assets	– 458.0	– 510.6
Impairment of right-of-use assets	–14.0	– 8.8
Reversal of impairments	6.6	15.8
Interest expenses from lease liabilities	–175.6	–159.3
Gains or losses arising from sale and leaseback transactions	8.9	2.4

As in the previous year, the expenses from short-term leases relate mainly to the temporary rental of aircraft. Impairment losses of € 11.8 m were attributable to leased hotels.

Gains from sale and leaseback transactions of € 8.9 m are attributable to aircraft financing. In the financial year under review, two newly delivered Boeing B737 Max aircraft, one previously owned Boeing B737–800 aircraft and four acquired engines were refinanced by means of sale and leaseback contracts. As at 30 September 2023, lease liabilities resulting from these transactions totalled € 75.7 m. Gains obtained in the previous year of € 2.4 m related to sale and leaseback transactions for six newly delivered Boeing B737 Max aircraft. As at 30 September 2022, lease liabilities resulting from that transaction totalled € 165.6 m.

The cash outflows for leases totalled € 901.2 m (previous year € 867.4 m) in financial year 2023.

At the balance sheet date, unrecognised financial commitments for short-term leases amounted to € 3.3 m (previous year € 4.3 m). In addition, potential future lease payments from extension and termination options of € 220.3 m (previous year € 270.3 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 to be terminated.

TUI AS LESSOR

As a lessor, TUI leases or subleases aircraft and, less significantly, space in office buildings and travel agencies and a hotel. In financial year 2023, proceeds from operating leases worth € 12.0 m (previous year € 7.8 m) were carried in revenue. In addition, income from finance leases of € 0.5 m (previous year € 0.7 m) was carried in the interest result.

The following table shows the reconciliation from the undiscounted lease payments to the net investment for the two subleases classified as finance leases:

Net investments – finance leases

€ million	**30 Sep 2023**	30 Sep 2022
Undiscounted lease payments (lease components)	4.3	10.5
Unguaranteed residual values	–	–
Gross investment	4.3	10.5
Unearned finance income	0.2	0.7
Impairment	–	0.2
Net investment	4.1	9.6

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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 2023
	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	6.1	0.1	–	–	–	–	6.2
Finance lease contracts	3.4	0.9	–	–	–	–	4.3

							30 Sep 2022
	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	15.6	0.6	–	–	–	–	16.2
Finance lease contracts	4.6	3.9	2.0	–	–	–	10.5

(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 53. All joint arrangements are joint ventures. There are no joint operations within the meaning of IFRS 11.

Significant associate and joint ventures

		Capital share in %		Voting rights share in %	
Name and headquarter of company	Nature of business	**30 Sep 2023**	30 Sep 2022	**30 Sep 2023**	30 Sep 2022
Associate					
Midnight Canada Inc., Toronto, Canada	Tour operator & Hotel operator	49.0	49.0	49.0	25.0
Midnight International Holdings Limited, Toronto, Canada	Hotel operator	49.0	–	49.0	–
Pep Toni Hotels S.A., Palma, Spain	Hotel operator	49.0	–	49.0	–
Joint venture					
Grupotel dos S.A., Can Picafort, Spain	Hotel operator	50.0	50.0	50.0	50.0
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 the Canadian associated companies corresponds to TUI Group's financial year. The financial years of Pep Toni Hotels S.A. and of the joint ventures deviate from TUI Group's financial year, ending on 31 December. 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 was a vertically integrated travel company comprising tour operation, an airline and retail shops. After the transfer of the hotel operation and development company Blue Diamond Hotels & Resorts Inc., St Michael / Barbados, to Sunwing in September 2016, Sunwing 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.

Sunwing transferred its tour operation, airline and retail shops to the Canadian airline WestJet Airlines Ltd. in the current financial year. Sunwing received essentially shares of the newformed business as consideration and in addition contingent considerations. Within the framework of the transaction the hotel operations business was transferred to the newly formed Midnight International Holdings Limited, in which TUI Group directly holds 49 % of its shares. Sunwing itself has no longer any operative business after the transaction and was renamed in Midnight Canada Inc. TUI group continues to hold 49 % of the shares of Midnight Canada Inc.

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Sunwing realised a gain from the transfer of its activities in return for the shares in the newformed business. Accordingly, this gain increased pro rata the share of result of investments accounted for using the equity method by € 110.3 m. A portion of the goodwill allocated to the segment Northern Region was disposed with the transfer of the operational business of Sunwing. This portion was determined as the relative value of the operations of Sunwing disposed of in relation to the retained segment Northern Region. The expense of € 19.5 m from the disposal of the goodwill is recognised in other expenses.

Pep Toni Hotels S.A. is a company founded at the end of the reporting year, which will own and operate hotels.

SIGNIFICANT JOINT VENTURES

Grupotel dos S.A., founded in 1998, owns and operates hotels in the Balearic and the Canary Islands.

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 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

	Midnight International Holdings Limited, Toronto, Canada		Pep Toni Hotels S.A., Palma, Spain		Midnight Canada Inc., Toronto, Canada	
€ million	**30 Sep 2023 / 2023**	30 Sep 2022 / 2022	**30 Sep 2023 / 2023**	30 Sep 2022 / 2022	**30 Sep 2023 / 2023**	30 Sep 2022 / 2022
Non-current assets	1,606.6	1,697.0	–	–	93.9	489.2
Current assets	316.2	324.6	150.8	–	6.3	538.2
Non-current provisions and liabilities	1,123.7	961.1	–	–	–	609.5
Current provisions and liabilities	329.7	618.1	–	–	4.2	660.3
Revenue	820.5	643.6	–	–	1,722.7	1,263.7
Profit / loss	62.9	101.3	0.8	–	345.0	– 94.2
Other comprehensive income / loss	– 30.6	61.0	–	–	21.9	– 16.0
Total comprehensive income / loss	**32.3**	**162.3**	**0.8**	**–**	**366.9**	**– 110.2**

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Summarised financial information of material joint ventures

€ million	Grupotel dos S.A., Can Picafort, Spain		TUI Cruises GmbH, Hamburg, Germany	
	30 Sep 2023 / 2023	30 Sep 2022 / 2022	**30 Sep 2023 / 2023**	30 Sep 2022 / 2022
Non-current assets	270.6	260.6	4,449.0	4,153.0
Current assets	25.4	37.8	432.3	591.4
thereof cash and cash equivalents	4.6	16.9	97.5	255.9
Non-current provisions and liabilities	132.8	146.3	2,655.8	3,195.7
thereof financial liabilities	120.7	134.1	2,628.1	3,165.3
Current provisions and liabilities	32.6	36.9	1,189.5	863.5
thereof financial liabilities	14.9	14.7	501.0	282.9
Revenue	159.9	131.0	1,823.7	1,238.2
Depreciation / amortisation of intangible assets and property, plant and equipment	13.1	12.0	131.4	129.9
Interest income	0.2	0.2	13.7	17.2
Interest expenses	4.1	2.4	121.2	135.8
Income taxes	6.4	5.1	3.6	–8.6
Profit / loss	27.4	18.8	348.4	82.8
Other comprehensive income / loss	–	0.2	2.4	37.3
Total comprehensive income / loss	**27.4**	**19.0**	**350.8**	**120.1**

In financial year 2023, TUI Group received dividends of € 22.6 m (previous year € 0.9 m) from its joint ventures and dividends of € 3.9 m (previous year € 0.2 m) from its associates.

In addition to TUI Group's significant associates and joint ventures, TUI AG has interests in other associates and joint ventures accounted for under the equity-method, 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	Midnight International Holdings Limited, Toronto, Canada		Pep Toni Hotels S.A., Palma, Spain		Midnight Canada Inc., Toronto, Canada		Other immaterial associates		Associates total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
TUI's share of										
Profit / loss	30.8	49.6	0.4	–	112.8*	–46.2	2.2	4.2	146.2	7.6
Other comprehensive income / loss	–15.0	29.9	–	–	7.4	–3.2	–1.1	–2.2	–8.7	24.5
Total comprehensive income / loss	**15.8**	**79.5**	**0.4**	**–**	**120.2**	**–49.4**	**1.1**	**2.0**	**137.5**	**32.1**

* The share of result includes TUI's share of the result of Midnight Canada Inc. and the expenses for the realisation of foreign exchange differences and for the derecognition of goodwill due to the sale of Sunwing's operating business, included in the result of investments in joint ventures and associates.

Share of financial information of material and other joint ventures

€ million	Grupotel dos S.A., Can Picafort, Spain		TUI Cruises GmbH, Hamburg, Germany		Other immaterial joint ventures		Joint ventures total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
TUI's share of								
Profit / loss	13.7	9.4	174.2	41.4	73.1	42.3	261.0	93.1
Other comprehensive income / loss	–	0.1	1.2	18.6	–27.5	–2.0	–26.3	16.7
Total comprehensive income / loss	**13.7**	**9.5**	**175.4**	**60.0**	**45.6**	**40.3**	**234.7**	**109.8**

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Net assets of the material associates

€ million	Midnight International Holdings Limited, Toronto, Canada	Midnight Canada Inc., Toronto, Canada	Pep Toni Hotels S.A., Palma, Spain
Net assets as at 1 Oct 2021	**280.0**	**–132.0**	**–**
Foreign exchange effects	61.0	–16.0	–
Profit/loss	101.3	–94.2	–
Net assets as at 30 Sep 2022	**442.3**	**–242.2**	**–**
Other comprehensive income	–	2.6	–
Foreign exchange effects	–30.6	19.3	–
Capital increase/decrease	–33.9	–	150.1
Profit/loss	62.9	345.0	0.8
Consolidation effects	28.7	–28.7	–
Net assets as at 30 Sep 2023	**469.4**	**96.0**	**150.9**

Reconciliation to the carrying amount of the associates in the Group balance sheet

€ million	Midnight International Holdings Limited, Toronto, Canada	Midnight Canada Inc., Toronto, Canada	Pep Toni Hotels S.A., Palma, Spain	Other immaterial associates	Associates total
Share of TUI in % as at 30 Sep 2022	49.0	49.0	–	n.a.	n.a.
TUI's share of the net assets as at 30 Sep 2022	216.8	–118.5	–	28.2	126.5
Goodwill as at 30 Sep 2022	7.6	49.3	–	5.0	61.9
Unrecognised share of losses	–	–	–	1.1	1.1
Impairment of carrying amounts	–	–	–	–	–
Carrying amount as at 30 Sep 2022	**224.4**	**–69.2**	**–**	**34.3**	**189.5**
Share of TUI in % as at 30 Sep 2023	49.0	49.0	49.0	n.a.	n.a.
TUI's share of the net assets as at 30 Sep 2023	230.0	46.9	73.9	33.0	383.8
Goodwill as at 30 Sep 2023	7.1	–	–	1.4	8.5
Unrecognised share of losses	–	–	–	2.7	2.7
Impairment of carrying amounts	–	–	–	–	–
Carrying amount as at 30 Sep 2023	**237.1**	**46.9**	**73.9**	**37.1**	**395.0**

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Net assets of the material joint ventures

€ million	Grupotel dos S.A., Can Picafort, Spain	TUI Cruises GmbH, Hamburg, Germany
Net assets as at 1 Oct 2021	**96.2**	**565.1**
Profit/loss	18.8	82.8
Other comprehensive income	0.2	37.3
Net assets as at 30 Sep 2022	**115.2**	**685.2**
Profit/loss	27.4	348.4
Other comprehensive income	–	2.4
Dividends payable	–12.0	–
Net assets as at 30 Sep 2023	**130.6**	**1,036.0**

Reconciliation to the carrying amount of the joint ventures in the consolidated balance sheet

€ million	Grupotel dos S.A., Can Picafort, Spain	TUI Cruises GmbH, Hamburg, Germany	Other immaterial joint ventures	Joint ventures total
Share of TUI in % as at 30 Sep 2022	50.0	50.0	n.a.	n.a.
TUI's share of the net assets as at 30 Sep 2022	57.6	342.6	208.4	608.6
Goodwill as at 30 Sep 2022	–	–	15.5	15.5
Unrecognised share of losses	–	–	7.3	7.3
Impairment of carrying amounts	–	–	–35.5	–35.5
Carrying amount as at 30 Sep 2022	**57.6**	**342.6**	**195.7**	**595.9**
Share of TUI in % as at 30 Sep 2023	50.0	50.0	n.a.	n.a.
TUI's share of the net assets as at 30 Sep 2023	65.3	518.0	224.2	807.5
Goodwill as at 30 Sep 2023	–	–	11.7	11.7
Unrecognised share of losses	–	–	12.3	12.3
Impairment of carrying amounts	–	–	–28.3	–28.3
Carrying amount as at 30 Sep 2023	**65.3**	**518.0**	**219.9**	**803.2**

IMPAIRMENT OF THE CARRYING AMOUNTS OF ASSOCIATES AND JOINT VENTURES

Due to the increase in the interest rates, the effects of Russia's war of aggression against Ukraine and general price inflation a risk assessment was performed if indicators for impairments exist. If this was the case the carrying amounts of the respective associates and joint ventures concerned were subsequently tested for impairment. In addition all carrying amounts of associates and joint ventures which have been impaired in before were tested for reversals of impairment. All impairment tests used the business plan of the respective joint venture or associate. Based on these 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 of fair value hierarchy were used in the calculations.

The shares in the joint venture WOT Hotels Adriatic Asset Company d. o. o. are held for sale. An impairment loss of € 7.6 m recognised in 2020 was reversed. A further reversal of an impairment loss of € 0.3 m and the recognition of an impairment loss of € 0.7 m related to joint ventures in Central Region. The shares in the associated company Raiffeisen-Tours RT-Reisen GmbH intended for sale were written down by € 1.8 m. In all other respects, the parameters used were identical with those used for the goodwill impairment test in Hotels & Resorts (Note 12).

UNRECOGNISED LOSSES BY ASSOCIATES AND JOINT VENTURES

As at the end of the financial year under review, accumulated unrecognised losses of joint ventures amounted to € 12.3 m (previous year € 7.3 m). In the period under review, unrecognised losses relating to WOT Hotels Vietnam rose by € 4.2 m to € 11.1 m, while unrecognised losses relating to Abou Soma for Hotels S. A. E. grew by € 0.8 m to € 1.1 m. Accumulated unrecognised losses by associates of € 2.7 m (previous year € 1.1 m) related to Ahungalla Resorts Limited. Recognition of additional losses would have resulted in the carrying amounts falling to below nil.

RISKS ASSOCIATED WITH THE STAKES IN ASSOCIATES AND JOINT VENTURES

Contingent liabilities of € 0.7 m (previous year € 6.5 m) existed in respect of associates as at 30 September 2023. Contingent liabilities in respect of joint ventures totalled € 1.7 m (previous year € 3.1 m).

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(17) Trade and other receivables

Trade and other receivables

	30 Sep 2023		30 Sep 2022	
€ million	Remaining term more than 1 year	**Total**	Remaining term more than 1 year	Total
Trade receivables	–	411.6	–	399.2
Security deposits	–	372.3	–	312.5
Advances and loans	15.9	33.9	43.4	66.7
Lease receivables	0.8	4.1	5.2	9.6
Other receivables and assets	58.0	343.2	83.0	355.4
Total	**74.7**	**1,165.1**	**131.6**	**1,143.4**

As at 30 September 2023, TUI has recognised deferred sales commissions to travel agencies and other distribution channels worth € 82.5 m (previous year € 63.3 m) in respect of costs of obtaining a contract until the associated revenue was earned. In the financial year under review, sales commissions worth € 798.9 m (previous year € 622.5 m) were recognised in profit and loss.

Security deposits include securities for credit card acquirers as well as securities for received touristic advance payments.

(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 and flight services.

In the financial year under review the additions to impairments recognised through profit or loss for advance payments made by tour operators for future hotel services totalled € 3.4 m (previous year: reversals of impairments € 33.6 m).

(19) Other non-financial assets

The other non-financial assets of € 230.6 m (previous year € 305.1 m) resulted mainly from the overfunded pension plans worth € 98.5 m (previous year € 163.4 m) and assets from other taxes worth € 77.5 m (previous year € 70.3 m).

(20) Deferred tax assets

Individual items of deferred tax assets and liabilities recognised in the statement of financial position

	30 Sep 2023		30 Sep 2022	
€ million	**Asset**	**Liability**	Asset	Liability
Lease transactions	13.6	96.8	14.1	71.3
Recognition and measurement differences for property, plant and equipment and other non-current assets	184.4	225.3	153.4	230.4
Recognition differences for receivables and other assets	16.4	38.5	21.9	55.5
Measurement of financial instruments	4.5	72.9	0.2	61.4
Measurement of pension provisions	79.7	21.2	78.6	43.3
Recognition and measurement differences for other provisions	62.1	3.0	50.4	5.3
Other transactions	45.6	66.4	95.5	40.5
Capitalised tax savings from recoverable losses carried forward	269.4	–	194.4	–
Netting of deferred tax assets and liabilities	– 365.1	– 365.1	– 386.5	– 386.5
Balance sheet amount	**310.6**	**159.0**	**222.0**	**121.2**

Deferred tax assets include an amount of € 290.2 m (previous year € 138.0 m) expected to be realised after more than twelve months. Deferred tax liabilities include an amount of € 102.0 m (previous year € 119.5 m) expected to be realised after more than twelve months.

No deferred tax assets are recognised for deductible temporary differences of € 29.4 m (previous year € 22.7 m).

No deferred tax liabilities are carried for temporary differences of € 91.3 m (previous year € 87.2 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.

