TUI GROUP
HALF-YEAR FINANCIAL REPORT
1 OCTOBER 2020 – 31 MARCH 2021

Contents

INTERIM MANAGEMENT REPORT

TUI Group - financial highlights

€ million		H1 2021	H1 2020 adjusted	Var. %	Var. % at constant currency
Revenue		**716.3**	**6,638.7**	**- 89.2**	**- 89.0**
Underlying EBIT[1]					
Hotels & Resorts		- 198.3	56.1	n. a.	n. a.
Cruises		- 153.3	26.9	n. a.	n. a.
TUI Musement		- 62.0	- 28.9	- 114.5	- 117.6
Holiday Experiences		- 413.6	54.2	n. a.	n. a.
Northern Region		- 418.3	- 415.2	- 0.7	- 2.4
Central Region		- 272.0	- 179.5	- 51.5	- 51.5
Western Region		- 159.8	- 189.6	+ 15.7	+ 16.6
Markets & Airlines		- 850.1	- 784.3	- 8.4	- 9.1
All other segments		- 45.1	- 64.6	+ 30.2	+ 29.9
Underlying EBIT		**- 1,308.8**	**-794.8**	**- 64.7**	**- 66.5**
EBIT[1]		**- 1,298.5**	**-746.0**	**- 74.1**	
Underlying EBITDA		**- 856.1**	**-266.0**	**- 221.9**	
EBITDA[2]		**- 831.5**	**- 196.9**	**- 322.4**	
Group loss		- 1,498.1	- 815.0	- 83.8	
Earnings per share	€	- 1.83	- 1.46	- 25.3	
Net capex and investment		- 108.4	287.2	n. a.	
Equity ratio (31 March)[3]	%	1.3	15.6	- 14.3	
Net financial position (31 March)		- 6,813.1	- 4,902.5	- 39.0	
Employees (31 March)		36,029	53,525	- 32.7	

Differences may occur due to rounding.

This Quarterly Statement of the TUI Group was prepared for the reporting period H1 FY2021 from 1 October 2020 to 31 March 2021.

[1] We define the EBIT in underlying EBIT as earnings before interest, income taxes and result of the measurement of the Group's interest hedges. For further details please see page 14.

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

H1 2021 Summary

- Group revenue of €716m, down 89% as a result of extended travel restrictions imposed across our key European markets for the majority of the first half.
- Within Hotels & Resorts, 122 hotels were open at end of the quarter reflecting both the usual winter seasonality and limited operations from travel restrictions.
- TUI Cruises and Hapag-Lloyd Cruises operated five ships during the first half, offering itineraries to the Baltic and North Sea, and Greek Islands in the first quarter and to the Canary Islands in the second.
- Markets & Airlines, took away 684k customers on holiday during the period, demonstrating the continued desire to travel when restrictions allow.
- Group underlying EBIT loss of €1,309m reflecting our continued cost discipline, contribution from operational opportunities, helping to reduce average monthly underlying EBIT loss to ~€218m per month.
- During the second quarter, we concluded all elements of our third support package of €1.8bn, including >€500m fully subscribed rights issue.
- Additionally, we successfully placed €400m convertible bonds post balance sheet date.
- Our available liquidity[1] as at 7 May 2021 amounts to €1.7bn.
- Global Realignment Programme on track to achieve our cost savings target of €400m p.a by FY2023. Reflecting our accelerated plans to transform into a more agile and leaner business, we expect to deliver ~50% of our targeted savings by end of FY2021.
- Pipeline of 2.6m customers booked for Summer 2021 season. Planned capacity of 75% (of Summer 2019) for our upcoming peak Summer months (Q4), with our re-opening portfolio focused on destinations such as Greece, Balearics and Canaries with anticipated good vaccinations rates and low infection rates.
- The continued vaccination progress across our key customer markets and destinations, combined with more testing, and comprehensive hygiene measures throughout our eco-system, should enable the safe return to holidays this Summer.
- Insight survey[2] results tell us our customers value a strong brand, flexibility, comprehensive health and safety protocols with a good customer experience during these unprecedented times. TUI, with its integrated model, strong brand, and in-destination service and online 24/7 support, is the model of choice for many holiday makers.

[1] Available liquidity defined as unrestricted cash plus committed lines including third support package (contains KFW credit facility provided by KfW of €200m as of end of May) and convertible bonds
[2] TUI Consumer Travel Behaviour Survey, August 2020

Completion of Third Support Package

Our third support package as announced on 2 December 2020 amounting to €1.8bn, agreed with our shareholders, a syndicate of underwriting banks, KfW and the German government (WSF) was successfully concluded in the period, comprising the following components:

- a capital increase with subscription rights of >€500m
- a silent participation, convertible into shares by the WSF of €420m (IFRS equity accounted)
- a non-convertible silent participation by the WSF of €671m (IFRS equity accounted)
- an additional credit facility provided by KfW of €200m

€400m placement of convertible bonds

Post balance sheet date on 16 April 2021, we successfully completed the placement of senior unsecured convertible bonds for €400m. These bonds have been offered at a coupon rate of 5% and were ~2 times oversubscribed. They utilise 68% of authorised capital resolved at our recent AGM, representing around 75m underlying shares.

Unless previously converted, redeemed or repurchased and cancelled, the convertible bonds will be redeemed at their principal amount on 16 April 2028. Investors also have the possibility to convert the bonds into new and/or existing no-par value ordinary registered shares of TUI. The initial conversion price was set at 5.3631 €, representing a conversion premium of 25% above the reference share price of 4.2905 €.

With the successful offering, we plan to start the refinancing of loans from the COVID-19 support packages, in addition to strengthening our liquidity in the short-term.

Liquidity Position/Cash Outflow

Available liquidity[1] as at 7 May 2021 amounts to €1.7bn. Bearing in mind the typical seasonal swings, and combined with clear signs of pent-up demand as evidenced by the immediate spike in bookings when a destination is re-opened, we are fully confident that the typical seasonal inflow usually seen in Q2, will materialise as we head towards the peak Summer season.

Our assumption for Q3 FY2021, is for departure volumes being muted in the light of travel restrictions. We however anticipate significant working capital inflow once reopening of markets are confirmed and destinations are announced, in line with our planned capacity for Q4.

Our assumption for Q4 FY2021, is for significant positive contributions from strong volumes and normalised level of operations.

[1] Available liquidity defined as unrestricted cash plus committed lines including third support package (contains KFW credit facility provided by KfW of €200m as of end of May) and convertible bonds

Net debt

Net financial position improved to €6,813m versus our net debt position of €7,177 as at 31 December 2020 (Q1). The €364m decrease in net debt in the second quarter predominantly reflects net cash proceeds from our capital raise and the silent participations of the WSF.

The WSF measures comprise a silent participation convertible into shares in TUI of €420m (Silent Participation I) and a second silent participation of €671m. At 31 March 2021, Silent Participation I was fully paid in and Silent Participation II in the amount of €500m. In the IFRS consolidated financial statements, the silent participations are shown as equity due to their nature and are therefore not included in the Group's net debt.

With the successful placement of €400m convertible bonds post balance sheet date, we have taken the first step towards refinancing our government facilities. As international leisure travel resumes and global markets begin to recover, it is our priority to rebuild a robust financial profile and return to a gross leverage ratio target of less than 3x. The Group continues to explore measures to accelerate de-leveraging and ensure the appropriate capitalisation to support growth over the longer term.

Trading Update

- Summer 2021 bookings[1] including amendments and voucher re-bookings, down 69% versus Summer 2019 (undistorted by COVID-19).
- ~2.6m customers booked for our Summer 2021 programme, which is a small reduction since our Q1 update, reflecting customers choosing to defer their booking to future seasons due to the lack of clarity provided by governments on lifting of travel restrictions.
- Our capacity plans of 75% (for Q4 peak summer, compared to 2019 programmes) remains in line with our AGM update on 25 March 2021. We will be focussed on a reopening portfolio of destinations with expected well vaccination and low incidence rates. Destinations will include the Greek islands, the Balearics, the Canaries and Portugal. More than 60% of our planned capacity for Summer 2021 are to destinations with anticipated low incidence rates.
- Summer 2021 ASP[1] is up 22%, and continues to be driven by both pricing and mix, with higher level of packaged holidays booked versus prior year.
- We anticipate TUI Cruises to operate a phased restart with summer itineraries from May, with its full Mein Schiff fleet of seven ships to be in operation by Q4. Hapag-Lloyd Cruises is currently sailing with Europa 2, with Europa to resume in Q4. Expedition Class Hanseatic nature and Hanseatic inspiration to resume end of May with short cruises, with their newest ship Hanseatic spirit scheduled to join from August.
- Marella is offering UK cruise itineraries with Explorer and Explorer 2 from end of June. From August, Discovery and Discovery 2 are scheduled to operate cruises to the Mediterranean.
- Continued customer appetite and intention to travel for future seasons:
    - Winter 2021/22 – UK bookings[1] up 17%,
    - Summer 2022 bookings – UK bookings[1] up 293%

[1] Bookings up to 2 May 2021 compared to respective bookings for 2019 programmes (undistorted by COVID-19) and relate to all customers whether risk or non-risk

Global Realignment Programme

As one of our self-help measures, we announced our Global Realignment Programme to deliver targeted savings across the group of ~€400m per annum by FY2023. Projects are well underway across core functions, Markets & Airlines and TUI Musement (formerly Destination Experiences) and we are on track to achieve almost ~50% of our targeted savings by end of the current financial year. Of the 8k roles potentially impacted as part of the programme, we have to date a reduction of ~6k FTEs already agreed.

Report on changes in expected development

It remains difficult to forecast the further course of the pandemic and its impact on customer behavior. In view of these considerable uncertainties, the Management Board continues to believe that it is not in a position to issue a specific forecast for the financial year2021.

The expectations for the financial year 2021made in the Annual Report 2020 have been adjusted in the following points.

Due to the travel restrictions in the first half of the year and the current expectations for the summer season 2021, we now expect TUI Group revenue (IFRS 16) in financial year 2021 to be down year-on-year at constant currency rates.

Based on expected gross capital expenditure, divestments and recoveries from advance payments made for aircraft orders, we expect cash inflow from net investments in property, plant and equipment and financial investments to be at least at the prior-year level in financial year 2021.

➪ See also TUI Group Annual Report 2020 page 50

Structure and strategy of TUI Group

Reporting structure

The present Half-Year Financial Report 2021 is based on TUI Group's reporting structure set out in the Annual Report 2020.

➪ See TUI Group Annual Report 2020 from page 26

Group strategy

TUI Group's strategy set out in the Annual Report 2020 should be continued after the effects of COVID-19 have subsided.

➪ See TUI Group Annual Report 2020 from page 23

Consolidated earnings

Revenue

€ million	H1 2021	H1 2020	Var. %
Hotels & Resorts	83.9	300.2	- 72.0
Cruises	1.5	481.6	- 99.7
TUI Musement	18.6	300.4	- 93.8
Holiday Experiences	104.0	1,082.2	- 90.4
Northern Region	159.1	2,187.0	- 92.7
Central Region	337.4	2,209.9	- 84.7
Western Region	102.1	1,075.1	- 90.5
Markets & Airlines	598.6	5,471.9	- 89.1
All other segments	13.6	84.5	- 83.9
TUI Group	**716.3**	**6,638.7**	**- 89.2**
TUI Group (at constant currency)	**732.4**	**6,638.7**	**- 89.0**

Underlying EBIT

€ million	H1 2021	H1 2020 adjusted	Var. %
Hotels & Resorts	- 198.3	56.1	n. a.
Cruises	- 153.3	26.9	n. a.
TUI Musement	- 62.0	- 28.9	- 114.5
Holiday Experiences	- 413.6	54.2	n. a.
Northern Region	- 418.3	- 415.2	- 0.7
Central Region	- 272.0	- 179.5	- 51.5
Western Region	- 159.8	- 189.6	+ 15.7
Markets & Airlines	- 850.1	- 784.3	- 8.4
All other segments	- 45.1	- 64.6	+ 30.2
TUI Group	**- 1,308.8**	**- 794.8**	**- 64.7**

EBIT

€ million	H1 2021	H1 2020 adjusted	Var. %
Hotels & Resorts	- 198.4	56.0	n. a.
Cruises	- 153.4	26.9	n. a.
TUI Musement	- 67.1	- 39.1	- 71.6
Holiday Experiences	- 418.9	43.9	n. a.
Northern Region	- 441.0	- 423.4	- 4.2
Central Region	- 224.1	- 100.5	- 123.0
Western Region	- 166.5	- 199.0	+ 16.3
Markets & Airlines	- 831.7	- 722.8	- 15.1
All other segments	- 48.0	- 67.0	+ 28.4
TUI Group	**- 1,298.5**	**- 746.0**	**- 74.1**

Segmental performance

Holiday Experiences

€ million	H1 2021	H1 2020 adjusted	Var. %
Revenue	104.0	1,082.2	- 90.4
Underlying EBIT	- 413.6	54.2	n. a.
Underlying EBIT at constant currency	- 422.7	54.2	n. a.

