



LUFTHANSA GROUP



FINANCIAL
STATEMENTS
2020

Financial statements of

Deutsche Lufthansa Aktiengesellschaft, Cologne, 31
December 2020

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The management report for Deutsche Lufthansa AG and the Group management report have been combined and published in the Lufthansa Annual Report 2020. The financial statements and the combined management report and Group management report of Deutsche Lufthansa AG for the financial year 2020 are published in the German Federal Gazette (Bundesanzeiger) and are also accessible from the internet site of the company registry.

Balance Sheet

as of 31 December 2020

T01 BALANCE SHEET - ASSETS

in €m	Notes	31.12.2020	31.12.2019
Intangible assets		385	309
Aircraft	3	5,783	6,679
Property, plant and other equipment		69	82
Financial investments	4	16,800	16,440
Non-current assets	3	23,037	23,510
Inventories	5	111	108
Trade receivables	6	102	642
Other receivables and other assets	6	1,299	1,725
Securities	7	3,655	41
Cash and cash equivalents	7	788	897
Current assets		5,955	3,413
Prepaid expenses	8	73	60
Deferred tax assets	9	3,207	2,142
Excess of plan assets over provisions for pensions	10	-	7
Total assets		32,272	29,132

Balance Sheet

as of 31 December 2020

T02 BALANCE SHEET - SHAREHOLDERS' EQUITY AND LIABILITIES

in €m	Notes	31.12.2020	31.12.2019
Issued capital*	11	1,530	1,224
Capital reserve	12	378	378
Retained earnings	12	6,498	6,200
Distributable earnings	30	-780	298
Shareholders' equity		7,626	8,100
Provisions for pensions and similar obligations		2,230	1,066
Tax provisions		523	287
Other provisions		4,111	5,249
Provisions	13	6,864	6,602
Bonds		2,827	1,098
Liabilities to banks		4,215	2,089
Payables to affiliated companies		4,659	6,094
Other liabilities		6,067	5,135
Liabilities	14	17,768	14,416
Deferred income		14	14
Total shareholders' equity and liabilities		32,272	29,132

*contingent capital as of 31 December 2020 amounts to EUR 1.122m (previous year EUR 238m)

Income statement

For the financial year 2020

T03 INCOME STATEMENT

in €m	Notes	2020	2019
Traffic revenue	18	3,502	14,885
Other revenue	19	778	1,388
Total revenue		4,280	16,273
Other operating income	20	6,825	1,663
Cost of materials and services	21	-5,071	-10,762
Staff costs	22	-2,217	-3,049
Depreciation, amortisation and impairment	23	-1,135	-594
Other operating expenses	24	-2,342	-2,985
Result from operating activities		340	546
Result from equity investments	25	-806	476
Net interest	26	-1,162	-352
Impairment on investments and current securities	27	-147	-45
Financial result		-2,115	79
Current income taxes	28	-51	-293
Deferred income taxes	28	1,065	291
Profit after income taxes		-761	623
Other taxes	28	-19	-28
Net income/Net loss for the year		-780	595
Gewinnvortrag aus dem Vorjahr		298	-
Transfer to retained earnings	12	-298	-297
Distributable earnings	30	-780	298

Statement of changes in non-current assets

As of 31 December 2020

T04 STATEMENT OF CHANGES IN NON-CURRENT ASSETS

in €m

in €m	Acquisitions					Accumulated depreciation and amortisation					Carrying amounts	
	as of 01.01.2020	Additions	Disposals	Reclassifi- cations	as of 31.12.2020	as of 01.01.2020	Additions	Disposals	Write-ups	as of 31.12.2020	as of 31.12.2019	as of 31.12.2020
I. Intangible assets												
1. Purchased concessions, intellectual property and similar rights and assets and licences in such rights and assets	588	6	0	21	615	331	40	0	-	371	257	242
2. Geschäfts- oder Firmenwerte	-	103	-	-	103	-	10	-	-	10	-	93
3. Advance payments	80	17	15	-21	61	28	0	15	-	13	52	48
	668	126	15	-	779	359	50	15	-	394	309	385
II. Aircraft												
1. Aircraft and equipment	8,000	233	60	100	8,273	2,894	1,061	30	-	3,925	5,106	4,348
2. Advance payments and plant under construction	1,573	158	196	-100	1,435	-	-	-	-	-	1,573	1,435
	9,573	391	256	-	9,708	2,894	1,061	30	-	3,925	6,679	5,783
III. Property, plant and equipment												
1. Land, leasehold rights and buildings including buildings on third-party land	182	4	7	1	180	142	9	9	-	142	40	38
2. Other equipment, operating and office equip- ment	179	9	16	0	172	145	15	16	-	144	34	28
3. Advance payments and plant under construction	8	2	6	-1	3	-	-	-	-	-	8	3
	369	15	29	-	355	287	24	25	-	286	82	69
IV. Investments												
1. Shares in affiliated companies	12,919	6,018	4,568	-	14,369	884	127	22	23	966	12,035	13,403
2. Loans to affiliated companies	4,195	736	1,702	-11	3,218	13	9	-	-	22	4,182	3,196
3. Equity investments	169	0	0	-	169	-	-	-	-	-	169	169
4. Non-current securities	5	-	0	-	5	-	-	-	-	-	5	5
5. Other loans	87	4	26	11	76	44	11	-	-	55	43	21
6. Prefinancing of leasehold	6	-	0	-	6	-	-	-	-	-	6	6
	17,381	6,758	6,296	-	17,843	941	147	22	23	1,043	16,440	16,800
Total	27,991	7,290	6,596	-	28,685	4,481	1,282	92	23	5,648	23,510	23,037

Notes

Deutsche Lufthansa AG 2020

GENERAL REMARKS

1 Principles

The financial statements of Deutsche Lufthansa AG, Cologne, registered at Cologne District Court under the number HRB 2168, have been prepared in accordance with the German Commercial Code (HGB), the supplementary provisions of the German Stock Corporation Act (AktG) and the Articles of Association, and have been audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt am Main. In accordance with Section 315e Paragraph 1 HGB, Deutsche Lufthansa AG, the parent company of the Deutsche Lufthansa AG Group, prepares consolidated financial statements on the basis of the International Financial Reporting Standards (IFRS) as adopted by the EU.

Its financial year is the calendar year.

The separate and consolidated financial statements are published in the Federal Gazette. They are permanently available online at <https://investor-relations.lufthansagroup.com/de/publikationen/finanzberichte.html>.

The income statement has been prepared using the total cost method.

To make the presentation clearer, certain items of the balance sheet and the income statement have been grouped together and are shown and explained separately in the notes. For the same reason, disclosures indicating how these items also belong to other items and disclosures marked “of which” have likewise been made at this point. Over and above the statutory classification system, the entry relating to aircraft is listed separately in order to improve the clarity of the financial statements.

2 Summary of significant accounting policies and valuation methods

As before, preparation of the financial statements was essentially based on the following accounting policies.

GOING CONCERN

The business of the Lufthansa Group companies was impacted significantly by the consequences of the coronavirus pandemic. International travel restrictions and quarantine rules that began in winter 2020 (in China) and spring 2020 elsewhere were tightened worldwide over the course of the year, bringing flight traffic at the Lufthansa Group compa-

nies almost to a complete standstill at times. Only the cargo business was able to continue successfully, albeit with a sharp decline in the use of belly capacities. Around 700 Group aircraft were grounded temporarily in the course of the year. The slight recovery in summer 2020, when available capacity was around 25% of the previous year's, was slowed by the end of the year due to the renewed sharp increase in the number of infections. Payments for existing, invariable cost components and the high level of refunds for cancelled flights had an impact on liquidity. Liquidity at Deutsche Lufthansa AG and its domestic and foreign subsidiaries was secured in the middle of the financial year in an initial step by the government support measures as part of the stabilisation packages.

Over the remainder of the year, the companies initiated and partly implemented wide-ranging steps to safeguard short-term liquidity and initiate a medium-term return to a profitable new normal once the pandemic comes to an end. As part of the Group-wide programme ReNew, which is made up of ReStructure, ReFocus, ReOrg and RePay, measures were taken to streamline structures and reduce the number of full-time employees by around 27,000, as well as to downsize the operating fleet permanently by around 150 aircraft. Until further notice, some four-engined wide-bodied models (Airbus A340-600 and A380 and Boeing 747-400) are to be put into deep storage or decommissioned entirely. Previously planned investment spending, mainly in aircraft, was postponed to a later date whenever possible and appropriate. The plan is to take delivery of no more than 80 new aircraft by 2023. In addition to state aid in the form of short-time working pay and the reimbursement of social security contributions, crisis agreements extending into 2022 were reached with the collective bargaining partners to safeguard liquidity. Agreements to protect liquidity were also signed with other system partners. The Lufthansa Group's liquidity management also profited from tax deferrals in the reporting year.

In addition to the government stabilisation packages, Deutsche Lufthansa AG successfully implemented its own financing activities in the financial year, generating cash of EUR 3.8bn for Deutsche Lufthansa AG. Short-term credit lines, commercial paper and money-market securities were supplemented on favourable terms by a euro bond for EUR 1.0bn, a convertible bond for EUR 0.6bn and loans secured by promissory notes and aircraft for around EUR 0.7bn. They serve both to ensure ongoing liquidity and to refinance funding arrangements that expire in 2020 and 2021. At year-end, Deutsche Lufthansa AG had available liquidity of EUR 2.0bn. A further EUR 4.6bn was available to Deutsche Lufthansa AG from the WSF stabilisation package.

The current corporate forecast expect an end to the crisis situation only from 2024 onwards, whereby the Lufthansa Group assumes that even then only 90 % of the pre-crisis level will be reached. This means the planning is in line with sector forecasts and the most recent IATA study from February 2021, which in a positive scenario also predicts a return to pre-crisis levels in 2024 (and in a negative scenario only in 2025). The restructuring measures initiated shall then lead to a profitable growth path again. Risks remain for the ramp-up phase from 2021 until 2024. The duration of the crisis will mainly depend on when travel restrictions, particularly in North America and other important traffic regions, are loosened or lifted. The effects of potential testing options, progress with international vaccination programmes and the risks of new mutations in the COVID-19 virus will be of crucial consequence in the months ahead. On the other hand, how customers behave once travel restrictions are lifted represents a risk for the further course of business, especially for Corporate Business.