The net asset surplus of deferred tax assets and liabilities increased by € 50.8 m compared to the previous year. Of this, € 26.3 m was recognised as deferred tax income in the income statement and € 24.9 m as an increase in other comprehensive income. The change in other comprehensive income mainly relates to actuarial gains and losses in pension assets and the measurement of cash flow hedges. The remaining amount of € – 0.4 m results from currency effects.

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Recognised losses carried forward and time limits for non-recognised losses carried forward

€ million	30 Sep 2023	30 Sep 2022
Recognised losses carried forward	**1,415.1**	**1,091.0**
Non-recognised losses carried forward	**12,246.4**	**11,880.6**
of which losses carried forward forfeitable within one year	5.7	–
of which losses carried forward forfeitable within two to five years	2.7	8.7
of which losses carried forward forfeitable within more than five years (excluding non-forfeitable loss carryforwards)	–	6.2
of which non-forfeitable losses carried forward	12,238.0	11,865.7
Total unused losses carried forward	**13,661.5**	**12,971.6**

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 € 2,562.1 m (previous year € 2,444.6 m) were not recognised as the underlying losses carried forward were not expected to be utilised in the planning horizon.

In financial year 2023, tax savings of € 9.3 m (previous year € 0.0 m) resulted from the use of tax losses carried forward previously not assessed as recoverable for which, therefore, no deferred tax assets had been carried as at 30 September 2022 for the potential tax savings resulting from these assets. Tax reductions from loss carry-backs (previous year € 0.0 m) were not realised.

Development of deferred tax assets from losses carried forward

€ million	2023	2022
Capitalised tax savings at the beginning of the year	**194.4**	**147.3**
Use of losses carried forward	–12.3	–23.7
Capitalisation of tax savings from tax losses carried forward	97.1	84.7
Impairment of capitalised tax savings from tax losses carried forward	–8.6	–14.2
Exchange adjustments and other items	–1.2	0.3
Capitalised tax savings at financial year-end	**269.4**	**194.4**

Capitalised deferred tax assets from temporary differences and losses carried forward that are assessed as recoverable of € 207.0 m (previous year € 321.3 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's management. The key points of this planning are presented in the section 'Key judgements, 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 2023	30 Sep 2022
Airline spares and operating equipment	22.9	13.3
Real estate for sale	0.2	0.2
Consumables used in hotels	21.4	20.9
Other inventories	17.6	21.7
Total	**62.1**	**56.1**

In financial year 2023, inventories of € 638.6 m (previous year € 584.2 m) were recognised as expense.

(22) Cash and cash equivalents

Cash and cash equivalents

€ million	30 Sep 2023	30 Sep 2022
Bank deposits	1,566.2	1,718.6
Money market funds	472.2	–
Cash in hand and cheques	21.9	18.3
Total	**2,060.3**	**1,736.9**

At 30 September 2023, cash and cash equivalents of € 772.2 m (previous year € 526.1 m) were subject to the restrictions listed below:

On 30 September 2016, TUI AG entered into a long-term agreement to close the gap between the obligations and the fund assets of defined benefit pension plans in the UK. At the balance sheet date an amount of € 66.9 m is deposited as security within a bank account. TUI Group can only use that cash and cash equivalents if it provides alternative collateral.

Furthermore, an amount of € 116,3 m (previous year € 116.1 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 is restricted. The remaining € 589,0 m (previous year € 343.9 m) subject to restrictions relate to cash and cash equivalents to be deposited due to statutory or regulatory requirements mainly in order to secure potential

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liability to travel regulators and payment service providers. Investments in money market funds meet the requirements of IAS7 for accounting as cash equivalents.

(23) Assets held for sale

Assets held for sale

€ million	30 Sep 2023	30 Sep 2022
Disposal group Robinson Club Cabo Verde	44.4	–
Investments accounted for using the equity method	15.1	–
Other assets	9.1	2.7
Total	**68.6**	**2.7**

As at 30 September 2023, the shares in WOT Hotels Adriatic Asset Company d. o. o. with a carrying amount of € 12.0 m were classified as held for sale. Prior to the reclassification to assets held for sale, the shares in WOT Adriatic were measured at fair value. This measurement resulted in a reversal of an impairment loss of € 4.5 m recognised in the past. The income is recognised under the result from companies accounted for using the equity method. The shares were sold on 20 October 2023. For further details, please refer to the section 'Acquisitions – divestments'.

As at 30 September 2023, the shares in Raiffeisen-Tour RT-Reisen GmbH totalling € 3.1 m were classified as held for sale. The purchase agreement was signed on 29 August 2023. Prior to the reclassification to assets held for sale, the shares in RT Reisen were measured at fair value. The resulting impairment loss of € 1.8 m is carried under the result from companies accounted for using the equity method. The sale was completed on 19 October 2023. For further details, please refer to the section 'Acquisitions – divestments'.

The Riu Mangoos property in Jamaica was sold with effect from 2 October 2023. The purchase price totals $ 9.6 m. As at 30 September 2023, the property was classified as held for sale with a carrying amount of € 8.9 m.

On 31 March 2023, an agreement was signed with TUI Global Hospitality Fund S. C. S. for the divestment of Club Hotel CV, S. A. (Robinson Club Cabo Verde), fully consolidated in the Hotels & Resorts segment. Accordingly, the assets and liabilities of the disposal group were classified as held for sale. In addition, part of the goodwill of the 'Robinson' cash-generating unit amounting to € 2.3 m was classified as held for sale. The sale was completed on 31 October 2023. In this context, we refer to the sections 'Liabilities related to assets held for sale' and 'Acquisitions – divestments'.

Disposal group 'Robinson Club Cabo Verde'

€ million	30 Sep 2023
Goodwill	2.3
Other intangible assets and property, plant and equipment	41.0
Inventories	0.3
Trade and other receivables	0.5
Other non-financial assets	0.1
Cash and cash equivalents	0.2
Total	**44.4**

During the period under review, the following reclassifications were made to assets held for sale:

As of December 31, 2022, two aircraft engines with a total value of € 31.0 m were classified as held for sale. The sale of the aircraft engines took place in February 2023.

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

As of June 30, 2023, the Riu Punta Nizuc plot in Mexico with a total value of € 39.7 m was classified as held for sale. The plot was sold on September 6, 2023. The purchase price amounted to MXN 817.0 m.

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

(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 € 1.00. As the capital stock consists of registered shares, the owners are listed by name in the share register. The subscribed capital of TUI AG is registered in the commercial registers of the district courts of Berlin-Charlottenburg and Hanover.

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In the past financial year, after prior smoothing of the share capital through the retirement of three shares, the existing share capital of TUI AG in the amount of € 1,785,205,850.00, divided into 1,785,205,850 no-par value registered shares with a proportionate amount of the share capital of € 1.00 per no-par value share, was reduced in accordance with the provisions on capital reduction pursuant to sections 222 et seq. AktG in conjunction with Section 7 (6) WStBG for the purpose of transferring a part of the capital stock to the company's capital reserve by € 1,606,685,265.00 to € 178,520,585.00.

The reduction was effected by consolidation of shares. The capital reduction was carried out at a ratio of ten to one, so that ten no-par value registered shares were merged to form one no-par value registered share.

The capital reduction was related to a recapitalisation of the Company within the meaning of Sec. 22 StFG. The reduction amount of € 1,606,685,265.00 was allocated to the Company's non-distributable capital reserve in accordance with Sec. 7 (6) Sentence 5 WStBG.

Following the capital reduction, the Company's capital stock in the amount of € 178,520,585.00, divided into 178,520,585 no-par value registered shares was increased by issuing 328,910,448 new no-par value registered shares with a proportionate amount of the share capital of € 1.00 per no-par value share to € 507,431,033.00, divided into 507,431,033 no-par value registered shares. This increase in capital stock totalling € 328.9 m was carried out using the authorisations granted by the Annual Stockholders' Meeting on 8 February 2022 to issue new registered shares against cash contributions for a maximum total of € 162.3 m (Authorised Capital 2022 / I) and to issue new shares against cash or non-cash contributions in the amount of € 626.9 m (Authorised Capital 2022 / II) entirely from authorised capital.

CONDITIONAL CAPITAL

The Annual General Meeting on 9 February 2016 had created conditional capital of € 150.0 m for the issuance of bonds. The authorisation to acquire bonds with conversion or option rights or obligations or profit participation rights (with or without a fixed term) was limited to a nominal amount of € 2.0 bn and expired on 8 February 2021. This authorisation was fully utilised with the issuance of a bond with warrants totalling € 150.0 m to the Economic Stabilisation Fund (ESF) in October 2020. The outstanding bonds and warrants were repurchased in full on 27 April 2023 without the ESF having previously exercised its option right.

The Extraordinary General Meeting on 5 January 2021 resolved to create conditional capital of € 420.0 m in order to grant the ESF the right to convert ESF's asset contribution in the form of a silent participation of € 420.0 m ('Silent Participation I') at any time (in a single or several transactions) in full or in part into up to 420 m new no-par value registered shares with a proportionate share in the capital stock of € 1.0 per no-par value share. The new shares will be issued at the minimum issuance amount of € 1.0. The silent participation I was repaid in full on 27 April 2023 without ESF having previously exercised its conversion right.

The Annual General Meeting on 25 March 2021 resolved to create conditional capital for the issuance of bonds totalling € 109.9 m. The authorisation to acquire bonds with conversion or option rights or obligations or profit participation rights (with or without a fixed term) was limited to a nominal amount of € 2.0 bn and expires on 24 March 2026. This authorisation was fully utilised with the issuance of a convertible bond totalling € 589.6 m in April and July 2021. As at the reporting date, no shares had been issued to serve the convertible bond.

The Annual General Meeting on 8 February 2022 resolved to create two further amounts of conditional capital for the issuance of bonds worth € 162.3 m and € 81.1 m. The authorisation to acquire bonds with conversion or option rights or obligations or profit participation rights (with or without a fixed term) was limited to a nominal amount of € 2.0 bn and expires on 7 February 2027.

As of 30 September 2023, unused conversion rights of issued convertible bonds result in conditional capital of € 109.9 m. In addition, TUI AG has unused conditional capital in the amount of € 243.4 m as of the balance sheet date, resulting in total unused conditional capital in the amount of € 353.3 m.

AUTHORISED CAPITAL

The Annual General Meeting on 13 February 2018 resolved to create authorised capital of € 30.0 m for the issuance of employee shares. The Executive Board of TUI AG was authorised to use this capital in one or several transactions to issue employee shares against cash contribution by 12 February 2023. No new employee shares were issued in the completed financial year.

The Annual General Meeting on 8 February 2022 resolved to authorise the Executive Board to issue new registered shares against cash contributions for up to a maximum of € 162.3 m (Authorised Capital 2022 / I). This authorisation will expire on 7 February 2027.

The Annual General Meeting on 8 February 2022 also resolved to create authorised capital for the issuance of new shares against cash and non-cash contribution of € 626.9 m (Authorised Capital 2022 / II). The issuance of new shares against non-cash contributions is limited to € 162.3 m. The authorisation for this capital will expire on 7 February 2027.

In the past fiscal year, the capital stock was increased by € 328.9 m by making partial use of the latter two authorisations for authorised capital. Authorised Capital 2022 / I was mainly used in the amount of € 140.4 m to fully repay the federal stabilisation measures and Authorised Capital 2022 / II was used in the amount of € 188.5 m to reduce KfW credit lines.

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By resolution of the Annual General Meeting on 14 February 2023, the authorised capital of originally € 671.0 m (Authorised Capital 2022 / III) was deleted from the Articles of association without replacement, as the intended purpose of this authorisation was achieved in June 2022 with the repayment of the Silent participation II granted by the ESF.

At the balance sheet date, total authorisations for unused authorised capital amounted to around € 460.3 m (prior year around € 1,320.2 m, of which € 508.7 m could no longer be used). The further use of unused authorised capital is subject to the Executive Board's binding declaration of commitment from February 2023, which was announced at the Annual General Meeting, that it will be used primarily for the completion of the stabilisation measures respectively primarily for the reduction of KfW credit lines.

(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.

In the completed financial year, capital reserves rose by € 3,004.2 m from € 6,085.9 m to € 9,090.1 m. € 1,606.7 m were transferred from subscribed capital to capital reserves in the context of the consolidation of shares in the ratio of ten to one. In addition the premium of the capital increase which was carried out in April 2023 increased the capital reserves by € 1,498.0 m whereas the costs of the capital increase of € 66.0 m reduced the capital reserve. With the resolution on 24th March 2023 to carry out a rights issue, the warrants presented within capital reserves at their book value of € 34.5 m were to be recognised as a financial liability at the present value of the repurchase amount. Accordingly the warrants were revalued, reclassified to current liabilities and repurchased in April 2023. The difference between the book value and the present value reduced the retained earnings, the reclassification to liabilities therefore reduced the capital reserves by only the book value of € 34.5 m.

(26) Revenue reserves

In the completed financial year, TUI AG did not pay a dividend to its shareholders (previous year no dividend).

The ongoing recording of existing equity-settled stock option plans resulted in a decrease in equity of € 0.0 m (previous year increase € 0.2 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.

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 net gain from investments in equity instruments in the amount of € 23.7 m designated at fair value through other comprehensive income includes € 23.2 m of the upward revaluation recognised directly in equity of the non-consolidated investment Peakwork AG, which was sold during the financial year. For detailed explanations we refer to section 'Assets held for sale'.

The proportion of gains and losses from hedges used as effective hedges of future cash flows is carried directly in equity under other comprehensive income at € +169.3 m (previous year € +110.7 m). The increase in financial year 2023 is mainly attributable to changes in exchange rates and fuel prices.

The revaluation of pension obligations (in particular actuarial gains or losses) is also carried directly in Other income in equity.

The valuation of the warrants and the silent participation I at the present value of their respective repurchase amount lowered the retained earnings by € 222.8 m in total in March 2023.

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) Silent participations

In financial year 2021, two silent participations were issued to the ESF. They were both carried in equity in accordance with IAS 32.

The silent participation II in the amount of € 671.0 m was fully repaid in May 2022. With the resolution on 24th March 2023 to carry out a rights issue, the silent participation I was revalued at the present value of the repurchase amount, reclassified to current liabilities and repurchased in April 2023. The difference of the book value of € 420.0 m and the present value reduced the retained earnings. The silent participations are reduced by € 420.0 m.

(28) 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 € 517.6 m (previous year loss of € 530.9 m). Taking account of loss carried forward of € 831.5 m (previous year profit carried forward € 300.6 m) TUI AG's balance sheet loss totals € 1,349.1 m.

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(29) 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 2023 / 2023**	30 Sep 2022 / 2022
Current assets	201.0	206.0
Non-current assets	2,077.4	2,016.0
Current liabilities	185.5	199.3
Non-current liabilities	109.3	108.6
Revenues	1,182.9	916.2
Profit / loss	294.2	128.4
Other comprehensive income	16.5	112.9
Cash inflow / outflow from operating activities	375.8	275.4
Cash inflow / outflow from investing activities	–163.6	–169.6
Cash inflow / outflow from financing activities	–276.0	–31.9
Accumulated non-controlling interest	820.3	785.5
Profit / loss attributable to non-controlling interest	147.1	64.2

* Consolidated subgroup

(30) 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 € 84.8 m (previous year € 80.5 m).

Apart from these defined contribution pension plans, 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 € 5.6 m (previous year € 5.6 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 68.6 % (previous year 68.2 %) of TUI Group's total obligations at the balance sheet date. German plans account for a further 25.0 % (previous year 25.6 %).

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Material defined benefit plans in the United Kingdom

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 2019.

Since 31 October 2018, the main sections of TUI Group's UK Pension Trust have been closed to future accrual of benefits. 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 deferred members. 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 €29.0 m for TUI Group, principally comprising current service cost. In the previous year, the restructuring of the activities of the Group's German airline additionally resulted in a past service cost and a curtailment expense. The administrative expenses shown relate to professional advisor costs for the pension plans settled from the plan assets.

Pension costs for defined benefit obligations

€ million	**2023**	2022
Current service cost for employee service in the period	18.4	23.1
Curtailment losses / (gains)	–0.1	13.6
Net interest on the net defined benefit liability	10.5	6.6
Past service cost	–0.4	19.8
Administration cost	0.6	2.2
Total	**29.0**	**65.3**

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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 2023 Total	30 Sep 2022 Total
Present value of funded obligations	1,904.8	1,918.0
Fair value of external plan assets	1,905.8	2,076.4
Surplus (–) / Deficit (+) of funded plans	**–1.0**	**–158.4**
Present value of unfunded pension obligations	572.8	596.3
Defined benefit obligation recognised on the balance sheet	**571.8**	**437.9**
of which		
Overfunded plans in other non-financial assets	98.5	163.4
Provisions for pensions and similar obligations	**670.3**	**601.3**
of which current	33.3	33.1
of which non-current	637.1	568.2

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 asset ceiling defined by IAS 19. As at 30 September 2023, other non-financial assets include excesses of € 98.5 m (previous year € 163.4 m).