Hotels & Resorts

€ million	H1 2021	H1 2020 adjusted	Var. %
Total revenue	146.8	582.4	- 74.8
Revenue	83.9	300.2	- 72.1
Underlying EBIT	- 198.3	56.1	n. a.
Underlying EBIT at constant currency	- 204.6	56.1	n. a.
Capacity hotels total[1] ('000)	**9,418**	**16,634**	**- 43.4**
Riu	4,782	8,199	- 41.7
Robinson	601	1,337	- 55.1
Blue Diamond	2,032	2,298	- 11.6
Occupancy rate hotels total[2] (in %, variance in % points)	**40**	**75**	**- 35**
Riu	41	82	- 41
Robinson	48	67	- 19
Blue Diamond	39	75	- 36
Average revenue per bed hotels total[3] (in €)	**64**	**73**	**- 13.3**
Riu	55	70	- 20.5
Robinson	92	97	- 5.5
Blue Diamond	93	123	- 24.2

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

1 Group owned or leased hotel beds multiplied by opening days per quarter

2 Occupied beds divided by capacity

3 Arrangement revenue divided by occupied beds

122 hotels were open as at the end of the period (~34% of Group hotel portfolio), reflecting both the winter seasonality and travel restrictions currently in place.

Overall H1 occupancy rate declined 35%pts to 40% across our operating portfolio, reflecting the impact of travel restrictions across our key European markets throughout most of H1. Average daily rate declined by 13% to €63.5.

Underlying EBIT loss of €198m, down €254m versus prior year reflects the factors as outlined above.

Cruises

€ million	**H1 2021**	H1 2020 adjusted	Var. %
Revenue[1]	1.5	481.6	- 99.7
Underlying EBIT	- 153.3	26.9	n. a.
Underlying EBIT at constant currency	- 155.2	26.9	n. a.
Occupancy (in %, variance in % points)			
TUI Cruises	35	97	- 62
Marella Cruises	-	96	n. a.
Hapag-Lloyd Cruises[2]	33	77	- 44
Passenger days ('000)			
TUI Cruises	354	2,854	- 87.6
Marella Cruises	-	1,366	n. a.
Hapag-Lloyd Cruises	21	191	- 88.8
Average daily rates[3] (in €)			
TUI Cruises	104	141	- 26.4
Marella Cruises[4] (in £)	-	146	n. a.
Hapag-Lloyd Cruises2	411	611	- 32.7

1 No revenue is carried for TUI Cruises and Hapag-Lloyd Cruises as the joint venture is consolidated at equity
2 Hapag-Lloyd Cruises prior year KPIs restated to align to TUI Cruises methodology
3 Per day and passenger
4 Inclusive of transfers, flights and hotels due to the integrated nature of Marella Cruises, in £

In the first quarter, TUI Cruises operated three ships (Mein Schiff 1, 2 and 6), offering short "Blue Cruises" around the Baltic Sea, Greek and Canary Islands. In the second quarter, Mein Schiff 1 and 2 operated with itineraries to the Canaries. H1 average daily rate of the operated fleet was €104, down 26% versus prior year (H1 FY2020: €141) reflecting the shorter average duration and more local routes of "Blue Cruises". H1 occupancy of the operated fleet was 35%, reflecting the overall more subdued environment for departures as a result of travel restrictions as well as adherence to COVID-19 government safety advice capping the numbers of passengers on board.

Hapag-Lloyd Cruises operated two ships during the first quarter, the Europa 2 and Hanseatic inspiration, which offered sailings to the Baltic Sea and the Canaries. The Europa 2 continued to sail in the second quarter, offering itineraries to the Canary Islands. H1 average daily rate for the operated fleet was €411, down 33% versus prior year (H1 FY2020: €611), reflecting the pricing of shorter and more local itineraries. H1 occupancy of the operated fleet was 33% (H1 FY2020: 77%).

Marella Cruises (our UK cruise brand) remained suspended throughout the period, in line with UK government travel advice, with our teams in preparation mode for restart towards the end of Q3.

Underlying EBIT loss of €153m, down €180m versus prior year, reflects the limited capacity operated over the period as a result of travel restrictions. Prior year includes 100% result of Hapag-Lloyd Cruises (H1 FY2020: Underlying EBIT of €22m) which is now consolidated at equity within the TUI Cruises Joint Venture.

TUI Musement (formerly Destination Experiences)

€ million	**H1 2021**	H1 2020 adjusted	Var. %
Total revenue	25.4	423.7	- 94.0
Revenue	18.6	300.4	- 93.8
Underlying EBIT	- 62.0	- 28.9	- 114.5
Underlying EBIT at constant currency	- 62.9	- 28.9	- 117.6

141K excursions and activities sold, down 90% versus prior year, reflecting the limited operations throughout the period, resulting in an underlying EBIT loss of €62m, a decline of €33m on prior year.

Online distribution was 50% increasing from 21% in H1 2020, driven by the successful integration of Musement inventory across our TUI source markets App.

Markets & Airlines

€ million	H1 2021	H1 2020 adjusted	Var. %
Revenue	598.6	5,471.9	- 89.1
Underlying EBIT	- 850.1	- 784.3	- 8.4
Underlying EBIT at constant currency	- 855.5	- 784.3	- 9.1
Direct distribution mix[1,3] (in %, variance in % points)	76	73	+ 3
Online mix[2,3] (in %, variance in % points)	56	49	+ 7
Customers ('000)[3]	684	6,265	- 89.1

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

2 Share of online sales

3 Like-for-like basis excluding disposed entities Berge & Meer and Boomerang

As covered above, due to the extended lockdown measures across many of our key source markets, operations have been highly limited for the majority of the first half. A total of 684k customers departed in the first half, down 89% versus prior year, with around half departing in the month of October, prior to more recent restrictions.

Underlying loss of €850m reflects the limited capacity operated over the period.

Northern Region

€ million	H1 2021	H1 2020 adjusted	Var. %
Revenue	159.1	2,187.0	- 92.7
Underlying EBIT	- 418.3	- 415.2	- 0.7
Underlying EBIT at constant currency	- 425.3	- 415.2	- 2.4
Direct distribution mix[1] (in %, variance in % points)	93	91	+ 2
Online mix[2] (in %, variance in % points)	76	65	+ 11
Customers ('000)	119	2,239	- 94.7

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

2 Share of online sales

Underlying loss of €418m, down €3m versus prior year. 119K customers departed in the first six months, down 95% versus prior year.

Direct distribution increased by 2%pts to 93% (H1 FY2020: 91%) with online distribution increasing by 11%pts to 76% (H1 FY2020: 65%).

Central Region

€ million	H1 2021	H1 2020 adjusted	Var. %
Revenue	337.4	2,209.9	- 84.7
Underlying EBIT	- 272.0	- 179.5	- 51.5
Underlying EBIT at constant currency	- 272.0	- 179.5	- 51.5
Direct distribution mix[1,3] (in %, variance in % points)	63	51	+ 12
Online mix[2,3] (in %, variance in % points)	37	22	+ 15
Customers[3] ('000)	333	2,196	- 84.9

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

2 Share of online sales

3 Like-for-like basis excluding disposed entities Berge & Meer and Boomerang

Underlying loss of €272m, down €93m versus prior year. 333K customers departed in the first six months, down 85% versus prior year.

Direct distribution increased by 12%pts to 63% (H1 FY2020: 51%) with online distribution increasing by 15%pts to 37% (H1 FY2020: 22%).

Western Region

€ million	H1 2021	H1 2020 adjusted	Var. %
Revenue	102.1	1,075.1	- 90.5
Underlying EBIT	- 159.8	- 189.6	+ 15.7
Underlying EBIT at constant currency	- 158.2	- 189.6	+ 16.6
Direct distribution mix[1] (in %, variance in % points)	86	78	+ 8
Online mix[2] (in %, variance in % points)	72	61	+ 11
Customers ('000)	232	1,830	- 87.3

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

2 Share of online sales

Underlying loss of €160m, up €30m versus prior year. 232K customers departed in the first six months, down 87% versus prior year.

Direct distribution increased by 8%pts to 86% (H1 FY2020: 78%) with online distribution increasing by 11%pts to 72% (H1 FY2020: 61%).

All other segments

€ million	H1 2021	H1 2020 adjusted	Var. %
Revenue	13.6	84.5	- 83.9
Underlying EBIT	- 45.1	- 64.6	+ 30.2
Underlying EBIT at constant currency)	- 45.3	- 64.6	+ 29.9

Underlying EBIT loss was €45m, up €20m versus prior year.

Financial position and net assets

Cash Flow / Net capex and investments / Net debt
In the period under review the TUI Group's operating cash flow continued to be impacted by the travel restrictions imposed by COVID-19 in March 2020.

At €1,476.0m, the cash outflow from operating activities increased by €747.6m year-on-year.

The net debt as of 31 March 2021 increased by €1,910.6m to €6,813.1m.

Net debt

	31 Mar 2021	31 Mar 2020	Var. %
Financial debt	4,847.9	2,014.4	+ 140.7
Lease liabilities	3,377.8	3,922.8	- 13.9
Cash and cash equivalents	1,399.7	1,022.7	+ 36.9
Short-term interest-bearing investments	12.9	12.0	+ 7.5
Net debt	**6,813.1**	**4,902.5**	**+ 39.0**

Net capex and investments

€ million	**H1 2021**	H1 2020	Var. %
Cash gross capex			
Hotels & Resorts	69.9	170.7	- 59.1
Cruises	15.1	43.5	- 65.3
TUI Musement	5.8	7.2	- 19.4
Holiday Experiences	90.8	221.4	- 59.0
Northern Region	5.4	30.9	- 82.5
Central Region	2.5	9.0	- 72.2
Western Region	1.7	11.9	- 85.7
Markets & Airlines*	15.0	60.7	- 75.3
All other segments	32.9	39.4	- 16.5
TUI Group	**138.7**	**321.5**	**- 56.9**
Net pre delivery payments on aircraft	- 31.6	- 42.4	+ 25.5
Financial investments	21.7	56.9	- 61.9
Divestments	- 237.2	- 48.8	- 386.1
Net capex and investments	**- 108.4**	**287.2**	**n. a.**

* Including €5.4m for H1 2021 (previous year €8.9m) cash gross capex of the aircraft leasing companies, which are allocated to Markets & Airlines as a whole, but not to the individual segments Northern Region, Central Region and Western Region.

Cash gross capex in H1 FY 2021 was 56.9 % lower year-on-year, reflecting our disciplined capex management. Net capex and investments declined by €395.6m.

The divestments related mainly to the sale of Hapag-Lloyd Kreuzfahrten to our joint venture TUI Cruises and the sale and lease back of spares and aircraft. Previous year’s divestments included the sale of two German specialist tour operators.

Assets and liabilities

Assets and liabilities

	31 Mar 2021	30 Sep 2020	Var. %
Non-current assets	12,205.0	12,647.8	- 3.5
Current assets	2,621.4	2,693.4	- 2.7
Assets	**14,826.4**	**15,341.1**	**- 3.4**
Equity	192.7	218.1	- 11.6
Provisions	2,221.1	2,317.3	- 4.2
Financial liabilities	4,847.9	4,269.0	+ 13.6
Other liabilities	7,564.7	8,536.7	- 11.4
Liabilities	**14,826.4**	**15,341.1**	**- 3.4**

Comments on the consolidated income statement

Unaudited condensed consolidated income statement of TUI Group for the period from 1 Oct 2020 to 31 Mar 2021

€ million	H1 2021	H1 2020 adjusted	Var. %
Revenue	716.3	6,638.7	- 89.2
Cost of sales	1,518.2	6,959.7	- 78.2
Gross loss	**- 801.9**	**- 321.0**	**- 149.8**
Administrative expenses	387.7	528.4	- 26.6
Other income	10.8	93.1	- 88.4
Other expenses	8.2	3.7	+121.6
Impairment (+) / Reversals of impairment (-) of financial assets	- 29.1	23.5	n. a.
Financial income	26.9	22.4	+20.1
Financial expenses	256.0	129.7	+97.4
Share of result of joint ventures and associates	- 157.2	41.9	n. a.
Impairment (+) / Reversals of impairment (-) of net investments in joint ventures and associates			
Earnings before income taxes	**- 1,543.7**	**- 849.0**	**- 81.8**
Income taxes (expense (+), income (-))	- 45.6	- 34.0	- 34.1
Group loss	**- 1,498.1**	**- 815.0**	**- 83.8**
Group loss attributable to shareholders of TUI AG	- 1,474.8	- 861.4	- 71.2
Group loss / profit attributable to non-controlling interest	- 23.3	46.4	n. a.

The development of TUI Group's revenue and earnings in H1 FY 2021 was still materially impacted by the suspension of the vast majority of our tour operation, aviation, hotel and cruise operations as a result of the global travel restrictions in order to contain the spread of COVID-19. TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months, however this period the impact is less evident due to the COVID-19 pandemic.

