**Thomson Travel Group (Holdings) Limited**
**Annual Report and financial statements**
**for the financial year ended 30 September 2022**
**Company number 3226964**

**Thomson Travel Group (Holdings) Limited**
**Contents**

| | |
|---|---|
| **Directors** | HLP Andersson<br>SK Arnold |
| **Registered Office** | Wigmore House<br>Wigmore Lane<br>Luton<br>Bedfordshire<br>LU2 9TN |
| **Independent Auditor** | Deloitte LLP<br>Statutory auditor<br>1 New Street Square<br>London<br>EC4A 3HQ<br>United Kingdom |
| **Bankers** | Citibank N.A<br>Canada Square<br>Canary Wharf<br>London<br>E14 5LB |
| **Registered number** | 3226964 |

The Directors present their Directors' Report on Thomson Travel Group (Holdings) Limited (the "Company") for the financial year ended 30 September 2022.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and the Company is therefore exempt from the requirement to prepare a Strategic Report.

**Principal activity**
The Company's principal activity during the financial year continued to be that of an intermediate holding company within the TUI AG group of companies (the "Group"). The Company expects this to continue for the foreseeable future.

**Directors and their interests**
The Directors of the Company who were in office during the financial year and up to the date of signing the financial statements were:

HLP Andersson
SK Arnold

**Funding, liquidity, going concern and dividends**
The Company's loss before taxation for the financial year ended 30 September 2022 was £58k (2021: profit of £54k). An interim dividend of £nil was paid during the year (2021: £nil) and the Directors do not propose the payment of a final dividend (2021: £nil). At 30 September 2022, the Company had net assets of £10,799k (2021: £10,854k).

As described in Note 2, the Directors have prepared the financial statements on a going concern basis.

In June 2023, TUI AG, agreed to provide financial support to the Company in order that it can continue to meet its liabilities as they fall due. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements they have a reasonable expectation that it will.

The treasury function is managed centrally in the Group and supports the business activities and financial risks faced by the Company. This support includes setting and monitoring hedging policies in the Group, centralising the Group's cash management systems, reporting and monitoring daily cash balances and forecasting cash requirements for the foreseeable future. The cash flows of the Company are managed centrally by the TUI UK & Ireland tour operator businesses, as are relationships with principal suppliers. Consequently, the majority of the Company's cash flows during the financial year relates to intercompany movements.

**Post balance sheet events**
Details of post balance sheet events can be found in Note 16.

**Independent auditor**
Deloitte LLP were appointed as auditor of the TUI Group, including of the Company. In line with Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed unless unwilling or disqualified and Deloitte LLP will therefore continue in office.

**Directors' insurance**
Throughout the financial year until the date of approval of these financial statements the ultimate parent company, TUI AG, maintained Directors' and Officers' Liability insurance policies on behalf of the Directors of the Company. These policies meet the Companies Act 2006 definition of a qualifying third-party indemnity provision.

**Statement as to disclosure of information to auditors**

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by

DocuSigned by:
Henrik Andersson
5A518D1D6E114AF...

HLP Andersson
**Director**

Company Number 3226964

Date: 9 June 2023

The Directors are responsible for preparing the Directors' Reports and financial statements in accordance with the Companies Act 2006.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for:

- keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006;
- safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities; and
- the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Report on the audit of the financial statements

### Opinion

In our opinion the financial statements of Thomson Travel Group (Holdings) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related Notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### *Other information*

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. This included GDPR.

We discussed among the audit engagement team including relevant internal regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

## Report on other legal and regulatory requirements

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- The Directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

C. J. Robertson

Christopher Robertson (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

9 June 2023

**Thomson Travel Group (Holdings) Limited**
**Statement of Comprehensive Income for the financial year ended 30 September 2022**

| | Note | **Financial year ended 30 September 2022 £'000** | Financial year ended 30 September 2021 £'000 |
|---|---|---|---|
| Administrative (expense)/income | | **(17)** | 36 |
| **Operating (loss)/profit** | | **(17)** | 36 |
| (Impairment)/reversal of impairment of investments | 10 | **(46)** | 18 |
| Profit on sale of investments in subsidiaries | 10 | **5** | - |
| **(Loss)/Profit before taxation** | 8 | **(58)** | 54 |
| Tax credit/(expense) | 9 | **3** | (7) |
| **(Loss)/Profit for the financial year attributable to owners of the Company** | | **(55)** | 47 |
| **Total Comprehensive (Loss)/Profit for the financial year, net of tax, attributable to owners of the Company** | | **(55)** | 47 |