Development of defined benefit obligations

€ million	Present value of obligation	Fair value of plan assets	Total
Balance as at 1 Oct 2022	**2,514.3**	**–2,076.4**	**437.9**
Current service cost	18.4	–	18.4
Past service cost	–0.4	–	–0.4
Curtailments and settlements	–0.1	–	–0.1
Interest expense (+) / interest income (–)	114.1	–103.6	10.5
Administration cost	–	0.6	0.6
Pensions paid	–135.3	100.0	–35.3
Contributions paid by employer	–	–98.4	–98.4
Contributions paid by employees	1.5	–1.5	–
Remeasurements	–68.4	309.8	241.4
due to changes in financial assumptions	–84.5	–	–84.5
due to changes in demographic assumptions	–77.6	–	–77.6
due to experience adjustments	93.7	–	93.7
due to return on plan assets not included in Group profit / loss for the year	–	304.5	304.5
due to assets that have not been capitalised due to the asset ceiling under IAS 19	–	5.3	5.3
Exchange differences	33.5	–36.3	–2.8
Other changes	–	–	–
Balance as at 30 Sep 2023	**2,477.6**	**–1,905.8**	**571.8**

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Development of defined benefit obligations

€ million	Present value of obligation	Fair value of plan assets	Total
Balance as at 1 Oct 2021	**3,970.1**	**–3,172.1**	**798.0**
Current service cost	23.1	–	23.1
Past service cost	19.8	–	19.8
Curtailments and settlements	13.6	–	13.6
Interest expense (+) / interest income (–)	68.4	–61.8	6.6
Administration cost	–	2.2	2.2
Pensions paid	–163.8	123.8	–40.0
Contributions paid by employer	–	–141.1	–141.1
Contributions paid by employees	1.4	–1.4	–
Remeasurements	–1,413.2	1,167.7	–245.5
due to changes in financial assumptions	–1,433.7	–	–1,433.7
due to changes in demographic assumptions	10.1	–	10.1
due to experience adjustments	10.4	–	10.4
due to return on plan assets not included in Group profit / loss for the year	–	1,167.7	1,167.7
Exchange differences	–4.5	6.3	1.8
Other changes	–0.6	–	–0.6
Balance as at 30 Sep 2022	**2,514.3**	**–2,076.4**	**437.9**

The net defined benefit obligation increased by € 133.9 m to € 571.8 m in the financial year under review. The present value of the obligation decreased slightly by a total of € 36.7 m compared to the previous year, mainly due to an increase in discount rates in the euro area and the United Kingdom. The fair value of the plan assets decreased as well by € 170.6 m.

In order to limit the risk arising from the obligation, the trustees of the UK pension plans acquired insurance policies in the fiscal year 2021 securitising full reimbursement by insurers of the payments to be made for parts of the existing obligations. The obligation to fulfill the pension commitment has not been assumed by the insurer in this transaction. Accordingly, the insured portions of the pension plan continue to be recognised in the financial statements.

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 2023		30 Sep 2022	
	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	**973.9**	**937.2**	**1,127.5**	**948.9**
of which liability driven investments	484.7	–	528.2	–
of which corporate bonds	185.0	118.8	229.0	116.2
of which property	195.2	–	260.8	–
of which government bonds	43.1	–	41.7	–
of which securitised debt	42.2	–	39.1	–
of which equity instruments	13.7	–	22.1	–
of which insurance policies	–	619.9	–	642.3
of which loans	–	125.1	–	155.0
of which insurance linked securities	–	3.1	–	10.4
of which cash	–	70.3	–	25.0
of which other	10.0	–	6.6	–
Total fund assets before recognition of asset ceiling under IAS 19		**1,911.1**		**2,076.4**
Assets not recognised due to the asset ceiling under IAS 19		–5.3		–
Total fund assets after recognition of the asset ceiling under IAS 19		**1,905.8**		**2,076.4**

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

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longer relevant for the measurement due to the plan amendment outlined above. In order to take account of the currently high inflation, significantly higher pension trends have been applied for the next scheduled pension adjustment for the German pension plans in deviation from the projected future pension increases indicated below for Germany.

Actuarial assumptions

	30 Sep 2023		
Percentage p.a.	**Germany**	**United Kingdom**	**Other countries**
Discount rate	4.1	5.5	3.4
Projected future salary increases	2.0	–	1.5
Projected future pension increases	2.5	3.3	1.0

	30 Sep 2022		
Percentage p.a.	Germany	United Kingdom	Other countries
Discount rate	3.7	5.1	3.1
Projected future salary increases	2.0	–	1.5
Projected future pension increases	2.5	3.6	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) 2022. 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

	30 Sep 2023		30 Sep 2022	
€ million	**+50 Basis points**	**–50 Basis points**	+50 Basis points	–50 Basis points
Discount rate	–145.4	+160.7	–171.0	+193.4
Salary increase	+7.2	–6.8	+12.2	–11.1
Pension increase	+43.3	–51.8	+54.4	–45.7
	+1 year		+1 year	
Life expectancy	+79.7	–	+79.1	–

The weighted average duration of the defined benefit obligations totalled 13.5 years (previous year 15.8 years) for the overall Group. In the UK, the weighted duration was 13.4 years (previous year 16.2 years), while it stood at 14.1 years (previous year 15.4 years) in Germany.

Fund assets are determined on the basis of the fair values of the funds invested as at 30 September 2023. 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 € 106.2 m (previous year € 104.4 m) to pension funds and pay pensions worth € 33.3 m (previous year € 33.1 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. The purchase of insurance policies within the UK schemes serves to eliminate these risks in respect of the liabilities due to pension scheme members covered by this insurance, and hence reduce the overall level of risk in respect of all the categories detailed below.

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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 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.

(31) Other provisions

Development of provisions in the financial year 2023

€ million	Balance as at 30 Sep 2022	Changes with no effect on profit and loss*	Usage	Reversal	Additions	**Balance as at 30 Sep 2023**
Maintenance provisions	827.7	22.9	208.0	6.6	142.6	778.6
Provisions for litigation	71.3	1.1	4.8	2.4	3.2	68.4
Restructuring provisions	88.3	0.1	27.6	9.1	6.4	58.1
Provisions for other personnel costs	42.5	–2.3	3.4	1.2	7.1	42.7
Provisions for other taxes	41.9	–0.4	7.8	2.7	4.0	35.0
Provisions for environmental protection	34.9	–	0.4	0.7	1.1	34.9
Risks from onerous contracts	28.1	–4.9	0.7	7.4	11.7	26.8
Miscellaneous provisions	161.3	–5.2	52.6	46.9	80.8	137.4
Other provisions	**1,296.0**	**11.3**	**305.3**	**77.0**	**256.9**	**1,181.9**

* 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. Lower maintenance expenses than expected led also to a reversal of € 6.6 m.

Provisions for litigation relate to existing lawsuits. For further details on lawsuits, please refer to Note 38.

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Restructuring provisions comprise payments for personnel measures as well as payments for the early termination of leases. They primarily relate to restructuring projects as part of our Global Realignment Programme for which detailed, formal restructuring plans were drawn up and communicated to the parties concerned. The reversal of the provision in the amount of € 9.1 m is mainly due to the lower than expected reduction in the fleet size of the Group's German airline. At the balance sheet date, restructuring provisions totalled € 58.1 m (previous year € 88.3 m), for a large part relating to benefits for planned personnel measures.

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 40 'Share-based payments in accordance with IFRS 2'.

Provisions for environmental protection primarily relate to statutory obligations to remediate sites contaminated with legacy waste from former mining and metallurgical activities.

Provisions for onerous contracts include € 16.7 m for the early exit from a leased administrative building as the largest single item.

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 € 25.4 m (previous year € 10.1 m), recognised as an interest expense. An interest portion of € 23.6 million (previous year € 10.1 million) is attributable to provisions for maintenance.

Terms to maturity of other provisions

	30 Sep 2023		30 Sep 2022	
€ million	Remaining term more than 1 year	**Total**	Remaining term more than 1 year	Total
Maintenance provisions	657.8	778.6	561.1	827.7
Provisions for litigation	37.4	68.4	38.6	71.3
Restructuring provisions	25.3	58.1	28.6	88.3
Provisions for other personnel costs	34.1	42.7	34.9	42.5
Provisions for other taxes	26.1	35.0	21.9	41.9
Provisions for environmental protection	32.8	34.9	32.9	34.9
Risks from onerous contracts	14.9	26.8	15.1	28.1
Miscellaneous provisions	20.2	137.4	21.9	161.3
Other provisions	**848.6**	**1,181.9**	**755.0**	**1,296.0**

(32) Financial and lease liabilities

Financial and lease liabilities

	30 Sep 2023				30 Sep 2022			
	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
Convertible bonds	13.5	529.2	–	542.7	13.5	–	518.6	532.1
Bonds	–	–	–	–	–	48.4	–	48.4
Liabilities to banks	69.9	438.9	210.0	718.8	280.0	913.8	188.8	1,382.6
Other financial liabilities	15.1	20.4	–	35.5	26.4	61.8	–	88.2
Financial liabilities	**98.5**	**988.5**	**210.0**	**1,297.0**	**319.9**	**1,024.0**	**707.4**	**2,051.3**
Lease liabilities	**701.2**	**1,553.6**	**663.3**	**2,918.1**	**698.8**	**1,668.0**	**840.7**	**3,207.5**

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Non-current financial liabilities decreased by €532.9 m versus 30 September 2022 to €1,198.5 m. The decrease is mainly due to the reduction in liabilities to banks.

In April 2023, a capital increase with rights issue was successfully completed. Parts of the proceeds were used to redeem, or repurchase, in full the outstanding warrant bond including warrants at the nominal amount of €58.7 m plus accrued interest at fair value. The bond component of this warrant bond was recognised in financial liabilities, while the separately tradable warrants were recognised in equity.

The early termination rights by TUI as well as the conversion right and the put option held by the holders of the convertible bond represent embedded derivatives which were not separated in accordance with IFRS 9 as they are classified as closely related to the host contract.

The largest financing instrument is a revolving credit facility (RCF) between TUI AG and an existing banking syndicate, which has included KfW since 2020. Following the capital increase effected in April 2023, the KfW line within the syndicated revolving credit facility was reduced from €2.1 bn to €1.05 bn so that the credit facility decreased from €3.74 bn to €2.7 bn. In May 2023, the revolving credit facility from the banking syndicate was extended to July 2026.

As at 30 September 2023, there were no drawdowns on the revolving credit facilities (30 September 2022 €562.0 m).

Current financial liabilities decreased by €221.4 m to €98.5 m as at 30 September 2023 as against €319.9 m as at 30 September 2022.

For more details on the terms and conditions of the credit lines provided by KfW, please refer to the section 'Going concern reporting according to the UK Corporate Governance Code'.

Movements financial and lease liabilities

€ million	Convertible bonds	Bonds	Short-term liabilities to banks	Long-term liabilities to banks	Other financial liabilities	**Total financial liabilities**	**Lease liabilities**
Balance as at 1 Oct 2022	**532.1**	**48.4**	**280.0**	**1,102.6**	**88.2**	**2,051.3**	**3,207.5**
Raisings/ redemptions of the period	–	–58.7	–243.5	–433.8	–9.4	–745.4	–595.0
Foreign exchange movements	–	–	–0.9	–7.5	–	–8.4	–146.2
Other non-cash movement	10.6	10.3	34.3	–12.4	–43.3	–0.5	451.8
Balance as at 30 Sep 2023	**542.7**	**–**	**69.9**	**648.9**	**35.5**	**1,297.0**	**2,918.1**

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Movements financial and lease liabilities

€ million	Convertible bonds	Bonds	Short-term liabilities to banks	Long-term liabilities to banks	Other financial liabilities	Total financial liabilities	Lease liabilities
Balance as at 1 Oct 2021	**522.2**	**119.3**	**247.5**	**2,365.1**	**66.6**	**3,320.7**	**3,229.4**
Raisings/ redemptions of the period	–	–91.3	–95.0	–1,270.6	–16.0	–1,472.9	–572.6
Changes in scope of consolidation	–	–	–	–	–	–	–
Foreign exchange movements	–	–	5.0	24.8	0.1	29.9	328.8
Other non-cash movement	9.9	20.4	122.5	–16.7	37.5	173.6	221.9
Balance as at 30 Sep 2022	**532.1**	**48.4**	**280.0**	**1,102.6**	**88.2**	**2,051.3**	**3,207.5**

The payments made in the period include beside the raisings of financial debt, in particular the repayment of bonds and financial debt as well as the repayment of lease liabilities.

Fair values and carrying amounts of the bonds at 30 Sep 2023

					30 Sep 2023		30 Sep 2022	
€ million	Issuer	Nominal value initial	Nominal value out-standing	Interest rate % p.a.	**Stock market value**	**Carrying amount**	Stock market value	Carrying amount
2021/2028 convertible bond	TUI AG	589.6	589.6	5.000	541.0	542.7	423.0	532.1
Total					**541.0**	**542.7**	**423.0**	**532.1**

(33) Other financial liabilities

Other financial liabilities include touristic advance payments received for tours cancelled because of COVID-19 restrictions of € 3.7 m (previous year € 16.7 m), for which immediate cash refund options exist and which have to be repaid immediately if the customer chooses to receive a refund.

(34) Touristic advance payments received

Touristic advance payments received

€ million	
Touristic advance payments received as at 1 Oct 2021	**2,379.4**
Revenue recognised that was included in the balance at the beginning of the period	–2,253.1
Increases due to cash received, excluding amounts recognised as revenue during the period	3,237.7
Reclassification to other financial liabilities	–12.0
Customer refund repayments	–325.0
Other	–28.1
Touristic advance payments received as at 30 Sep 2022	**2,998.9**
Revenue recognised that was included in the balance at the beginning of the period	–2,696.4
Increases due to cash received, excluding amounts recognised as revenue during the period	3,256.1
Reclassification to other financial liabilities	–0.1
Customer refund repayments	–56.2
Other	27.9
Touristic advance payments received as at 30 Sep 2023	**3,530.2**

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(35) Other non-financial liabilities

Other non-financial liabilities

	30 Sep 2023			30 Sep 2022		
	Remaining term			Remaining term		
€ million	up to 1 year	1–5 years	**Total**	up to 1 year	1–5 years	Total
Other liabilities relating to employees	237.5	28.3	265.8	224.8	27.4	252.2
Other liabilities relating to social security	38.2	–	38.2	39.7	–	39.7
Other liabilities relating to other taxes	63.5	–	63.5	50.6	–	50.6
Other miscellaneous liabilities	137.0	1.6	138.6	144.2	0.9	145.1
Deferred income	57.9	222.9	280.8	60.6	136.9	197.5
Other non-financial liabilities	**534.1**	**252.8**	**786.9**	**519.9**	**165.2**	**685.1**

(36) Liabilities related to assets held for sale

As at 30 September 2023, the following liabilities were related to assets held for sale:

Disposal Robinson Club Cabo Verde

€ million	**30 Sep 2023**
Trade payables	1.1
Touristic advance payments received	0.1
Other non-financial liabilities	0.4
Total	**1.6**

In this context, we refer to the note 'Assets held for sale'.

In the previous year, there were no liabilities in relation to assets held for sale.

(37) Contingent liabilities

As at 30 September 2023, contingent liabilities amounted to €73.7 m (previous year €93.5 m). They are mainly attributable to the granting of guarantees for the benefit of hotel activities and the granting of guarantees for contingent liabilities from aircraft leasing agreements. The contingent liabilities are reported at an amount representing the best estimate of the expenditure required to meet the potential obligation at the balance sheet date.

(38) 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 2023 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 claims for insurance benefits, to cover all probable financial charges from court or arbitration proceedings.

(39) Other financial commitments

Other financial commitments

	30 Sep 2023				30 Sep 2022			
	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
Order commitments in respect of capital expenditure	1,070.9	1,101.6	–	2,172.5	400.7	1,730.6	160.1	2,291.4
Other financial commitments	107.8	84.4	–	192.2	71.9	28.5	28.8	129.2
Total	**1,178.7**	**1,186.0**	**–**	**2,364.7**	**472.6**	**1,759.1**	**188.9**	**2,420.6**

As at 30 September 2023 order commitments in respect of capital expenditure decreased by €118.9 m as against 30 September 2022. The reduction in order commitments can be explained by aircraft orders fulfilled in the year, delivery of Marella Voyager and due to the effects of foreign exchange for order commitments denominated in non-functional currencies. The reduction is to a greater extent partially offset by new aircraft orders undertaken during the year. The commitment for IT obligations reported within other financial commitments increased due to the extension of existing contracts.

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(40) Share-based payments in accordance with IFRS 2

As at 30 September 2023, all existing awards are recognised as cash-settled share-based payment schemes.

The following share-based payment schemes are in effect within TUI Group as at 30 September 2023.

1. PHANTOM SHARES UNDER THE LONG-TERM INCENTIVE PLAN (LTIP) FOR THE EXECUTIVE BOARD OF TUI AG

1.1 LTIP WITH SHARE ALLOCATION FROM FINANCIAL YEAR 2020 (LTIP EPS20 – 23)

Since the 2020 financial year, the Long Term Incentive Plan (LTIP) consists of a programme based on phantom shares and is measured over a period of four years (performance reference period). The phantom shares are allocated 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 %). 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.

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. Due to the development of EPS as a result of the COVID-19 pandemic, the Supervisory Board has made use of this clause and has accordingly defined absolute target values for the current tranches, LTIP tranche 2020 – 2023, LTIP tranche 2021 – 2024, LTIP tranche 2022 – 2025 and LTIP tranche 2023 – 2026.

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 allocation of the LTIP, the entitlement to payment of the LTIP is determined on a pro rata basis.

In the case of a capital increase from company funds, the number of preliminary phantom shares would increase in the same ratio as the nominal value of the share capital. In the case of a capital decrease without return of capital, the number of preliminary phantom shares would decrease in the same ratio as the nominal value of the share capital. In the 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 the case of a change in share price due to the payment of an unusually high superdividend. The Supervisory Board has made use of this authorisation for the capital increases carried out in January and October 2021, March 2023 and the share consolidation at a ratio of 10:1 in February 2023.

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).

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PERFORMANCE SHARE PLAN (PSP) FOR ELIGIBLE GROUP EXECUTIVES

The PSP governs the phantom share-based remuneration for eligible executives who are not members of the Executive Board. The PSP is in principle harmonized with the LTIP EPS 20–23 of the Board members. The performance period of the PSP is three years. The current PSP has been in effect in its current form since 2019. For the tranches granted since 2020 the vesting of the phantom shares is dependent on the achievement of absolute EPS values instead of relative EPS growth.