Consolidated turnover in H1 FY 2021 declined by 89.2 % year-on-year to €0.7bn. On a constant currency basis, turnover fell by 89.0 % year-on-year. This decline reflects the worldwide travel restrictions imposed to stem the spread of COVID-19.

Alternative performance measures

We use underlying EBIT for our management system. We define the EBIT in underlying EBIT as earnings before interest, taxes and result of the measurement of the Group's interest hedges.

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

Reconciliation to underlying EBIT

€ million	H1 2021	H1 2020 adjusted	Var. %
Earnings before income taxes	**- 1,543.7**	**- 849.0**	**- 81.8**
plus: Net interest expense (excluding expense / income from measurement of interest hedges)	239.6	104.7	+128.8
plus / less: Expense (income) from measurement of interest hedges	5.6	- 1.7	n. a.
EBIT	**- 1,298.5**	**- 746.0**	**- 74.1**
Adjustments:			
less: Separately disclosed items	- 26.4	- 71.1	
plus: Expense from purchase price allocation	16.2	22.3	
Underlying EBIT	**- 1,308.8**	**- 794.8**	**- 64.7**

The TUI Group's operating loss adjusted for special items increased by €514.0m to €1,308.8m in H1 FY 2021.

⇨ For further details on the separately disclosed items see page 4$ in the Notes of this Report.

Key figures of income statement

	H1 2021	H1 2020 adjusted	Var. %
EBITDAR	**- 824.0**	**- 161.9**	- 409.0
Operating rental expenses	- 7.5	- 35.0	+ 78.6
EBITDA	**- 831.5**	**- 196.9**	- 322.3
Depreciation/amortisation less reversals of depreciation*	- 467.0	- 549.1	+ 15.0
EBIT	**- 1,298.5**	**- 746.0**	- 74.1
Income/Expense from the meaurement of interest hedges	5.6	- 1.7	n. a.
Net interest expense	239.6	104.7	+ 128.8
EBT	**- 1,543.7**	**- 849.0**	- 81.8

* on property, plant and equipment, intangible assets, financial and other assets

Other segment indicators

Underlying EBITDA

€ million	H1 2021	H1 2020 adjusted	Var. %
Hotels & Resorts	- 87.1	156.4	n. a.
Cruises	- 122.3	101.0	n. a.
TUI Musement	- 49.5	- 15.3	- 223.5
Holiday Experiences	- 258.9	242.1	n. a.
Northern Region	- 255.5	- 247.8	- 3.1
Central Region	- 209.9	- 103.5	- 102.8
Western Region	- 90.7	- 99.5	+ 8.8
Markets & Airlines	- 556.1	- 450.7	- 23.4
All other segments	- 41.1	- 57.4	+ 28.4
TUI Group	**- 856.1**	**- 266.0**	**- 221.8**

EBITDA

€ million	H1 2021	H1 2020 adjusted	Var. %
Hotels & Resorts	- 87.2	156.3	n. a.
Cruises	- 122.3	101.0	n. a.
TUI Musement	- 50.9	- 19.8	- 157.1
Holiday Experiences	- 260.4	237.5	n. a.
Northern Region	- 272.1	- 249.5	- 9.1
Central Region	- 161.3	- 21.4	- 653.7
Western Region	- 93.8	- 103.8	+ 9.6
Markets & Airlines	- 527.2	- 374.6	- 40.7
All other segments	- 44.0	- 59.8	+ 26.4
TUI Group	**- 831.5**	**- 196.9**	**- 322.3**

Employees

	31 March 2021	31 March 2020	Var. %
Hotels & Resorts	9,068	16,655	- 45.6
Cruises*	59	347	- 83.0
TUI Musement	3,856	6,983	- 44.8
Holiday Experiences	12,983	23,985	- 45.9
Northern Region	8,710	11,458	- 24.0
Central Region	7,860	9,701	- 19.0
Western Region	4,163	5,954	- 30.1
Markets & Airlines	20,733	27,113	- 23.5
All other segments	2,313	2,427	- 4.7
Total	**36,029**	**53,525**	**- 32.7**

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

Corporate Governance

Composition of the Boards
In H1 2021 the composition of Boards of TUI AG changed as follows:

The terms of office of all ten employee representatives on the Supervisory Board and four of the ten Supervisory Board members to be elected by the Annual General Meeting ended at the close of the Annual General Meeting on 25 March 2021.

The following members were elected or re-elected to the Supervisory Board by this year's the ordinary General Meeting:

Dr. Jutta Dönges, Managing Director of Finanzagentur GmbH; Prof. Dr. Edgar Ernst, President of the German Financial Reporting Enforcement Panel (FREP); Janina Kugel, Supervisory Board member & Senior Advisor and Alexey Mordashov, Chairman of the Board of Directors of PAO Severstal. Peter Long and Angelika Gifford resigned from the Supervisory Board at the end of their regular term of office.

The ten Supervisory Board members representing the employees were already elected on 8 October 2020. Mark Muratovic and Tanja Viehl were elected to the Supervisory Board as new employee representatives. Dr Dierk Hirschel and Michael Pönipp stepped down at the end of their regular term of office.

The composition of TUI AG's Executive Board changed as follows in H1 2021:

Birgit Conix, who had been responsible for Finance on TUI AG's Executive Board since July 2018, left in December 2020. She was succeeded by Executive Board member Sebastian Ebel.

In January 2021, Peter Krueger took over a newly tailored Executive Board department as Chief Strategy Officer, combining the TUI Airlines, hotel and cruise shareholdings as well as his previous areas of responsibility TUI Strategy and M&A.

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

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

Risk and Opportunity Report

Successful management of existing and emerging risks is critical to the long-term success of our business and to the achievement of our strategic objectives. Full details of our risk governance framework and principal risks can be found in the Annual Report 2020.

➪ Details see Risk Report in our Annual Report 2020, from page 33

Actively Managed: IT Development & Strategy, Integration & Restructuring, Corporate & Social Responsibility, Information Security, Brexit

Monitored: Destination Disruption, Customer Demand, Input Cost Volatility, Cash flow, Legal & Regulatory Compliance, Health & Safety, Supplier Reliance, Talent & Leadership Development, Joint Venture Partnerships

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

There is material uncertainty as to when the TUI Group's travel activities can be fully resumed. Taking into account the financing lines still available and the low operating cash inflows in the last six months due to the pandemic, there is a risk that, in the absence of an increase in new travel bookings in the coming months and related customer prepayments from summer 2021 onwards, the TUI Group will no longer have sufficient financial resources to continue its business operations without further support measures or the short-term sale of non-current assets. Overall, there is a risk that the TUI Group will not be able to continue its business operations without further external support measures and realise its assets and service its liabilities in the normal course of business.

TUI's solvency could also be jeopardized if a further suspension of covenant compliance is not achieved for the test period ending on 30 September 2021 and beyond. Furthermore, the loans from KfW (both tranches) and the initial revolving credit facility totaling €4.6bn will have to be refinanced in FY 2022. Due to the uncertainty regarding future business development, there is a risk that refinancing on the banking and capital markets will not be successful and that an extension of the existing financing or further government support measures will therefore be necessary.

During this period of travel suspension, the Executive Board continues to monitor the key risks, particularly heightened risks such as customer demand and those that impact the financial profile (i.e. cost volatility and cashflow) of the Group.

Additionally, TUI Group is preparing to restart operations to align to the requirements to be introduced by source markets and destinations once restrictions begin to lift. This is to ensure resumption of activities at the earliest and in the safest manner.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited condensed consolidated income statement of TUI Group for the period from 1 Oct 2020 to 31 Mar 2021

€ million	Notes	H1 2021	H1 2020 adjusted*
Revenue	(1)	716.3	6,638.7
Cost of sales	(2)	1,518.2	6,959.7
Gross loss		**- 801.9**	**- 321.0**
Administrative expenses	(2)	387.7	528.4
Other income	(3)	10.8	93.1
Other expenses	(4)	8.2	3.7
Impairment (+) / Reversals of impairment (-) of financial assets	(20)	- 29.1	23.5
Financial income	(5)	26.9	22.4
Financial expenses	(5)	256.0	129.7
Share of result of joint ventures and associates	(6)	- 157.2	41.9
Impairment (+) / Reversals of impairment (-) of net investments in joint ventures and associates	(6)	- 0.5	-
Earnings before income taxes		**- 1,543.7**	**- 849.0**
Income taxes (expense (+), income (-))	(7)	- 45.6	- 34.0
Group loss		**- 1,498.1**	**- 815.0**
Group loss attributable to shareholders of TUI AG		- 1,474.8	- 861.4
Group loss / profit attributable to non-controlling interest	(8)	- 23.3	46.4

* For further information, please refer to the section 'Correction of comparative periods'

Earnings per share

€	H1 2021	H1 2020 adjusted*
Basic and diluted loss / earnings per share	- 1.83	- 1.46

* For further information, please refer to the section 'Correction of comparative periods'

Unaudited condensed consolidated statement of comprehensive income of TUI Group for the period from 1 Oct 2020 to 31 Mar 2021

€ million	H1 2021	H1 2020 adjusted*
Group loss	**- 1,498.1**	**- 815.0**
Remeasurements of defined benefit obligations and related fund assets	- 144.3	458.1
Other comprehensive income of companies measured at equity that will not be reclassified	29.9	- 44.8
Fair value gain/loss on investments in equity instruments designated as at FVTOCI	- 0.5	- 8.3
Income tax related to items that will not be reclassified (expense (-), income (+))	32.9	- 103.1
Items that will not be reclassified to profit or loss	**- 82.0**	**301.9**
Foreign exchange differences	63.1	- 121.4
Cash flow hedges	53.9	- 444.4
Other comprehensive income of companies measured at equity that may be reclassified	- 23.3	- 5.0
Income tax related to items that may be reclassified (expense (-), income (+))	- 22.1	106.6
Items that may be reclassified to profit or loss	**71.6**	**- 464.2**
Other comprehensive income	**- 10.4**	**- 162.3**
Total comprehensive income	**- 1,508.5**	**- 977.3**
attributable to shareholders of TUI AG	- 1,498.1	- 984.0
attributable to non-controlling interest	- 10.4	6.7

* For further information, please refer to the section 'Correction of comparative periods'

Unaudited condensed consolidated statement of financial position of TUI Group as at 31 Mar 2021

€ million	Notes	31 Mar 2021	30 Sep 2020
Assets			
Goodwill	(9)	3,007.9	2,914.5
Other intangible assets		552.1	553.5
Property, plant and equipment	(10)	3,396.3	3,462.5
Right-of-use assets	(11)	3,183.3	3,227.9
Investments in joint ventures and associates		1,092.8	1,186.7
Trade and other receivables	(12) (20)	199.9	402.4
Derivative financial instruments	(20)	4.5	7.4
Other financial assets	(20)	10.1	10.6
Touristic payments on account		128.0	149.9
Other non-financial assets		381.8	423.2
Income tax assets		9.6	9.6
Deferred tax assets		238.7	299.6
Non-current assets		**12,205.0**	**12,647.8**
Inventories		71.5	73.2
Trade and other receivables	(12) (20)	386.9	486.3
Derivative financial instruments	(20)	29.4	88.9
Other financial assets	(20)	12.9	14.9
Touristic payments on account		512.1	555.5
Other non-financial assets		132.5	113.4
Income tax assets		71.8	70.9
Cash and cash equivalents	(20)	1,399.7	1,233.1
Assets held for sale	(13)	4.7	57.2
Current assets		**2,621.4**	**2,693.4**
Total assets		**14,826.4**	**15,341.1**

Unaudited condensed consolidated statement of financial position of TUI Group as at 31 Mar 2021

€ million	Notes	31 Mar 2021	30 Sep 2020
Equity and liabilities			
Subscribed capital		1,099.4	1,509.4
Capital reserves		5,190.4	4,211.0
Revenue reserves		- 7,673.2	- 6,168.8
Silent participation		920.0	-
Equity before non-controlling interest		**- 463.4**	**- 448.4**
Non-controlling interest		656.0	666.5
Equity	(19)	**192.7**	**218.1**
Pension provisions and similar obligations	(14)	1,027.5	983.6
Other provisions		696.4	912.1
Non-current provisions		**1,724.0**	**1,895.7**
Financial liabilities	(15), (20)	4,578.9	3,691.7
Lease liabilities	(16)	2,663.8	2,712.6
Derivative financial instruments	(20)	19.0	44.0
Other financial liabilities	(17), (20)	5.7	7.2
Other non-financial liabilities		200.3	198.4
Income tax liabilities		80.5	61.3
Deferred tax liabilities		67.2	192.7
Non-current liabilities		**7,615.6**	**6,908.1**
Non-current provisions and liabilities		**9,339.6**	**8,803.7**
Pension provisions and similar obligations	(14)	30.4	31.4
Other provisions		466.8	390.3
Current provisions		**497.1**	**421.6**
Financial liabilities	(15), (20)	268.9	577.3
Lease liabilities	(16)	714.1	687.3
Trade payables	(20)	1,190.4	1,611.5
Derivative financial instruments	(20)	72.9	274.8
Other financial liabilities	(17), (20)	396.0	422.0
Touristic advance payments received	(18)	1,664.4	1,770.1
Other non-financial liabilities		430.0	447.8
Income tax liabilities		60.3	82.4
Current liabilities		**4,797.0**	**5,873.2**
Liabilities related to assets held for sale		-	24.5
Current provisions and liabilities		**5,294.1**	**6,319.3**
Total equity, liabilities and provisions		**14,826.4**	**15,341.1**