**Thomson Travel Group (Holdings) Limited**
**Statement of Financial Position as at 30 September 2022**

| | Note | As at 30 September 2022 £'000 | As at 30 September 2021 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investments in subsidiaries | 10 | **1,838** | 1,884 |
| Trade and other receivables | 11 | **8,961** | 8,973 |
| | | **10,799** | 10,857 |
| **Total assets** | | **10,799** | 10,857 |
| **Current liabilities** | | | |
| Trade and other payables | 12 | - | (3) |
| | | - | (3) |
| **Net current liabilities** | | - | (3) |
| **Total assets less current liabilities** | | **10,799** | 10,854 |
| **Net assets** | | **10,799** | 10,854 |
| **Equity** | | | |
| Called up share capital | 13 | - | - |
| Retained earnings | 14 | **10,799** | 10,854 |
| **Total equity attributable to owners of the Company** | | **10,799** | 10,854 |

The notes on pages 12 to 24 form part of these financial statements.

The financial statements on pages 9 to 24 were approved and authorised for issue by the Board of Directors and signed on its behalf by:

DocuSigned by:
Henrik Andersson
5A518D1D6E114AF...

HLP Andersson
**Director**
Company Number 3226964

Date: 9 June 2023

**Thomson Travel Group (Holdings) Limited**
**Statement of Changes in Equity for the financial year ended 30 September 2022**

| | Called up share capital £'000 | Retained earnings £'000 | Total £'000 |
|---|---|---|---|
| At 1 October 2020 | - | 10,807 | 10,807 |
| Total Comprehensive Profit for the financial year | - | 47 | 47 |
| At 30 September 2021 | - | 10,854 | 10,854 |
| Total Comprehensive Loss for the financial year | - | (55) | (55) |
| **At 30 September 2022** | - | 10,799 | 10,799 |

## 1. General information

The Company is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006, and is registered in England and Wales. The address of its registered office is Wigmore House, Wigmore Lane, Luton, Bedfordshire, LU2 9TN. The Company's registered number is 3226964.

The principal activity of the Company continues to be that of an intermediate holding company within the TUI AG group of companies (the "Group).

## 2. Basis of preparation

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group. See Note 17 for details on where the Company is included in consolidated financial statements.

These financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined by Financial Reporting Standard 100 'Application of financial reporting requirements' ("FRS 100") which addresses the financial requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure exemptions of IFRS. Further details can be found in Note 5.

### Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' Report on pages 3 to 4.

As a member of the TUI Group of companies, this Company's liquidity position is inextricably linked to the liquidity position of other companies within the TUI Group, due to the nature of cash pooling arrangements that exist across the Group. Consequently, to assess the liquidity position of the Company, the Directors have considered the wider operational, liquidity and funding impacts of the crisis on other companies within the Group who also form part of the pooling arrangements.

***Liquidity development***

The global travel restrictions to contain COVID-19 have had a continuous negative impact on the Group's earnings and liquidity development since the end of March 2020. To cover the resulting liquidity needs, the Group has carried out various financing measures in recent years, which included:

- a capital increase;
- the use of the banking and capital markets;
- cash inflows from the sale of assets;
- financing measures from the Federal Republic of Germany in the form of a KfW (Kreditanstalt für Wiederaufbau) credit line totalling €2.9bn;
- an option bond from the Economic Stabilisation Fund (WSF) totalling €150m; and
- two silent participations from the WSF totalling €1.1bn.

In October 2021, TUI AG successfully completed another capital increase, the gross proceeds of which amounted to €1.1bn.

On 17 May 2022, TUI AG placed around 162.3m new shares with institutional investors in the framework of a capital increase against cash contributions without subscription rights for shareholders by way of an accelerated placement, corresponding to around 10% of TUI AG's share capital. The gross proceeds of around €425.2m from the capital increase and available cash were used to fully repay the German government's silent participation II (Economic Stabilisation Fund, 'WSF') of €671.0m in full, ahead of schedule, on 30 June 2022. Including the coupons to be shown as dividends, TUI AG repaid €725.4m to the WSF. Following full repayment and termination of the KfW credit line, TUI AG has to pay remuneration to the German state for the coupons saved by the early repayment of Silent Participation II.