Since LTIP EPS20–23 and PSP follow common scheme principles, the following development of allocated phantom shares under the programs are shown on an aggregated basis.

Development of phantom shares allocated (LTIP EPS20–23, PSP)

	LTIP EPS20–23 & PSP	
	Number of shares	Present value € million
Balance as at 30 Sep 2021	**6,375,600**	**23.1**
Phantom shares allocated	2,986,295	10.8
New virtual shares allocated from subscription rights	2,349,794	–
Phantom shares forfeited	–1,358,549	–3.1
Measurement results	–	–15.2
Balance as at 30 Sep 2022	**10,353,140**	**15.6**
Phantom shares allocated	9,256,236	14.0
Balance after phantom shares allocated	19,609,376	29.6
Shares forfeited through 10:1 share consolidation	–17,648,438	–26.6
Balance after 10:1 share consolidation	1,960,938	3.0
New virtual shares allocated from subscription rights	683,871	–
Phantom shares forfeited	–257,204	–0.4
Measurement results	–	10.4
Balance as at 30 Sep 2023	**2,387,605**	**13.0**

ACCOUNTING FOR SHARE-BASED PAYMENT SCHEMES

As at 30 September 2023, all existing awards are recognised as cash-settled share-based payment schemes and are allocated with an exercise price of €0.00 (previous year €0.00). The personnel expense is recognised 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 allocated. Accordingly, phantom shares allocated in the past are charged on a pro rata basis upon actual delivery of service.

Overall, expenses from the addition of provisions for cash-settled share-based payments of €3.8 m was recognised through profit or loss in financial year 2023 (previous year income €4.5 m).

As at 30 September 2023, provisions relating to entitlements under these long-term incentive programmes totalled €10.9 m (previous year €7.6 m).

(41) Financial instruments

RISKS AND RISK MANAGEMENT

RISK MANAGEMENT PRINCIPLES

Due to the nature of its business operations, 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 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.

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Within 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, TUI Group uses over-the-counter derivative financial instruments. These are primarily fixed-price transactions. In addition, TUI can also use 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, 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 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 TUI 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 TUI's group 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), TUI Group enters into appropriate hedges with external counterparties in order to protect its profit margin from exchange rate-related fluctuations.

Within 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 take out cover ahead of the markets' customer booking profiles in the planned currency requirements in the run-up to the tourism season. In this regard, account is taken of the different risk profiles of TUI's group companies. The hedged currency volumes are adjusted in line with changes in planned requirements based on reporting by business units. Target hedge ratios are regularly reviewed with the aim of matching hedge ratios with the respective target hedging ratios for future seasons.

Currency risks as defined by 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 2023**		30 Sep 2022	
Variable: Foreign exchange rate	**+10 %**	**–10 %**	+10 %	–10 %
Exchange rates of key currencies				
€ / US dollar				
Revaluation reserve	+3.2	–6.7	+1.4	–1.5
Earnings after income taxes	–2.3	+6.5	–53.7	+66.0
Pound sterling / €				
Revaluation reserve	+159.5	–161.1	+67.5	–66.3
Earnings after income taxes	+65.4	–62.1	+49.8	–47.1
Pound sterling / US dollar				
Revaluation reserve	+115.9	–125.5	+58.9	–58.3
Earnings after income taxes	+57.9	–43.3	+406.7	–481.4
€ / Swedish krona				
Revaluation reserve	–0.1	+0.1	+0.1	–0.1
Earnings after income taxes	+0.1	–0.1	+0.1	–0.1

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INTEREST RATE RISK

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 non-derivative financial instruments and derivative financial instruments entered into in order to reduce interest-induced cash flow fluctuations.

The table below presents the equity and earnings after income taxes effects of an assumed increase or decrease in the market interest rate of 100 basis points (previous year +/– 100 basis points) as at the balance sheet date. Maintaining the sensitivity of market prices at 100 basis points is based on the assumption that an elevated level of volatility in interest rates is likely to continue as some central banks are expected to continue with their rate hike cycle whilst others are likely to pause, or even start to cut rates, in the coming months.

Sensitivity analysis – interest rate risk

€ million	**30 Sep 2023**		30 Sep 2022	
Variable: Interest rate level for floating interest-bearing debt	**+100 basis points**	**–100 basis points**	+100 basis points	–100 basis points
Earnings after income taxes	+1.7	–1.3	–0.3	+0.4

IMPACT OF THE REFORM OF GLOBAL BENCHMARK INTEREST RATES

The global reform of benchmark interest rates (IBORs) creates uncertainties for TUI in that variable benchmark interest rates available today, on which individual transactions concluded in foreign currencies are based, will no longer be available in the future or will be determined differently. At TUI, these uncertainties only affect non-derivative risk positions. As in the previous year, there are no derivative risk positions.

With regard to EURIBOR, there is no impact from the change to the accounting for non-derivative assets and liabilities. In 2019, the European Money Market Institute adapted EURIBOR's method of determination to ensure EURIBOR's compliance with the EU Benchmark Regulation.

Quotes for USD-LIBOR were last published on 30 June 2023. Until September 30, 2024, a so-called synthetic LIBOR will be provided for one-month, three-month and six-month maturity rates. According to the UK's Financial Conduct Authority (FCA), these synthetic rates may be used to settle certain legacy contracts.

As of September 30, 2023, there are non-derivative liabilities with total carrying amounts of € 310.0 m (previous year: € 492.7 m) relating to the leasing and financing of aircraft. Of this amount, € 205.6 m is attributable to USD-LIBOR financings, for which a conversion to the alternative reference interest rate USD SOFR has been negotiated but not yet contracted.

Overall, no material impact is expected from the conversion of financing from USD-LIBOR to alternative benchmark interest rates.

FUEL PRICE RISK

Due to the nature of its business operations, 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. They aim to take out cover ahead of the markets' customer booking profiles in the planned commodity requirements in the run-up to the tourism season. 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. Target hedge ratios are regularly reviewed with the aim of matching hedge ratios with the respective target hedging ratios for future seasons.

If the commodity prices, which underlie the fuel price hedges, increase or decrease by 15 % (previous year +15 % / –15 %), on the balance sheet date, the impact on equity and on earnings after income taxes would be as shown in the table below. The sensitivity of market prices of +/–15 % is based on the assumption that an above-average price volatility in fuel prices could be expected to continue over the coming months in the context of the current geo-political environment.

Sensitivity analysis – fuel price risk

€ million	**30 Sep 2023**		30 Sep 2022	
Variable: Fuel prices for aircraft and ships	**+15 %**	**–15 %**	+15 %	–15 %
Revaluation reserve	+92.2	–94.9	+13.5	–26.0
Earnings after income taxes	+0.3	+2.0	+15.0	–3.0

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OTHER PRICE RISKS

Apart from the financial risks that may result from changes in exchange rates, commodity prices and interest rates, 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 in particular 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 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 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 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 cash and cash equivalents. 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 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. To determine the historical default rate, the weighted average of the last three years is calculated for the receivables in default in the respective year in relation to the receivables portfolio at the end of the respective financial year. This is multiplied by the probability that a receivable will age into the final maturity band. 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. In principle 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. In the event of insolvencies or other objective indications of impairment before this date, a transfer to stage 3 is made earlier. If a receivable is more than 180 days overdue, it is assumed to be impaired and, in the event of uncollectibility, generally written down in full. 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.

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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 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 all classes of financial instruments recognised 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 by the Group companies based on past experience of recoveries of such assets in the country specific business environment if the financial asset is no longer expected to be collected due to days overdue. For corporate customers, TUI 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. TUI Group does not expect significant recovery of amounts written off. However, written-off financial assets may still be subject to enforcement actions to collect overdue receivables.

For advances and loans, other receivables and assets as well as other financial assets, the expected credit losses are determined on a portfolio basis. In significant individual cases, this portfolio approach is deviated from, as the relevant information for determining the expected loss is available at the stage of the individual instrument. TUI Group ensures that solely financial assets with similar credit risk characteristics are combined, 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, because of the past due status of the instruments, is determined in TUI Group on an individual basis by region, change in default risk-related market data or change in contractual conditions, among other factors. Depending on the portfolio, a reclassification to stage 2 is regularly made if the overdue amount is more than 30 days past due. 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 TUI Group's available appropriate and comprehensible information. The assessment of the objective evidence of impairment for all instruments falling within the scope of the ECL 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.

CDS rates are used as forward-looking information in the general impairment model, too.

The impairment ratio for financial assets in the general approach that are not included in the 'default risk' table below is based on observable past default rates, but is set at a minimum of 1 %. The 1 % results from this year's calculation of the simplified approach. The decline is due in particular to the greatly reduced impact of the coronavirus pandemic.

TUI Group recognises an impairment gain or loss on all financial assets with a corresponding adjustment of the carrying amount through a provision for impairment.

In order to improve the presentation, from the 2023 financial year onwards only the expected credit losses will be shown in the 'Ageing structure' tables in the 'impairment for expected credit losses' column and only the change in the impairment for expected credit losses will be shown in the 'changes in risk provisions' tables. The information relating to the previous year remains unchanged.

In the 'Ageing structure' tables the specific bad debt allowance determined at subsidiary level is shown separately in the 'specific bad debt allowance' column. The previous year's 'impairment' column includes both the impairment for expected credit losses and the specific bad debt allowance determined at subsidiary level.

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In the tables on 'changes in risk provisioning' the specific bad debt allowance determined at subsidiary level which is included in the risk provisioning as at 1 October 2022 is removed in line 'Removing specific bad debt allowance from presentation'.

The impairment ratios stated from the current year onwards relate exclusively to expected credit losses and no longer include the specific bad debt allowances determined at subsidiary level.

As at 30 September 2023, trade receivables were impaired in the amount of € 49.7 m (previous year € 59.5 m). The following overview shows a maturity analysis of the impairments:

Ageing structure of impairment of financial instruments classified as trade receivables

€ million	Gross value	Specific bad debt allowance	Impairment for expected credit losses	Net value	Impairment ratio
					30 Sep 2023
Trade receivables					
Not overdue	294.4	–	–	294.4	–
Overdue less than 30 days	95.5	26.2	1.0	68.3	1 %
Overdue 30 – 90 days	31.1	4.4	0.3	26.4	1 %
Overdue 91 – 180 days	10.2	3.5	0.2	6.5	2 %
Overdue more than 180 days	30.1	13.5	0.6	16.0	2 %
Total	**461.3**	**47.6**	**2.1**	**411.6**	

Ageing structure of impairment of financial instruments classified as trade receivables

€ million	Gross value	Impairment	Net value	Impairment ratio
				30 Sep 2022
Trade receivables				
Not overdue	271.9	6.8	265.1	5 – 25 %
Overdue less than 30 days	95.9	11.6	84.3	10 – 30 %
Overdue 30 – 90 days	35.4	12.3	23.1	15 – 35 %
Overdue 91 – 180 days	17.5	8.5	9.0	20 – 45 %
Overdue more than 180 days	38.0	20.3	17.7	50 – 75 %
Total	**458.7**	**59.5**	**399.2**	

Impairments of lease receivables have developed as follows:

Ageing structure of impairment of financial instruments classified as lease receivables

€ million	Gross value (after specific bad debt allowance)	Specific bad debt allowance	Impairment for expected credit losses	Net value	Impairment ratio
					30 Sep 2023
Lease receivables					
Not overdue	4.1	–	–	4.1	–
Overdue less than 30 days	–	–	–	–	1 %
Overdue 30 – 90 days	–	–	–	–	1 %
Overdue 91 – 180 days	–	–	–	–	2 %
Overdue more than 180 days	–	–	–	–	2 %
Total	**4.1**	**–**	**–**	**4.1**	

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Ageing structure of impairment of financial instruments classified as lease receivables

€ million	Gross value	Impairment	Net value	30 Sep 2022 Impairment ratio
Lease receivables				
Not overdue	9.8	0.2	9.6	5–25 %
Overdue less than 30 days	–	–	–	10–30 %
Overdue 30–90 days	–	–	–	15–35 %
Overdue 91–180 days	–	–	–	20–45 %
Overdue more than 180 days	–	–	–	50–75 %
Total	**9.8**	**0.2**	**9.6**	

The following tables show the development of impairment losses on financial instruments in the category Other receivables and assets and in the category advances and loans, in each case less the amounts shown for the corresponding category in the table of the default risk below.

Ageing structure of impairment of financial instruments classified as other receivables and assets

€ million	Gross value	Specific bad debt allowance	Impairment for expected credit losses	Net value	Impairment ratio
					30 Sep 2023
Other receivables and assets					
Not overdue	211.3	21.0	2.1	188.2	1 %
Overdue less than 30 days	0.7	–	–	0.7	1 %
Overdue 30–90 days	–	–	–	–	1 %
Overdue 91–180 days	0.1	–	–	0.1	1 %
Overdue more than 180 days	13.3	5.2	0.1	8.0	1 %
Total	**225.4**	**26.2**	**2.2**	**197.0**	

Ageing structure of impairment of financial instruments classified as other receivables and assets

€ million	Gross value	Impairment	Net value	30 Sep 2022 adjusted Impairment ratio
Other receivables and assets				
Not overdue	142.7*	0.1*	142.6*	5–25 %
Overdue less than 30 days	–	–	–	10–30 %
Overdue 30–90 days	3.4	3.4	–	15–35 %
Overdue 91–180 days	0.2	–	0.2	20–45 %
Overdue more than 180 days	1.1	0.3	0.8	50–75 %
Total	**147.4***	**3.8***	**143.6***	

* The previous year was adjusted because some of the financial instruments are now shown in the table 'Default risk on financial instruments classified as advances and loans, as other receivables or as other financial assets'.

Impairments of advances and loans developed as follows:

Ageing structure of impairment of financial instruments classified as advances and loans

€ million	Gross value	Specific bad debt allowance	Impairment for expected credit losses	Net value
				30 Sep 2023
Advances and loans				
Not overdue	7.1	0.1	0.1	6.9
Overdue less than 30 days	–	–	–	–
Overdue 30–90 days	–	–	–	–
Overdue 91–180 days	–	–	–	–
Overdue more than 180 days	1.2	1.2	–	–
Total	**8.3**	**1.3**	**0.1**	**6.9**

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Ageing structure of impairment of financial instruments classified as advances and loans

			30 Sep 2022 adjusted
€ million	Gross value	Impairment	Net value
Advances and loans			
Not overdue	8.5*	0.7*	7.8*
Overdue less than 30 days	–	–	–
Overdue 30 – 90 days	0.1	0.1	–
Overdue 91 – 180 days	–	–	–
Overdue more than 180 days	0.2*	0.2*	–
Total	**8.8***	**1.0***	**7.8***

* The previous year was adjusted because some of the financial instruments are now shown in the table 'Default risk on financial instruments classified as advances and loans, as other receivables or as other financial assets'.

The material single items in the following table, 'Default risk on financial instruments classified as advances and loans, as other receivables or as other financial assets' are disclosed based on an internal rating. In the past financial year, there was one stage transfer in the individual items listed there from stage 2 to stage 3 in the amount of € 12.9 m (previous year: one transfers from stage 2 to stage 3 in the amount of € 6.2 m).

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Default risk on financial instruments classified as advances and loans, as other receivables or as other financial assets

	30 Sep 2023						30 Sep 2022 adjusted		
€ million	Impairment stage	Rating	Gross value	Specific bad debt allowance	Impairment for expected credit losses	Net value	Gross value	Impairment	Net value
Financial instruments with related parties									
Advances and loans	1	internal: grade 2	–	–	–	–	21.9	–0.6	21.3
Advances and loans	3	internal: grade 5	9.5	–6.4	–0.3	2.8	20.8*	–18.6*	2.2*
Advances and loans	3	internal: grade 6	4.5	–4.5	–	–	–	–	–
Advances and loans	3	internal: grade 7	11.4	–11.4	–	–	–	–	–
Other receivables	3	internal: grade 7	0.9	–0.9	–	–	–	–	–
Financial instruments with hotels									
Advances and loans	1	internal: grade 5	9.6	9.6	–1.3	8.3	10.4	–1.8	8.6
Advances and loans	2	internal: grade 5	17.0	17.0	–1.1	15.9	30.0	–3.3	26.7
Advances and loans	3	internal: grade 5	12.9	–12.9	–	–	–	–	–
Other receivables	1	internal: grade 2	–	–	–	–	3.0*	–	3.0*
Other receivables	3	internal: grade 3	–	–	–	–	41.0	–13.8	27.2
Financial instruments with other companies									
Advances and loans	3	internal: grade 5	5.0	–5.0	–	–	5.4*	–5.4*	–
Other financial assets	1	internal: grade 1	–	–	–	–	34.6	–0.2	34.4
Other financial assets	1	external	45.1	–	–0.1	45.0	45.1	–0.1	45.0
Other receivables	1	internal: grade 1	66.1	–	–0.1	66.0	106.6*	–0.2*	106.4*
Other receivables	1	internal: grade 2	44.1	–	–0.1	44.0	30.2*	–0.1*	30.1*
Other receivables	1	internal: grade 4	7.4	–	–0.2	7.2	6.3*	–0.3*	6.0*
Other receivables	1	internal: grade 5	24.2	–	–1.5	22.7	–	–	–
Other receivables	1	external	378.2	–	–0.5	377.7	350.5*	–0.6*	349.9*
Other receivables	3	internal: grade 4	1.8	–0.9	–	0.9	2.9*	–1.0*	1.9*

* The table takes into account all default risk rating grades used as at 30 September 2023. The previous year's figures have been adjusted accordingly.