Deutsche Lufthansa AG has prepared a rolling liquidity forecast until the end of 2022 on the basis of the uncertainty mentioned above concerning travel restrictions and customers' travel patterns. The main parameters, "available capacity", "load factors" and "yield", were set over the course of the planning process in agreement with the Group companies. Specifically, they assume that average capacity should reach just under 50% of its pre-crisis level in 2021, increasing to around 80% in 2022. For 2021, the assumption is that state aid will still be needed, in the form of short-time working pay and the reimbursement of social security contributions. The parameters were reviewed against publicly available expert opinions (e.g. IATA, Eurocontrol) to ensure they were reasonable. On this basis, the earnings and cost forecasts for the individual units and the Group as a whole were determined using top-down definition of parameters and bottom-up detailed planning. The resulting cash flows were adjusted for balance-sheet-related payments (e.g. ticket refunds), planned capital expenditure and inflows such as the planned financing measures to calculate changes in liquidity over time. The analysis comprises liquidity for the Group as a whole and for Deutsche Lufthansa AG, as well as the other important subsidiaries.

In terms of financing activities, Deutsche Lufthansa AG issued two further bonds with a maturity of four and seven years for a total of EUR 1.6bn in February 2021. They partly secure the refinancing of all liabilities falling due in 2021 and also enable the early repayment of the KfW credit facility of EUR 1.0bn. This means that certain restrictions on the Group's own financing arrangements no longer apply, such as the hypothecation of Group aircraft leasing companies.

In addition to the detailed forecast described above, an additional negative scenario was prepared as a top-down stress test, with more pessimistic assumptions for the level of capacity and changes over time of around 40% of pre-crisis levels, as well as for load factors and pricing. Even in this scenario, liquidity is secured for Deutsche Lufthansa AG for the planning period.

Taking into account the corporate planning, the liquidity planning, the existing and potential funding measures as presented and the existing uncertainties about the future course of business, the Executive Board of the Company considers the liquidity of Deutsche Lufthansa AG to be secure for the eighteen months after the close of the financial year. These financial statements have therefore been prepared on a going concern basis.

MAIN ESTIMATION ASSUMPTIONS

The outbreak of the coronavirus pandemic and the steps taken worldwide to contain the virus have had a massive impact on the business operations of Deutsche Lufthansa AG. The uncertainties resulting from the crisis are vital for the general assessment of the Company's status as a going concern, but also for specific accounting judgements and estimates. It is therefore of fundamental importance how long and at what intensity the COVID-related restrictions to air travel and the constraints for the economy as whole will continue, and over which period a recovery will take place. At the same time, it is not possible to say what the new normal level will be for air transport in general and Deutsche Lufthansa AG in particular. The main estimated assumptions were therefore based on the liquidity and profit forecasts of Deutsche Lufthansa AG and those of its significant equity investments. Critical accounting areas that are affected most severely by the ongoing uncertainty about the further course of the pandemic are:

- Carrying amount of equity investments, which depend to a large degree on the speed of the recovery and the level of post-crisis business.
- Carrying amount of aircraft, which are affected by uncertainties about future capacities and so the extent to which the fleet can be used.
- Carrying amount of deferred tax assets, especially in relation to the tax loss carry-forwards created in the financial year for which a potential use over a five-year period was used as a basis.
- Financial instruments, for which assumptions were made about the volume of future items to be hedged (particularly kerosene consumption) when judging effective hedging relationships and so the necessity of recognising gains and losses through profit or loss.
- Accounting for unused flight documents, for which there was – and will continue to be – greater uncertainty about how customers would redeem miles or use tickets. Estimating the expected expiration of tickets will largely depend on when and to what extent air travel is possible again.

CURRENCY TRANSLATION

In-house conversion rates for foreign currencies are set monthly in advance according to the exchange rates on international markets. These serve as the basis for convert-

ing foreign currency items into euros in the month in which entries are made.

Receivables / liabilities in foreign currencies, cash and provisions are translated at the mean spot rate on the reporting date in accordance with Section 256a HGB. For other non-current receivables / liabilities in foreign currency, the lower / higher-of-cost-or-market principle is observed by comparing the purchase cost with the value on the balance sheet date.

The cost of capital goods purchased in foreign currencies – mainly aircraft invoiced in US dollars – is determined by translation at the exchange rates in effect at the time of payment. Assets for which payments are hedged against exchange rate fluctuations are recognised within the framework of separate valuation units.

Fair value and cash flow hedges of interest rate, exchange rate and fuel price risks are described in Note 17.

INTANGIBLE ASSETS

Intangible assets are measured at cost and generally amortised on a straight-line basis over five years or their contractual useful lives, whichever is longer. Internally developed intangible assets are not capitalised. Purchased take-off and landing rights are not amortised unless permanently impaired.

As a rule, acquired goodwill is amortised over the expected useful life of five to fifteen years. This is based on the expected benefit of the businesses acquired and is primarily determined by economic factors such as future growth and profit forecasts, synergy effects and workforce.

PROPERTY, PLANT AND EQUIPMENT

Straight-line depreciation of property, plant and equipment is based on the purchase and manufacturing costs depreciated over the asset's expected useful life. Interest on liabilities is not recognised as part of the purchase or manufacturing costs.

Movable assets with a finite useful life and acquisition costs of up to EUR 250 are depreciated in full in the year of purchase. Minor capital goods costing between EUR 251 and EUR 1,000 are pooled in an annual tax account and in the commercial balance sheet for reasons of simplicity. They are depreciated on a straight-line basis over five years.

AIRCRAFT

New commercial aircraft have been depreciated on a straight-line basis over a period of 20 years to a residual value of 5%.

Aircraft purchased in used condition are depreciated individually on a straight-line basis depending on their age at the time of acquisition. Aircraft less than 16 years old at the time of acquisition are depreciated up to an age of 20 years to a residual carrying amount of 5%. Aircraft more than 16

years old at the time of acquisition are depreciated in full over four years without any residual value.

Aircraft are either the legal property of the Company or are leased from aircraft holding entities in which the Company holds a direct or indirect equity interest or from external third parties. Leased aircraft are recognised as non-current assets when the Company is deemed to have economic ownership of them. Economic ownership is determined on the basis of general commercial law and the tax provisions concerning leased assets, if applicable.

OTHER PROPERTY, PLANT AND EQUIPMENT

Buildings are assigned a useful life of between 20 and 50 years. Buildings and installations on land belonging to third parties are depreciated on a straight-line basis according to the term of the lease or are assigned a shorter useful life. Operating and office equipment is depreciated over three to fourteen years on a straight-line basis in normal circumstances of usage.

FINANCIAL INVESTMENTS

Financial investments are shown at cost, adjusted by any necessary impairment charges or write-ups. No write-downs are recognised if the impairment is not permanent.

CURRENT ASSETS

Raw materials, consumables and supplies are valued at cost, with stock risks being accounted for by appropriate mark-downs.

Other current securities are recognised at cost or, if applicable, at lower values as per stock exchanges or market prices on the reporting date, in accordance with Section 253 Paragraph 4 HGB.

Emissions certificates issued free of charge are held at a residual amount; those purchased are held at acquisition cost.

Receivables and other assets are recognised at their nominal value.

In addition to individual write-downs necessary for known risks applying to other current assets, adequate provision is made for general credit risk by a write-down of each item by a standard amount. The standardised write-downs on trade receivables reflect previous defaults, days past due, the business model and the region of the customer.

PENSION OBLIGATIONS

To meet retirement benefit obligations, phased early retirement obligations and claims on employees' lifetime working hours accounts, appropriate funds have been invested in insolvency-proof funds and insurance policies, which are not accessible to the Company's other creditors.

Pension assets are measured at fair value using external price information and netted out with the underlying obliga-

tions. If there is an excess of obligations over assets, it is recognised in provisions. If the time value of the relevant pension assets exceeds that of the corresponding obligations, the difference is shown separately as “excess of plan assets over provisions for pensions”. If the fair value of the relevant pension assets is higher than their historical acquisition cost, the resulting income may not be distributed as a dividend (Section 268 Paragraph 8 Sentence 3 HGB).

PROVISIONS

Pension obligations are calculated using actuarial principles based on the projected unit credit method using the Heubeck 2018 G actuarial tables. As well as appropriate projected rates of fluctuation and career progress, a salary trend of 2.5% as well as a basic pension trend of 1% and transitional benefits for cockpit staff of 2.5% are used, as in the previous year.

Discounting took place at the average market interest rate for the past ten years with an assumed term to maturity of 15 years as published by the German Bundesbank. For measurement as of 31 December 2020, the corresponding interest rate is forecast as of 31 December 2020 on the basis of interest rate information published as of 30 November 2020. In the reporting year, the rate was 2.30% (previous year: 2.71%). The effect of this interest rate change is recognised in interest expense. The difference between the amount of provisions calculated using the ten-year and the seven-year average interest rate as of 31 December 2020 may not be distributed as a dividend. As of 31 December 2020, the seven-year average interest rate used to calculate this difference was 1.60% (previous year: 1.97%).

Benefit obligations from retirement benefit commitments that are funded by reinsurance or capital market investments are recognised at the fair value of the underlying securities, insofar as this amount exceeds the present value of the guarantee.

The provision for partial retirement agreements is recognised at the amount needed to settle the obligation. This amount is composed of the salary outstanding as of 31 December 2020, which is paid during the early retirement phase, as well as the superannuation premiums comprising the salary portion and the additional employer contributions to statutory pension insurance. The provision is calculated making reasonable use of biometric probabilities and a salary trend of 0.83%, which was reduced as a result of the crisis. It is discounted on the basis of average terms to maturity at a seven-year average interest rate forecast as of 31 December 2020. In the reporting year, the rate was 0.54% (previous year: 0.72%).

The other provisions are made for the amount considered necessary to settle the obligations using sound commercial judgement, including future cost and price increases. Provisions with a term to maturity of more than one year are discounted at the average market interest rate for the past seven years corresponding to their remaining term.

LIABILITIES

Liabilities are shown at the amount needed to settle them. Advance payments received are recognised at their nominal value.

DEFERRED TAXES

For temporary or quasi-permanent differences between the valuations of assets, liabilities and deferred income in the financial statements for commercial law and tax purposes, or resulting from tax loss carry-forwards, these are measured and recognised using the individual tax rates at the time when the differences are removed. Deferred tax assets and liabilities are recognised as a net amount. Deutsche Lufthansa AG not only recognises differences resulting from items in its own balance sheet, but also for companies in the same income tax group.

Tax loss carry-forwards are recognised to the extent that the deferred tax assets are likely to be used in the future. Company earnings forecasts are used to determine whether deferred tax assets from tax losses carried forward are usable or not, i.e. whether they have a value that can be realised. A five-year period is used to account for deferred taxes on loss carry-forwards.

VALUATION OPTIONS

To improve the presentation of the net assets, financial and earnings position, the option offered by Section 274 Paragraph 1 Sentence 2 HGB of capitalising the net asset of EUR 3,207m resulting from offsetting deferred tax assets and liabilities has been used.

To improve the presentation of the earnings position, instruments to hedge the price of future fuel requirements, foreign currency hedging transactions to hedge exchange rates as well as interest rate hedges for interest-bearing financial liabilities are combined with corresponding hedged items within valuation units in accordance with Section 254 HGB. Possible onerous contracts in the form of a valuation unit are calculated in line with sales markets, so that, according to the principal of loss-free valuation, no impending losses are recognised, insofar as no loss is incurred from future sales business.