Unaudited condensed consolidated statement of changes in Group equity of TUI Group for the period from 1 Oct 2020 to 31 Mar 2021

€ million	Subscribed capital	Capital reserves	Revenue reserves	Silent participation	Equity before non-controlling interest	Non-controlling interest	**Total**
Balance as at 30 Sep 2020	**1,509.4**	**4,211.0**	**- 6,168.8**	**-**	**- 448.4**	**666.5**	**218.1**
Dividends	-	-	-	-	-	- 0.1	- 0.1
Share-based payment schemes	-	-	0.5	-	0.5	-	0.5
Conversion of convertible bonds	-	34.5	-	-	34.5	-	34.5
Capital increase	509.0	25.9	-	920.0	1,454.9	-	1,454.9
Capital reduction	- 919.0	919.0	-	-	-	-	-
Other	-	-	- 6.9	-	- 6.9	-	- 6.9
Group loss	**-**	**-**	**- 1,474.8**	**-**	**- 1,474.8**	**- 23.3**	**- 1,498.1**
Foreign exchange differences	-	-	50.2	-	50.2	12.9	63.1
Financial assets at FVTOCI	-	-	- 0.5	-	- 0.5	-	- 0.5
Cash Flow Hedges	-	-	53.9	-	53.9	-	53.9
Remeasurements of defined benefit obligations and related fund assets	-	-	- 144.3	-	- 144.3	-	- 144.3
Other comprehensive income of joint ventures and associates	-	-	6.7	-	6.7	-	6.7
Taxes attributable to other comprehensive income	-	-	10.8	-	10.8	-	10.8
Other comprehensive income	**-**	**-**	**- 23.2**	**-**	**- 23.2**	**12.9**	**- 10.3**
Total comprehensive income	-	-	- 1,498.0	-	- 1,498.0	- 10.4	- 1,508.4
Balance as at 31 Mar 2021	**1,099.4**	**5,190.4**	**- 7,673.2**	**920.0**	**- 463.4**	**656.0**	**192.7**

Unaudited condensed consolidated statement of changes in Group equity of TUI Group for the period from 1 Oct 2019 to 31 Mar 2020

€ million	Subscribed capital	Capital reserves	Revenue reserves	Silent participation	Equity before non-controlling interest	Non-controlling interest	**Total**
Balance as at 30 Sep 2019 (adjusted)	**1,505.8**	**4,207.5**	**- 2,259.2**	**-**	**3,454.2**	**711.4**	**4,165.6**
Adoption of IFRS 16	-	-	- 8.0	-	- 8.0	-	- 8.0
Balance as at 1 Oct 2019	**1,505.8**	**4,207.5**	**- 2,267.2**	**-**	**3,446.2**	**711.4**	**4,157.6**
Dividends	-	-	- 318.1	-	- 318.1	- 0.2	- 318.3
Share-based payment schemes	-	-	1.6	-	1.6	-	1.6
Effects on the acquisition of non-controlling interest	-	-	- 0.3	-	- 0.3	- 1.3	- 1.6
Group loss (adjusted*)	**-**	**-**	**- 861.4**	**-**	**- 861.4**	**46.4**	**- 815.0**
Foreign exchange differences (adjusted*)	-	-	- 81.7	-	- 81.7	- 39.7	- 121.4
Financial assets at FVTOCI	-	-	- 8.3	-	- 8.3	-	- 8.3
Cash Flow Hedges	-	-	- 444.4	-	- 444.4	-	- 444.4
Remeasurements of defined benefit obligations and related fund assets	-	-	458.1	-	458.1	-	458.1
Other comprehensive income of joint ventures and associates	-	-	- 49.8	-	- 49.8	-	- 49.8
Taxes attributable to other comprehensive income	-	-	3.5	-	3.5	-	3.5
Other comprehensive income (adjusted*)	**-**	**-**	**- 122.6**	**-**	**- 122.6**	**- 39.7**	**- 162.3**
Total comprehensive income (adjusted*)	-	-	- 984.0	-	- 984.0	6.7	- 977.3
Balance as at 31 Mar 2020	**1,505.8**	**4,207.5**	**- 3,568.0**	**-**	**2,145.3**	**716.6**	**2,861.9**

* For further information, please refer to the section 'Correction of comparative periods'

Unaudited condensed consolidated cash flow statement of TUI Group for the period from 1 Oct 2020 to 31 Mar 2021*

€ million	Notes	**H1 2021**	H1 2020*
Group loss		- 1,498.1	- 815.0
Depreciation, amortisation and impairment (+) / write-backs (-)		467.3	549.7
Other non-cash expenses (+) / income (-)		127.8	- 52.3
Interest expenses		251.4	121.3
Dividends from joint ventures and associates		10.0	6.5
Profit (-) / loss (+) from disposals of non-current assets		- 3.1	- 88.7
Increase (-) / decrease (+) in inventories		4.4	- 2.4
Increase (-) / decrease (+) in receivables and other assets		540.2	409.0
Increase (+) / decrease (-) in provisions		- 235.7	- 132.7
Increase (+) / decrease (-) in liabilities (excl. financial liabilities)		- 1,140.1	- 723.8
Cash outflow from operating activities	(23)	**- 1,476.0**	**- 728.4**
Payments received from disposals of property, plant and equipment and intangible assets		228.1	101.0
Payments received from disposals of consolidated companies (less disposals of cash and cash equivalents due to divestments)		31.3	41.4
Payments received from the disposals of other non-current assets		23.5	20.8
Payments made for investments in property, plant and equipment and intangible assets		- 150.0	- 372.7
Payments made for investments in consolidated companies (less cash and cash equivalents received due to acquisitions)		- 0.7	- 41.2
Payments made for investments in other non-current assets		- 22.2	- 13.0
Cash inflow / cash outflow from investing activities	(23)	**110.0**	**- 263.7**
Payments received from capital increases		1,488.9	- 1.0
Payments made for interest increase in consolidated companies		-	- 1.6
Dividend payments			
TUI AG		-	- 318.1
subsidiaries to non-controlling interest		-	- 0.6
Payments received from the raising of financial liabilities		844.2	1,085.1
Payments made for redemption of loans and financial liabilities		- 314.1	- 70.4
Payments made for principal of lease liabilities		- 290.6	- 330.4
Interest paid		- 217.2	- 104.4
Cash inflow from financing activities	(23)	**1,511.2**	**258.6**
Net change in cash and cash equivalents		**145.3**	**- 733.6**
Development of cash and cash equivalents	(23)		
Cash and cash equivalents at beginning of period		**1,233.1**	**1,747.6**
Change in cash and cash equivalents due to exchange rate fluctuations		21.4	29.8
Net change in cash and cash equivalents		145.3	- 733.6
Cash and cash equivalents at end of period		**1,399.7**	**1,043.9**
of which included in the balance sheet as assets held for sale		-	21.1

* The presentation was changed to present more detailed information on cashflows in line with the presentation in the annual report.

NOTES

General

The TUI Group and its major subsidiaries and shareholdings operate in tourism. TUI AG, based in Hanover and Berlin, Germany, is TUI Group's parent company and a listed corporation under German law. The shares in TUI AG are traded on the London Stock Exchange and the Hanover and Frankfurt Stock Exchanges. In this document, the term "TUI Group" represents the consolidated group of TUI AG and its direct and indirect investments. Additionally, the unaudited condensed consolidated interim financial statements of TUI Group are referred to as "Interim Financial Statements", the unaudited condensed consolidated income statement of TUI Group is referred to as "income statement", the unaudited condensed consolidated statement of financial position of TUI Group is referred to as "statement of financial position", the unaudited condensed consolidated statement of comprehensive income of TUI Group is referred to as "statement of comprehensive income" and the unaudited condensed consolidated statement of changes in TUI Group equity is referred to as "statement of changes in equity".

The Interim Financial Statements cover the period from 1 October 2020 to 31 March 2021. The Interim Financial Statements are prepared in euros. Unless stated otherwise, all amounts are stated in million euros (€m).

The Interim Financial Statements were released for publication by the Executive Board of TUI AG on 10 May 2021.

Accounting principles

Declaration of compliance

The consolidated half-year financial report for the period ended 31 March 2021 comprise the Interim Financial Statements and the Interim Management Report in accordance with section 115 of the German Securities Trading Act (WpHG).

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

In accordance with IAS 34, the Interim Financial Statements are published in a condensed form compared with the consolidated annual financial statements and should therefore be read in combination with TUI Group's consolidated financial statements for financial year 2020. The Interim Financial Statements were reviewed by the Group's auditors.

Going concern reporting in accordance with the UK Corporate Governance Code

The TUI Group covers its day-to-day working capital requirements through cash on hand, balances and borrowings from banks. The TUI Group's net debt (financial debt plus lease liabilities less cash and cash equivalents and less short-term interest-bearing cash investments) as of March 31, 2021 was €6.8bn.

Net debt

	31 Mar 2021	30 Sep 2020	Var. %
Financial debt	4,847.9	4,269.0	+ 13.6
Lease liabilities	3,377.8	3,399.9	- 0.7
Cash and cash equivalents	1,399.7	1,233.1	+ 13.5
Short-term interest-bearing investments	12.9	14.9	- 13.4
Net debt	**6,813.1**	**6,420.9**	**+ 6.1**

The global travel restrictions to contain COVID-19 had a strong negative impact on the Group's earnings and liquidity development from the end of March 2020. To cover the resulting liquidity requirements, the Group also received financing measures from the Federal Republic of Germany in fiscal 2020, in particular in the form of a credit line from KfW totalling €2.85bn and an option bond from the Economic Stabilization Fund (WSF) in the amount of €150m with option rights to around 58.7m shares. The option bond was issued to the Economic Stabilization Fund on 1st October 2020. In the second quarter of fiscal 2021, TUI secured further funds from a further financing package of €1.8bn agreed with Unifirm Ltd, a banking consortium and KfW as well as the Economic Stabilization Fund (WSF).

The preconditions for all components of the third financing package were created at the Extraordinary General Meeting of TUI AG on January 5, 2021. This included in particular the resolution to reduce the capital stock from €2.56 per share to €1.00 per share and the subsequent capital increase of around €509m.

The WSF and TUI AG subsequently signed the agreement on two silent participations totalling €1.091bn. The WSF measures comprise a silent participation convertible into shares in TUI of €420m (Silent Participation I) and a second silent participation of €671m. At March 31, 2021, silent Participation I was fully paid in and silent participation II in the amount of €500m. In the IFRS consolidated financial statements, the silent participations are shown as equity due to their nature and are therefore not included in the Group's net debt. As part of the third financing package, KfW also participated in an additional loan facility together with private banks in the amount of €200m.

TUI AG successfully completed its capital increase on January 28, 2021. The gross issue proceeds amounted to around €568m. The Group's share capital increased nominally by just under €509m to around €1.099bn.

TUI used the funds from the capital increase to repay the outstanding senior bond (October 2016 - October 2021) of €300m ahead of schedule on February 23, 2021, in accordance with the terms and conditions of the bond. In accordance with the agreement on the loans granted by KfW under the three financing packages, the early redemption of the senior bond extended their maturities. KfW's loans under the stabilization packages totalling €3.05bn will therefore now mature in July 2022.

The revolving credit facility (RCF) and the KfW credit line of TUI AG are subject to compliance with certain financial targets (covenants) for debt coverage and interest coverage. The review of these covenants is currently suspended and will resume in September 2021. Testing will be based on the four most recent reported quarters prior to September 2021. In light of the ongoing pressures from the COVID 19 pandemic, we are seeking a covenant suspension (referred to as a covenant holiday) for the testing period ending September 30, 2021 and beyond under the RCF.

On April 16, 2021, TUI AG successfully completed the issuance of a convertible bond. The unsubordinated and unsecured convertible bond matures in 2028 and has a total nominal amount of €400m. Unless the convertible bonds are converted, redeemed or repurchased and retired prior to maturity, they will be redeemed at their nominal value on April 16, 2028. Investors have the option to convert the convertible bonds into registered shares of TUI.

The successfully placed convertible bond is intended in particular to initiate the refinancing of loans from the Corona stabilization packages and also to strengthen the liquidity available in the short term. Additional funds were generated in H1 2021 from the sale and leaseback of aircraft and spare parts. We also expect cash inflows from hotel projects in the second half of the year.

Currently, the TUI Group continues to be affected by the negative financial impact of the COVID 19 pandemic. At the time of preparing this report (May 10, 2021), it is not foreseeable when the international travel restrictions will be lifted again and when we will be able to fully resume our travel program. In particular, it is not possible at this time to reliably predict how quickly vaccination against the COVID-19 virus can be completed in each country, whether new variants of the virus will emerge, and when medications will be available to treat COVID-19 disease. Also, a change in booking behavior cannot be ruled out at this time.