## 2. Basis of preparation (continued)

### Going concern (continued)

***Liquidity development (continued)***
With regard to the KfW credit lines, it was also agreed that TUI AG would use 50% of individual cash inflows exceeding €50m by 20 July 2022, but not exceeding €700m, (e.g. from capital measures or disposals of assets or companies), to reduce the financing granted to TUI AG to bridge the effects of COVID-19. In accordance with this agreement, TUI AG returned the unused credit facility of €170m on 1 April 2022. In addition, the volume of unused credit commitments under the KfW credit line as at 31 March 2022 was reduced by €413.7m. Finally, 913 of the 1,500 warrant bonds issued to WSF were redeemed. A purchase price of € 91.3m plus accrued interest and early repayment penalties of €7.2m was paid for these. On 30 June 2022, the existing, and as at that date undrawn KfW credit lines were reduced by a further €336m to € 2.1bn.

For regulatory reasons due to Brexit, the credit line of a British bank (around €80m liquid funds and €25m guarantee line) could not be extended beyond summer 2022. It was therefore repaid or terminated as of 20 July 2022.

After 20 July 2022, 50% of individual specific cash inflows exceeding €50m must be used to reduce the financing granted to TUI AG to bridge the effects of COVID-19; there is no maximum limit. TUI AG's €1.6bn credit line from private banks and KfW credit line are subject to compliance with certain financial target values (covenants) for debt coverage and interest coverage, the review of which is carried out on the basis of the last four reported quarters at the end of the financial year or the half-year of a financial year. Against the backdrop of the ongoing pressures from the COVID-19 pandemic, the review has only been resumed in September 2022 and TUI AG was in full compliance. In addition, higher limits are to be applied on the first two cut-off dates before normalised limits have to be complied with from September 2023.

Together with continued strict cost discipline and targeted working capital management, TUI AG's liquidity profile improved significantly. This was also rewarded by the rating agencies with an upgrade in each case. As at 30 September 2022, Standard & Poor's and Moody's had updated their ratings for TUI AG to within the B range.

As at 30 September 2022, TUI Group's revolving credit facilities (RCF) totalled €3.7bn and they have a term until summer 2024. A summary of the TUI AG financing facilities and support packages as at 30 September 2022 is shown below:

<table>
<tr><th></th><th>Instrument</th><th>Facility<br>€m</th><th>Utilisation<br>€m</th><th>Maturity date</th></tr>
<tr><td rowspan="4">Bank facilities</td><td rowspan="3">RCF<br>(unsecured)</td><td>1,454</td><td>562m drawn</td><td rowspan="3">July 2024</td></tr>
<tr><td>190</td><td>Guarantee line</td></tr>
<tr><td>2,100</td><td>Fully undrawn</td></tr>
<tr><td>Schuldschein</td><td>425</td><td>Fully drawn</td><td>July 2023/25/28</td></tr>
<tr><td rowspan="2">Bonds</td><td>Bond with warrant<br>WSF</td><td>59</td><td>Fully drawn</td><td>Warrant-Sept 2030</td></tr>
<tr><td>Convertible bonds<br>(incl. tap issue)</td><td>590</td><td>Fully drawn</td><td>April 2028</td></tr>
<tr><td>Silent participations</td><td>Silent Participation I<br>WSF</td><td>420</td><td>Fully drawn</td><td>-</td></tr>
</table>

Further updates concerning the liquidity of the Group are included as post balance sheet events and can be found in Note 16.

## 2. Basis of preparation (continued)

### Going concern (continued)

***Assessment of going concern***

The TUI AG Group has made a well-founded assessment of the main risks to the Group, taking into account future events that would jeopardise the business model, future results, solvency and liquidity for at least 12 months from the date of approval of these financial statements. The scenario used for the going concern assumption assumes that various Group divisions booking figures for the financial year 2023 will largely correspond to the pre-pandemic level and travel behaviour will not be affected by further long-term closures and lockdowns or by the impact of Russia's war of aggression against Ukraine. Nevertheless, the customer bookings could be lower than expected on account of general cost of living increases in recent months, a permanent increase in fuel costs as well as other services, especially those purchased in US dollars, and continued or increased flight disruptions could affect the development of TUI Group.

In June 2023, TUI AG, agreed to provide financial support to the Company in order that it can continue to meet its liabilities as they fall due. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements they have a reasonable expectation that it will.