Insofar as the default risk can only be determined on the basis of past due information, the information is contained in the tables 'ageing structure of impairment of financial instruments classified as other receivables and assets' and 'ageing structure of impairment of financial instruments classified as advances and loans'.

Other financial assets carried at amortised cost at an amount of € 48.6 m (previous year € 85.8 m) relate to short-term deposits with banks. The full amount of these investments with a gross amount of € 48.7 m (previous year € 86.2 m) is not overdue. Impairments of € 0.1 m (previous year € 0.5 m) were carried in the framework of risk provisioning.

In the financial year 2023, there were no significant cash inflows from impaired interest-bearing trade receivables and other receivables (previous year of € 4.8 m cash inflows).

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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 classes advances and loans, other receivables and assets and other financial assets

€ million	Stage 1 12-month-ECL	Stage 2 lifetime-ECL (not impaired)	Stage 3 lifetime-ECL (impaired)	**Total**
Risk provisioning as at 1 Oct 2021	**27.6**	**14.3**	**–**	**41.9**
Addition of impairment on newly issued/acquired financial assets	2.3	1.8	20.8	24.9
Transfer to stage 3 lifetime ECL (impaired)	–7.4	–12.8	20.2	–
Unrequired impairments on financial assets derecognised during the period and use of impairments	–15.9	–	–	–15.9
Risk provisioning as at 30 Sep 2022	**6.6**	**3.3**	**41.0**	**50.9**
Risk provisioning as at 1 Oct 2022	**6.6**	**3.3**	**41.0**	**50.9**
Addition of impairment on newly issued/acquired financial assets	2.3	–	–	2.3
Transfer to stage 3 lifetime ECL (impaired)	–	–1.5	1.5	–
Unrequired impairments on financial assets derecognised during the period and use of impairments	–1.4	–0.8	–3.1	–5.3
Removing specific bad debt allowance from presentation	–	–	–39.0	–39.0
Change of models, risk parameters	–1.4	–	–	–1.4
Risk provisioning as at 30 Sep 2023	**6.1**	**1.0**	**0.4**	**7.5**

As at 30 September 2023, risk provisioning totals € 4.6 m (previous year € 19.8 m) for the other receivables and assets class and € 0.1 m (previous year € 0.5 m) for the other financial assets class as well as € 2.8 m (previous year € 30.6 m) for the advances and loans class.

As at 30 September, 2023, one instrument in class other receivables and assets and ten instruments in class advances and loans were reported in stage 3 (previous year: three and eight instruments respectively in stage 3). There were no currency differences (previous year: no currency differences).

The changes in the scope of consolidation had no material impact on risk provisioning (previous year: no changes). A transfer was made in the advances and loans class in the amount of € 1.5 m from stage 2 to stage 3 (previous year transfer from stage 1 to stage 3: € 6.6 m and transfer from stage 2 to stage 3: € 12.8 m). No transfer was made in the other receivables and assets class (previous year transfer from stage 1 to stage 3: € 0.8 m).

In the current financial year in class advances and loans no material impairments have been used (previous year € 9.5 m). The models were adjusted with regard to the risk parameters used in terms of the loss rate in line with the macroeconomic market environment. This resulted in a lower risk provision of € 1.9 m (previous year: € 6.2 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 2021	**71.6**
Exchange differences	0.7
Addition of impairment on newly issued/acquired financial assets	23.6
Other changes	1.3
Unrequired impairments on financial assets derecognised during the period and use of impairments	–37.7
Risk provisioning as at 30 Sep 2022	**59.5**
Risk provisioning as at 1 Oct 2022	**59.5**
Exchange differences	–0.3
Unrequired impairments on financial assets derecognised during the period	–9.4
Use of impairments	–4.8
Removing specific bad debt allowance from presentation	–41.9
Change of models, risk parameters	–1.0
Risk provisioning as at 30 Sep 2023	**2.1**

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Change in risk provisions for financial assets measured at amortised cost classified as lease receivables

€ million	Lifetime ECL simplified approach
Risk provisioning as at 1 Oct 2021	**0.3**
Exchange differences	–0.3
Unrequired impairments on financial assets derecognised during the period and use of impairments	0.2
Risk provisioning as at 30 Sep 2022	**0.2**
Risk provisioning as at 1 Oct 2022	**0.2**
Unrequired impairments on financial assets derecognised during the period and use of impairments	–0.2
Risk provisioning as at 30 Sep 2023	**–**

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 life-time-ECL (not impaired)	Stage 3 life-time-ECL (impaired)	**Total**
Gross carrying amounts as at 1 Oct 2021	**188.9**	**45.0**	**–**	**233.9**
Addition of assets	13.2	1.0	2.3	16.5
Reduction of assets	–153.1	–	–	–153.1
Transfer to impaired financial assets (Stage 3)	–9.1	–16.0	25.1	–
Gross carrying amounts as at 30 Sep 2022	**39.9**	**30.0**	**27.4**	**97.3**
Gross carrying amounts as at 1 Oct 2022	**39.9**	**30.0**	**27.4**	**97.3**
Addition of assets	1.5	17.7	5.7	24.9
Reduction of assets	–25.5	–17.2	–1.4	–44.1
Transfer to impaired financial assets (Stage 3)	–	–12.9	12.9	–
Gross carrying amounts as at 30 Sep 2023	**15.9**	**17.6**	**44.6**	**78.1**

As of 30 September 2023, instruments of the class advances and loans amounting to € 44.6 m are reported in stage 3.

There were no significant changes or modifications. There was a transfer of € 12.9 m from stage 2 to stage 3 (previous year: transfers between stage 1 and 3: € 9.1 m and transfers between stage 2 and 3: € 16.0 m).

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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)	Stage 3 lifetime-ECL (impaired)	**Total**
Gross carrying amounts as at 1 Oct 2021	**329.6**	**–**	**–**	**329.6**
Addition of assets	685.4	–	44.4	729.8
Reduction of assets	–285.3	–	–	–285.3
Transfer to impaired financial assets (Stage 3)	–7.7	–	7.7	–
Gross carrying amounts as at 30 Sep 2022	**722.0**	**–**	**52.1**	**774.1**
Gross carrying amounts as at 1 Oct 2022	**722.0**	**–**	**52.1**	**774.1**
Addition of assets	679.8	0.5	57.5	737.8
Reduction of assets	–673.7	–	–41.4	–715.1
Gross carrying amounts as at 30 Sep 2023	**728.1**	**0.5**	**68.2**	**796.8**

As at 30 September 2023, instruments in the classes of other receivables and assets and other financial assets amounting to €68.2 m were reported in stage 3.

There were no significant changes or modifications. There were no transfers between the stages 1 to 3 (previous year transfers from stage 1 to stage 3: €7.7 m). No newly issued or acquired instruments were impaired at the date of addition.

Change in gross carrying amounts of assets classified as trade receivables

€ million	Lifetime ECL simplified approach
Gross carrying amounts as at 1 Oct 2021	**331.4**
Addition of assets	458.7
Reduction of assets	–331.4
Gross carrying amounts as at 30 Sep 2022	**458.7**
Gross carrying amounts as at 1 Oct 2022	**458.7**
Addition of assets	461.3
Reduction of assets	–458.7
Gross carrying amounts as at 30 Sep 2023	**461.3**

Change in gross carrying amounts of assets classified as lease receivables

€ million	Lifetime ECL simplified approach
Gross carrying amounts as at 1 Oct 2021	**11.4**
Addition of assets	9.8
Reduction of assets	–11.4
Gross carrying amounts as at 30 Sep 2022	**9.8**
Gross carrying amounts as at 1 Oct 2022	**9.8**
Addition of assets	4.1
Reduction of assets	–9.8
Gross carrying amounts as at 30 Sep 2023	**4.1**

LIQUIDITY RISK

Liquidity risks arise from TUI Group being unable to meet its short-term financial obligations and the resulting increases in funding costs. 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 agreed with the previous syndicate banks and KfW Bank, which has been included due to the COVID-19 pandemic. The total amount of the revolving credit facility has now been reduced to a total of €2.5 bn.

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Details of the financing transactions are presented in the section 'Going-concern reporting in accordance with the UK Corporate Governance Code'.

As in the previous year, no material assets were deposited as collateral for liabilities. Moreover, the Group companies participating in the automated cash pool are jointly and severally liable for financial liabilities from cash pooling agreements.

At the balance sheet date, 19 TUI Group companies are jointly and severally liable for TUI AG's financial debts from the revolving credit facility and the promissory note loan.

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 by maturity of foreign exchange hedges and hedges of other price risks of all liabilities that existed at the balance sheet date.

Cash flow of financial instruments – financial and lease liabilities (30 Sep 2023)

	Cash outflow until 30 Sep							
	up to 1 year		1 – 2 years		2 – 5 years		more than 5 years	
€ million	**repay-ment**	**interest**	repay-ment	interest	repay-ment	interest	repay-ment	interest
Financial liabilities								
Convertible bonds	–	–29.5	–	–29.5	–589.6	–88.4	–	–
Bonds	–	–	–	–	–	–	–	–
Liabilities to banks	–69.9	–31.9	–275.8	–29.0	–163.1	–38.4	–210.0	–34.9
Other financial debt	–15.0	–1.8	–3.8	–2.1	–16.7	–0.1	–	–
Trade payables	–3,373.7	–	–	–	–	–	–	–
Other financial liabilities	–121.9	–1.6	–2.6	–	–	–	–	–
Lease liabilities	**–701.2**	**–128.6**	**–521.5**	**–104.5**	**–1,032.1**	**–184.2**	**–663.3**	**–264.3**

Cash flow of financial instruments – financial and lease liabilities (30 Sep 2022)

	Cash outflow until 30 Sep							
	up to 1 year		1 – 2 years		2 – 5 years		more than 5 years	
€ million	repayment	interest	repayment	interest	repay-ment	interest	repay-ment	interest
Financial liabilities								
Convertible bonds	–	–29.5	–	–29.5	–	–88.4	–589.6	–29.5
Bonds	–	–5.6	–	–5.6	–58.7	–11.2	–	–
Liabilities to banks	–280.0	–65.3	–600.9	–44.0	–312.8	–36.5	–188.9	–16.7
Other financial debt	–26.4	–1.6	–44.9	–2.0	–16.9	–0.5	–	–
Trade payables	–3,316.5	–	–	–	–	–	–	–
Other financial liabilities	–174.7	–0.3	–0.3	–	–2.5	–	–	–
Lease liabilities	**–698.8**	**–60.8**	**–655.7**	**–69.8**	**–1,012.4**	**–182.5**	**–840.7**	**–393.4**

Cash flow of derivative financial instruments (30 Sep 2023)

	Cash in-/outflow until 30 Sep			
€ million	**up to 1 year**	1 – 2 years	2 – 5 years	more than 5 years
Derivative financial instruments				
Hedging transactions – inflows	+1,604.5	+133.5	–	–
Hedging transactions – outflows	–1,638.4	–136.2	–	–
Other derivative financial instruments – inflows	+1,294.1	–	–	–
Other derivative financial instruments – outflows	–1,308.7	–	–	–

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Cash flow of derivative financial instruments (30 Sep 2022)

	Cash in-/outflow until 30 Sep			
€ million	up to 1 year	1–2 years	2–5 years	more than 5 years
Derivative financial instruments				
Hedging transactions – inflows	+156.2	–	–	–
Hedging transactions – outflows	–185.1	–	–	–
Other derivative financial instruments – inflows	+630.3	–	–	–
Other derivative financial instruments – outflows	–665.7	–	–	–

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 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 can be used to limit currency, interest rate and fuel risks.

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

For all fuel price hedges contracted from 1 January 2023, the retrospective effectiveness will be determined, based on regression analysis. For fuel price hedges contracted before 31 December 2022, the dollar offset method will continue to be applied. This change in method allows hedge relationships to be presented more appropriately, so that as at 30 September 2023, no newly contracted fuel price hedges after the 1 January 2023 have to be de-designated. Furthermore, from 31 March 2023, the designation of the hedged item for foreign currency hedges is evaluated on a seasonal basis. The designation on a seasonal basis reflects the operational tourism business model with a summer and winter season within a financial year and corresponds to the hedging approach of TUI's risk management strategy. Due to the COVID-19 pandemic and its impact on the business operations of TUI, the seasonal consideration of the hedge ratio of foreign currency hedges was temporarily suspended and a designation on a monthly basis has been established. This approach for designation of hedges no longer corresponds to the risk management strategy as the tourism operating business has returned to pre-crisis levels.

As at 30 September 2023, the fair value of these reclassified fuel price hedges totalled € 3.5 m at a nominal volume of € 10.3 m, while the fair value of the interest rate hedges amounted to € 2.5 m at a nominal volume of € 46.0 m and the fair value of foreign currency hedges totalled € 0.3 m at a nominal volume of € 2.4 m.

CASH FLOW HEDGES

At 30 September 2023, hedges in hedging relationships in accordance with IAS 39 existed to manage cash flows in foreign currencies with maturities of up to two years (previous year up to two years). The fuel price hedges in hedging relationships in accordance with IAS 39 had terms of up to two years (previous year up to one year). Hedges in hedging relationships in accordance with IAS 39 to protect variable interest payment obligations are currently not in the portfolio (previous year none). The impact on profit or loss for is recognised at the time the expected cash inflow/outflow occurs.

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Nominal amounts of derivative financial instruments used

	30 Sep 2023			
	Remaining term			
€ million	up to 1 year	more than 1 year	**Total**	Average hedged rate / price
Currency hedges				
Forwards	5,798.5	554.1	6,352.6	
Forwards EUR / GBP	2,267.6	173.6	2,441.2	1.1380
Forwards EUR / USD	1,086.1	114.3	1,200.4	0.9081
Forwards GBP / USD	1,646.5	182.2	1,828.7	0.7982
Forwards EUR / SEK	235.3	50.3	285.6	0.0859
Other currencies	563.0	33.7	596.7	
Commodity hedges				
Swaps	779.5	25.7	805.2	
Jet fuel	732.7	20.7	753.4	737.29
Marine fuel	46.8	5.0	51.8	530.08
Other fuels	–	–	–	–
Other derivative financial instruments	**3,356.6**	**46.0**	**3,402.6**	

Nominal amounts of derivative financial instruments used

	30 Sep 2022			
	Remaining term			
€ million	up to 1 year	more than 1 year	Total	Average hedged rate / price
Currency hedges				
Forwards	2,535.6	2.4	2,538.0	
Forwards EUR / GBP	1,013.5	–	1,013.5	1.1582
Forwards EUR / USD	464.7	2.4	467.1	0.9627
Forwards GBP / USD	878.6	–	878.6	0.8368
Forwards EUR / SEK	63.5	–	63.5	0.0942
Other currencies	115.3	–	115.3	
Commodity hedges				
Swaps	165.2	–	165.2	
Jet fuel	154.8	–	154.8	1,088.90
Marine fuel	10.4	–	10.4	674.27
Other fuels	–	–	–	–
Other derivative financial instruments	**3,743.2**	**53.6**	**3,796.8**	

Other derivative hedging instruments comprise the nominal value 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 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.

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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 (ended) cash flow hedges
	30 Sep 2023		
Interest rate risk hedges	–	–	–13.2
Currency risk hedges	–78.3	78.7	–
Fuel price risk hedges	–152.6	132.0	18.1
Hedging	**–230.9**	**210.7**	**4.9**
Total	**–230.9**	**210.7**	**4.9**

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 (ended) cash flow hedges
	30 Sep 2022		
Interest rate risk hedges	–	–	–30.6
Currency risk hedges	–121.7	121.6	1.4
Fuel price risk hedges	23.8	–22.9	–19.3
Hedging	**–97.9**	**98.7**	**–48.5**
Total	**–97.9**	**98.7**	**–48.5**

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 cost of sales. The table below presents the development of OCI in financial year 2023.

Development of OCI

€ million	Interest rate risk	Currency risk	Fuel price risk	Total
	30 Sep 2023			
Gain or loss from fair value changes of hedges within hedge accounting	–13.2	78.7	150.1	215.6
recognised in equity	–13.2	78.7	150.1	215.6
Reclassification from cash flow hedge reserve to income statement	17.4	5.9	39.1	62.4
due to early termination of the hedge	–	0.9	–	0.9
due to recognition of the underlying transaction	17.4	5.0	39.1	61.5

Development of OCI

€ million	Interest rate risk	Currency risk	Fuel price risk	Total
	30 Sep 2022			
Gain or loss from fair value changes of hedges within hedge accounting	–30.6	123.0	–42.2	50.2
recognised in equity	–30.6	123.0	–42.2	50.2
Reclassification from cash flow hedge reserve to income statement	–1.4	4.1	–22.0	–19.3
due to early termination of the hedge	–	0.5	–	0.5
due to recognition of the underlying transaction	–1.4	3.6	–22.0	–19.8

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The table Development of OCI presents the changes including foreign currency effects and can therefore not be directly reconciled with the statement of comprehensive income.