Interests which are acquired through a contribution in kind or premium in kind are usually measured as acquisition costs at the time value of the asset contributed. The time value is normally calculated using generally accepted valuation methods (e.g. as the value of future income based on the discounted cash flow method) while applying the principles of IDW S 1.

NOTES TO BALANCE SHEET

Assets

3 Non-current assets

Changes in individual non-current asset items during the financial year 2020 are shown in a separate table.

With effect from 1 January 2020, the continuing airworthiness management organisation (“CAMO”) and line maintenance functions of Lufthansa Technik AG were transferred to Deutsche Lufthansa AG as part of an asset deal. Goodwill of EUR 103m was capitalised in connection with this. Due to the presence of estimation uncertainties, the standardised useful life of 10 years was applied for amortisation.

In addition to the Company’s own aircraft listed in the statement of changes in non-current assets and in the balance sheet, further aircraft were chartered, in some cases complete with crews. In addition, the following aircraft leased exclusively from Group companies are in service for Deutsche Lufthansa AG:

T05 NUMBER OF LEASED AIRCRAFT

Aircraft type	31.12.2020	31.12.2019
Airbus A319-100	24	25
Airbus A320-200	49	48
Airbus A321-100	20	20
Airbus A321-200	29	28
Airbus A330-300	19	15
Airbus A340-300	17	17
Airbus A340-600	13	13
Airbus A380-800	5	5
Boeing 747-400	10	13
Boeing 747-8	17	17
Bombardier CRJ 900	6	6
Embraer 190	9	9
Embraer 195	17	17
	235	233

4 Financial investments

The main indirect and direct equity investments of Deutsche Lufthansa AG can be found in the annexe to the notes, “List of shareholdings”.

Deutsche Lufthansa AG approved and conducted a capital increase at its wholly owned equity investment Lufthansa Commercial Holding GmbH in the financial year. In connection with this, Deutsche Lufthansa AG increased the share capital of Lufthansa Commercial Holding GmbH through a capital increase by issuing a new shareholding for a nominal amount of EUR 100 and acquiring the new shareholding itself. In addition to the obligation to pay the nominal amount of the new shareholding, payment of an additional

premium in kind as further consideration for granting the new shareholding was agreed between Deutsche Lufthansa AG, Lufthansa Commercial Holding GmbH and AirTrust AG. As part of this, Deutsche Lufthansa AG ceded its rights in relation to its wholly owned equity investment AirTrust AG to Lufthansa Commercial Holding GmbH and assigned and transferred the shares of AirTrust AG to Lufthansa Commercial Holding GmbH.

With regard to the wholly owned equity investment in Crane Strategic Investment S.C.S, a capital reduction of EUR 1,779m was conducted in the financial year as a liquidity measure of Deutsche Lufthansa AG.

Lufthansa Commercial Holding GmbH also conducted a capital reduction of EUR 2,550m in the financial year as an additional liquidity measure.

5 Inventories

T06 INVENTORIES

in €m	31.12.2020	31.12.2019
Raw materials, consumables and supplies	11	14
Emission certificates	90	80
Merchandise	10	14
	111	108

6 Receivables and other assets

T07 RECEIVABLES AND OTHER ASSETS

in €m	31.12.2020	thereof due after more than one year	31.12.2019	thereof due after more than one year
Trade receivables	102	–	642	–
Receivables from affiliated companies	488	7	801	–
Receivables from companies held as other equity investment	4	–	4	–
Other assets	807	162	920	204
	1,401	169	2,367	204

Receivables from affiliated companies primarily relate to financial receivables. Receivables from affiliated companies include trade receivables from affiliated companies of EUR 69m (previous year: EUR 323m).

7 Securities and liquid assets

Money market funds valued at EUR 3,655m and primarily managed by Amundi, BNP Paribas and Morgan Stanley were held as of the reporting date. Cash in hand and bank balances consist almost entirely of deposits held with banks.

Foreign currency bank balances of EUR 32m (previous year: EUR 13m) that are not likely to be transferred in the near future and which are discounted appropriately are reported as other assets.

8 Prepaid expenses

This item essentially consists of payments of EUR 32m to several aircraft leasing companies for future maintenance and leasing services (previous year: EUR 18m).

9 Deferred tax assets

This item consists of the net asset balance of EUR 3,207m remaining after deferred tax assets and liabilities on temporary differences between carrying amounts for commercial law and tax purposes have been offset. They are made up as follows:

T08 DEFERRED TAX ASSETS AND LIABILITIES

in €m	31.12.2020	31.12.2019
Non-current assets	92	3
Inventories, receivables and other assets	293	151
Provisions	2,362	1,942
Liabilities	5	46
Loss carried forward	455	–
	3,207	2,142

Deferred tax assets result primarily from different amounts of pension provisions and similar obligations, other provi-

sions and inventories, and, for the first time in the reporting year, tax loss carry-forwards. Deferred tax liabilities, mainly arising from different valuations of aircraft and other equipment, are more than offset by deferred tax assets.

In addition to recognised deferred tax assets from tax loss carry-forwards, further tax loss carry-forwards exist for which no deferred tax assets in the amount of EUR 746m (previous year: EUR 0m) could be recognised.

Deferred taxes are calculated using the individual tax rates for Deutsche Lufthansa AG's tax group, which are between 24% and 31%. The tax rate used in each case comprises corporation tax, trade tax and the solidarity surcharge.

10 Excess of plan assets over provisions for pensions

The excess results from offsetting retirement benefit obligations in accordance with Section 264 Paragraph 2 Sentence 2 HGB against assets that are exclusively used to fund the retirement benefit obligations and are not accessible to the Company's other creditors. The assets in question are securities. No excess of plan assets over provisions for pensions was recognised in the reporting year.

T09 AKTIVER UNTERSCHIEDSBETRAG AUS DER VERMÖGENS- VERRECHNUNG

in Mio. €	31.12.2020	31.12.2019
Erfüllungsbetrag der Verpflichtungen aus Pensionszusagen	–	2,556
beizulegender Zeitwert des Sicherungsvermögens	–	2,563
Überschuss des Vermögens über die Verpflichtung aus Pensionszusagen (aktiver Unterschiedsbetrag)	–	7
Anschaffungskosten des Sicherungsvermögens	–	2,289

Deferred tax assets result primarily from different amounts of pension provisions and similar obligations, other provi-

Shareholders' equity and liabilities

11 Issued capital

SHARE CAPITAL

By resolution of the extraordinary general meeting on 25 June 2020, the issued capital of Deutsche Lufthansa AG was increased by EUR 306,044,326.40 to EUR 1,530,221,624.32 by issuing 119,548,565 registered shares excluding shareholders' subscription rights. The shares were bought by the Economic Stabilisation Fund at the nominal amount of EUR 2.56 per share. The capital increase took effect on 2 July 2020 when it was entered in the commercial register. Issued capital is divided into 597,742,822 registered shares, with each share representing EUR 2.56 of issued capital.

AUTHORISED CAPITAL

A resolution passed at the Annual General Meeting on 7 May 2019 authorised the Executive Board until 6 May 2024, subject to approval by the Supervisory Board, to increase the Company's issued capital by up to EUR 450,000,000 by issuing new registered shares on one or more occasions for payment in cash or in kind (Authorised Capital A). In certain cases, the shareholders' subscription rights can be excluded with the approval of the Supervisory Board.

A resolution passed at the Annual General Meeting on 7 May 2019 authorised the Executive Board until 6 May 2024, subject to approval by the Supervisory Board, to increase the issued capital by up to EUR 30,000,000 by issuing new registered shares to employees (Authorised Capital B) for payment in cash. Existing shareholders' subscription rights are excluded. As of 31 December 2020, shares with a nominal amount of EUR 7,637,832.68 were issued under this authorization, so that Authorised Capital B still amounted to EUR 22,362,168.32 as of the reporting date.

CONTINGENT CAPITAL

A resolution of the Annual General Meeting on 5 May 2020 increased the company's contingent capital by up to EUR 122,417,728. The contingent capital increase serves to issue up to 47,819,425 shares to the holders or creditors of conversion and/or option rights from convertible bonds with a total nominal value of up to EUR 1.5bn that may be issued by the Company or its Group companies until 4 May 2025 in accordance with the resolution of the Annual General Meeting on 5 May 2020. In certain cases, the shareholders' subscription rights can be excluded with the approval of the Supervisory Board.

A resolution of the extraordinary general meeting on 25 June 2020 increased the contingent capital of Deutsche Lufthansa AG by up to EUR 102,014,776.32. The contingent capital increase serves to provide up to 39,849,522 shares for the exercise of conversion rights granted to the Economic Stabilisation Fund created by the Stabilisation Fund Act as a silent shareholder for Silent Participation II-A at a strike

rate of EUR 2.56 per share by resolution of the extraordinary general meeting on 25 June 2020. The rights can be exercised if a decision is published to make a takeover offer pursuant to Section 10 Securities Acquisition and Takeover Act (WpÜG) or if control is acquired pursuant to Sections 35 and 29 WpÜG. The buyer can exercise the conversion rights at any time if the Silent Participation II-A is sold to a private purchaser.

A resolution of the extraordinary general meeting on 25 June 2020 increased the contingent capital of Deutsche Lufthansa AG by up to EUR 897,985,223.68. The contingent capital increase serves to provide up to 350,775,478 shares for the exercise of conversion rights granted to the Economic Stabilisation Fund created by the Stabilisation Fund Act as a silent shareholder for antidilution and/or coupon protection for Silent Participation II-B by resolution of the extraordinary general meeting on 25 June 2020. If the conversion right is exercised to protect against dilution, the new shares will be issued at the current market price on the conversion date, less 10%. If the conversion right is exercised to protect the coupon, they are issued at the current market price on the conversion date, less 5.25%. The conversion rights expire if Silent Participation II-B is assigned to a third party.

AUTHORISATION TO PURCHASE TREASURY SHARES

A resolution passed at the Annual General Meeting held on 7 May 2019 authorised the Executive Board pursuant to Section 71 Paragraph 1 No. 8 Stock Corporation Act (AktG) to purchase treasury shares until 6 May 2024. The authorisation is limited to 10% of current issued capital, which can be purchased on the stock exchange or by a public purchase offer to all shareholders. The authorisation states that the Executive Board can use the shares, in particular, for the purposes defined in the resolution passed at the Annual General Meeting. According to the resolution of the Annual General Meeting held on 7 May 2019, the Executive Board is also authorised to purchase treasury shares by means of derivatives and to conclude corresponding derivative transactions.

At various points in 2020, Deutsche Lufthansa AG bought back 1,299,165 of its own shares at an average price of EUR 7.27. This corresponds to 0.22% or EUR 3,325,862.40 of issued capital.