The Directors, having assessed the responses of the Directors of the Company's parent, TUI Northern Europe Limited, to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the TUI AG group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of TUI Northern Europe Limited, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and meet its liabilities as they fall due. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Functional and presentational currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in the Company's functional currency of Sterling, rounded to the nearest thousand pounds, unless stated otherwise.

## 3. Amendments to IFRSs

In the current financial year, the Company has applied amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2021.

| Standard | Amendment | Impact on Financial Statements |
|---|---|---|
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16<br><br>Interest Rate Benchmark Reform (Phase 2) | The amendments relate to the provision of relief from potential consequences arising from the reform of interbank offered rates (IBORs) such as LIBOR on companies financial reporting. They address issues that affect financial reporting when an existing interest rate benchmark is actually replaced by an alternative interest rate benchmark as a result of the interest rate benchmark reform. | Not material |

## 4. Summary of significant accounting policies

**Operating (loss)/profit**
Operating (loss)/profit is stated before investment income and finance activities.

**Foreign currency translation**
Foreign currency transactions are initially translated into the Company's functional currency using the prevailing rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing on the Statement of Financial Position date. Foreign exchange gains and losses resulting from translation to financial year-end rates are recognised in the Statement of Comprehensive Income.

Foreign exchange gains or losses arising on loans receivable or payable, including lease liabilities, are included in "Finance income" and "Finance expense" in the Statement of Comprehensive Income.

The results and financial position of all businesses that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of each transaction); and
- all resulting exchange differences are recognised in Other Comprehensive Income.

**Current and deferred tax**
The tax credit for the financial year comprises current and deferred tax and is recognised in the Statement of Comprehensive Income. Current tax is the expected tax payable (or recoverable) for the current financial year using the average tax rate for the financial year. Income tax recoverable or payable relates to current tax. To the extent available, the amount is first recovered from, or surrendered to, other Group companies as group relief.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantively enacted at the Statement of Financial Position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be used.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority.

Current and deferred tax are recognised in the Statement of Comprehensive Income, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity respectively.

**Investments in subsidiaries**
Investments are recognised at cost less accumulated impairment losses.

**Financial assets and financial liabilities**
The classification and measurement of financial assets are determined on the basis of the business model used to manage financial assets, the related contractual cash flows and their objective. At initial recognition of financial assets, the classification comprises the categories "Financial assets at amortised cost (AC)", "Financial assets at fair value through Other Comprehensive Income (FVOCI)" and "Financial assets at fair value through profit and loss (FVPL)".

## 4. Summary of significant accounting policies (continued)

**Financial assets and financial liabilities (continued)**
Financial assets are recognised at the value on the date when the Company undertakes to buy/has a legal right to recognise the asset. When recognised for the first time, they are either classified as at amortised cost or at fair value, depending on their objective. Financial assets are classified as financial assets at amortised cost when the objective of the Company's business model is to hold the financial assets to collect contractual cash flows, and when the contractual terms and conditions of the assets exclusively constitute interest and principal payments on the nominal amount outstanding.

For the financial assets held at amortised cost, a loss allowance for expected credit losses is recognised in accordance with IFRS 9. The expected credit loss using the "simplified approach" requires the Company to determine a provision matrix to calculate the expected loss for trade receivables and lease receivables based on historical data and forward-looking information. The expected credit loss using the "general approach" is based on either full lifetime expected credit losses or 12-month expected credit losses. A loss allowance for lifetime expected credit losses is required for a financial instrument if the credit risk of that financial asset has increased since initial recognition. For all other financial instruments, expected credit losses are measured at an amount equal to the 12 month expected credit losses.

Impairments and reversals of impairments are included in "Impairment of financial assets" in the Statement of Comprehensive Income.

All other financial assets not recognised at amortised cost or at fair value through Other Comprehensive Income (OCI) must be measured at fair value through profit or loss. Accordingly, the debt instruments previously allocated to the measurement category "Financial assets available for sale" are measured at fair value through profit or loss under IFRS 9.

Financial assets are derecognised as at the date on which the rights for payments from assets expire or are transferred and therefore as at the date on which essentially all risks and rewards of ownership are transferred. The rights to an asset expire when the rights to receive cash flows from the asset have expired. For transfers of financial assets, it is assessed whether they have to be derecognised in accordance with the derecognition requirements of IFRS 9.