Taking into account the financing lines still available and the low operating cash inflows in the last six months due to the pandemic, there is a risk that, in the absence of an increase in new travel bookings in the coming months and related customer prepayments from summer 2021, the TUI Group will no longer have sufficient financial resources to continue its business operations without further support measures or the short-term sale of non-current assets.

Overall, there is a risk that the TUI Group will not be able to continue its business operations without further external support measures and to realize its assets and service its liabilities in the normal course of business.

TUI's solvency could also be jeopardized if a further suspension of covenant compliance is not achieved for the test period ending on September 30, 2021 and beyond. Furthermore, the loans from KfW (both tranches) and the initial revolving credit facility totalling €4.6bn will have to be refinanced in fiscal 2022. Due to the uncertainty surrounding future business development, there is a risk that refinancing on the banking and capital markets may not be successful and an extension of the existing financing or further government support measures will be necessary.

The Executive Board assumes that the successful implementation of the measures described is possible. Due to the dependence of the TUI Group's solvency on the further development of travel bookings, risks with regard to the refinancing of the external loans and the necessary further suspension of compliance with the covenants as well as the uncertainty with regard to the future development due to the COVID 19 pandemic, there are significant doubts about the TUI Group's ability to continue its business operations. In this respect, there is a material uncertainty with regard to the Group's ability to continue as a going concern.

Based on the assumptions described above, we expect that, despite the existing risks, the TUI Group currently has and will continue to have sufficient funds, both from borrowings and from operating cash flows, to meet its payment obligations for the foreseeable future and to continue as a going concern.

In accordance with Regulation 30 of the UK Corporate Governance Code, the Board of Directors confirms that, in its opinion, it is appropriate to prepare the Interim Financial Statements on a going concern basis.

Accounting and measurement methods

The preparation of the Interim Financial Statements requires management to make estimates and judgements that affect the reported values of assets, liabilities and contingent liabilities as at the balance sheet date and the reported values of revenues and expenses during the reporting period.

At the end of the financial year 2020 TUI assumed that the travel activities could be resumed in the first half of the financial year 2021. Due to the later resumption of the travel business in comparison to the assumptions made at the financial year end 2020, there are indications that certain assets of TUI Group companies may be impaired. Accordingly, the assets of TUI Group, in particular the business entities carrying goodwill, as well as property, plant and equipment and shareholdings were tested for impairment as at 31 March 2021.

The impairment test required estimates and judgement regarding the underlying assumptions, in particular the weighted average cost of capital (WACC) used as a discounting basis, the growth rate in perpetuity and the forecasts for future cash flows including the underlying budget assumptions based on corporate planning. Changes in these assumptions may have a substantial impact on the recoverable amount and the level of a potential impairment.

The basic assumption of our medium-term corporate planning is still that the travel activity can be resumed in the summer of the financial year 2021. After a further recovery in financial year 2022 it is our unchanged expectation, that the Group's business will reach at the latest in the financial year 2023 the level of the years before the outbreak of the COVID-19-pandemic. In comparison to the assumptions at financial year end 2020 it is now expected that the resumption of the business will happen later in the financial year 2021 and the level of travel activity will be lower especially as there was nearly no business from 1 October 2020 to 31 March 2021.

For information on the calculation of the cost of capital and growth rate, please refer to the section "Goodwill".

The accounting and measurement methods adopted in the preparation of the Interim Financial Statements as at 31 March 2021 are materially consistent with those followed in preparing the annual consolidated financial statements for the financial year ended 30 September 2020, with the exception of the initial application of new or amended standards, as outlined below.

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

Newly applied standards

Since the beginning of financial year 2021, TUI Group has initially applied the following standards and interpretations, amended or newly issued by the IASB and endorsed by the EU, on a mandatory basis:

New applied standards in financial year 2021

Standard	Applicable from	Amendments	Impact on financial statements
Amendments to IAS 1 & IAS 8 Definition of Material	1 Jan 2020	Materiality is a key concept in preparing financial statements according to IFRS. The amendments refine the definition of 'material' and clarify how to apply materiality. The amendments also align the definition of 'material' and ensure consistency in the application of that concept across all IFRS Standards.	No impact.
Framework Amendments to References to the Conceptual Framework in IFRS Standards	1 Jan 2020	The revised Conceptual Framework includes revised definitions of an asset and a liability, and new guidance on measurement and derecognition, presentation and disclosure. References to the Conceptual Framework in existing Standards are updated. The revised Conceptual Framework is not subject to the Endorsement Process.	No impact.
Amendments to IFRS 3 Definition of a business	1 Jan 2020	The amendments to IFRS 3 clarify the definition of a business and make it easier for entities to determine whether an acquisition transaction results in recognition of a group of assets or a business.	The assessment process used to determine whether an acquisition of a subsidiary falls into the scope of IFRS 3 was revised in the period under review. As a result, accounting for acquisitions of hotel companies, in particular, will now be assessed on this revised basis.
Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (Phase 1)	1 Jan 2020	The amendments relate to the provision of relief from potential consequences arising from the reform of interbank offered rates (IBORs) such as LIBOR on companies' financial reporting. They are intended to secure the continuation of hedging relationships despite the replacement of current interest rates with alternative rates. Entities also have to disclose the extent to which their hedges are affected by the interest rate benchmark reform.	Not material.
Amendments to IFRS 16 COVID-19-Related Rent Concessions	1 Jun 2020	The amendments published by the IASB on 28 May 2020 provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. Lessees applying the exemption have to account for the rent concessions as if they were not lease modifications. The amendments are available for rent concessions reducing lease payments due on or before 30 June 2021.	No impact. TUI does not apply the new practical expedient.

Correction of comparative periods

In the financial year 2020 the functional currency of companies in Turkey changed. Beginning with 1 October 2019 the Euro was determined as functional currency as opposed to the Turkish Lira before.

In the consolidated financial statements for the financial year ending 30 September 2020 the financial figures of the affected companies were reported for the first time based on Euro. In the Interim Financial Statements per 31 March 2020 they reported erroneously based on the functional currency Turkish Lira. As the exchange rate of the Turkish Lira in comparison to the Euro changed considerably during the financial year 2020 the comparatives to the income statement, to the earnings per share, to the statement of comprehensive income and to the statement of changes in equity for the period from 1 October 2019 to 31 March 2020 have been corrected accordingly. The restated amounts are presented below.

Restated items of the unaudited condensed consolidated income statement of TUI Group for the period from 1 Oct 2019 to 31 Mar 2020

€ million	before adjustment	Change in functional currency	adjusted
Cost of sales	6,970.9	- 11.2	6,959.7
Gross loss	**- 332.2**	**11.2**	**- 321.0**
Financial expenses	150.6	- 20.9	129.7
Earnings before income taxes	**- 881.0**	**32.1**	**- 849.0**
Income taxes	- 35.3	1.3	- 34.0
Group loss	**- 845.7**	**30.8**	**- 815.0**
Group loss for the year attributable to shareholders of TUI AG	- 892.2	30.8	- 861.4

Reconciliation to the adjusted earnings per share of the TUI Group for the period from 1 Oct 2019 to 31 Mar 2020

€	before adjustment	change in functional currency	adjusted
Basic and diluted earnings per share	**- 1.51**	**0.05**	**- 1.46**

Restated items of the unaudited condensed consolidated statement of comprehensive income of TUI Group for the period from 1 Oct 2019 to 31 Mar 2020

€ million	before adjustment	Change in functional currency	adjusted
Group loss	**- 845.8**	**30.8**	**- 815.0**
Foreign exchange differences	- 160.2	38.8	- 121.4
Items that may be reclassified to profit or loss	**- 503.0**	**38.8**	**- 464.2**
Other comprehensive income	**- 201.1**	**38.8**	**- 162.3**
Total comprehensive income	**- 1,046.9**	**69.6**	**- 977.3**
attributable to shareholders of TUI AG	- 1,053.6	69.6	- 984.0

Corresponding to the corrections of amounts in the statement of comprehensive income in the statement of changes equity the revenue reserves increased by €69.6m from €-3,637.6m to €-3,568.0m, the equity before non-controlling interest increased from €2,075.7m to €2,145.3m and the total equity increased from €2,792.3m to €2,861.9m.

Group of consolidated companies

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

The Interim Financial Statements as at 31 March 2021 comprised a total of 277 subsidiaries of TUI AG.

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

	Consolidated subsidiaries	Associates	Joint ventures
Balance at 30 Sep 2020	**277**	**19**	**30**
Additions	7	-	-
Incorporation	1	-	-
Acquisition	-	-	-
Expansion of business operations	1	-	-
Added to group of consolidated companies due to further acquisition of shares	5	-	-
Disposals	7	2	1
Liquidation	2	-	-
Sale	-	2	1
Merger	5	-	-
Change in ownership stake	-**	1	- 1
Balance at 31 Mar 2021	**277**	**18**	**28**

* excl. TUI AG
** Addition 1 / disposal -1

Acquisitions – Divestments

Acquisitions in the period under review

In H1 FY21, companies were acquired for a total consideration of €10.0m, comprised of deferred purchase price payments worth €3.4m, settled purchase price payments worth €4.9m and cash consideration worth €1.7m.

Summary presentation of acquisitions

Name and headquarters of the acquired company	Business activity	Acquirer	Date of acquisition	Acquired share %	Consideration transferred in € million
Karisma Hotels Adriatic d.o.o.za trgovinu i usluge, Zagreb, Croatia (subgroup)	Accommodation Service	TUI Travel Overseas Holding Limited	23.2.2021	67%	10.0
Total					**10.0**

The acquisition of the interests in Karisma Hotels Adriatic d.o.o.za trgovinu i usluge, Zagreb, Croatia, resulted in an increase of the 33% stake previously held by TUI Group to 100%. Following application of the fair value concentration test, this acquisition is not recognised in accordance with IFRS 3. Accordingly, the purchase price is allocated to the individual acquired assets and liabilities, based on their fair value at the acquisition date.

Condensed statement of financial position as at the date of acquisition

€ million	Karisma Hotels Adria-tic d.o.o.za trgovinu i usluge (subgroup)
Assets	
Non-current assets	44.0
Current assets	5.1
Equity and liabilities	
Provisions	0.9
Liabilities	38.2

No acquisitions were made after the reporting date.

Acquisitions of the prior financial year

The purchase price allocation for the companies acquired in FY20 had already been finalised in the prior year.

Divestments

In March 2019, TUI Group sold its stake in the Corsair S.A. airline to Diamondale Ltd. and acquired a 27% stake in Diamondale Ltd. for €1. Since then, the investment has been carried as a TUI Group associate with a carrying amount of €1. On 30 December 2020, TUI Group sold the investment in Corsair S.A. As part of that transaction, on 29 December 2020, a 75% stake in the aircraft asset company MSN 1359 GmbH was sold to Corsair S.A. for €1. Following the divestment of the stake in MSN 1359 GmbH, previously recognised as a fully consolidated subsidiary, TUI Aviation GmbH has retained a 25% stake, recognised as an associate measured at equity. The divestment of the stake generated a loss of €3.3m, carried in Other expenses.

Condensed balance sheet of 'MSN 1359 GmbH' as at 29 Dec 2020

€ million	29 Dec 2020
Assets	
Property, plant and equipment and intangible assets	24.5
Trade receivables	1.7
Cash and cash equivalents	2.0
	28.2

€ million	29 Dec 2020
Provisions and liabilities	
Non-current liabilities	19.3
Other current liabilities	5.6
	24.9

Notes to the unaudited condensed consolidated income statement of TUI Group

The development of TUI Group's revenue and earnings in H1 of the financial year 2021 was still materially impacted by the suspension of the vast majority of our tour operation, aviation, hotel and cruise operations as a result of the global travel restrictions in order to contain the spread of COVID-19. TUI Group's results generally also reflect the significant seasonal swing in tourism between the winter and summer travel months, however this period the impact is less evident due to the COVID-19 pandemic.

(1) Revenue

In H1of the financial year 2021, consolidated revenue decreased by 89.2 % year-on-year to €0.7bn. The decline was driven by the travel restrictions due to COVID-19.