The shares purchased were used as follows:

- 1,296,504 shares were transferred to the employees of Deutsche Lufthansa AG and to 33 other affiliated companies and equity investments as part of the profit-sharing for 2019, at a share price of EUR 7.56.
- 517 shares were transferred for employees of Deutsche Lufthansa AG and another affiliated company as part of the profit-sharing for 2018, at a share price of EUR 14.18.
- 2,144 shares were resold at a price of EUR 11.14.

On the balance sheet date, treasury shares were no longer held.

SHAREHOLDER STRUCTURE

Notifications received in accordance with Section 33 Paragraph 1 Securities Trading Act (WpHG) on changes in voting rights in the share capital held by third parties are disclosed in abbreviated form below. If a notifying party reaches, exceeds or falls below the thresholds defined in Section 33 Paragraph 1 WpHG more than once, only the last notification that the threshold has been reached or exceeded or is no longer reached is disclosed below.

- On 30 May 2016, Deutsche Asset & Wealth Management Investment GmbH, Frankfurt, Germany, notified us that its voting rights in Deutsche Lufthansa AG fell below the threshold of 3% on 19 May 2016 and on this date came to 2.90% (13,471,331 voting shares). 2.90% (13,471,331 voting shares) were attributable to Deutsche Asset & Wealth Management Investment GmbH in accordance with Section 34 WpHG (previously Section 22 WpHG).
- On 14 November 2016, Franklin Templeton Investment Funds, Luxembourg, notified us that its voting rights in Deutsche Lufthansa AG fell below the threshold of 3% on 8 November 2016 and on this date came to 2.96% (13,861,910 voting shares). 2.96% (13,861,910 voting shares) are attributable to Franklin Templeton Investment Funds directly in accordance with Section 33 WpHG (previously Section 21 WpHG).
- On 14 November 2016, Franklin Templeton International Services S.à r.l., Luxembourg, notified us that its voting rights in Deutsche Lufthansa AG fell below the threshold of 3% on 8 November 2016 and on this date came to 2.96% (13,861,910 voting shares). 2.96% (13,861,910 voting shares) are indirectly attributable to Franklin Templeton International Services S.à r.l. in accordance with Section 34 WpHG (previously Section 22 WpHG).
- On 22 March 2017, Templeton Investment Counsel, LLC, Fort Lauderdale, Florida, USA, notified us that its voting rights in Deutsche Lufthansa AG fell below the threshold of 3% on 17 March 2017 and on this date came to 2.98% (13,959,454 voting shares). 2.98% (13,959,454 voting shares) were indirectly attributable to Templeton Investment Counsel, LLC, in accordance with Section 34 WpHG (previously Section 22 WpHG).
- Templeton Growth Fund, Inc., Maryland, USA, notified us that its voting rights in Deutsche Lufthansa AG fell below the threshold of 3% on 6 April 2017 and on this date came to 2.90% (13,611,171 voting shares) in accordance with Section 33 WpHG (previously Section 21 WpHG).
- Templeton Global Advisors Limited, Nassau, Bahamas, notified us that its voting rights in Deutsche Lufthansa AG fell below the threshold of 3% on 13 June 2017 and on this date came to 2.87% (13,508,944 voting shares). 2.87% (13,508,944 voting shares) were indirectly attributable to Templeton Growth Fund, Inc., in accordance with Section 34 WpHG (previously Section 22 WpHG).
- Norges Bank, Oslo, Norway, notified us that its voting rights in Deutsche Lufthansa AG exceeded the threshold of 3% on 24 April 2019 and on this date came to 3.20% (15,199,406 voting shares). 3.20% (15,199,406 voting shares) were indirectly attributable to Norges Bank in accordance with Section 34 WpHG.
- Amundi S.A., Paris, France, notified us that its voting rights in Deutsche Lufthansa AG exceeded the threshold of 3% on 31 July 2019 and on this date came to 3.15% (14,952,168 voting shares). 3.15% (14,952,168 voting shares) were indirectly attributable to Amundi S.A. in accordance with Section 34 WpHG.
- Amundi S.A., Paris, France, notified us that its voting rights in Deutsche Lufthansa AG fell below the threshold of 3% on 19 September 2019 and on this date came to 2.69% (12,784,379 voting shares). 2.69% (12,784,379 voting shares) were indirectly attributable to Amundi S.A. in accordance with Section 34 WpHG.
- BlackRock, Inc., Wilmington, Delaware, USA, notified us that its voting rights in Deutsche Lufthansa AG exceeded the threshold of 3% on 2 March 2020 and on this date came to 3.09% (14,780,221 voting shares). 3.09% (14,780,221 voting shares) are attributable to BlackRock, Inc., indirectly in accordance with Section 34 WpHG.
- BlackRock, Inc., Wilmington, Delaware, USA, notified us that its voting rights in Deutsche Lufthansa AG fell below the threshold of 3% on 4 March 2020 and on this date came to 2.81% (13,439,503 voting shares). 2.81% (13,439,503 voting shares) are attributable to BlackRock, Inc., indirectly in accordance with Section 34 WpHG.
- Lansdowne Partners International Ltd., George Town, Grand Cayman, Cayman Islands, notified us that its voting rights in Deutsche Lufthansa AG exceeded the threshold of 5% on 17 May 2019 and on this date came to 5.08% (24,124,898 voting shares). 5.08% (17,045,008 voting shares) were attributable to Lansdowne Partners International Ltd. indirectly in accordance with Section 34 WpHG.
- Lansdowne Partners International Ltd., George Town, Grand Cayman, Cayman Islands, notified us that its voting rights in Deutsche Lufthansa AG fell below the threshold of 3% on 6 March 2020 and on this date came to 2.86% (13,665,474 voting shares). 2.86% (13,665,474 voting shares) were attributable to Lansdowne Partners International Ltd. indirectly in accordance with Section 34 WpHG.
- KB Holding GmbH, Grünwald, on behalf of Heinz Hermann Thiele, notified us that its voting rights in Deutsche Lufthansa AG exceeded the threshold of 15% on 15 June 2020 and on this date came to 15.52% (74,230,000 voting shares). 15.52% (74,230,000 voting shares) were indirectly attributable to KB Holding GmbH in accordance with Section 34 WpHG.

- KB Holding GmbH, Grünwald, on behalf of Heinz Hermann Thiele, notified us that its voting rights in Deutsche Lufthansa AG fell below the threshold of 15% on 2 July 2020 and on this date came to 12.42% (74,230,000 voting shares). 12.42% (74,230,000 voting shares) were indirectly attributable to KB Holding GmbH in accordance with Section 34 WpHG.
- The Economic Stabilisation Fund (WSF), Berlin, on behalf of the Federal Republic of Germany, notified us that its voting rights in Deutsche Lufthansa AG exceeded the threshold of 20% on 2 July 2020 and on this date came to 20.05% (119,864,299 voting shares). 20.05% (119,864,299 voting shares) were indirectly attributable to the Economic Stabilisation Fund (WSF) in accordance with Section 34 WpHG.

For further details, we refer to the individual notifications on voting rights published on our website www.lufthansa.com.

12 Reserves

The capital reserve contains the premiums resulting from capital increases and the proceeds from the issue of debt securities for conversion options to acquire Company shares. Since the nominal share value was used for the capital increase conducted in the 2020 financial year as part of the stabilisation measures of the Economic Stabilisation Fund (WSF), the capital reserve was unchanged compared with the previous year.

The legal reserve contained in retained earnings is unchanged at EUR 26m; other reserves consist of other retained earnings. EUR 298m was transferred to retained earnings in the reporting year.

An amount of EUR 5,320m may not be distributed as dividends. This is made up of EUR 3,207m from the recognition of deferred tax assets for temporary differences between the valuations for commercial and tax purposes as well as on loss carry-forwards, EUR 1,418m from the difference between the application of ten-year or seven-year average interest rates to discount the pension obligations and EUR 695m from the amount by which the fair value of plan assets exceeds their cost. There are still free retained earnings of EUR 398m to cover the amount that may not be distributed.

13 Provisions

T10 PROVISIONS

in €m	31.12.2020	31.12.2019
Provisions for pensions and similar obligations	2,230	1,066
Tax provisions	523	287
Obligations in respect of unused flight documents	1,218	2,290
Other provisions	2,893	2,959
	6,864	6,602

A Company pension scheme exists for staff working in Germany and staff seconded abroad. Benefit obligations are mainly funded by means of contributions to an external trust fund to which access is restricted.

There are also obligations from the conversion of salary components that are funded by assets held in insurance policies. The actuarial obligations are netted with the corresponding assets measured at fair value as of 31 December 2020 to obtain the carrying amount for the balance sheet. The acquisition costs of the fund assets were EUR 9,308m as of 31 December 2020. Their fair value as of the same date was EUR 9,921m. The fund assets which can be netted amount to EUR 9,901m. The actuarial amount required to settle the obligation as of 31 December 2020 is EUR 12,131m.

In 2016, a new company retirement benefit plan for ground staff employed in Germany was established in the form of a defined-contribution benefit commitment. For employees recruited before 1 January 2016, the entitlements vested up until 31 December 2015 are maintained. For service periods starting from 1 January 2016, employees can reach the same level of benefits by making contributions from their own pocket. For employees recruited from 1 January 2016, the contributions to the new model will be invested on the capital market. When the employee reaches retirement age, the entire account balance is converted into an annuity on the basis of the applicable BilMoG interest rate, subject to a pension adjustment of 1% per annum and while guaranteeing the contributions that were originally made.

In 2017, a new pension agreement was concluded for cabin crew. It includes the provision that employees who started work at Lufthansa before 30 June 2016 maintain their pension entitlements vested up to this point. For service periods from 1 July 2016, the employees receive employer contributions to the Company pension scheme depending on their eligible gross salary. In addition, the previous entitlements to transitional benefits were replaced by an initial contribution to the new capital-market-based benefits system, calculated as of the date on which the change was made. All employees are free to make their own contributions on a voluntary basis. Contributions from both employer and employee, as well as the initial transitional benefit contribution, are invested on the capital markets with a capital guarantee. When the employee reaches retirement age, the available account balance is converted into an annuity on the basis of the applicable BilMoG interest rate, subject to a pension adjustment of 1% per annum.

In 2017, new pension agreements were concluded for cockpit employees for their retirement and transitional benefits. For employees recruited before 1 January 2017, the pension entitlements vested up until 31 December 2016 are maintained. For service periods from 1 January 2017, the employees receive employer contributions to the Company pension scheme depending on their eligible gross salary. All employees are free to make their own contributions on a voluntary basis. The capital is invested on capital markets with a capital guarantee, in addition to the guaranteed interest rate

offered by life insurance companies (currently 0.9% p.a.) for cockpit crew as an extra commitment. When the employee reaches retirement age, the available account balance is converted into an annuity on the basis of the applicable BilMoG interest rate, subject to a pension adjustment of 1% per annum.