Financial liabilities are recognised in the Statement of Financial Position if an obligation exists to transfer cash and cash equivalents of other financial assets to another party. Initial recognition of a liability is expected at its fair value. For loans taken out, the nominal amount is reduced by discounts retained and transaction costs paid. The subsequent measurement of financial liabilities is affected at amortised cost using the effective interest method. Financial liabilities are derecognised when the obligations specified in the contract are discharged, cancelled, or expire.

**Share capital**
Ordinary shares are classified as equity.

## 5. Reduced disclosures permitted by FRS 101

The Company meets the definition of a qualifying entity of TUI AG, as defined by FRS 100, as the results of this Company are fully consolidated into the Group financial statements of TUI AG. Details for obtaining the Group financial statements of TUI AG can be found in Note 17. Where applicable and required by FRS 101, equivalent disclosures have been provided in the Group's consolidated financial statements in accordance with the Application Guidance to FRS 100. As such, the Company has taken advantage of the following disclosure exemptions as set out in paragraph 8 of FRS 101:

| IFRS | Relevant paragraphs of IFRS | Disclosure exemptions taken |
|---|---|---|
| IFRS 7 'Financial instruments' | All paragraphs | All disclosure requirements. |
| IFRS 13 'Fair value measurement' | 91 to 99 | All disclosure requirements in respect of the valuation techniques and inputs used for the fair value measurement of assets and liabilities. |

**5. Reduced disclosures permitted by FRS 101 (continued)**

| IFRS | Relevant paragraphs of IFRS | Disclosure exemptions taken |
|---|---|---|
| IAS 1 'Presentation of financial statements' | 38 | Paragraph 79(a) (iv) of IAS 1. |
| | 10(d) and 111 | A statement of cash flows and related information. |
| | 16 | A statement of compliance with all IFRS. |
| | 134 to 136 | Information on the Company's objectives, policies, and processes for managing capital. |
| | 40(a) | A third statement of financial position to be presented in certain circumstances, including retrospective restatement on change in accounting policy such as adoption of new standards. |
| IAS 7 'Statement of cash flows' | All paragraphs | IAS 7 disclosures in full. |
| IAS 8 'Accounting policies, changes in accounting estimates and errors' | 30 and 31 | New standards and interpretations that have been issued but which are not yet effective. |
| IAS 24 'Related party transactions' | 17 and the requirements to disclose transactions between two group subsidiaries. | Detailed related party transaction information including key management compensation and transactions with other wholly owned subsidiaries of the Group. |

**6. Critical accounting judgments, key sources of estimation uncertainty and assumptions**

In the application of the Company's accounting policies, which are described in Note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are material to the carrying value of assets, liabilities and total comprehensive income for the year are disclosed as follows:

**Critical accounting judgements**

There were no critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have significant effect on the amounts recognised in the financial statements.

**Key sources of estimation uncertainty**

Key estimates or assumptions concerning the future, and other key sources of uncertainty at the reporting period that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

## 6. Critical accounting judgments, key sources of estimation uncertainty and assumptions (continued)

### (i) Investments in subsidiary undertakings

Judgement is required in the assessment of the carrying amount of the investments in the Company's subsidiary undertakings. Estimation of the recoverable amount of investments requires the Company to either:

- assess future cash flows projected to be generated by the subsidiaries, which in turn is dependent upon a variety of factors including prevailing economic conditions and consumer demand for the subsidiaries' products, or
- assess the nets assets of the subsidiary undertaking, if the Directors believe the recoverable amount of the investments is a close approximation of the net assets of the subsidiary undertakings, in accordance with the requirements of IAS 36.

The Directors have used the net assets approach in respect of the Company's investments in subsidiaries. In view of the existing uncertainties regarding estimation of the recoverable amounts, an extended analysis of sensitivities was undertaken. A change of 10% in the value of net assets of the subsidiaries would have caused the impairment to increase by £183k or decrease by £183k.

Details of investments in subsidiaries, including impairment charges and carrying values, are provided in Note 10.

### (ii) Expected credit losses recognised on financial assets within the scope of IFRS 9

Judgement is required in the assessment of the carrying amount of financial assets held at amortised cost.

Estimation of the expected credit loss using the "simplified approach" requires the Company to determine a provision matrix to calculate the expected loss for trade receivables and lease receivables based on historical data and forward-looking information.