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

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

External revenue allocated by destinations for the period from 1 Oct 2019 to 31 Mar 2020

€ million	Spain (incl. Canary Islands)	Other European destinations	Caribbean, Mexico, USA & Canada	North Africa & Turkey	Rest of Africa, Ind. Ocean, Asia	Other countries	**H1 2020 Revenues from contracts with customers**	Other	**H1 2020 Total**
Hotels & Resorts	128.2	19.4	56.6	18.9	76.8	0.3	300.2	-	300.2
Cruises	80.8	54.7	167.1	0.2	90.5	88.3	481.6	-	481.6
TUI Musement	56.7	88.3	47.4	7.0	71.7	29.3	300.4	-	300.4
Holiday experiences	265.7	162.4	271.1	26.1	239.0	117.9	1,082.2	-	1,082.2
Northern Region	844.4	370.5	453.3	119.9	353.6	37.6	2,179.3	7.7	2,187.0
Central Region	666.8	469.3	179.3	390.9	484.5	8.8	2,199.6	10.3	2,209.9
Western Region	126.9	159.7	229.8	137.1	381.6	23.9	1,059.0	16.1	1,075.1
Markets & Airlines	1,638.1	999.5	862.4	647.9	1,219.7	70.3	5,437.9	34.1	5,471.9
All other segments	2.7	34.9	4.7	2.2	28.6	11.4	84.5	-	84.5
Total	**1,906.5**	**1,196.8**	**1,138.2**	**676.2**	**1,487.3**	**199.6**	**6,604.6**	**34.1**	**6,638.7**

(2) Cost of sales and administrative expenses

Cost of sales relates to the expenses incurred in the provision of tourism services. In addition to the expenses for staff costs, depreciation, amortisation, rental and leasing, it includes all costs incurred by TUI Group in connection with the procurement and delivery of airline services, hotel accommodation and cruises and distribution costs.

Due to the suspension of business operations as a result of COVID-19, the cost of sales declined by 78.2 % to €1.5bn in H1 2021.

Government Grants

€ million	H1 2021	H1 2020
Cost of Sales	84.6	6.2
Administrative expenses	46.1	4.3
Total	**130.7**	**10.5**

The government grants reported under cost of sales and administrative expenses include in particular grants for wages and salaries as well as social security contributions directly reimbursed to the relevant company.

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

Administrative expenses

€ million	H1 2021	H1 2020
Staff cost	275.0	345.7
Rental and leasing expenses	7.2	12.3
Depreciation, amortisation and impairment	44.8	46.3
Others	60.8	124.1
Total	**387.7**	**528.4**

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

Staff cost

€ million	H1 2021	H1 2020
Wages and salaries	579.9	970.9
Social security contributions, pension costs and benefits	161.3	217.0
Total	**741.2**	**1,187.9**

Depreciation/amortisation/impairment

€ million	H1 2021	H1 2020
Depreciation and amortisation of other intangible assets, property, plant and equipment and right-of-use assets	444.5	528.4
Impairment of other intangible assets, property, plant and equipment and right-of-use assets	32.9	20.7
Total	**477.4**	**549.1**

The decrease in depreciation and amortisation is attributable to revaluations and modifications of right of use assets and impairments in the prior year. In addition changes in the exchange rates caused a decline in the depreciations and amortizations. Of the impairments losses €14.0m (H1 2020 €0.0m) correspond to right-of-use assets, €18.6m (H1 2020 €18.9m) relate to property, plant and equipment, and €0.3m (H1 2020 €1.8m) to other intangible assets. €29.3m (H1 2020 €20.3m) of the impairments were presented within cost of sales. In addition reversals of impairment losses of €10.3m were recognized in cost of sales.

(3) Other income

In H1 2021 Other income mainly results from the sale of aircraft assets and the disposal of a joint venture. In the prior year, this item had primarily included income from the sale of subsidiaries.

(4) Other expenses

In the current financial year, Other expenses comprise losses from the sale of TUI Group companies. In the prior year, this item had included losses from the sale of aircraft assets and expenses for the disposal of TUI Group companies.

(5) Financial income and financial expenses

The net financial result declined from €-107.3m in H1 2020 to €-229.1m in the first half of the current financial year. This was largely driven by an increase in interest expenses resulting from the utilisation of credit facilities to cover payment obligations and by expenses incurred in connection with the early redemption of TUI's Senior Notes bond on 23 February 2021 as well as lower income from bank balances. Financial income primarily resulted from foreign exchange gains on lease liabilities in accordance with IFRS 16.

(6) Share of result of joint ventures and associates

Share of result of joint ventures and associates

€ million	H1 2021	H1 2020
Hotels & Resorts	- 47.1	4.1
Cruises	- 94.2	42.1
TUI Musement	- 2.2	3.6
Holiday Experiences	- 143.5	49.8
Northern Region	- 12.5	- 7.1
Central Region	- 1.2	- 0.9
Western Region	-	-
Markets & Airlines	- 13.7	- 8.0
All other segments	-	0.1
Total	**- 157.2**	**41.9**

The year-on-year decline is attributable to holiday cancellations, customer repatriation costs and hotel closures resulting from the COVID-19 pandemic.

(7) Income taxes

The tax income generated in the first half year 2021 was mainly attributable to additional benefits arising from tax losses which should be used after the end of the COVID-19 pandemic.

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

TUI Group's result attributable to non-controlling interests is substantially a loss, primarily relating to RIUSA II Group at an amount of €21.4m (H1 2020 €46.5m profit).

Notes to the unaudited condensed consolidated statement of financial position of TUI Group

(9) Goodwill

Goodwill increased by €93.4m due the foreign exchange translation. The breakdown of goodwill by main individual cash generating unit (CGU) at carrying amounts is as follows:

Goodwill per cash generating unit

	31 Mar 2021	30 Sep 2020
Northern Region	1,236.1	1,162.2
Central Region	501.6	501.7
Western Region	412.2	412.3
RIU	343.1	343.1
Marella Cruises	299.1	279.3
TUI Musement	170.1	170.1
Other	45.7	45.8
Total	**3,007.9**	**2,914.5**

The ongoing travel restrictions and the associated effect of the COVID-19 pandemic on the recovery of the tourism business in the financial year ending 2021 constitute a triggering event for impairment testing as at 31 March 2021. Goodwill was therefore tested for impairment at the level of cash generating units (CGUs).

The discount rates are calculated as the weighted average cost of capital, taking account of country-specific risks of the CGU and based on external capital market information. The comparatively high weighted average cost of capital reflects the current market situation and the increased amount of debt capital due to the COVID-19 pandemic.

The table below provides an overview of the parameters adjusted versus the end of the previous financial year, underlying the determination of the fair values per CGU. Given the impact of the COVID-19 pandemic and the expected regeneration in the upcoming planning periods the growth rate for revenues and the EBIT margin are not comparative in a meaningful way. The table lists the CGUs to which goodwill has been allocated.

Assumptions for calculation of the recoverable amount at 31 March 2021

	Planning period in years	Growth rate revenues in % p.a.***	EBIT-Margin in % p.a.***	Sustainable Growth rate** in %	WACC in %	Level	Carrying amount in € million	Recoverable amount in € million
Northern Region	2.50	8.5	2.7	0.5	11.75	3	2,090.0	2,545.9
Central Region	2.50	12.4	3.1	0.5	11.75	3	566.2	1,151.9
Western Region	2.50	3.3	4.2	0.5	11.75	3	544.9	1,156.6
RIU*	2.50	7.7	32.2	1.0	8.24	3	2,130.3	2,774.1
Marella Cruises*	2.50	21.0	12.1	1.0	9.83	3	871.7	931.5
TUI Musement	2.50	20.3	4.7	1.0	8.73	3	381.5	474.4
Other	2.50	1.7 to 5.2	15.1 to 15.8	1.0	8.24 to 8.94	3	557.9 to 636.6	641.3 to 707.8

* Those are groups of CGUs
** Growth rate of expected net cash inflows
*** Plant growth rate in revenues in % and EBIT-Margin after regeneration of the upcoming business

Assumptions for calculation of the recoverable amount at 30 September 2020

	Planning period in years	Growth rate revenues in % p.a.	EBIT-Margin in % p.a.	Sustainable Growth rate** in %	WACC in %	Level	Carrying amount in € million	Recoverable amount in € million
Northern Region	3.00	44.1	1.0	0.5	11.75	3	1,973.2	2,516.8
Central Region	3.00	28.3	-	0.5	11.75	3	167.7	808.7
Western Region	3.00	34.8	2.1	0.5	11.75	3	321.5	872.6
RIU*	3.00	27.9	26.9	1.0	7.74	3	2,010.3	2,778.4
Marella Cruises*	3.00	32.5	1.0	1.0	9.74	3	573.6	696.4
TUI Musement	3.00	40.3	- 1.8	1.0	8.39	3	352.5	453.9
Other	3.00	40,3 to 42,3	11,3 to 12,4	1.0	7,74 to 8,80	3	568.9 to 666.5	662.8 to 778.1

* Those are groups of CGUs
** Growth rate of expected net cash inflows

The goodwill impairment test conducted based on cash generating units as at 31 March 2021 did not result in the recognition of impairment losses on capitalised goodwill. An increase in WACC by 100 basis points would have resulted in an impairment requirement on capitalised goodwill of €35.5m for Marella Cruises and of €17.9m for Robinson, which are reported under Other. Capitalised goodwill would have to be impaired by an amount of €10.9m for Marella Cruises in the event of a 10% decrease in the discounted cash flow. The reduction of the growth rate by 50 basis points would not have led to any goodwill impairment.

(10) Property, plant and equipment

Compared to 30 September 2020 property, plant and equipment declined by €66.2m to €3,396.3m. A decline of €158.6m was caused by the disposal of property, plant and equipment which is mainly attributable to aircraft (€96.1m) and advance payments for future delivery of aircraft (€42.9m) and were partly due to sale and leaseback transactions. As a result of the lease transactions the new aircrafts are reported as additions on right-of-use assets (for details please refer to the section 'Leases'). Further, depreciation and amortisation of €120.8m led to a decrease in property, plant and equipment.

The decline was partly offset by additions of €147.8m, mainly attributable to additions in the segment Hotels & Resorts. The construction of two new hotels and the refurbishment of hotels in Spain and Jamaica resulted in additions totalling €59.8m in the RIU Group. Furthermore additions of property, plant and equipment of €44.0m were caused by the acquisition of Karisma (for details please refer to section 'Acquisitions in the financial year').

The review of the carrying amounts of property, plant and equipment performed due to the ongoing travel restrictions resulted in total impairment charges of €18.6m, of which €17.3m were attributable to property, plant and equipment in the segment Hotels & Resorts and related to various individual items. The impairment charges of €18.9m incurred in the first half of the previous year were mainly attributable to the segment Cruises (€18.5m).

(11) Leases

Right-of-use assets declined by €44.6m to €3,183.3m compared to the end of financial year. While cumulative depreciation/amortisation amounted to €256.5m, additions included in particular an amount of €209.2m for six new aircraft as well as €20.8m for hotels. Right-of-use assets increased by €26.8m due to foreign exchange translation.

Furthermore, disposals of €39.7m led to a decrease in right-of-use assets. Disposals of €36.5m are mainly attributable to contract adjustments of aircraft.

The review of carrying amounts carried out in connection with the pandemic led to a total impairment of €14.0m. The impairment losses include an amount of €8.1m on travel shops in the Northern Region. On the other hand, the review of the carrying amounts led to reversal of impairment losses amounting to €10.4m, which were mainly attributable to the segment Hotels & Resorts. In the first half of the previous year, there were no impairment gains or losses on right of use assets.

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

(12) Trade and other receivables

TUI Group and Boeing have agreed on a comprehensive package of measures to offset the consequences of the grounding of the 737 MAX. It provides compensation which covers a significant portion of the financial impact, as well as credits for future aircraft orders. The cash payments will be realised over the next two years, while the income is already partly realized within Cost of Sales in the previous reporting period and will be partly spread over the useful life of those 737 MAX delivered in the future. The respective compensation receivable was included in other receivables. During the first half of the financial year 2021 TUI sold the compensation receivable against Boeing to a third party and thus derecognized it as all criteria for derecognition were met. The sale resulted in a loss, which is presented as a financial expense in the income statement.

(13) Assets held for sale

Due to the expected sale a hotel including land was reclassified to assets held for sale in the segment Western Region as at 31 March 2021.

All non-current assets and disposal groups and related liabilities classified as held for sale at 30 September 2020 have been sold in the first half of the financial year 2021. Please refer to the section 'Divestments'.

Assets held for sale

€ million	**31 Mar 2021**	30 Sep 2020
Hotels including land	3.8	-
Other assets	0.9	1.7
Aircraft	-	42.4
Investments in joint ventures and associates	-	13.1
Total	**4.7**	**57.2**

(14) Pension provisions and similar obligations

In the United Kingdom and Germany, there was an increase in the long-term interest rate level as at 31 March 2021 compared to 30 September 2020. The resulting remeasurement effects led to a decrease in both the obligation from pension commitments and the assets of funded pension plans. The decline in assets was greater than the decline in obligations.

Accordingly, the pension provisions for unfunded plans and plans with underfunding increased by €42.9m to €1,057.9m compared to the end of the financial year.

The overfunding of funded pension plans reported in other non-financial assets decreased by €32.3m to €331.0m compared to 30 September 2020.

(15) Financial liabilities

Non-current financial liabilities rose by €887.2m to €4,578.9m as against 30 September 2020. This increase was primarily attributable to an increase in liabilities to banks of €1,068.7m, partially offset by a decline in liabilities from bonds of €181.5m. This reflects the fact that TUI AG issued a warrant bond totalling €150.0m on 1 October 2020 in the framework of the financing package from the German government, exclusively subscribed to by the Economic Stabilisation Fund (ESF). While the bond component of the warrant bond is shown under financial liabilities, the warrants are recognised in equity. Meanwhile, TUI's Senior Notes bond issued on 26 October 2016 with a nominal amount of €300.0m was redeemed early on 23 February 2021.