The old rules fundamentally continue to apply to transitional benefits. The collective retirement age for pilots increases gradually from 58 to 60 by 2021. In connection with the forecast long-term staff surplus among cockpit crew, the Company has proposed a temporary suspension of the clause relating to the collective retirement age. A corresponding agreement has not yet been reached on a change to the wage settlement as part of an overall agreement. This results in an increase of EUR 41m in the transitional benefit obligation in the reporting year.

In the new Company retirement benefit scheme for ground, cabin and cockpit staff, the obligations from the capital market components are recognised at the fair value of the corresponding plan assets and are offset against these, insofar as they exceed the minimum guaranteed amount. The employer contributions recognised in staff costs constitute service expense.

Under the crisis collective bargaining agreements concluded in the reporting year, reductions in contributions to the Company retirement benefit scheme have been agreed with cabin and cockpit staff.

As part of the transfer of operations from Lufthansa Technik AG to Deutsche Lufthansa AG disclosed under item 3, employee obligations of EUR 348m (essentially pension obligations) and corresponding fund assets of EUR 241m were transferred to Deutsche Lufthansa AG.

Accrued interest expenses on provisions and expenses from measuring the obligation with a lower discount rate than in the previous year of EUR 652m, as well as expenses of EUR 361m from the negative market valuation of plan assets were recognised in net interest.

The change from a seven-year average interest rate to a ten-year average for calculating the settlement amounts resulted in a difference of EUR 1,418m as of 31 December 2020, which is not available for distribution.

Obligations under partial retirement agreements are recognised in other provisions. Obligations of EUR 95m are netted with fund assets with a fair value of EUR 46m. The acquisition costs of the fund assets are EUR 51m. Accrued interest expenses on provisions of EUR 0.4m, as well as expenses of EUR 3.8m from the negative market valuation of pension fund assets were recognised.

Working hours accounts have been managed for cabin crew since 2017 and had a value of EUR 81m as of the reporting date. They are offset by plan assets with an identical amount. The acquisition costs of the fund assets are EUR 81m.

Other provisions essentially comprise amounts for aircraft maintenance (EUR 1,510m) and provisions for impending losses (EUR 461m). This includes a provision for impending losses of EUR 337m in connection with the lease agreements with aircraft leasing companies. The measures to cut flight capacities in the longer term will have an impact on leases insofar as the obligation to make lease payments for the aircraft affected is expected to outweigh their contribution to the Company's success.

T11 RÜCKSTELLUNGEN FÜR PENSIONEN

in Mio. €	31.12.2020	31.12.2019
Erfüllungsbetrag der Verpflichtungen aus Pensionszusagen	12,131	8,721
beizulegender Zeitwert des Sicherungsvermögens	9,901	7,655
Nettowert der Verpflichtungen aus Pensionszusagen	- 2,230	- 1,066
Anschaffungskosten des Sicherungsvermögens	9,308	6,723

14 Liabilities

T12 LIABILITIES

	31.12.2020	thereof due			31.12.2019	thereof due		
in €m	Total	within one year	between one and five years	after more than five years	Total	within one year	between one and five years	after more than five years
Bonds*	2,827	227	1,100	1,500	1,098	98	1,000	-
Liabilities to banks	4,215	2025	2,156	34	2,089	665	1,390	34
Payables to affiliated companies	4,659	4,659	-	-	6,094	6,094	-	-
Other liabilities	6,067	1,104	2,262	2,701	5,135	1,470	1,686	1,979
thereof Advance payments for orders	6	6	-	-	6	6	-	-
thereof Trade payables	316	316	-	-	697	697	-	-
thereof Payables to affiliated companies	2	2	-	-	6	6	-	-
thereof other remaining liabilities	5,743	780	2,262	2,701	4,426	761	1,686	1,979
thereof for taxes	99	99	-	-	92	92	-	-
thereof relating to social security obligations	2	2	-	-	3	3	-	-
	17,768	8,015	5,518	4,235	14,416	8,327	4,076	2,013

*Share of convertible bonds amounts to EUR 600m (previous year: 0)

Liabilities to affiliated companies include trade payables to affiliated companies of EUR 41m (previous year: EUR 30m).

Under the framework agreement to implement stabilisation measures between the Economic Stabilisation Fund on behalf of the Federal Republic of Germany and Deutsche Lufthansa AG, a syndicated credit facility of up to EUR 3bn was granted for a term of three years with the participation of KfW and private banks. Under the stabilisation funding granted as borrowings in Switzerland, Austria and Belgium for other companies in the Group, the loan portion for Deutsche Lufthansa AG was EUR 1bn. The shares in Austrian and Maltese aircraft leasing companies, which operate a total of 323 aircraft in the Group, were pledged as collateral.

In addition, the stabilisation fund granted a silent participation in July 2020 that excludes loss-sharing. It has an amount of EUR 1bn, which is recognised under other liabilities.

In November 2020, Deutsche Lufthansa AG also decided not to exercise the first right to call its EUR 500m hybrid bond, which matures on 12 August 2025 and carries an interest rate of 5.125%. The right of termination can be exercised again as of 12 February 2026. Furthermore, the coupon will be reset on 12 February 2021.

In November 2020, Deutsche Lufthansa AG issued a EUR 1bn bond under its existing EMTN programme. The bond matures on 29 May 2026 and pays interest of 3.0% per annum.

In November 2020, Deutsche Lufthansa AG issued a convertible bond with a total volume of EUR 600m. Unless previously converted, the bonds will be redeemed at their nominal value in November 2025. Investors also have the option of converting the bond into new and/or existing registered shares of Lufthansa AG. The initial conversion price was set at EUR 12.96, which corresponds to a conversion premium of 40.0% above the reference share price of EUR 9.2545.

EUR 252m of the liabilities to banks were secured by aircraft. Of the other liabilities, obligations arising from finance leases totalling EUR 3,362m are secured by the aircraft concerned.

15 Contingent liabilities

T13 CONTINGENT LIABILITIES

in €m	31.12.2020	31.12.2019
Relating to guarantees, bills of exchange and cheque guarantees	775	1,819
thereof to affiliated companies	117	195
Relating to warranty agreements	342	400
thereof to affiliated companies	108	111
thereof to joint ventures	188	244
Relating to the provision of collateral for third-party obligations	0	25

The amounts listed under liabilities from guarantees include EUR 657m in co-debtors' guarantees given in favour of North American fuelling and handling companies. There was no requirement to recognise these guarantee obligations as a liability, because the fuelling and handling companies are expected to be able to meet the underlying liabilities and a claim is therefore unlikely. Furthermore, this amount is matched by compensatory claims against the other co-debtors amounting to EUR 644m. These amounts are in some cases preliminary, since current financial statements from some counterparties are not available yet.

EUR 64m of the liabilities relating to warranties refer to co-debtors' guarantees in favour of the Terminal One Group Association, L.P. joint venture at New York's JFK Airport. No provision was recognised, as a claim is not considered likely. Based on the Company's current forecasts, the assumption is that the Company will be able to meet its obligations itself. The obligations under the warranties are matched by compensatory claims against the other co-debtors amounting to EUR 48m. The liabilities under warranties to joint ventures include bank guarantees from the financing of two B777 freighter aircraft in service at Aerologic GmbH.

16 Other financial obligations

Financial obligations on the basis of order commitments and loan commitments with no long-term ongoing obligations came to EUR 13,323m as of the reporting date. For ongoing obligations, in some cases with terms of up to 30 years, there were expenses of EUR 1,195m in the reporting year.

ORDER COMMITMENTS

Order commitments for capital expenditure on property, plant and equipment came to EUR 11,984m as of 31 December 2020. Of the corresponding payment obligations, EUR 10,875m falls due in the years 2021 to 2025, and EUR 1,110m falls due in the years 2026 and 2027.

Obligations to acquire Company shares and to contribute capital to investee companies totalling EUR 201k existed as of the reporting date. There were also loan commitments of EUR 1,338m towards affiliated companies.

OBLIGATIONS UNDER TENANCY AGREEMENTS

The Company carries on its business almost exclusively in rented premises. Rental agreements generally run for up to ten years. Facilities at Frankfurt and Munich airports are sometimes rented for longer periods, in some cases for up to 30 years, and are partly prefunded by Lufthansa. Annual rental payments amounted to around EUR 181m in the financial year.

To optimise financing costs, aircraft are regularly leased from affiliated companies and external lessors. Expenses for longer-term operating leases pertaining to aircraft with terms up to 2028 came to EUR 910m in the financial year. It was possible to use them as a qualified assumption for amounts payable annually under these ongoing obligations.

Expenses for operating leases were mainly payable to affiliated companies; EUR 69m was paid to several external lessors (previous year: EUR 65m).

OBLIGATIONS UNDER LONG-TERM MAINTENANCE CONTRACTS

Maintenance contracts for aircraft and aircraft components usually have terms of between 5 and 18 years to secure contractual conditions on a long-term basis. Long-term maintenance contracts with external providers signed as of the reporting date with terms up to 2030 gave rise to expenses of EUR 105m in the financial year. There was a significant decrease in maintenance inspections in the reporting year due to the pandemic. Of the future payment obligations resulting from the long-term maintenance contracts, EUR 455m falls due in the years 2021 to 2025 and EUR 339m falls due in the years 2026 to 2030 if the contractual services are requested as scheduled. A not unrealistic reduction in the contractual services requested will lead to a decrease in the payment obligations.

17 Hedging policy and financial derivatives

As an international airline, Deutsche Lufthansa AG is exposed to the risk of changes in exchange rates, interest rates and fuel priced in US dollars.

EXCHANGE RATE HEDGES

For US dollars, Lufthansa is mainly in a net payer position as regards currency risks from its operating business, since fuel payments are dollar-denominated. There is always a net surplus for other currencies. The main risks in this respect stem from the Chinese renminbi, the Swiss franc, the British pound sterling, the Japanese yen and the Indian rupee. Depending on market liquidity, currency risks from projected operational exposure are hedged gradually over a period of 24 months by means of futures contracts. The target hedging level is defined in the Group's internal guidelines. At the end of 2020, exposure to the major foreign currency items from operations for the next 24 months was as follows:

T14 FOREIGN CURRENCY EXPOSURE FROM OPERATIONS

31.12.2020 in €m	USD	CNY	JPY	GBP	INR
Exposure (currency)	-623	2,091	34,685	390	17,510
Exposure (EUR at spot rate)	-507	261	273	431	195
Hedges (currency)	176	-699	-11,727	-137	-2,397
Hedge ratio	28%	33%	34%	35%	14%
Hedge rate	1.31	8.35	119.86	0.90	88.96

Anticipated macro valuation units are formed prospectively for operational currency hedges in accordance with Section 254 HGB and presented using the net hedge method. The hedged items are the net positions of highly probable future cash flows in foreign currencies from the operating business for each foreign currency and hedging month. Since the target hedging level is always less than the total foreign

currency exposure, the hedges are considered to be fundamentally effective, so no provision for impending losses from valuation units has to be recognised.