In the reporting period, expenses of € 44.1 m (previous year: expenses of € 18.4 m) from currency hedges and derivative financial instruments used to hedge the impact of exposure to fuel price risks was recognised in cost of sales. Interest rate hedges result in expenses of € 17.4 m (previous year: expenses of € 1.4 m), carried in net interest income. Income of € 1.0 m (previous year: expenses of € 1.3 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

	30 Sep 2023			
€ million	**Receivables**	**Liabilities**	**FV changes to determine ineffective portions**	**Nominal volume**
Cash flow hedges for				
currency risks	102.9	24.4	78.5	6,352.5
fuel price risks	133.5	1.5	132.0	805.1
interest rate risks	–	–	–	–
Hedging	**236.4**	**25.9**	**210.5**	**7,157.6**
Other derivative financial instruments	**32.1**	**11.1**	**–**	**3,402.5**
Total	**268.5**	**37.0**	**210.5**	**10,560.1**

Positive and negative fair values of derivative financial instruments shown as receivables or liabilities

	30 Sep 2022			
€ million	Receivables	Liabilities	FV changes to determine ineffective portions	Nominal volume
Cash flow hedges for				
currency risks	124.4	2.8	121.6	2,537.9
fuel price risks	–	24.2	–24.2	165.2
interest rate risks	–	–	–	–
Hedging	**124.4**	**27.0**	**97.4**	**2,703.1**
Other derivative financial instruments	**134.7**	**33.7**	**–**	**3,796.7**
Total	**259.1**	**60.7**	**97.4**	**6,499.8**

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, debt components of bonds with warrants and convertible 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 2023, the fair values of other current receivables and current liabilities to banks were determined in line with the past financial year, taking into account yield curves and the respective credit risk premium (credit spread) based on credit rating. As a result, the assumption that the carrying amount approximately corresponds to the fair value due to the short remaining term has been adjusted to the current market conditions.

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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, current trade payables and other financial liabilities 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 2023

		Category according to IFRS 9				
€ million	**Carrying amount**	At amortised cost	Fair value with no effect on profit and loss without recycling	Fair value with no effect on profit and loss with recycling	Fair value through profit and loss	Fair value of financial instruments
Assets						
Trade receivables and other receivables						
thereof instruments within the scope of IFRS 9	1,161.0	1,122.6	–	–	38.9	1,153.0
thereof instruments within the scope of IFRS 16	4.1	–	–	–	–	4.4
Derivative financial instruments						
Hedging transactions	236.4	–	–	236.4	–	236.4
Other derivative financial instruments	32.1	–	–	–	32.1	32.1
Other financial assets	59.4	48.6	9.9	–	0.9	57.3
Cash and cash equivalents	2,060.3	1,588.3	–	–	472.2	2,060.5
Liabilities						
Financial liabilities	1,297.0	1,297.0	–	–	–	1,120.1
Trade payables	3,373.7	3,374.7	–	–	–	3,374.7
Derivative financial instruments						
Hedging transactions	25.9	–	–	25.9	–	25.9
Other derivative financial instruments	11.1	–	–	–	11.1	11.1
Other financial liabilities	124.4	124.4	–	–	–	124.4

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

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

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

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 fair value through OCI.

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Aggregation according to measurement categories under IFRS 9 as at 30 Sep 2023

€ million	Carrying amount of financial instruments Total	Fair Value
Financial assets		
at amortised cost	2,759.5	3,221.1
at fair value – recognised directly in equity without recycling	9.9	9.9
at fair value – through profit and loss	544.1	544.1
Financial liabilities		
at amortised cost	4,796.1	4,619.2
at fair value – through profit and loss	11.1	11.1

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

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

FAIR VALUE MEASUREMENT

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

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

Hierarchy of financial instruments measured at fair value as at 30 Sep 2023

€ million	Total	Fair value hierarchy Level 1	Level 2	Level 3
Assets				
Other receivables	38.9	–	–	38.9
Other financial assets	10.8	–	–	10.8
Derivative financial instruments				
Hedging transactions	236.4	–	236.4	–
Other derivative financial instruments	32.1	–	32.1	–
Cash and cash equivalents	472.2	472.2	–	–
Liabilities				
Derivative financial instruments				
Hedging transactions	25.9	–	25.9	–
Other derivative financial instruments	11.1	–	11.1	–

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

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

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

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

LEVEL 1 FINANCIAL INSTRUMENTS

The fair value of financial instruments for which an active market exists is based on quoted prices at the reporting date. An active market exists if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency and these prices represent actual and regularly occurring market transactions on an arm's length basis. These financial instruments are classified as Level 1. The fair values correspond to the nominal amounts multiplied by the quoted prices at the reporting date. At 30 September 2023 Level 1 financial instruments only include shares in money market funds measured at fair value.

LEVEL 2 FINANCIAL INSTRUMENTS

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

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

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

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

LEVEL 3 FINANCIAL INSTRUMENTS

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

Financial assets measured at fair value in Level 3

€ million	Other receivables IFRS 9	Other financial assets IFRS 9
Balance as at 1 Oct 2021	**108.1**	**12.3**
Disposals	–15.0	–
Total gains or losses for the period	13.4	–1.4
recognised through profit and loss	13.4	–0.1
recognised in other comprehensive income	–	–1.3
Foreign currency effects	–	–0.4
Balance as at 30 Sep 2022	**106.5**	**10.5**
Balance as at 1 Oct 2022	**106.5**	**10.5**
Additions	–	0.1
acquisition	–	0.1
Disposals	–70.6	–24.0
sale	–	–24.0
payment	–70.6	–
Total gains or losses for the period	3.0	23.8
recognised through profit and loss	3.0	–
recognised in other comprehensive income	–	23.8
Foreign currency effects	–	0.4
Balance as at 30 Sep 2023	**38.9**	**10.8**

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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 – 5.9 % and 34.2 % (previous year 8.3 % and 24.0 %). The constant growth rate is 1 % (previous year 1 %). The weighted average cost of capital (WACC) is in a range between 11.0 % (previous year 9.5 % – 11.3 %). Due to materiality, no detailed figures have been provided. With the exception of the WACC, there is a positive correlation between the input factors and the fair value.

The increase in the fair values of the financial instruments in Level 3 resulted mainly from revaluation effects of € 23.8 m and the sale of the shares in Peakwork AG of € 24.0 m.

Financial instruments classified as Other financial assets include shares in corporations. The total fair value of these financial investments at 30 September 2023 is € 9.9 m (previous year € 9.6 m). In the year under review, there were no disposals (previous year € 0.0 m) of shares in corporations as part of the initial consolidation which were measured at fair value, as part of their first consolidation. None of these strategic financial investments were sold in the completed financial year. Dividend payments of € 0.1 m (previous year € 0.3 m) resulted from these financial investments.

At 30 September 2023, other receivables in accordance with IFRS 9 in Level 3 include a carrying amount of € 38.9 m (previous year € 106.5 m) for a variable purchase price receivable from the sale of Riu Hotels S. A. in the prior year, measured as a financial instrument in the category FVTPL. The fair value is determined using a probability calculation for the future gross operating profit, taking account of contractual entitlements to an additional purchase price demand and an appropriate risk-adjusted discount rate (4.25 % previous year 1.99 % until 2.87 %). Gross operating profit is defined as total revenue minus operating expenses. The range of potential purchase price payments varies due to different expectations of target achievement between € 0 and € 39.7 m (corresponding to a target achievement of < 90 % to max. 105 %). The hotels concerned to deliver already reached around of 105.5 % in August 2023. Therefore, the variable purchase price receivable is set at the maximum level of € 39.7 m.

A sensitivity analysis shows that an increase in the hotels' gross operating profit of 10 % (regarding calendar year 2023) would not result in a change in the present value of the additional purchase price receivable (previous year € 2.0 m), while a reduction in gross operating profit of 10 % would result in a change in the present value of around € – 22.0 m (previous year € – 24.7 m). An interest rate shift of + / – 100 basis points would alter the present value of the purchase price receivable by around € 0.2 m (previous year € 0.5 m).

EFFECTS ON RESULTS

The effects of remeasuring the 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

			2023
€ million	from interest	other net results	net result
Financial assets	39.6	– 49.2	– 9.6
at amortised cost	35.4	– 48.7	– 13.3
at fair value through profit or loss	4.2	– 0.5	3.7
Financial liabilities	– 275.3	– 158.9	– 434.2
at amortised cost	– 229.3	– 119.7	– 349.0
at fair value through profit or loss	– 46.0	– 39.2	– 85.2
Total	**– 235.7**	**– 208.1**	**– 443.8**

Net results of financial instruments

			2022
€ million	from interest	other net results	net result
Financial assets	1.4	202.9	204.3
at amortised cost	1.4	40.1	41.5
at fair value through profit or loss	–	162.8	162.8
Financial liabilities	– 256.7	– 1.7	– 258.4
at amortised cost	– 256.7	– 1.6	– 258.3
at fair value through profit or loss	–	– 0.1	– 0.1
Total	**– 255.3**	**201.2**	**– 54.1**

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Financial assets at amortised cost include expenses of € 58.5 m (previous year € 45.4 m), arising from credit card costs incurred when settling receivables. In addition, the financial assets at amortised cost include expenses from bank fees amounting to € 5.3 m (previous year € 5.2 m). For financial liabilities at amortised cost, expenses from bank fees amounted to € 4.1 m (previous year € 4.5 m).

NETTING

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	Financial assets and liabilities not set off in the balance sheet: Collateral received	Net amount
Financial assets as at 30 Sep 2023						
Derivative financial assets	268.5	–	268.5	37.0	–	231.5
Cash and cash equivalents	2,075.4	15.1	2,060.3	–	–	2,060.3
Financial assets as at 30 Sep 2022						
Derivative financial assets	259.1	–	259.1	32.9	–	226.2
Cash and cash equivalents	1,859.7	122.8	1,736.9	–	–	1,736.9

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 2023						
Derivative financial liabilities	37.0	–	37.0	37.0	–	–
Financial liabilities	1,312.1	15.1	1,297.0	–	–	1,297.0
Financial liabilities as at 30 Sep 2022						
Derivative financial liabilities	60.7	–	60.7	32.9	–	27.8
Financial liabilities	2,174.1	122.8	2,051.3	–	–	2,051.3

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 are not met, the derivative financial assets and liabilities are carried at their gross amounts in the balance sheet at the reporting date.

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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 TUI intends to settle on a net basis. These financial instruments are included in the balance sheet items in the tables shown above. The gross amount of these netted cash and cash equivalents is € 181.9 m as at 30 September 2023 (previous year € 391.1 m), while the gross amount of the netted financial liabilities is € 15.1 m as at 30 September 2023 (previous year € 122.8 m).

(42) 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

→ *The financing measures carried out in the year under review are described in detail in the section on Going concern reporting in accordance with the UK Corporate Governance Code, additional information can be found on page 188 and in the section on Financial instruments, page 249 in the Notes.*

Management variables used in capital management to measure and control the above objectives are Return On Invested Capital (ROIC) and the gross leverage ratio, presented in the table below.

From a Group perspective, invested capital is derived from liabilities, comprising equity (including non-controlling interests) and the balance of interest-bearing liabilities and interest-bearing assets with an adjustment for the seasonality of the Group's net financial position. The cumulative amortisations of purchase price allocations are then added to the invested capital.

TUI Group calculates the gross leverage ratio as the ratio of gross financial debt + lease liabilities + recognised obligations from defined benefit pension plans to EBITDA. Due to the lower gross financial debt and the improved EBITDA, the gross leverage ratio improved in the 2023 financial year to a value of 2.6x (previous year 4.7x). In the past financial year, we achieved our previous financial stability target of a gross leverage ratio with a coverage ratio below 3.0x at 2.6x.

Key figures of capital risk management

€ million	**2023**	2022
Ø Invested Capital	5,115.1	5,457.8
Underlying EBIT	977.2	408.7
ROIC	**19.1 %**	**7.5 %**
Financial liabilities	1,297.0	2,051.3
Lease liabilities	2,918.1	3,207.5
Defined benefit obligation recognised on the balance sheet	571.9	438.0
EBITDA	1,858.5	1,203.3
Gross Leverage Ratio	**2.6**	**4.7**

From financial year 2024 onwards, we define the net-leverage ratio along the following basic lines:

Net Leverage Ratio

€ million	**2023**	2022
Financial liabilities	1,297.0	2,051.3
plus Lease liabilities	2,918.1	3,207.5
less Cash and cash equivalents	2,060.3	1,736.9
less Other current financial assets	48.6	85.8
Net Debt	**2,106.2**	**3,436.1**
EBITDA (underlying)	1,775.3	1,224.6
Net Leverage Ratio	**1.2**	**2.8**

Due to lower net debt and the improvement in our EBITDA (underlying), our net-leverage ratio improved to 1.2x in the financial year 2023 (previous year 2.8x). We are aiming for a net-leverage ratio of strongly less than 1.0x in the medium term.

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Reconciliation to underlying EBITDA

€ million	2023	2022	Var. %
EBIT	**999.3**	**320.0**	**+212.3**
Amortisation and impairment (+)/reversals (–) of other intangible assets and depreciation and impairment (+)/reversals (–) of property, plants and equipment and right of use assets	859.1	883.4	–2.7
EBITDA	**1,858.5**	**1,203.3**	**+54.4**
Adjustments	–83.2	21.3	n.a.
EBITDA (underlying)	**1,775.3**	**1,224.6**	**+45.0**

The items recognised in the reconciliation of EBITDA to adjusted EBITDA correspond to the items adjusted in EBIT without taking into account the impairments, depreciation/amortization and reversals of €61.1 m (previous year €67.5 m) included therein.

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.

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Notes to 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.

In the period under review, cash and cash equivalents increased by € 323.6 m to € 2,060.5 m.

(43) Cash inflow / cash outflow 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 inflow from operating activities totalled € 1,637.3 m (previous year € 2,077.8 m). This amount includes interest payments received of € 54.9 m (previous year € 12.4 m) and dividends of € 24.1 m from companies measured at equity (previous year € 0.2 m). Income tax payments resulted in a cash outflow of € 106.9 m (previous year € 131.4 m).

(44) Cash inflow / cash outflow from investing activities

In financial year 2023, the cash outflow from investing activities totalled € 492.2 m (previous year € 308.2 m). This amount includes a cash outflow for capital expenditure related to property, plant and equipment and intangible assets of € 666.2 m. The Group recorded a cash inflow of € 142.9 m from the sale of property, plant and equipment and intangible assets. TUI received € 70.7 m from the earn-out payment in connection with sale of the stakes in Riu Hotels S. A. and € 3.0 m from the sale of Karisma Hotels Caribbean S. A., effected in financial year 2021. € 24.0 m was received from the sale of the shares in Peakwork AG and € 16.6 m from a capital reduction in Midnight International Holdings. The TUI Group contributed € 73.5 m to the capital increase of Pep Toni Hotels and € 9.9 m to the capital increase of the TUI Global Hospitality Fund. The sale of money market funds generated € 2.1 m, € 0.7 m was spent on the purchase.

(45) Cash inflow / cash outflow from financing activities

The cash outflow from financing activities totalled € 834.6 m (previous year € 1,630.9 m).

TUI AG received € 1,760.9 m from the equity increase carried out in April 2023. An amount of € 682.4 m was used to repurchase own equity instruments from the Economic Stabilisation Fund. In the completed financial year, TUI AG reduced its syndicated credit facility by € 561.2 m. € 13.5 m was spent to extend the syndicated credit facility. The promissory note placed in 2018 was reduced by € 183.0 m as planned. The remaining portion of the bond with warrants issued to the Economic Stabilisation Fund in 2020 in the amount of € 58.7 m was repaid. An amount of € 739.9 m went towards repaying financial liabilities, including € 595.1 m for lease liabilities. TUI Group companies raised € 217.8 m from taking out loans. € 435.6 m was used to pay interest and € 120.3 m to pay for dividends to minority shareholders. TUI AG paid € 16.8 m for the coupon for Silent Participation I of the Economic Stabilisation Fund, shown as a dividend.

(46) 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 increased by € 13.1 m (previous year € 12.2 m) due to foreign exchange effects.

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(47) Significant events after balance sheet date

In October 2023 TUI sold its shares in WOT Hotels Adriatic Asset Company d. o. o., in Raiffeisen-Tour RT-Reisen GmbH and in Club Hotel CV, S. A. For further details, please refer to the section ‚Assets held for sale'.

In October 2023 TUI signed sale and lease back agreements for six new Boeing 737 MAX-8 for the aggregate sum of around € 278 m. The aircrafts will be delivered in the course of the financial year 2024. The lifetime lease obligations amount to around € 210 m. The impact on right of use assets and lease liabilities will depend on the interest rates on the measurement dates.

(48) 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 2022, Annika Deutsch has been the auditor in charge. Total expenses for the services provided by the auditors of the consolidated financial statements in financial year 2023 break down as follows:

Services of the auditors of the consolidated financial statements

€ million	2023	2022
Audit fees for TUI AG and subsidiaries in Germany	3.7	3.4
Audit fees	**3.7**	**3.4**
Review of interim financial statements	0.3	0.4
Other certification services (mainly in connection with comfort letters)	0.8	0.6
Other certification services	**1.1**	**1.0**
Total	**4.8**	**4.4**

(49) Remuneration of Executive and Supervisory Board members according to § 314 HGB

In the completed financial year, the remuneration granted to active Executive Board members totalled € 10.1 m (previous year € 6.4 m), and that of the Supervisory Board members totalled € 3.1 m (previous year € 3.2 m). The remuneration granted to the former members of the Executive Board members in the financial year totalled € 3.0 m (previous year € 0.0 m). The aforementioned remuneration of the Executive Board members includes a tranche of the long term incentive plan of € 1.8 m (previous year € 2.0 m), which represents the fair value at the time of granting in relation to a number of 679,328 phantom shares granted in the 2023 financial year (previous year 252,094, adjusted for the capital reduction and capital increase carried out in the financial year). This includes € – 0.6 m in the financial year in connection with the departure of Friedrich Joussen in the previous year, whose service agreement runs until the end of the 2024 financial year.

Pension payments for former Executive Board members or their surviving dependants totalled € 6.4 m (previous year € 6.2) in the completed financial year. Pension obligations according to IAS 19 for former Executive Board members and their surviving dependants amounted to € 59.1 m (previous year € 63.0 m) at the balance sheet date.