Estimation of the expected credit loss using the "general approach" requires the Company to classify the financial assets into three stages:

- Stage 1 – financial assets which are recognised for the first time, or where the credit risk has not increased significantly since initial recognition. In this case a 12-month credit loss needs to be determined.
- Stage 2 – where a significant increase in credit risk has occurred, the lifetime expected credit loss needs to be determined.
- Stage 3 – where there is objective evidence of impairment, the lifetime expected credit loss needs to be determined.

Once classified, in order to determine the expected credit loss, the Company (taking into account all reasonable and supportable information that it is able to obtain without undue cost or effort), has to determine the:

- Probability of default (PD) – an estimation of the likelihood of a default over a given time period.
- Loss given Default (LGD) – an estimation of the amount that would be lost in the event of a default.

In view of the existing uncertainties regarding expected credit losses (ECL), an extended analysis of sensitivities was undertaken.

There were no balances where the simplified approach was undertaken.

For those balances where the general approach was undertaken, two methods of calculation were used:

- future discounted cashflows ("DCF") derived from medium-term corporate planning as at 30 September 2022 were reviewed where available to determine the expected credit loss.
- scenarios were derived which reflected the different expected outcomes in respect of settlement.

A change of 10% in the DCF and in the ECL rate derived by the scenario method would have caused the loss allowance to increase by £918k or decrease by £230k.

## 7. Employees and Directors

The Company had no employees during either the current or prior year.

### Directors' remuneration

Two (2021: two) Directors of the Company were employed and remunerated during the period by another company within the Group, which makes no recharge to the Company (2021: £nil). As the qualifying services provided to the Company by these Directors were incidental compared to their main role, an appropriate apportionment of their remuneration was allocated as £nil (2021: £nil). Their total emoluments are included in the aggregate of Directors' emoluments disclosed in the financial statements of another Group company.

## 8. (Loss)/Profit before taxation

| | **Financial year ended 30 September 2022 £'000** | Financial year ended 30 September 2021 £'000 |
|---|---|---|
| (Loss)/Profit before taxation is stated after (crediting)/expensing: | | |
| Impairment of financial assets - expected credit loss (Note 11) | - | 1 |
| Impairment/(reversal) of investments in subsidiary undertakings (Note 10) | **46** | (18) |
| Foreign exchanges losses/(gains) | **17** | (37) |

### Auditor's remuneration

In 2022 and 2021, the auditor's remuneration was borne and paid by TUI UK Limited and not recharged out.

## 9. Tax (credit)/expense

The tax (credit)/expense can be summarised as follows:

### (i) Analysis of tax (credit)/expense in the year

| | **Financial year ended 30 September 2022 £'000** | Financial year ended 30 September 2021 £'000 |
|---|---|---|
| **Current tax:** | | |
| Amounts (receivable)/payable from fellow subsidiaries for group relief | **(3)** | 7 |
| **Total current tax** | **(3)** | 7 |
| Total tax (credit)/expense in the Statement of Comprehensive Income | **(3)** | 7 |

## 9. Tax (credit)/expense (continued)

**(ii) Factors affecting the tax (credit)/expense in the financial year**
The tax credit (2021: expense) for the financial year ended 30 September 2022 is less than (2021: less than) the standard rate of corporation tax in the UK of 19.0% (2021: 19.0%). The differences are shown in the table below:

| | **Financial year ended 30 September 2022 £'000** | Financial year ended 30 September 2021 £'000 |
|---|---|---|
| **(Loss)/profit before taxation** | **(58)** | 54 |
| (Loss)/profit multiplied by the effective standard rate of corporation tax in the UK of 19.0% (2021: 19.0%) | **(11)** | 10 |
| Effects of: | | |
| Income not taxable | **-** | (3) |
| Expenses not deductible for tax purposes | **8** | - |
| **Total tax (credit)/expense in the Statement of Comprehensive Income** | **(3)** | 7 |

**(iii) Factors affecting the future tax expense**
The rate of taxation is expected to follow the standard rate of UK corporation tax in future periods.

At the Statement of Financial Position date, Finance Act 2021 had been substantively enacted confirming that the main UK corporation tax rate would remain at 19% before increasing to 25% from 1 April 2023. In September 2022, the Government presented a 'mini Budget' reversing the proposed increase however the subsequent Autumn Statement in November 2022 confirmed that the increase would go ahead as planned. Therefore, at 30 September 2022, deferred tax assets and liabilities have been calculated based on the rate that is expected to apply when the deferred tax is reversed. The rate change will also impact the tax charged on UK profits generated in 2023 and subsequently.