Forward currency transactions and swaps are valued individually at their respective forward curve and discounted to the reporting date based on the corresponding interest rate curve. The market prices of currency options are calculated using recognised option pricing models.

The following table shows the market values of external hedges for Deutsche Lufthansa AG and its subsidiaries.

T15 FOREIGN EXCHANGE RATE HEDGES FOR EXPOSURE FROM OPERATIONS

31.12.2020 in €m	Nominal volume	Market value	Maturities up to	Carrying amounts of other provisions
External hedges	3,615	-50	2023	-
External hedges for subsidiaries	3,758	49	2023	-

HEDGED CAPITAL EXPENDITURE

Exchange rate hedges in the form of micro hedges are combined with expected aircraft deliveries to form valuation units for the purpose of hedging the risk of price increases due to exchange rate movements and presented in the balance sheet using the net hedge method. Aircraft purchases are now only hedged by means of forward transactions. The exposure for capital expenditure at year-end 2020, the relevant hedging volume and the effects of the hedges on the acquisition costs of the hedged investments are as follows:

T16 HEDGED USD CAPITAL EXPENDITURE

Year	Exposure in USD	Volume hedged in USD	Market values in €m	Hedge ratio
2021	-2,018	1,779	-56	88%
2022	-2,491	1,967	-75	79%
2023	-3,370	2,199	-50	65%
2024	-1,383	783	7	57%
2025	-1,182	642	12	54%
2026	-947	496	-7	52%
2027	-269	75	2	28%
2028	-213	0	0	0%
2029	-168	0	0	0%
	-12,041	7,941	-167	-66%

In the financial year, long-term foreign currency hedges were realised early, generating cash proceeds of EUR 428m. The amounts will be recognised as liabilities until the hedged transactions occur and will then be allocated to the corresponding investments. Hedging transactions in which the hedged items (aircraft purchases) have been deferred due to the crisis are accounted for in the same way.

INTEREST RATE HEDGES

Suitable interest rate swaps and combined interest rate/currency swaps are arranged with external parties to hedge interest rate risks on bonds, loans and lease liabilities recognised in the balance sheet. They are combined in valuation units as micro hedges and presented in the balance sheet using the net hedge method. Hedged items and hedges have identical maturities, up to 2031 at the latest. As the reciprocal cash flows balance each other out, the interest rate swaps are not presented in the balance sheet. As of 31 December 2020, provisions of EUR 91m are recognised for impending losses regarding interest rate hedges with no hedged items.

Furthermore, Deutsche Lufthansa AG and its subsidiaries have arranged combined interest rate / currency swaps that are matched by interest rate / currency swaps of the same type, volume and maturity with external third parties. They are also combined in valuation units as micro hedges. Hedged items and hedges have identical maturities, up to 2026 at the latest. The hedged cash flows balance each other fully, so that the valuation units are fully effective. As of 31 December 2020, provisions of EUR 5m are recognised for impending losses regarding other internal interest rate hedges.

T17 INTEREST RATE HEDGES

31.12.2020 in €m	Volume hedged	Market value	Maturities up to	Carrying amount of other provision
External hedges with hedged items	5,331	43	2031	-
External hedges without hedged items	940	-90	2028	-91
External hedges for subsidiaries	461	-	2026	-
Internal hedges with subsidiaries	58	-4	2027	-5

The fair values of interest rate derivatives correspond to their respective market values, which are measured using appropriate mathematical methods, such as discounting future cash flows. Discounting takes market standard interest rates and the residual term of the respective instruments into account.

FUEL HEDGING

As of 31 December 2020, exposure to fuel prices was as follows:

T18 FUEL PRICE EXPOSURE

		2021	2022
Fuel exposure	in thousand t	2,558	4,258
Volume hedged	in thousand t	2,455	85
Hedge ratio	in %	96%	2%

Suitable forward transactions, spread options and combinations of hedges are arranged with external counterparties to hedge price risks from future fuel requirements. They have been combined with the hedged items as macro valuation units and presented using the net hedge method to improve presentation of the earnings position.

T19 FUEL PRICE HEDGES

31.12.2020	Volume of hedged items in thousand t	Market value in €m	Maturities up to	Carrying amount of other assets in €m
Range options	2,343	-29	2022	36
Swaps	173	0	2022	-
Hedging combinations	25	-3	2022	0

The collapse of air travel as a result of the pandemic has led to overhedging for some months of 2021 as of the current reporting date. The existing volume of hedging instruments is therefore not fully covered by planned fuel requirements. It is not permitted to recognise valuation units for this share of derivatives. As of 31 December 2020, provisions of EUR 11m are therefore recognised for negative market values in relation to this.

The market prices of options used to hedge fuel prices are determined using acknowledged option pricing models. The market values correspond to the price at which an independent third party would assume the rights and/or obligations from the financial instrument.

FINANCIAL INSTRUMENTS HELD AS FINANCIAL INVESTMENTS

T20 BALANCE SHEET ITEMS - FINANCIAL INVESTMENTS

in €m	Market values 31.12.2020	Carrying amounts 31.12.2020
Shares in affiliated companies	2	2
Loans to affiliated companies	465	465
Other loans	1	1

Shares in affiliated companies measured at market value relate to a wholly owned equity investment in Crane Strategic Investment S.C.S., Belgium. This is an equity investment in a foreign investment vehicle within the meaning of Section 1 Paragraphs 1 and 2 of the German Investment Code (KAGB). As disclosed under Note 3, the liquidity held in the equity investment was almost entirely utilised. The remaining amount is EUR 1.5m and will be utilised in 2021.

Loans to affiliated companies essentially comprise the loan of CHF 500m granted to AirTrust AG in the financial year. As of the reporting date, the market value of this loan was EUR 461m, which is the same as the carrying amount.

NOTES TO THE INCOME STATEMENT

18 Traffic revenue

T21 TRAFFIC REVENUE BY TRAFFIC REGION

in €m	2020	2019
Europe	1,520	5,589
North America	817	4,341
Asia /Pacific	536	2,878
South America	319	959
Africa	201	630
Middle East	109	488
	3,502	14,885

T22 TRAFFIC REVENUE BY SECTOR

in €m	2020	2019
Scheduled	3,117	14,366
Charter	385	519
	3,502	14,885

19 Other revenue

The other revenues made up as follows:

T23 OTHER REVENUE

in €m	2020	2019
Travel services (commissions / fees)	161	513
Aircraft on operating leases	179	195
Matrix allocation	183	252
Ground services / in-flight sales	44	169
Services rendered	126	141
Staff secondment	11	15
Rent for land / buildings	45	55
Other	29	48
	778	1,388

87% of other revenue was generated in Europe (previous year: 81%).

The significant decrease compared with the previous year is due to the sharp decline in the business activities of Deutsche Lufthansa AG in the reporting year as a result of the pandemic.

Revenue from other periods came to EUR 16m in the reporting year and consists largely of income from unused flight documents from prior years.

20 Other operating income

T24 OTHER OPERATING INCOME

in €m	2020	2019
Proceeds on the disposal of non-current assets	5610	13
Exchange rate gains from foreign currency translation	693	1,150
Reversal of provisions	269	178
Compensation received for damages	21	17
Earnings from write-backs on assets	37	58
Other operating income	195	247
	6,825	1,663

Other operating income was primarily due to the recognition of a book gain of EUR 5,608m in connection with the capital contribution at AirTrust AG. The book gain resulted from measuring the additional acquisition costs of the wholly owned equity investment in Lufthansa Commercial Holding GmbH based on the time value of the contributed wholly owned equity investment in AirTrust AG. This led to the release of hidden reserves in the shares of AirTrust AG and therefore to an increase in the shareholders' equity of Deutsche Lufthansa AG. For a detailed description of the capital contribution, we refer to Note 4, page 10.

Income from other periods came to EUR 290m in the reporting year and consisted mainly of write-backs of provisions.

21 Cost of materials and services

T25 COST OF MATERIALS AND SERVICES

in €m	2020	2019
Aircraft fuel and lubricants	959	3,672
Other costs of raw materials, consumables and supplies and goods purchased	62	97
Costs of services purchased	4,050	6,993
	5,071	10,762

The costs of purchased services include a provision for impending losses of EUR 337m in connection with the lease agreements with aircraft leasing companies. The measures to cut flight capacities in the longer term will have an impact on leases insofar as the obligation to make lease payments for the aircraft affected is expected to outweigh their contribution to the Company's success.

The cost of materials and services include expenses from other periods of EUR 46m.

22 Staff costs

T26 STAFF COSTS

in €m	2020	2019
Wages and salaries	1,750	2,405
Social security, pensions and benefit contributions	467	644
thereof for retirement benefits	270	322
	2,217	3,049

T27 AVERAGES NUMBER OF EMPLOYEES

	2020	2019
Flight staff	25,381	25,874
Ground staff	14,070	11,811
Trainees	47	36
	39,498	37,721

The decline in staff costs is due to various effects such as the use of short-time working to preserve jobs, salary waivers and the reduction of variable salary components. The effects with regard to short-time working pertain to reimbursement claims for short-time working pay (EUR 249m) and the social security contributions relating to them (EUR 181m).

Staff costs include expenses from other periods of EUR 5m.

23 Depreciation, amortisation and impairment

Depreciation, amortisation and impairment of intangible assets, aircraft and other property, plant and equipment are detailed in the statement of changes in non-current assets. Impairment losses of EUR 674m were recognised in the financial year. They primarily relate to various mostly four-engine aircraft which have been permanently retired or transferred to long-term parking mode.

Total depreciation and amortisation in 2020 shown in the statement of changes in non-current assets includes amortisation of financial investments.

24 Other operating expenses

Other operating expenses are made up as follows:

T28 OTHER OPERATING EXPENSES

in €m	2020	2019
Exchange rate losses from foreign currency translation	604	713
Expenses for computerised distribution systems	52	277
Travel expenses	76	244
Sales commission paid to agencies	39	241
Advertising and sales promotions	60	211
Rental and maintenance expenses	229	178
Payment system expenses (especially credit card commission payments)	32	160
Matrix allocation	128	159
Auditing, consulting and legal expenses	82	130
Courses / training for flight staff	45	76
Insurance for flight operations	14	25
Impairment charges / depreciation and amortisation for current assets	56	21
Treibstoffpreisübersicherung	467	–
Other operating expenses	458	550
	2,342	2,985

The decline in flight traffic due to the pandemic meant that fuel hedging included overhedging, as a result of which hedging relationships previously designated in measurement units had to be terminated early. The corresponding hedges were therefore accounted for as stand-alone derivatives. For the 2020 financial year, the realised result of expired, stand-alone derivatives was EUR –456m, which is recognised under the special item “fuel overhedging”. A further EUR 11m was also recognised in connection with this as a provision for impending losses.