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(50) 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) in financial year 2023:

Use of exemption provisions

DEFAG Beteiligungsverwaltungs GmbH I, Hanover	TUI Beteiligungs GmbH, Hanover
DEFAG Beteiligungsverwaltungs GmbH III, Hanover	TUI BLUE DE GmbH, Hanover
FIRST Travel GmbH, Hanover	TUI Business Services GmbH, Hanover
Leibniz-Service GmbH, Hanover	TUI Customer Operations GmbH, Hanover
I'tur GmbH, Rastatt	TUI Deutschland GmbH, Hanover
Preussag Beteiligungsverwaltungs GmbH IX, Hanover	TUI Group Services GmbH, Hanover
Robinson Club GmbH, Hanover	TUI Hotel Betriebsgesellschaft mbH, Hanover
TICS GmbH Touristische Internet und Call Center Services, Rastatt	TUI Immobilien Services GmbH, Hanover
TLT Urlaubsreisen GmbH, Hanover	TUI InfoTec GmbH, Hanover
TUI 4 U GmbH, Bremen	TUI Insurance & Financial GmbH, Hanover
TUI Airline Service GmbH, Hanover	TUI Leisure Travel Service GmbH, Neuss
TUI Asset Management and Advisory GmbH, Hanover	TUIfly GmbH, Langenhagen
TUI Aviation GmbH, Hanover	TUIfly Vermarktungs GmbH, Hanover
TUI Aviation Holding GmbH, Hanover	

(51) 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 TUI Group or over which TUI Group is able to exercise a significant influence are shown in the list of shareholdings (Note 53) published in the Unternehmensregister (www.unternehmensregister.de). Apart from pure equity investments, related parties also include companies that supply goods or provide services for TUI Group companies.

Through the Economic Stabilisation Fund (ESF), the federal German government indirectly acquired two silent participations and a warrant bond, which combined form the stabilisation package for TUI AG. With the payments of € 420 m made in connection with the first silent participation on 25 January 2021, a number of terms and conditions relating to the package entered into force, which TUI AG had to comply with. Due to the scope of those terms and conditions, ESF was able to exercise material control over TUI AG and hence was a related party. On 27th April 2023 TUI AG bought the warrant bond and terminated the remaining silent participation. Thereupon the terms and conditions expired, disregarding some information requirements. Accordingly, the ESF is no longer a related party of TUI AG since this date. The return of the stabilisation measures is a significant business transaction with the ESF. Please refer to Note 27 'Silent participations' and Note 10 'Earnings per share' for details regarding the warrant bond.

Financial obligations from order commitments vis-à-vis related parties primarily relate to the purchasing of hotel services.

Transactions with related parties

€ million	2023	2022
Services provided by the Group		
Management and consultancy services	8.1	3.9
Sales of tourism services	66.4	49.2
Other services	0.5	0.8
Total	**75.0**	**53.9**
Services received by the Group		
Rental and leasing agreements	12.5	18.3
Purchase of hotel services	377.9	309.3
Distribution services	8.7	6.5
Other services	13.8	14.7
Total	**412.9**	**348.8**

Transactions with related parties

€ million	2023	2022
Services provided by the Group to		
non-consolidated Group companies	0.4	0.4
joint ventures	46.3	38.1
associates	28.3	15.4
Total	**75.0**	**53.9**
Services received by the Group from		
non-consolidated Group companies	1.6	1.0
joint ventures	296.0	226.4
associates	115.3	121.4
Total	**412.9**	**348.8**

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Transactions with joint ventures and associates are primarily effected in the tourism business. 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.

Receivables from related parties

€ million	30 Sep 2023	30 Sep 2022
Trade receivables from		
non-consolidated Group companies	–	0.1
joint ventures	13.6	9.6
associates	0.6	0.5
Total	**14.2**	**10.2**
Advances and loans to		
joint ventures	3.1	3.3
associates	4.6	26.9
Total	**7.7**	**30.2**
Payments on account to		
joint ventures	7.4	15.1
Total	**7.4**	**15.1**
Other receivables from		
non-consolidated Group companies	1.1	1.3
joint ventures	3.9	2.4
associates	0.3	1.6
Total	**5.3**	**5.3**

Payables due to related parties

€ million	30 Sep 2023	30 Sep 2022
Trade payables due to		
non-consolidated Group companies	0.1	0.1
joint ventures	45.3	40.5
associates	12.5	19.7
Total	**57.9**	**60.3**
Financial liabilities due to		
non-consolidated Group companies	0.4	0.4
joint ventures	217.4	91.6
Total	**217.8**	**92.0**
Other liabilities due to		
non-consolidated Group companies	4.8	4.5
joint ventures	15.6	15.8
associates	6.0	7.2
key management personnel	6.8	3.0
Total	**33.2**	**30.5**

Financial liabilities to joint ventures included liabilities from leases of € 217.0 m (previous year € 91.2 m).

The share of result of associates and joint ventures is shown separately in segment reporting.

Following the capital increase carried out in the financial year under review, Mr Alexey Mordashov holds 10.87 % of the shares in TUI AG. On 28 February 2022, he had been added to the list of natural and legal persons affected by the EU sanctions. As a result of these sanctions, he does not have access to the shares in TUI AG controlled by him or to the voting rights and economic benefits associated with them. Mr Mordashov resigned from TUI AG's Supervisory Board on 2 March 2022 and is therefore no longer a related party of TUI AG.

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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	**2023**	2022
Short-term benefits	10.9	7.6
Post-employment benefits	1.2	1.9*
Share-based payment	2.3	1.1
Termination benefits – Share-based payment	0.1	1.4
Termination benefits – Other	1.4	3.0
Total	**15.9**	**15.0**

* Previous 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. Termination benefits last year relate to provisions in connection with the resignation of Frank Rosenberger, whose service agreement will continue until 31 December 2023. The benefits in the previous year relate to Friedrich Joussen, whose service agreement including all related compensation components will continue until the end of the 2024 financial year.

Pension provisions for active Executive Board members total € 11.8 m (previous year € 13.2 m) as at the balance sheet date. In addition, provisions for active Executive Board members of € 4.8 m (previous year € 5.1 m) are recognised relating to the long-term incentive programme.

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(52) International Financial Reporting Standards (IFRS) not yet applied

New standards endorsed by the EU, but applicable after 30 Sep 2023

Standard	Applicable from	Amendments	Expected impact on financial position and performance
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.	No material impacts.
Amendments to IAS 1 Disclosure of Accounting Policies	1 Jan 2023	The amendments to IAS 1 and IFRS Practice Statement 2 are to help preparers in deciding which accounting and measurement methods to disclose in their financial statements. The amendments require entities to disclose their material accounting and measurement policy information instead of their significant accounting and measurement policies.	No material impacts.
Amendments to IAS 8 Definition of Accounting Estimates	1 Jan 2023	The amendments to IAS 8 are to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates is replaced with a new definition of accounting estimates. It is clarified that a change in an accounting estimate that results from new information or new developments is not the correction of an error.	No material impacts.
Amendments to IFRS 17 Initial Application of IFRS 17 and IFRS 9 – Comparative Information	1 Jan 2023	The amendment addresses implementation challenges in the presentation of comparative information that were identified after IFRS 17 was published.	No impact.
Amendments to IAS 12 Deferred tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023	The amendments clarify that deferred tax assets and liabilities have to be formed when a transaction gives rise to equal amounts of deductible and taxable temporary differences at the same time. The initial recognition exemption, according to which deferred tax assets or liabilities are not recognised on initial recognition of an asset or a liability, does not apply to transactions of this type.	No material impacts.

The following amendments and new standards have not yet been endorsed by the European Union.

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New standards and interpretations not yet endorsed by the EU and applicable after 30 Sep 2023

Standard	Applicable from	Amendments	Expected impact on financial position and performance
Amendments to IAS 1 Classification of Liabilities as Current or Non-Current	1 Jan 2024	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 had issued an amendment resulting in the deferral of the effective date to 1 January 2023. By the amendments to IAS 1 (Non-current Liabilities with Covenants) issued on 31 October 2022, the effective date of these amendments is deferred again to 1 January 2024.	TUI will review the impacts of this amendment in due course. We currently do not expect to see any material impacts.
Amendments to IFRS 16 Lease Liability in a Sale and Leaseback	1 Jan 2024	The amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	No material impacts.
Amendments to IAS 1 Non-Current Liabilities with Covenants	1 Jan 2024	The amendments to IAS 1 clarify that only covenants an entity must comply with on or before the reporting period should affect the classification of the corresponding liability as current or non-current. However, an entity is required to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.	TUI will review the impacts of this amendment in due course. We currently do not expect to see any material impacts.
Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements	1 Jan 2024	The amendments intend to increase the transparency of supplier finance arrangements and their effect on an entities liabilities, cash flows and exposure to liquidity risk. The amendments complement existing disclosure requirements insofar that an entity shall provide additional qualitative and quantitative information about finance arrangements with suppliers.	TUI will review the impacts of this amendment in due course. We currently do not expect to see any impacts.
Amendments to IAS 21 Lack of Exchangeability	1 Jan 2025	The amendments require an entity to apply a consistent approach in assessing whether a currency is exchangeable into another currency and, if not, in determining the exchange rate to be used and the required disclosures in the notes.	No material impacts.

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(52) TUI Group Shareholdings

Company	Country	Capital share in %
Consolidated companies		
Tourism		
Absolut Holding Limited, Qormi	Malta	99.9
Advent Insurance PCC Limited (Absolut Cell), Qormi	Malta	100
Africa Focus Tours Namibia (Proprietary) Limited, Windhoek	Namibia	100
Antwun S.A., Clémency	Luxembourg	100
ATC African Travel Concept Proprietary Limited, Cape Town	South Africa	50.1
ATC-Meetings and Conferences Proprietary Limited, Cape Town	South Africa	100
B.D.S Destination Services Tours, Cairo	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
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
Clubhotel Cala Serena S.A., Madrid	Spain	100
Clubhotel IP S.A., Athens	Greece	100
Clubhotel JD, S.A., Las Palmas	Spain	100
Cruisetour AG, Zurich	Switzerland	100
Daidalos Hotel- und Touristikunternehmen A.E., Athens	Greece	89.8
Darecko S.A., Luxembourg	Luxembourg	100
Destination Services Singapore Pte Limited, Singapore	Singapore	100
Egyptian Germany Co. for Hotels Limited, Cairo	Egypt	66.6
Elena SL, Palma de Mallorca	Spain	100
ETA Turizm Yatirim ve Isletmeleri A.S., Ankara	Turkiye	100
Evre Grup Turizm Yatirim A.Ş., Ankara	Turkiye	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

Company	Country	Capital share in %
FIRST Reisebüro Güttler GmbH & Co. KG, Dormagen	Germany	75.1
FIRST Travel GmbH, Hanover	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	Turkiye	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	Tanzania	100
German Tur Turizm Ticaret A.Ş., Izmir	Turkiye	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	100
Hellenic EFS Hotel Management E.P.E., Athens	Greece	100
Holiday Center S.A., Cala Serena/Cala d'Or	Spain	100
Holidays Services S.A., Agadir	Morocco	100
Hoteli Koločep d.d., Koločep	Croatia	100
Hoteli Živogošće d.d., Živogošće	Croatia	100
Iberotel International A.S., Antalya	Turkiye	100
Iberotel Otelcilik A.Ş., Istanbul	Turkiye	100
Imperial Cruising Company SARL, Heliopolis-Cairo	Egypt	90
Inter Hotel SARL, Tunis	Tunisia	100
Intercruises Port Operations Spain SLU, Barcelona	Spain	100
Intercruises Port Operations USA Inc., Wilmington DE	United States	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 UK Limited, Luton	United Kingdom	100
Intercruises Shoreside & Port Services, Inc., State of Delaware	United States	100
Itaria Limited, Nicosia	Cyprus	100
Jandia Playa S.A., Morro Jable/Fuerteventura	Spain	100
Kurt Safari Proprietary Limited, White River - Mpumalanga	South Africa	51
Kybele Turizm Yatırım San. Ve Tic. A.Ş., Istanbul	Turkiye	100

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Company	Country	Capital share in %
Label Tour EURL, Levallois-Perret	France	100
Le Passage to India Tours and Travels Pvt Ltd., New Delhi	India	100
Lima Tours S.A.C., Lima	Peru	100
Lodges & Mountain Hotels SARL, Courchevel	France	100
l'tur GmbH, Rastatt	Germany	100
L'TUR Suisse AG, Basel	Switzerland	99.5
Lunn Poly Limited, Luton	United Kingdom	100
Magic Hotels SA, Tunis	Tunisia	100
MAGIC LIFE Assets GmbH, Vienna	Austria	100
Magic Life Egypt for Hotels LLC, Sharm el Sheikh	Egypt	100
Magic Tourism International S.A., Tunis	Tunisia	100
Mai Khao Golden Land Company Limited, Phuket	Thailand	100
Manahe Ltd., Quatre Bornes	Mauritius	51
Marella Cruises Limited, Luton	United Kingdom	100
Meetings & Events Spain S.L.U., Palma de Mallorca	Spain	100
Musement S.p.A., Milan	Italy	100
MX RIUSA II S.A. de C.V., Cabo San Lucas	Mexico	100
Nazar Nordic AB, Malmo	Sweden	100
Nouvelles Frontières Senegal S.R.L., Dakar	Senegal	100
Nungwi Limited, Zanzibar	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., Beijing	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 Hong Kong, Limited, Hongkong	Hong Kong SAR	100
Pacific World Meetings & Events SAM, Monaco	Monaco	100
Pacific World Meetings & Events Singapore Pte. Ltd., Singapore	Singapore	100
Pacific World Meetings and Events France SARL, Nice	France	100
Pacific World Travel Services Company Limited, Ho Chi Minh City	Vietnam	90
Papirüs Otelcilik Yatırım Turizm Seyahat İnşaat Ticaret A.Ş., Antalya	Turkiye	100
Paradise Hotel Management Company LLC, Cairo	Egypt	100
PATS N.V., Oostende	Belgium	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

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
Riumauricio Ltd., Port Louis	Mauritius	100
RIUSA II S.A., Palma de Mallorca*	Spain	50
Riusa Lanka (PVT) Ltd., Ahungalla	Sri Lanka	100
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	Turkiye	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	Turkiye	100
Santa Maria Hotels SA, Santa Maria	Cape Verde	100
SERAC Travel GmbH, Zermatt	Switzerland	100
Skymead Leasing Limited, Luton	United Kingdom	100
Société d'Exploitation du Paladien Marrakech SA, Marrakesh	Morocco	100
Société d'Investissement Aérien S.A., Casablanca	Morocco	100
Société d'investissement hotelier Almoravides S.A., Marrakesh	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
Stella Polaris Creta A.E., Heraklion	Greece	100
STIVA RII Ltd., Dublin	Ireland	100
Summer Times Ltd., Quatre Bornes	Mauritius	100
Summertime International Ltd., Quatre Bornes	Mauritius	100
Sunshine Cruises Limited, Luton	United Kingdom	100
Tantur Turizm Seyahat A.Ş., Istanbul	Turkiye	100
Tec4Jets NV, Zaventem	Belgium	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
TLT Reisebüro GmbH, Hanover	Germany	100
TLT Urlaubsreisen GmbH, Hanover	Germany	100

* Entrepreneurial management

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Travel Choice Limited, Luton	United Kingdom	100
Travel Guide With Offline Maps B.V., Amsterdam	Netherlands	100
TT Hotels Croatia d.o.o., Zagreb	Croatia	100
TT Hotels Italia S.R.L., Rome	Italy	100
TT Hotels Turkey Otel Hizmetleri Turizm ve ticaret A.Ş., Antalya	Turkiye	100
TUI (Suisse) AG, Zurich	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 Ambassador Tours Unipessoal Lda, Lisbon	Portugal	100
TUI Asset Management and Advisory GmbH, Hanover	Germany	100
TUI Austria Holding GmbH, Vienna	Austria	100
TUI Belgium NV, Oostende	Belgium	100
TUI Belgium Real Estate N.V., Brussels	Belgium	100
TUI Belgium Retail N.V., Zaventem	Belgium	100
TUI BLUE AT GmbH, Schladming	Austria	100
TUI BLUE DE GmbH, Hanover	Germany	100
TUI Blue Hotels L.L.C., Dubai	United Arab Emirates	100
TUI Brasil Operadora e Agência de Viagens LTDA., Curitiba	Brazil	100
TUI Bulgaria EOOD, Varna	Bulgaria	100
TUI Chile Operador y Agencia de Viajes SpA, Santiago	Chile	100
TUI China Travel CO. Ltd., Beijing	China	75
TUI Curaçao N.V., Curaçao	Country of Curaçao	100
TUI Customer Operations GmbH, Hanover	Germany	100
TUI Cyprus Limited, Nicosia	Cyprus	100
TUI Danmark A/S, Copenhagen	Denmark	100
TUI Destination Experiences (Thailand) Limited, Bangkok*	Thailand	49
TUI Destination Experiences Costa Rica SA, San José	Costa Rica	100
TUI Destination Services Cyprus, Nicosia	Cyprus	100
TUI Deutschland GmbH, Hanover	Germany	100
TUI Dominicana SAS, Higuey	Dominican Republic	100
TUI España Turismo SL, Palma de Mallorca	Spain	100
TUI Finland OY AB, Helsinki	Finland	100
TUI France SA, Levallois-Perret	France	100
TUI Hellas Travel Tourism and Airlines A.E., Athens	Greece	100
TUI Holding Spain S.L., Palma de Mallorca	Spain	100