## 10. Investments in subsidiaries

| | **Investments in subsidiary undertakings £'000** |
|---|---|
| **Cost:** | |
| **At 1 October 2021 and at 30 September 2022** | **190,193** |
| **Impairment:** | |
| At 1 October 2021 | 188,309 |
| Impairment during the year | 46 |
| **At 30 September 2022** | **188,355** |
| **Net book value:** | |
| **At 30 September 2022** | **1,838** |
| At 30 September 2021 | 1,884 |

## 10. Investments in subsidiaries (continued)

***Impairment during the financial year:***
Following a review of the recoverable value of the Company's investments, the following impairments have been made in the financial year:

| Subsidiary | Impairment charge £'000 |
|---|---|
| Explorers Travel Club Limited | 46 |
| | 46 |

The Directors have considered the requirements of IAS 36 and believe the recoverable amount of the investments to be the fair value less costs to sell, which is a close approximation of the net assets of the subsidiary undertakings.

***Disposals:***
Disposals of investments comprise the following transactions which occurred during the year ended 30 September 2022:

| Investment | Date of disposal | Shares disposed of (number) | Total consideration £'000 | Carrying value of investment £'000 | Profit on disposal £'000 |
|---|---|---|---|---|---|
| Thomson Reisen GmbH | 28 September 2022 | 1 | - | - | - |
| | | | | | - |

On 28 September 2022, the Company transferred its 0.1% investment in Thomson Reisen GmbH to another Group entity. This resulted in a profit on disposal of €1.

A profit on disposal of £5k was recognised in the current financial year in respect of the sale of Serac Travel GmbH, the sale of which was disclosed in the prior year financial statements.

***List of investments in subsidiaries at 30 September 2022:***

| Name of undertaking | Country of incorporation and place of business | Registered address | Share class | % held directly by the Company | Total % held by the Group |
|---|---|---|---|---|---|
| Explorers Travel Club Limited | United Kingdom | Wigmore House, Wigmore Lane, Luton, Bedfordshire, LU2 9TN | £1.00 ordinary shares | 100.00 | 100.00 |
| Lunn Poly Limited | United Kingdom | Wigmore House, Wigmore Lane, Luton, Bedfordshire, LU2 9TN | £1.00 ordinary shares | 100.00 | 100.00 |
| Ocean College LLC | Egypt | Sharm el Sheikh, governorate of South Sinai. | EGP1.00 ordinary shares | 10.00 | 100.00 |
| Ocean Ventures for Hotel and Tourism Services SAE | Egypt | Sharm el Sheikh, governorate of South Sinai. | EGP1.00 ordinary shares | 0.00 | 98.00 |
| Sons of South Sinai for Tourism Services and Supplies SAE | Egypt | Ledger Consulting, 5th Floor, 136 Osman EBN Afan, Misr El Gadida, Cairo. | EGP1.00 ordinary shares | 0.00 | 83.43 |

## 11. Trade and other receivables

| | **As at 30 September 2022** | | As at 30 September 2021 | |
|---|---|---|---|---|
| | **Non-current** | **Current** | Non-current | Current |
| | **£'000** | **£'000** | £'000 | £'000 |
| Amounts due from parent undertakings | **8,952** | - | 8,964 | - |
| Amounts due from other Group undertakings | **9** | - | 9 | - |
| | **8,961** | - | 8,973 | - |

**Amounts due from Group undertakings**
Amounts due from Group undertakings are unsecured and repayable on demand. The total amounts due from Group undertakings amount to £8,961k (2021: £8,973k) all of which is interest free.

Expected credit losses of £nil (2021: £1k) were provided for in the year.

FRS101 exemption has been taken from disclosure of transactions with wholly owned subsidiaries of the TUI AG group.

## 12. Trade and other payables

| | **As at 30 September 2022** | | As at 30 September 2021 | |
|---|---|---|---|---|
| | **Non-current** | **Current** | Non-current | Current |
| | **£'000** | **£'000** | £'000 | £'000 |
| Group relief | - | - | - | 3 |
| | - | - | - | 3 |

**Amounts due to Group undertakings**
Amounts due to Group undertakings are unsecured and repayable on demand. The total amounts due to Group undertakings amount to £nil (2021: £3k) all of which is interest free.