The remaining operating expenses primarily comprise call centre services utilised, various administrative services outsourced to Lufthansa Group Business Services GmbH and external advisory services.

Expenses from other periods came to EUR 38m in the reporting year and are mainly attributable to insufficient provisions in the previous year.

25 Result from equity investments

T29 RESULTS FROM EQUITY INVESTMENTS

in €m	2020	2019
Income from profit transfer agreements	756	493
Expenses from loss transfer agreements	1,903	714
Income from equity investments	341	697
thereof from affiliated companies	334	691
	-806	476

Income/expenses from profit and loss transfer agreements are shown including tax contributions. Income from equity investments consists primarily the accrued dividends from

the Austrian leasing companies for financial year 2020 due to aligning the timing of profit recognition.

26 Net interest

T30 NET INTEREST

in €m	2020	thereof affiliated companies	2018	thereof affiliated companies
Income from other securities and non-current financial loans	37	35	42	40
Other interest and similar income	117	14	96	10
Interest and similar expenses	-506	-1	-1,471	-1
thereof accrued interest	-1,251	-	-734	-
thereof from market valuation of pension fund assets	1,077	-	-568	-
	-352	48	-1,333	49

value-based differences in inventories at Lufthansa Technik AG resulted in deferred tax assets. In addition, a deferred tax receivable on loss carry-forwards was recognised in the financial year for the first time.

Taxes on income and earnings and other taxes also include net items from previous years of EUR 47m.

Changes in interest expenses result primarily from the negative year-on-year change in the market value of pension assets used to fund retirement benefit obligations.

Net interest includes income from other periods of EUR 44m and expenses of EUR 57m. Both resulted from internal audit findings.

27 Impairment of investments and current securities

Impairment losses of EUR 147m were recognised on investments. They related to impairment losses due to the expected lasting impairment of the carrying amounts for Air Dolomiti S.p.A. Linee Aeree Regionali Europee (EUR 117m) and Crane Strategic Investment S.C.S (EUR 10m) as well as a pandemic-related impairment of the remaining portfolio of training loans for novice pilots (EUR 11m). In addition, an impairment loss was recognised for the foreign currency valuation of a loan to Swiss International Air Lines AG denominated in CHF (EUR 9m).

28 Taxes

T31 TAXES

in €m	2020	2019
Income taxes	2	-58
thereof deferred taxes (income)	-291	-421
Other taxes	28	41
	30	-17

The positive effect of taxes on income and earnings is attributable to the earnings from deferred tax assets. The deferred tax assets are primarily due to the higher amount for pension obligations recognised in the financial statements for commercial law purposes compared with the measurement for tax purposes. Furthermore, the prohibition on recognising provisions for impending losses as well as

OTHER DISCLOSURES

29 Supervisory Board and Executive Board

The members of the Supervisory Board and the Executive Board are listed on page 27 f.

The principles of the remuneration system and the amount of remuneration paid to the individual Executive Board and Supervisory Board members are shown and explained in detail in the remuneration report. The reporting of Executive Board remuneration for the 2020 financial year is based on the provisions of the new Section 162 AktG.

EXECUTIVE BOARD

The framework agreement between Deutsche Lufthansa AG and the Economic Stabilisation Fund (WSF) includes significant restrictions on Executive Board remuneration. No bonuses or other variable or similar remuneration components may be awarded to Executive Board members for the duration of the stabilisation measures. The same applies to special payments, gratuities and other forms of compensation in addition to the fixed salary, other discretionary payments by the Company and severance payments not required by law.

Remuneration for the Executive Board members active in the reporting year is as follows:

T32 TOTAL REMUNERATION OF EXECUTIVE BOARD MEMBERS

in €k	2020	2019
Basic salary	5,226	5,934
Other	58	110
One-year variable remuneration	1,058	2,091
Long-term variable remuneration	1,431	2,844
Share programme 1)	4,305	2,988
Total remuneration	12,078	13,967
Severance payment	3,500	4,055
Staff costs of pension commitments	3,331	3,076

1) Fair value at the time the options are granted

The employment contract with Ms Bettina Volken was terminated prematurely as of 31 December 2019 in accordance with a Supervisory Board resolution of 3 December 2019 and the corresponding severance agreement. Ms Volken shall receive a severance payment of EUR 4,055k for the remaining term of her employment contract and keeps her pro rata entitlement for 2019 to the annual and long-term variable remuneration.

The Executive Board's remuneration consists of the following components:

Non-performance-related remuneration

- **Fixed annual salary.** Basic remuneration, paid monthly as a salary.

- **Retirement benefit commitments.** The members of the Executive Board receive retirement benefit commitments based on a defined contribution plan. Since the financial year 2019, every Executive Board member receives, for the duration of their employment, a fixed annual amount, which is credited to their personal pension account.
- **Ancillary benefits.** Ancillary benefits include in-kind benefits from the use of company cars and concessionary travel in accordance with the relevant IATA guidelines.

Performance-related remuneration:

- **One-year variable remuneration (annual bonus).** The annual bonus is based on financial targets (85%) and non-financial targets (15%). For the financial targets, half each of the EBIT margin and the Adjusted EBIT growth compared with the four-year average are compared with a target figure. As a result of the massive negative impact of the global coronavirus pandemic on the Lufthansa Group's business, target achievement for the financial targets in the short-term variable remuneration for 2020 was 0%. For 2020 the Supervisory Board defined the individually assessed targets "customers" and "employees" as well as the collective target "overcoming the crisis situation" as focal points for the sustainability targets in the one-year variable remuneration. The non-financial targets form the basis for payments; however, these have essentially been suspended until further notice.
- **Long-term variable remuneration.** The current long-term variable remuneration includes still ongoing programmes from several financial years, which are partly based on remuneration systems in effect before 1 January 2020. Since 2020, the agreed long-term variable remuneration for Executive Board members has been share-based. At the beginning of the performance period, the Executive Board members receive a number of virtual shares corresponding to the contractually agreed target value. The final number of virtual shares is 85% dependent on achievement of the financial targets and 15% on the non-financial targets. The performance period for the targets is four years. Payment is in cash after the consolidated financial statements have been adopted for the last year of the respective performance period.
- **Share-based remuneration.** Up to and including 2018, the Executive Board members were also obliged to take part in the share programme for Executive Board members and managers.

In addition to the provision for the one-year variable remuneration of EUR 1,058k (previous year: EUR 2,091k), provisions totalling EUR 1,431k were recognised for the future payment of long-term variable remuneration for the Executive Board members active as of 31 December 2020 (previous year: EUR 2,844k).

Current payments to former members of the Executive Board and their surviving dependants came to EUR 6.9m (previous year: EUR 6.4m). This includes payments by subsidiaries as well as benefits in kind and concessionary travel.

Pension obligations towards former Executive Board members and their surviving dependants amount to EUR 64.0m (previous year: EUR 62.6m).

SUPERVISORY BOARD

Fixed remuneration for the Supervisory Board came to EUR 1,887k for the financial year (previous year: EUR 2,107k). Other remuneration, mainly attendance fees, amounted to EUR 23k (previous year: EUR 62k).

The Deutsche Lufthansa AG Supervisory Board members were also paid EUR 16k for work on supervisory boards of Group companies (previous year: EUR 2k). In addition to their Supervisory Board remuneration, employee representatives on the Supervisory Board received compensation for their work in the form of wages and salaries including pension entitlements amounting to EUR 1.1m in total (previous year: EUR 1.1m).

In the reporting year, as in the previous year, no loans or advance payments were made to members of the Executive Board or Supervisory Board.

30 Financial result

The net loss for the year of EUR –780m has been carried forward.

31 Events after the reporting period

LUFTHANSA ISSUES ANOTHER BOND AND REPAYS KfW LOAN

Deutsche Lufthansa AG again successfully issued a bond with a total volume of EUR 1.6bn on 4 February 2021. The first tranche has a volume of EUR 750m and pays interest at 2.875% p.a. over a term of four years. The second tranche with a volume of EUR 850m has a term of seven years and pays interest at 3.75% p.a.

Together with the funds of approximately EUR 2bn raised in the second half of 2020, the Lufthansa Group has thereby secured the refinancing of the financial liability of EUR 2.6bn due in 2021 and repaid the KfW loan of EUR 1bn ahead of schedule on 11 February 2021.

EU PARLIAMENT ADOPTS NEW SLOT RULES

On 10 February 2021, the European Parliament passed a resolution amending the slot rules for summer 2021 in response to the pandemic. The regulation stipulates that airlines can return up to 50% of their slot series in full before the season begins and that they only have to operate half the remaining slot series in order to secure them for the coming season.

Based on its capacity outlook, ➤ **Forecast, p. 118** Deutsche Lufthansa AG expects that it will be able to obtain all of the slots for which it has rights, including beyond the 2021 summer season.

32 Declaration of compliance in accordance with Section 161 German Stock Corporation Act (AktG)

The declaration of compliance with the German Corporate Governance Code required by Section 161 of the German Stock Corporation Act (AktG) was issued by the Executive Board and Supervisory Board and made public permanently as part of the declaration on corporate governance in line with Section 289f HGB on the Company's website at **www.lufthansagroup.com/declaration-of-compliance**.

33 Auditors' fees

Total auditors' fees calculated for the financial year in accordance with Section 319 Paragraph 1 HGB are made up as follows:

T33 Auditors' fees

in €m	2020	2019
Audit services	2.8	3.5
Other certification services	0.1	0.2
Tax advisory services	0.1	0.9
Other services	1.5	1.7
	4.5	6.3

The auditing services mainly consist of fees for auditing the consolidated financial statements, the review of the half-yearly financial statements and the audit of the financial statements of Deutsche Lufthansa AG and its consolidated subsidiaries. The fees recognised under other advisory services pertain to the audit relating to the update of the Euro Debt Issuance Programme of DLH. Tax advisory services mainly consist of tax advice on transfer pricing, international taxes and inspections by tax authorities. The other services primarily relate to the sale of the LSG Europe business.