Company	Country	Capital share in %
TUI Holidays Ireland Limited, Dublin	Ireland	100
TUI Hotel Betriebsgesellschaft mbH, Hanover	Germany	100
TUI India Private Limited, New Delhi	India	100
TUI International Holiday (Malaysia) Sdn. Bhd., Kuala Lumpur	Malaysia	100
TUI Ireland Limited, Luton	United Kingdom	100
TUI Italia S.r.l., Sorrent	Italy	100
TUI Italia S.r.l. "in liquidazione", Fidenza	Italy	100
TUI Jamaica Limited, Montego Bay	Jamaica	100
TUI LTE Viajes S.A de C.V, Mexico City	Mexico	100
TUI Malta Limited, Pieta	Malta	100
TUI Mexicana SA de CV, Mexico City	Mexico	100
TUI Musement UK Holding Limited, Luton	United Kingdom	100
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 Österreich GmbH, Vienna	Austria	100
TUI Pension Scheme (UK) Limited, Luton	United Kingdom	100
TUI Poland Dystrybucja Sp. z o.o., Warsaw	Poland	100
TUI Poland Sp. z o.o., Warsaw	Poland	100
TUI PORTUGAL - Agencia de Viagens e Turismo S.A., Faro	Portugal	100
TUI Reisecenter Austria Business Travel GmbH, Vienna	Austria	74.9
TUI Service AG, Altendorf	Switzerland	100
TUI Spain, SLU, Madrid	Spain	100
TUI Suisse Retail AG, Zurich	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

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Company	Country	Capital share in %
Tunisie Voyages S.A., Tunis	Tunisia	100
Tunisotel S.A.R.L., Tunis	Tunisia	100
Turcotel Turizm A.Ş., Istanbul	Turkiye	100
Turkuaz Insaat Turizm A.Ş., Ankara	Turkiye	100
Ultramar Express Transport S.A., Palma de Mallorca	Spain	100
Umbhaba Eco Lodge Proprietary Limited, Cape Town	South Africa	85
WOT Hotels Adriatic Management d.o.o., Zagreb	Croatia	51
Zanzibar Beach Village Limited, Zanzibar	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
DEFAG Beteiligungsverwaltungs GmbH I, Hanover	Germany	100
DEFAG Beteiligungsverwaltungs GmbH III, Hanover	Germany	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
Jetset Group Holding (Brazil) Limited, Luton	United Kingdom	100
Jetset Group Holding Limited, Luton	United Kingdom	100
Leibniz-Service GmbH, Hanover	Germany	100
Mala Pronta Viagens e Turismo Ltda., Curitiba	Brazil	100
Manufacturer's Serial Number 852 Limited, Dublin	Ireland	100
PM Peiner Maschinen GmbH, Hanover	Germany	100
Preussag Beteiligungsverwaltungs GmbH IX, Hanover	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 Airline Service GmbH, Hanover	Germany	100
TUI Aviation Asset Company Limited, Luton	United Kingdom	100
TUI Aviation GmbH, Hanover	Germany	100
TUI Aviation Holding GmbH, Hanover	Germany	100
TUI Aviation Services Limited, Luton	United Kingdom	100
TUI Beteiligungs GmbH, Hanover	Germany	100
TUI Business Services GmbH, Hanover	Germany	100

Company	Country	Capital share in %
TUI Canada Holdings, Inc., Toronto	Canada	100
TUI Global Business Services Tunisia S.A.R.L, Tunis	Tunisia	100
TUI Group Fleet Finance Limited, Luton	United Kingdom	100
TUI Group Services GmbH, Hanover	Germany	100
TUI Group UK Healthcare Limited, Luton	United Kingdom	100
TUI Group UK Trustee Limited, Luton	United Kingdom	100
TUI Immobilien Services GmbH, Hanover	Germany	100
TUI InfoTec GmbH, Hanover	Germany	100
TUI Insurance & Financial GmbH, Hanover	Germany	100
TUI Leisure Travel Service GmbH, Neuss	Germany	100
TUI Technology Portugal Unipessoal, Lda., Matosinhos	Portugal	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
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
Hapag-Lloyd Reisebüro Hagen Verwaltungs GmbH, Hanover	Germany	100
Ikaros Travel A.E.(i.L.), Heraklion	Greece	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.), Athens	Greece	100
NEA Synora Hotels Limited (Hinitsa Beach), Porto Heli Argolide	Greece	100
New Eden S.A., Marrakesh	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

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Company	Country	Capital share in %
Riusa Hotel Management FZC, Dubai	United Arab Emirates	100
Société de Gestion du resort Al Baraka, Marrakesh	Morocco	100
Trendturc Turizm Otelcilik ve Ticaret A.Ş., Istanbul	Turkiye	100
TUI 4 U Poland sp.zo.o., Warsaw	Poland	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, Nicosia	Cyprus	100
TUI Travel Tech Vietnam Limited, Ho Chi Minh City	Vietnam	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

Company	Country	Capital share in %
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
ARP Africa Travel Limited, Harrow	United Kingdom	25
Atlantica Hellas A.E., Rhodes	Greece	50
Atlantica Hotels and Resorts Limited, Lemesos	Cyprus	49.9
Bartu Turizm Yatirimlari Anonim Sirketi, Istanbul	Turkiye	50
Clubhotel Kleinarl GmbH & Co KG, Flachau	Austria	24
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
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, Brussels	Belgium	25
InteRes Gesellschaft für Informationstechnologie mbH, Darmstadt	Germany	25.2
Interyachting Limited, Limassol	Cyprus	45
Jaz Hospitality Services DMCC, Dubai	United Arab Emirates	50
Jaz Hotel Group S.A.E., Cairo	Egypt	51
Kamarayat Nabq Company for Hotels S.A.E., Sharm el Sheikh	Egypt	50
Midnight Canada Inc., Toronto	Canada	49
Midnight International Holdings Limited, Toronto	Canada	49
Pep Toni Hotels S.A., Palma	Spain	49
Pollman's Tours and Safaris Limited, Mombasa	Kenya	25
Raiffeisen-Tours RT-Reisen GmbH, Burghausen	Germany	25.1
Ranger Safaris Ltd., Arusha	Tanzania	25
Sharm El Maya Touristic Hotels Co. S.A.E., Cairo	Egypt	50
Südwest Presse + Hapag-Lloyd Reisebüro GmbH & Co.KG, Ulm	Germany	50
Sun Oasis for Hotels Company S.A.E., Hurghada	Egypt	50
Teckcenter Reisebüro GmbH, Kirchheim unter Teck	Germany	50

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Company	Country	Capital share in %
Tikida Bay S.A., Agadir	Morocco	34
TIKIDA DUNES S.A., Agadir	Morocco	30
Tikida Palmeraie S.A., Marrakesh	Morocco	33.3
Travco Group Holding S.A.E., Cairo	Egypt	50
TRAVELStar GmbH, Hanover	Germany	50
TRAVELStar Touristik GmbH & Co. OHG, Vienna	Austria	50
TUI Cruises GmbH, Hamburg	Germany	50
TUI Global Hospitality Fund SCS, SICAF-RAIF, Grevenmacher	Luxembourg	10
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
MSN 1359 GmbH, Hanover	Germany	25

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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, 4 December 2023

The Executive Board

Sebastian Ebel

David Burling

Mathias Kiep

Peter Krueger

Sybille Reiss

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Independent Auditor's Report

To TUI AG, Berlin and Hanover / Germany

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 2023, the consolidated statement of profit and 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 2022 to 30 September 2023, 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 2022 to 30 September 2023. In accordance with the German legal requirements, we have not audited 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 2023 and of its financial performance for the financial year from 1 October 2022 to 30 September 2023, 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.

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Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 October 2022 to 30 September 2023. 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 the following we present the key audit matters we have determined in the course of our audit:

❶ Recoverability of goodwill
❷ Specific provisions

Our presentation of these key audit matters has been structured as follows:

Ⓐ description (including reference to corresponding information in the consolidated financial statements)
Ⓑ auditor's response

❶ Recoverability of goodwill

Ⓐ In TUI AG's consolidated financial statements as at 30 September 2023, goodwill totalling mEUR 2,949.2 is reported under the item "goodwill" 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 executive board and on the discount rate used, in the light of the uncertainty of further impacts of the further geopolitical development and of the general price development 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. For this purpose, among other things, we compared these figures with the current budgets contained in the three-year plan adopted by the executive 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 realisable amount).

❷ Specific provisions

Ⓐ TUI AG's consolidated financial statements as at 30 September 2023 report provisions for maintenances of mEUR 778.6 under the statement of financial position item "other provisions". Furthermore, provisions for pensions and similar obligations of mEUR 670.4 were recognised as at 30 September 2023. 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 executive board.

The Company's disclosures on provisions are provided under the Notes (30) and (31) 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 executive 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 aircraft. 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.

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Other Information

The executive board and / or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the report of the audit committee,
- the remuneration report pursuant to Section 162 German Stock Corporation Act (AktG),
- the unaudited content 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, and
- all other parts of the annual report,
- but not the consolidated financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board and for the report of the audit committee. The executive board and the supervisory board are responsible for the statement pursuant to Section 161 AktG on the German Corporate Governance Code, which forms part of the corporate governance statement included in the section "Corporate Governance Report" set out in the combined management report, and for the remuneration report. Otherwise the executive 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 audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of 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 Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive 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 executive 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 (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive 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 executive 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 executive 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 Group 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.

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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 the risk of not detecting a material misstatement 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 executive board and the reasonableness of estimates made by the executive board and related disclosures.
- conclude on the appropriateness of the executive 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 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 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 executive board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive 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 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 actions taken or safeguards applied to eliminate independence threats.

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 for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

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Other legal and regulatory requirements

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management report Prepared for Publication Pursuant to Section 317 (3a) HGB

AUDIT OPINION

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA256: 070728ffe6af22f07d341897cb93b387edcdb8f50464acd728cb6370a599f788, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 October 2022 to 30 September 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

BASIS FOR THE AUDIT OPINION

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

RESPONSIBILITIES OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The executive board of the parent is responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the group management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive board of the parent is responsible for such internal controls that it has considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

GROUP AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, 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 opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the general meeting on 14 February 2023. We were engaged by the supervisory board on 19 April 2023. We have been the group auditor of TUI AG, Berlin and Hanover/Germany, without interruption since the financial year 2016/2017.

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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 EXECUTIVE 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 executive 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 executive 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 2022 / 2023. We have nothing to report in this regard.

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Annika Deutsch.

Hanover / Germany, 4 December 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
Annika Deutsch	Elmar Meier
Wirtschaftsprüferin	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 non-financial statement pursuant to Sections 315b and 315c HGB included in section "Combined non-financial declaration of TUI Group" of the group management report,
- the statement on corporate governance with the statement on corporate governance pursuant to Sec. 289f and Sec. 315d HGB, and
- the other parts of the combined management report marked as unaudited.

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Report of the Independent Practitioner Regarding the consolidated non-financial statement

Limited assurance report of the independent practitioner regarding the consolidated non-financial statement for the financial year from 1 October 2022 to 30 September 2023

To TUI AG, Hanover

Our Engagement

We have performed a limited assurance engagement on the consolidated non-financial statement, which is included in the combined management report for the parent and the group, of TUI AG, Hanover / Germany, (hereafter referred to as "the Company") for the financial year from 1 October 2022 to 30 September 2023 (hereafter referred to as "non-financial statement"). The TCFD compliance statement as well as further websites referred to in the consolidated non-financial statement, were not subject to our audit.

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the non-financial statement in accordance with Section 315c in conjunction with Sections 289c to 289e HGB and Article 8 of Regulation (EU) 2020 / 852 of the European Parliament and the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019 / 2088 (hereafter referred to as "EU Taxonomy Regulation") and the delegated acts adopted thereon, as well as with their own interpretation of the wording and terminology contained in the EU Taxonomy Regulation and the delegated acts adopted thereon, as is presented in section "Disclosures according to the EU Taxonomy Regulation (2020 / 852)" of the non-financial statement.

These responsibilities of the executive directors of the Company include the selection and application of appropriate methods regarding the combined non-financial statement and the use of assumptions and estimates for individual non-financial disclosures of the Group which are reasonable under the given circumstances. In addition, the executive directors are responsible for such internal control as they have deemed necessary to enable the preparation of a non-financial statement that is free from material misstatement due to fraud (i. e., fraudulent non-financial statement) or error.

Some of the wording and terminology contained in the EU Taxonomy Regulation and the delegated acts adopted thereon are still subject to considerable interpretation uncertainty and have not yet been officially clarified. Therefore, the executive directors have laid down their own interpretation of the EU Taxonomy Regulation and of the delegated acts adopted thereon in section "Disclosures according to the EU Taxonomy Regulation (2020 / 852)" of the non-financial statement. They are responsible for the reasonableness of this interpretation. As there is the inherent risk that indefinite legal concepts may allow for various interpretations, the legal conformity of the interpretation is prone to uncertainty.

The preciseness and completeness of the environmental data in the non-financial statement is subject to inherent restrictions resulting from the manner in which the data was collected and calculated as well as from assumptions made.

Independence and Quality Assurance of the Audit Firm

We have complied with the German professional requirements on independence and other professional rules of conduct.

Our firm applies the national statutory rules and professional announcements – particularly of the "Professional Charter for German Public Auditors and German Sworn Auditors" (BS WP / vBP) and of the *IDW Quality Assurance Standard: Requirements for Quality Management in Audit Practices (IDW QS 1)* promulgated by the Institut der Wirtschaftsprüfer (IDW) and does therefore maintain a comprehensive quality assurance system comprising documented regulations and measures in respect of compliance with professional rules of conduct, professional standards, as well as relevant statutory and other legal requirements.

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Responsibilities of the Independent Practitioner

Our responsibility is to express a conclusion on the non-financial statement based on our work performed within our limited assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", adopted by the IAASB. This Standard requires that we plan and perform the assurance engagement so that we can conclude with limited assurance whether matters have come to our attention to cause us to believe that the non-financial statement of the Company, with the exception of the external sources of documentation (references to the TCFD compliance statement as well as to websites) referenced therein, has not been prepared, in all material respects, in accordance with Section 315c in conjunction with Sections 289c to 289e HGB and the EU Taxonomy Regulation and the delegated acts adopted thereon, as well as with the interpretation by the executive directors presented in section "Disclosures according to the EU Taxonomy Regulation (2020/852)" of the non-financial statement.

The procedures performed in a limited assurance engagement have a lesser extent than for a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The choice of assurance work is subject to the practitioner's professional judgement.

Within the scope of our limited assurance engagement, which we performed between August and December 2023, we notably performed the following work and other activities:

- Obtaining an understanding of the structure of the Group's sustainability organisation and of the stakeholder engagement,
- Inquiries of the executive directors and relevant employees involved about the process of preparation, about the system of internal control relating to this process, as well as about the disclosures contained in the non-financial statement,
- Identification of probable risks of material misstatements in the non-financial statement,
- Analytical evaluation of selected disclosures contained in the non-financial statement,
- Cross validation of selected disclosures and the corresponding data in the consolidated and annual financial statements as well as in the combined management report,
- Evaluation of the presentation of the non-financial statement,
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the non-financial statement.

The determination of the disclosures pursuant to Article 8 of the EU Taxonomy Regulation requires the executive directors to make interpretations of indefinite legal concepts. As there is the inherent risk that indefinite legal concepts may allow for various interpretations, the legal conformity of the interpretation, and hence our related examination, is prone to uncertainty.

Practitioner's Conclusion

Based on the work performed and the evidence obtained, nothing has come to our attention that causes us to believe that the consolidated non-financial statement of the Company for the financial year from 1 October 2022 to 30 September 2023 does not comply, in all material respects, with Section 315c in conjunction with Sections 289c to 289e HGB and the EU Taxonomy Regulation and the delegated acts adopted thereon, as well as with the executive directors' interpretation presented in section "Disclosures according to the EU Taxonomy Regulation (2020/852)" of the non-financial statement. Our practitioner's conclusion does neither include the TCFD compliance statement nor further websites referred to in the consolidated non-financial statement.

Restriction of Use

We issue this report as stipulated in the engagement letter agreed with the Company (including the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" as of 1 January 2017 promulgated by the Institut der Wirtschaftsprüfer (IDW)). We draw attention to the fact that the assurance engagement was performed for the purposes of the Company and the report is solely designed for informing the Company about the findings of the assurance engagement. Therefore, it may not be suitable for another than the aforementioned purpose. Hence, this report should not be used by third parties as a basis for any (asset) decision.

We are solely liable to the Company. However, we do not accept or assume liability to third parties. Our conclusion was not modified in this respect.

Hanover/Germany, 4 December 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:
Daniel Oehlmann
Wirtschaftsprüfer
(German Public Auditor)

Signed:
Eike Bernhard Hellmann

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Forward-Looking Statements

The annual report, in particular the report on expected developments included in the management report, includes various forecasts and expectations as well as statements relating to the future development of the TUI Group and TUI AG. These statements are based on assumptions and estimates and may entail known and unknown risks and uncertainties. Actual development and results as well as the financial and asset situation may therefore differ substantially from the expectations and assumptions made. This may be due to market fluctuations, the development of world market prices for commodities, of financial markets and exchange rates, amendments to national and international legislation and provision or fundamental changes in the economic and political environment. TUI does not intend to and does not undertake an obligation to update or revise any forward-looking statements to adapt them to events or developments after the publication of this annual report.

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Annual General Meeting 2024

13 FEBRUARY 2024
Quarterly Statement Q1 2024

15 MAY 2024
Half-Year Financial Report H1 2024

14 AUGUST 2024
Quarterly Statement Q3 2024

11 DECEMBER 2024
Annual Report 2024

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PHOTOGRAPHY
TUI Group (cover photo, p. 10); Sarah Rauch (p. 6); Christian Wyrwa (p. 8); André Walther (p. 12)