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

In addition, there is a separate syndicated revolving credit facility of €200.0m.

As at 31 March 2021, the amounts drawn under the revolving credit facilities totalled €3,830.0m.

As at 31 March 2021, current financial liabilities declined by €308.3m to €268.9m from €577.3m as at 30 September 2020. The decrease results from a reduction in current liabilities to banks.

For more details on the terms and conditions of the credit lines provided by KfW, please refer to the section "Going Concern Reporting under the UK Corporate Governance Code".

(16) Lease liabilities

Compared to 30 September 2020 the lease liabilities decreased by €22.0m to €3,377.9m. This decrease was due to repayments of €361.5m. Offsetting effects were caused by the addition of new lease contracts totalling to €265.3m of such mainly relating to new aircrafts and to interest charges of €76.4m.

(17) Other financial liabilities

The other financial liabilities include touristic advance payments received for tours canceled because of COVID-19 restrictions of €284.9m (as at 30 September 2020 €351.0m), for which immediate cash refund options exist and which have to be repaid shortly if the customer opts for payment. Please see the following section for more details.

(18) Touristic advance payments received

Apart from the immediate cash refund option in certain jurisdictions, TUI Group offers its customers voucher/refund credits for trips canceled because of the COVID-19 crisis. If these voucher/refund credits are not used for future bookings within a specified period, the customer is entitled to a refund of the voucher value. The entitlement to a refund of the voucher value represents a financial liability. Due to the high level of uncertainty regarding the further development of the COVID-19 crisis and customer behavior, it is not possible for TUI Group to reliably estimate the extent of utilization of the voucher/refund credits for future bookings and these amounts are shown within Touristic advance payments received on the statement of financial position.

As at 31 March, also included in touristic advance payments received is €79.3m of issued vouchers relating to tours cancelled because of COVID-19 restrictions (as at 30 September 2020 €184.8m), which is not due for an immediate refund.

(19) Changes in equity

Overall, equity decreased by €25.4m to €192.7m when compared to 30 September 2020.

In connection with a recapitalisation, TUI Group's subscribed capital was reduced first. On a constant number of €590.4m shares the nominal value per share of 2.56 € was reduced to 1.00 €. In effect the subscribed capital was reduced by €919.0m. Subsequently a capital increase by cash contributions was performed which led to an increase in subscribed capital in the amount of the nominal value of 1.00€ per share, i.e. an increase of the subscribed capital of €509.0m.

The above-named reduction of subscribed capital increased the capital reserve by €919.0m. Furthermore the capital reserve was increased by the share premium of the capital increase of €58.8m. The expenses of capital procurement incurred for the capital increase and the silent participation were offset against capital reserves in the amount of €32.9m. Furthermore in the first half of the financial year a corporate bond with option rights was issued to WSF. The value of option rights increased the capital reserve by €34.5m.

In the first half of the financial year 2021, two silent participations were issued to the WSF. In accordance with IAS 32 both silent participations are disclosed in equity.
The first silent participation in the amount of €420.0m was fully paid. It is convertible at any time, in whole or in part, into shares in TUI AG at a conversion price of €1.00, provided that the participation of the WSF resulting from the conversion does not exceed 25% plus 1 share in TUI's share capital. The second silent participation is non-convertible. The maximum amount of the second silent participation amounts to €671.0m. As at 31 March 2021 €500.0m were paid.

In the first half of the financial year 2021, TUI AG paid no dividend (previous year €318.1m).

TUI Group's loss in the first half of the financial year is primarily attributable to the present COVID-19 crisis in the current year.

The proportion of gains and losses from cash flow hedges for future cash flows includes an amount of €53.9m (pre-tax) carried under other comprehensive income in equity outside profit and loss (previous year €-444.4m).

The revaluation of pension obligations is also carried under other comprehensive income in equity outside profit and loss.

(20) Financial instruments

Carrying amounts and fair values according to classes and measurement categories according to IFRS 9 as at 31 Mar 2021

€ million	Carrying amount	Category according to IFRS 9: At amortised cost	Category according to IFRS 9: Fair value with no effect on profit and loss without recycling	Category according to IFRS 9: Fair value with no effect on profit and loss with recycling	Category according to IFRS 9: 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	576.0	576.0	-	-	-	575.5
thereof instruments within the scope of IFRS 16	10.8	-	-	-	-	11.2
Derivative financial instruments						
Hedging transactions	2.7	-	-	2.7	-	2.7
Other derivative financial instruments	31.2	-	-	-	31.2	31.2
Other financial assets	23.0	12.9	8.0	-	2.1	23.0
Cash and cash equivalents	1,399.7	1,399.7	-	-	-	1,399.7
Liabilities						
Financial liabilities	4,847.8	4,847.8	-	-	-	4,762.5
Trade payables	1,190.4	1,190.4	-	-	-	1,190.4
Derivative financial instruments						
Hedging transactions	20.0	-	-	20.0	-	20.0
Other derivative financial instruments	71.9	-	-	-	71.9	71.9
Other financial liabilities	401.7	401.7	-	-	-	401.7

Carrying amounts and fair values according to classes and measurement categories according to IFRS 9 as at 30 Sep 2020

€ million	Carrying amount	Category according to IFRS 9: At amortised cost	Fair value with no effect on profit and loss without recycling	Fair value with no effect on profit and loss with re-cycling	Fair value through profit and loss	Fair value of financial in-struments
Assets						
Trade receivables and other receivables	-	-	-	-	-	-
thereof instruments within the scope of IFRS 9	875.2	875.2	-	-	-	847.1
thereof instruments within the scope of IFRS 16	13.5	-	-	-	-	39.2
Derivative financial instruments						
Hedging transactions	22.3	-	-	22.3	-	22.3
Other derivative financial instruments	74.0	-	-	-	74.0	74.0
Other financial assets	25.5	14.9	8.5	-	2.1	22.5
Cash and cash equivalents	1,233.1	1,233.1	-	-	-	1,233.1
Liabilities						
Financial liabilities	4,269.0	4,291.4	-	-	-	4,022.8
Trade payables	1,611.5	1,611.5	-	-	-	1,611.5
Derivative financial instruments						
Hedging transactions	61.3	-	-	61.3	-	61.3
Other derivative financial instruments	257.5	-	-	-	257.5	257.5
Other financial liabilities	429.2	431.3	-	-	-	430.8

The amounts shown in the previous table as at 30 September 2020 in the column "Carrying amount" (as shown in the balance sheet) may differ from those in the other columns of a given row, as these columns include all financial instruments. This means that these columns include financial instruments that are part of the disposal groups in accordance with IFRS 5. Further details on this can be found in the 2020 Annual Report.

The fair values of other current receivables, financial liabilities and other financial liabilities were determined, taking into account yield curves and the respective credit risk premium (credit spread).

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

The current market conditions arising from the COVID-19 pandemic have been taken into account for all financial instruments for which fair values have been calculated by adjusting the underlying parameters.

The COVID-19 pandemic significantly impacted business operations and the existing hedging strategy for currency risks and fuel price risks. It led to a temporary suspension of all travel operations and flight bans. As a result, the occurrence of numerous hedged underlying transactions can no longer be assessed as highly likely, causing a rapid decline in fuel price and foreign currency hedge requirements and therefore requiring the prospective termination of these hedges.

For the hedges affected, occurrence of the underlying transactions can no longer be expected for a future point in time, either, so that all accrued amounts from the change in the value of the hedging instruments were reclassified from cash flow hedge reserve (OCI) to the cost of sales in the income statement. Accordingly, reclassifications of €-27.5m from fuel price hedges and €-9.6m from foreign currency hedges were effected as at 31 March 2021.
All future changes in the value of these de-designated hedges are taken to the cost of sales in the income statement through profit and loss and recognised as other derivative financial instruments from the date of the termination of the cash flow hedge accounting. As at 31 March 2021, the fair value of these reclassified fuel price hedges totalled €-3.5m at a nominal volume of €96.1m, while the fair value of the reclassified foreign currency hedges totalled €-9.6m at a nominal volume of €398.5m.

Furthermore, the strong increase in TUI's credit risk had a direct impact on the retrospective hedge effectiveness testing. As a result, additional fuel price, interest rate and foreign currency hedges had to be terminated as they no longer met the effectiveness requirements of IAS 39 and were outside the admissible 80-125% effectiveness bandwidth.

All future changes in the value of these de-designated hedges are also taken to the cost of sales respectively in the financial result in the case of interest rate hedges in the income statement through profit and loss and recognised as other derivative financial instruments from the date of the termination of the cash flow hedge accounting. As at 31 March 2021, the fair value of these reclassified fuel price hedges totalled €-21.6m at a nominal value of €346.9m, while the fair value of the interest rate hedges amounted to €-13.3m at a nominal volume of €445.9m and the fair value of foreign currency hedges totalled €-3.1m at a nominal volume of €203.9m.

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

€ million	Carrying amount of financial instruments Total	Fair Value
Financial assets		
at amortised cost	1,988.6	1,988.1
at fair value – recognised directly in equity without recycling	8.0	8.0
at fair value – through profit and loss	33.3	33.3
Financial liabilities		
at amortised cost	6,440.1	6,344.3
at fair value – through profit and loss	71.9	71.9

Aggregation according to measurement categories under IFRS 9 as at 30 Sep 2020

€ million	Carrying amount of financial instruments Total	Fair Value
Financial assets		
at amortised cost	2,123.2	2,095.0
at fair value – recognised directly in equity without recycling	8.5	8.5
at fair value – through profit and loss	76.1	76.1
Financial liabilities		
at amortised cost	6,334.1	6,065.0
at fair value – through profit and loss	257.5	257.5

Fair value measurement

The following table presents the fair values of the recurring, non-recurring and other financial instruments recognised at fair value in accordance with the underlying measurement levels. The individual levels have been defined as follows in line with the input factors:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: input factors for the measurement are quoted market price other than those mentioned in Level 1, directly (as market price quotation) or indirectly (derivable from market price quotation) observable in the market for the asset or liability.
- Level 3: input factors for the measurement of the asset or liability are based on non-observable market data.

Hierarchy of financial instruments measured at fair value as at 31 Mar 2021

€ million	Total	Fair value hierarchy Level 1	Level 2	Level 3
Assets				
Other financial assets	**10.1**	-	-	10.1
Derivative financial instruments				
Hedging transactions	**2.7**	-	2.7	-
Other derivative financial instruments	**31.2**	-	31.2	-
Liabilities				
Derivative financial instruments				
Hedging transactions	**20.0**	-	20.0	-
Other derivative financial instruments	**71.9**	-	71.9	-

Hierarchy of financial instruments measured at fair value as of 30 Sep 2020

€ million	Total	Fair value hierarchy Level 1	Level 2	Level 3
Assets				
Other financial assets	**10.6**	-	-	10.6
Derivative financial instruments				
Hedging transactions	**22.3**	-	22.3	-
Other derivative financial instruments	**74.0**	-	74.0	-
Liabilities				
Derivative financial instruments				
Hedging transactions	**61.3**	-	61.3	-
Other derivative financial instruments	**257.5**	-	257.5	-

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

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

Level 1 financial instruments

The fair value of financial instruments for which an active market is available is based on the market price quotation at the balance sheet date. An active market exists if price quotations are easily and regularly available from a stock exchange, traders, brokers, price service providers or regulatory authorities, and if these prices represent actual and regular market transactions between independent business partners. These financial instruments are categorised within Level 1. The fair values correspond to the nominal values multiplied by the price quotations at the balance sheet date. Level 1 financial instruments primarily comprise shares in listed companies classified as at fair value through OCI and bonds issued classified as financial liabilities at amortised cost.

Level 2 financial instruments

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

If one or several of the essential input factors are not based on observable market data, the instrument is categorised within Level 3.

The specific valuation techniques used for the measurement of financial instruments are:

- For over the counter bonds, 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 observable yield curves and the respective credit spread, which depends on the credit rating.

- For over the counter derivatives, the fair value is determined by means of appropriate calculation methods, e.g. by discounting the expected future cash flows. The forward prices of forward transactions are based on the spot or cash prices, taking account of forward premiums and discounts. The fair value calculations of optional hedging instruments are determined using standard market valuation methods. The fair values determined on the basis of TUI Group's own systems are regularly compared with fair value confirmations of the external counterparties.

- Other valuation techniques, e.g. discounting future cash flows, are used for the measurement of the fair values of other financial instruments.

Level 3 financial instruments
The following table shows the development of the values of the financial instruments measured at fair value on a recurring basis categorised within Level 3 of the measurement hierarchy.