FRS101 exemption has been taken from disclosure of transactions with wholly owned subsidiaries of the TUI AG group.

## 13. Share capital

| | **As at 30 September 2022 £'000** | As at 30 September 2021 £'000 |
|---|---|---|
| **Authorised** | | |
| 1 (2021:1) ordinary share of £0.20 each | - | - |
| **Issued and fully paid** | | |
| 1 (2021:1) ordinary share of £0.20 each | - | - |

## 14. Reserves

The following describes the nature and purpose of each reserve within equity:

| **Reserve** | **Description and purpose** |
|---|---|
| Retained earnings | All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere. |

## 15. Related party transactions

The Company has taken advantage of the exemption contained in IAS 24 "Related Party Transactions" as it is a wholly owned subsidiary of TUI AG Group. Therefore, the Company has not disclosed transactions with wholly owned entities that form part of the Group headed by TUI AG. There were no transactions with other related parties.

## 16. Post balance sheet events

Subsequent to the year-end the following post balance sheet events have occurred, which impact the Group:

- In December 2022, TUI AG signed a repayment agreement giving the Company the right to terminate the Silent Participation I in full and to repurchase the remaining Warrant Bond together with all Warrants until 31 December 2023 at a repayment price of €730,113,240 plus interest accruing until repayment under the stabilization measures. Under the Repayment Agreement, the Company is obliged, to the extent permitted by law, to undertake a reduction in the TUI AG's share capital from currently €1.8bn to €179m by consolidating shares at a ratio of ten to one in accordance with the provisions of the German Economic Stabilization Acceleration Act (Wirtschaftsstabilisierungsbeschleunigungsgesetz - "WStBG"). The amount of the reduction of approx. €1.6bn will be allocated to the Company's capital reserves and will not be distributed to shareholders. To finance the repayment of the WSF and thus, the termination of the stabilization measures, the Company is obligated under the Repayment Agreement, to the extent permitted by law, to use its best efforts to implement a rights issue capital increase. This obligation applies for a period starting from the effective date of the capital reduction referred to above until 31 December 2023.

- In February 2023, TUI AG completed a capital reduction. Prior to the capital reduction, TUI AG's issued share capital was €1.8bn, divided into €1.8bn shares of no-par value each. After the capital reduction and share consolidation, TUI AG's issued share capital was approximately €179m, divided into approximately €179m no-par value shares (the New Ordinary Shares).

- In March 2023, TUI AG announced a fully underwritten capital increase with subscription rights to raise gross proceeds of c.€1.8bn.

- In April 2023, TUI AG successfully completed the capital increase with subscription rights. The gross proceeds of which amounted to c.€1.8bn. With these proceeds, TUI AG repaid WSF's Silent Participation I in the nominal amount of €420m and the €59m warrant bond. WSF received a final amount of €750m including compensation for the conversion rights and accrued interest and coupons. TUI AG also repaid a large part of the current drawdown of the bank credit facility (RCF).

- In April 2023, the Group's Standard & Poor's rating was upgraded from 'B-' to 'B' rating with a positive outlook reflecting the improved capital structure following the Group's capital increase.

- In May 2023, the Groups Moody's rating was upgraded from B3 to B2 with a positive outlook reflecting improved credit metrics and strengthened balance sheet and liquidity following the completion of the rights issue.

- In May 2023, TUI AG extended the maturity of its existing credit lines of €2.7 bn by a further two years. The syndicated credit line from the 19 banks (€1.65 bn) and the credit line from KfW (€1.05 bn) will now mature in July 2026. The interest conditions of this revolving credit facility (RCF) will in future also be linked to the achievement of the Group's emission reduction targets confirmed by the Science Based Targets Initiative (SBTi).

There have been no other events after the financial year end that have had any impact on the Company.

## 17. Ultimate parent company and controlling party

The Company is controlled by TUI AG – a company registered in Berlin and Hanover (Federal Republic of Germany) which is the ultimate parent company and controlling party. The immediate parent company is TUI Northern Europe Limited, a company registered in the United Kingdom.

The smallest and largest group in which the results of the Company are consolidated is that headed by TUI AG. Copies of the TUI AG financial statements are available from its registered address via Investor Relations, TUI AG, Karl-Wiechert-Allee 4, D-30625, Hanover or from the website www.tuigroup.com/en-en.

No other financial statements include the results of the Company.