Financial assets measured at fair value in Level 3

€ million	Other financial assets IFRS 9
Balance as at 1 Oct 2019	**42.9**
Disposals	- 3.5
consolidation	- 3.5
Total gains or losses for the period	- 28.8
recognised through profit and loss	- 1.1
recognised in other comprehensive income	- 27.7
Balance as at 30 Sep 2020	**10.6**
Balance as at 1 Oct 2020	**10.6**
Disposals	-
consolidation	-
Total gains or losses for the period	- 0.5
recognised through profit and loss	-
recognised in other comprehensive income	- 0.5
Balance as at 31 Mar 2021	**10.1**

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

In principle, the unobservable input parameters relate to the following parameters; the (estimated) EBITDA margin is in a range between -13% and 22%. The constant growth rate is 1%. The weighted average cost of capital (WACC) is in a range between 9.2% - 10.2%. With the exception of the WACC, there is a positive correlation between the input factors and the fair value.

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

(21) Contingent liabilities
As at 31 March 2021, contingent liabilities amounted to €162.0m (previous year €165.6m). They are mainly attributable to the granting of guarantees for the benefit of hotel and cruises activities and are reported at an amount representing the best estimate of the expenditure required to meet the potential obligation at the balance sheet date.

(22) Other financial commitments

Nominal values of other financial commitments

€ million	31 Mar 2021	30 Sep 2020
Order commitments in respect of capital expenditure	2,548.7	2,549.0
Other financial commitments	117.2	212.7
Total	**2,665.9**	**2,761.7**

As at 31 March 2021 order commitment in respect of capital expenditure declined by €0.3m as against 30 September 2020. New obligations for a cruise ship was more than off-set by delivery of aircraft and reduction in hotel commitments.

(23) Note to the unaudited condensed consolidated cash flow statement of TUI Group

The unaudited condensed consolidated cash flow statement shows TUI Group including the disposal group 'Hapag-Lloyd Cruises' which was sold last year. In transitioning to IFRS 16, basically all leases are carried as right-of-use assets and lease liabilities in the statement of financial position. From the last financial year, the vast majority of payments for leases are therefore no longer shown in the cash outflow from operating activities, but as interest payments and repayments of lease liabilities in the cash outflow from financial activities.

For the six months period ended 31 March 2021, cash and cash equivalents rose by €166.7m to €1,399.7m.

For the six months period ended 31 March 2021, the cash outflow from operating activities totalled €1,476.0m (H1 2020 cash outflow of €-728.4m). The cash outflow from operating activities included interest of €3.6m (H1 2020 €14.2m) and dividends of €10.0m (H1 2020 €7.3m). Income tax payments resulted in a cash outflow of €5.3m (H1 2020 cash outflow of €44.7m).

The cash inflow from investing activities totals €110.0m (H1 2020 €-263.7m). It comprises payments for investments in property, plant and equipment and intangible assets of €150.0m. TUI Group recorded a cash inflow of €228.1m from the sale of property, plant and equipment and intangible assets. It also includes a cash inflow of €32.9m from the sale of Hapag-Lloyd Cruises which was completed in the previous year and €19.6m from the repayment of loans in connection with the sale of the shares in Togebi Holdings Limited (TUI Russia). An outflow of €21.0m was made for a capital increase for TUI Cruises GmbH.

The cash inflow from financing activities totalled €1,511.2m (H1 2020 cash inflow of €258.6m). TUI AG received €1,489.4m from various equity measures after deducting capital procurement costs. €0.5m was used to purchase shares transferred to TUI Group employees in the framework of the oneShare employee share plan. TUI AG received €619.5 million from taking out loans and bonds after deducting capital procurement costs. Other TUI Group companies took out loans worth €224.7m. The repayment of financial liabilities resulted in a cash outflow of €604.7m, including an amount of €300.0m for early repayment of TUI AG senior bonds and an amount of €290.6m for lease liabilities. A cash outflow of €217.2m related to interest payments.

Cash and cash equivalents also increased by €21.4m (H1 2020 €29.8m) due to changes in exchange rates.

As at 31 March 2021, cash and cash equivalents worth €497.5m were subject to restrictions (as at 30 September 2020 €324.0m).

On 30 September 2016, TUI AG concluded an agreement on the long-term settlement of the difference between the liabilities and the fund assets of defined-benefit pension plans in the UK. An amount of €55.8m was deposited in a bank account as a security as at the balance sheet date. TUI Group can only use these funds if alternative collateral is provided.

Further, an amount of €116.5m (as at 30 September €116.5m) was deposited with a Belgian subsidiary without acknowledgement of debt by the Belgian tax authorities in financial year 2013 in respect of long-standing litigation over VAT refunds for the years 2001 to 2011.

The remaining €325.5m (as at 30 September €155.4m) subject to restrictions relate to cash and cash equivalents to be deposited due to statutory or regulatory requirements mainly in order to secure customer deposits and credit card payables.

(24) Reporting segments

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

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

Revenue by segment for the period from 1 Oct 2019 to 31 Mar 2020

€ million	External	Group	H1 2020 Total
Hotels & Resorts	300.2	282.2	582.4
Cruises	481.6	-	481.6
TUI Musement	300.4	123.3	423.7
Consolidation	-	- 3.2	- 3.2
Holiday Experiences	**1,082.2**	**402.3**	**1,484.5**
Northern Region	2,187.0	139.6	2,326.6
Central Region	2,209.9	66.2	2,276.1
Western Region	1,075.1	78.9	1,154.0
Consolidation	-	- 276.6	- 276.6
Markets & Airlines	**5,471.9**	**8.2**	**5,480.1**
All other segments	84.5	3.9	88.4
Consolidation	-	- 414.3	- 414.3
Total	**6,638.7**	**-**	**6,638.7**

The segment data shown are based on regular internal reporting to the Executive Board. From the 2020 fiscal year, the internationally more commonly used earnings measure "underlying EBIT" is used for value-based management. In the 2020 fiscal year, underlying EBIT was adjusted for the earnings effect of IFRS16 ("adjusted EBIT [IAS17]") as part of internal reporting to facilitate comparability with the prior year. From the 2021 financial year, underlying EBIT (IFRS 16) is the segment performance indicator as defined by IFRS 8, the prior-year figures have been re-stated accordingly.

We define the EBIT in underlying EBIT as earnings before interest, income taxes and expenses from the measurement of the Group's interest rate hedging instruments. Impairment losses on goodwill are by definition included in EBIT, but are adjusted in the calculation of underlying EBIT.

For the segment performance measure, all Intra-Group leases are accounted for operating rental and leasing contracts in accordance with IAS 17.

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

In H1 2021, underlying EBIT includes result and impairment of joint ventures and associates of €-157.2m (H1 2020 €41.9m), primarily generated within the sector Holiday Experiences.

Underlying EBIT by segment

€ million	**H1 2021**	H1 2020 adjusted
Hotels & Resorts	- 198.3	56.1
Cruises	- 153.3	26.9
TUI Musement	- 62.0	- 28.9
Holiday Experiences	**- 413.6**	**54.2**
Northern Region	- 418.3	- 415.2
Central Region	- 272.0	- 179.5
Western Region	- 159.8	- 189.6
Markets & Airlines	**- 850.1**	**- 784.3**
All other segments	- 45.1	- 64.6
Total	**- 1,308.8**	**- 794.8**

Reconciliation to underlying EBIT of TUI Group

€ million	**H1 2021**	H1 2020 adjusted
Earnings before income taxes	- 1,543.7	- 849.0
plus: Net interest expense (excluding expense / income from measurement of interest hedges)	239.6	104.7
plus / less: Expense (income) from measurement of interest hedges	5.6	- 1.7
EBIT	**- 1,298.5**	**- 746.0**
Adjustments:		
less: Separately disclosed items	- 26.4	- 71.1
plus: Expense from purchase price allocation	16.2	22.3
Underlying EBIT	**- 1,308.8**	**- 794.8**

The net income for separately disclosed items of €26.4m in the first half of the financial year 2021 includes income of €53m from the reversal of restructuring provisions no longer required in the Central Region due to the lower than expected reduction in fleet size at TUIfly. In addition, restructuring expenses of €21m were incurred in TUI Musement (€1m), Northern Region (€13m, thereof United Kingdom €6m and Nordic countries €7m), Central Region (€3m), Western Region (€3m) and All other segments (€1m). Furthermore, the loss from the sale of a stake in an aircraft asset company was adjusted in Northern Region (€2m) and Central Region (€1m) and an expense of €2m from a subsequent purchase price adjustment was adjusted in the All other segments area.

The net income for separately disclosed items of €71.1m in the first half of the previous year includes disposal gains of €90m from the sale of the German specialist tour operators. Restructuring expenses were adjusted in TUI Musement (€4m), Central Region (€8m for the planned capacity reduction at TUIfly Germany, an expansion of the existing restructuring program at TUI Germany and the restructuring of the Group's own stationary distribution), Western Region (€5m for restructuring in France and further projects in Belgium and the Netherlands) and All Other Segments (€2m).

Expenses for purchase price allocations of €16.2m (prior year €22.3m) relate in particular to the scheduled amortization of intangible assets from acquisitions made in previous years.

(25) Related parties

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

As at 31 March 2021, Unifirm Limited, Cyprus, held 30.1% of the shares in TUI AG (as at 30 September 2020 24.9%). Unifirm Limited is controlled by the family of Russian entrepreneur Alexei Mordashov, a member of TUI's Supervisory Board. DH Deutsche Holdings Limited, a company registered in Cyprus under the control of the joint venture partner Hamed El Chiaty, decreased its equity stake to below 3.0%. More detailed information on related parties is provided under section 24 in the Notes to the consolidated financial statements for 2020.

(26) Significant transactions after the balance sheet date

On 16 April 2021, TUI AG issued a convertible bond of €400m. The senior unsecured convertible bonds are due on 16 April 2028 and have a coupon of 5.00% p.a., payable semi-annually. The denomination of the bond was €100,000. The initial conversion price was set at an amount of €5.3631 per share.

RESPONSIBILITY STATEMENT

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

The Executive Board

Hanover, 10 May 2021

Friedrich Joussen
David Burling
Sebastian Ebel
Dr. Elke Eller
Peter Krueger
Frank Rosenberger

REVIEW REPORT

To TUI AG, Berlin/Germany and Hanover/Germany

We have reviewed the condensed interim consolidated financial statements – comprising the statement of financial position, the income statement, the statement of comprehensive income, the condensed statement of cash flows, the condensed statement of changes in equity as well as selected explanatory notes to the financial statements – and the interim group management report for the period from 1 October 2020 until 31 March 2021 of TUI AG, Berlin and Hanover, which are components of the half-year financial report pursuant to § 115 WpHG (Wertpapierhandelsgesetz: German Securities Trading Act).The preparation of the condensed interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, and of the interim group management report which has been prepared in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the entity's executive board. Our responsibility is to express a conclusion on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) as well as in supplementary compliance with the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review in compliance with professional standards such that we can preclude through critical evaluation, with limited assurance, that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report has not been prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of personnel of the entity and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements of TUI AG, Berlin and Hanover, have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Without modifying our opinion, we draw attention to the section "Going concern reporting under the UK Corporate Governance Code" of the selected explanatory notes in the condensed interim consolidated financial statements and the risk reporting in the interim group management report in the chapter "Risk and opportunities report". There, the executive board identifies a going concern risk that, in the absence of an increase in new travel bookings in the coming months and associated customer advance payments from summer 2021 onwards, TUI Group will no longer have sufficient financial resources to continue its business operations without further support measures or the short-term sale of non-current assets. In addition, in the opinion of the executive board, the further suspension of compliance with covenants as well as the extension of the financing in the financial year 2022 or further government support measures are necessary for the continuation of the entity's business activities. As stated in the interim group management report and in the selected explanatory notes, the events and circumstances surrounding the COVID-19 pandemic indicate a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern, and that represents a going concern risk within the meaning of Section 322 (2) sentence 3 of the German Commercial Code (HGB).

Hanover/Germany, 10 May 2021

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Christoph B. Schenk	Dr. Hendrik Nardmann
German Public Auditor	German Public Auditor

Cautionary statement regarding forward-looking statements

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

Financial calendar

	Date
Half-Year Financial Report 2021	12 May 2021
Quarterly Statement Q3 2021	August 2021
Annual Report 2021	December 2021

Contacts

Mathias Kiep
Group Director Controlling, Corporate Finance & Investor Relations
Tel.: + 44 1293 645 925 /
+ 49 511 566-1425

Nicola Gehrt
Director, Head of Group Investor Relations
Tel.: + 49 511 566-1435

Contacts for analysts and investor in UK, Ireland and Americas
Hazel Chung
Senior Investor Relations Manager
Tel.: +44 (0)1293 645 823

Contacts for analysts and investor in Continental Europa, Middle East and Asia
Ina Klose
Senior Investor Relations Manager
Tel.: +49 (0)511 566 1318

Vera Weißwange
Junior Investor Relations Manager
Tel.: +49 (0)511 566 1425

TUI AG
Karl-Wiechert-Allee 4
30625 Hanover, Germany
Tel.: + 49 511 566-00
www.tuigroup.com

This Half-Year Financial Report, the presentation slides and the video webcast for H1 FY 2021 (published on 12 May 2021) are available at the following link:
www.tuigroup.com/en-en/investors