Corporate Governance

SUPERVISORY BOARD AND EXECUTIVE BOARD

Supervisory Board

Karl-Ludwig Kley

Chairman of the Supervisory Board
E.ON SE
Chairman

Christine Behle

Deputy Chairwoman of the trade union
ver.di
Employee representative¹⁾
Deputy Chairwoman

Alexander Behrens

Flight attendant
Employee representative¹⁾

Jörg Cebulla

Flight captain
Employee representative

Erich Clementi

Deputy Chairman of the Supervisory
Board E.ON SE
(since 5 May 2020)

Thomas Enders

Member in various Supervisory Boards
(since 5 May 2020)

Herbert Hainer

President FC Bayern München e. V.
(until 5 May 2020)

Christian Hirsch

Information Management Consultant /
Works Council member on leave of
absence – ver.di section
Employee representative (until 31
December 2020)

Jürgen Jennerke

Chairman of General Works Council
Lufthansa Cargo / Works Council
member on leave in absence – ver.di
section (since 8 December 2020)

Michael Kerkloh

Former Chairman of the Executive
Board Flughafen München GmbH
(since 2 September 2020)²⁾

Carsten Knobel

Chairman of the Executive Board and
CEO
Henkel AG & Co. KGaA

Holger Benjamin Koch

Senior Director Airport /
Industry Charges & Commercial
Provider Management
Employee representative

Martin Koehler

Former head of the Aviation Compe-
tence Center at
Boston Consulting Group
(since 31 August 2020)

Harald Krüger

Former Chairman of the Executive
Board Bayerische Motorenwerke Ak-
tiengesellschaft (BMW AG)
(since 5 May 2020)

Martina Merz

Chairwoman of the Executive Board
thyssenkrupp AG
(until 5 May 2020)

Michael Nilles

Chief Digital &
Information Officer (CDIO)
Henkel AG & Co. KGaA
(until 5 May 2020)

Monika Ribar

President of Board of Directors
Schweizerische Bundesbahnen SBB
AG, Switzerland (until 31 August 2020)

Birgit Rohleder

Teamlead IT Application
Management Airport Services
Employee representative

Miriam Sapiro

Managing Director &
Vice Chairman (Public Affairs),
Sard Verbinen & Co., USA

Ilja Schulz

Flight captain and member of the
Cockpit pilots' union
Employee representative¹⁾

Birgit Spineux

Purser / Employee representative on
leave in absence
Employee representative
(since 1 January 2021)

Astrid Stange

Group Chief Operating Office,
AXA SA
(since 5 May 2020)

Olivia Stelz

Purser / Employee representative on
leave in absence
Employee representative

Stephan Sturm

Chairman of the Executive Board
Fresenius Management SE

Angela Titzrath

Chairwoman of the Executive Board
Hamburger Hafen und Logistik AG
(since 2 September 2020)²⁾

Christina Weber

Commercial Employee
Employee representative
(until 2 December 2020)

Klaus Winkler

Engine mechanic
Employee representative

Matthias Wissmann

Senior International Counsel
WilmerHale (until 5 May 2020)

Honory Chairman

Dipl.-Ing. Jürgen Weber

Former Chairman of the
Supervisory Board
Deutsche Lufthansa AG

1) Trade union representative in accordance with Section 7 Paragraph 2 Co-determination Act (MitbestG).

2) Member designated by the WSF in accordance with framework agreement.

Executive Board

(Structure since 1 January 2021)

Carsten Spohr

Chief Executive Officer

Thorsten Dirks

Member of the Executive Board
IT, Digital & Innovation
(until 30 June 2020)

Christina Foerster

Chief Customer Officer

Harry Hohmeister

Chief Commercial Officer

Detlef Kayser

Chief Operations Officer

Michael Niggemann

Chief HR & Legal Officer

Remco Steenberg

Chief Financial Officer
(since 1 January 2021)

Ulrik Svensson

Member of the Executive Board
Finances (until 30 April 2020)

MANDATES

Other mandates of the Supervisory Board members of Deutsche Lufthansa AG

(As of 31 December 2020)

Karl-Ludwig Kley

- a) BMW AG³⁾ (Deputy Chairman)
E.ON SE³⁾ (Chairman)

Christine Behle

- a) Bremer Lagerhaus-Gesellschaft
- Aktiengesellschaft von 1877 - ³⁾
(Deputy Chairwoman)

Jörg Cebulla

- a) Sparda-Bank Hessen eG
- b) Albatros Versicherungsdienste GmbH

Erich Clementi

- a) E.ON SE³⁾ (Deputy Chairman)

Thomas Enders

- a) Knorr Bremse AG
- b) Linde plc.

Herbert Hainer

- a) Allianz SE³⁾
FC Bayern München AG
(Chairman)
- b) Accenture plc., Ireland³⁾

Jürgen Jennerke

- a) Lufthansa Cargo AG
(Deputy Chairman)

Martin Koehler

- a) Delton Technology SE (Deputy
Chairman)
- b) American Funds Investment
Fonds, managed by the Capital
Group, USA
FlixMobility GmbH

Harald Krüger

- a) Deutsche Telekom AG³⁾

Martina Merz

- b) AB Volvo, Schweden³⁾
Imerys SA, Frankreich³⁾
(until 4 May 2020)
SAF-HOLLAND SA,
Luxembourg³⁾

Michael Nilles

- a) Lufthansa Technik AG
- b) Medela Holding AG, Switzerland
(Board of Directors),
Medela AG, Switzerland (Board
of Directors)

Monika Ribar

- b) Chain IQ Group AG, Switzerland
SBB Schweizerische Bundesbahnen, Switzerland (President of the Board of Directors)
Sika AG, Switzerland³⁾

Miriam Sapiro

- b) Project HOPE, USA

Astrid Stange

- b) AXA Group Operations SAS
(President of the Executive
Committee)
GIE AXA

Stephan Sturm

- a) Fresenius Kabi AG¹⁾ (Chairman)
Fresenius Medical Care
Management AG¹⁾ (Chairman)
- b) VAMED AG, Austria²⁾ (Deputy
Chairman)

Angela Titzrath

- a) Evonik Industries AG³⁾
- b) Talanx AG³⁾

Christina Weber

- a) LSG Lufthansa Service
Holding AG

Matthias Wissmann

- b) ODDO BHF SCA

a) Membership of supervisory boards required by law.

b) Membership of comparable supervisory bodies at companies in Germany and abroad.

1) Group mandate in accordance with Section 100 Paragraph 2 Sentence 2 AktG.

2) Other group mandate

3) Publicly listed company.

Mandates of the Executive Board members of Deutsche Lufthansa AG

(As of 31 December 2020)

Carsten Spohr

- a) Lufthansa Technik AG¹⁾
(Chairman, until 2 April 2020)
Münchener Rückversicherungs-
Gesellschaft Aktiengesellschaft
(since 27 April 2020)

Thorsten Dirks

- a) Eurowings GmbH¹⁾
(Chairman, until 30 June 2020)
Germanwings GmbH¹⁾ (Chair-
man, until 14 January 2020)
- b) Eurowings Europe GmbH
(Chairman, until 29 February
2020)
Günes Ekspres Havacilik A.S.
(SunExpress), Turkey (Deputy
Chairman, until 31 March 2020)
SN Airholding SA/NV,
Belgium²⁾ (Chairman, until 30
June 2020)

Christina Foerster

- a) Eurowings GmbH¹⁾
(since 14 April 2020)
LSG Lufthansa Service Holding
AG¹⁾ (since 17 April 2020)
Lufthansa CityLine GmbH¹⁾
(since 31 March 2020)
- b) Austrian Airlines AG, Austria
(Chairwoman, since 2 April
2020)
Lufthansa AirPlus Servicekarten
GmbH (Chairwoman, since 6
April 2020)
SN Airholding SA/NV
(since 6 April; Chairwoman,
since 3 July 2020)
Swiss International Air Lines AG,
Switzerland (since 4 April 2020)

Harry Hohmeister

- a) Lufthansa Cargo AG¹⁾ (Chairman)
- b) Aircraft Maintenance and Engi-
neering Corporation (AMECO),
China
Austrian Airlines AG, Austria
(Chairman, until 2 April 2020)
Günes Ekspres Havacilik A.S.
(SunExpress), Turkey (since 16
July 2020)
Swiss International Air Lines AG,
Switzerland (until 2 April 2020)

Detlef Kayser

- a) Aerodata AG (until 31 March
2020)
LSG Lufthansa Service Holding
AG¹⁾ (Chairman)
Lufthansa Technik AG
(Chairman, since 2 April 2020)¹⁾
- b) Austrian Airlines AG, Austria
(Deputy Chairman, since 7 April
2020)
Swiss International Air Lines AG,
Switzerland (since 4 April 2020)
Günes Ekspres Havacilik A.S.
(SunExpress), Turkey (until 31
March 2020)

Michael Niggemann

- a) Lufthansa CityLine GmbH¹⁾
(until 31 March 2020)
- b) Austrian Airlines AG,
Austria (Deputy Chairman,
until 7 April 2020)

Ulrik Svensson

- b) Lufthansa AirPlus Servicekarten
GmbH (Chairman, until 3 April
2020)
Swiss International Air Lines AG,
Switzerland
(until 31 März 2020)

SUPERVISORY BOARD COMMITTEES

as of 31 Dec 2020

Steering Committee	Audit Committee	Nomination Committee	Arbitration Committee in accordance with Section 27 Paragraph 3 Co-determination Act (MitbestG)
Karl-Ludwig Kley, Chairman Christine Behle, Deputy Chairwoman Thomas Enders Ilja Schulz	Stephan Sturm, Chairman Alexander Behrens Jörg Cebulla Michael Kerkloh Carsten Knobel Klaus Winkler	Karl-Ludwig Kley, Chairman Thomas Enders Harald Krüger	Karl-Ludwig Kley, Chairman Christine Behle, Deputy Chairwoman Thomas Enders Ilja Schulz
16 meetings in 2020	Six meetings in 2020	One meeting in 2020	No meetings in 2020

a) Membership of supervisory boards required by law.

b) Membership of comparable supervisory bodies at companies in Germany and abroad.

1) Group mandate in accordance with Section 100 Paragraph 2 Sentence 2 AktG.

2) Other group mandate.

3) Publicly listed company.

LIST OF SHAREHOLDINGS – SIGNIFICANT EQUITY INVESTMENTS

T34 SIGNIFICANT EQUITY INVESTMENTS

Name, registered office	Stake in %	Net profit of the last business year in €m *	Shareholders' equity in €m *
Aerococina S.A. de C.V., Ciudad de Mérida, Mexiko	51.98%	1	7
Aerologic GmbH, Schkeuditz	50.00%	8 ⁹⁾	36
AFS Aviation Fuel Services GmbH, Hamburg, Deutschland	33.33%	2 ⁸⁾ ⁹⁾	3
Air Dolomiti S.p.A. Linee Aeree Regionali Europee, Dossobuono di Villafranca (Verona), Italien	100.00%	-20	42
Aircraft Maintenance and Engineering Corp., Peking, China	25.00%	-58 ⁹⁾ ¹⁰⁾	5
AIRO Catering Services - Ukraine, Boryspil, Ukraine	100.00%	0 ¹³⁾	0 ¹¹⁾
AIRO Catering Services Eesti OÜ, Tallinn, Estland	100.00%	0 ¹¹⁾	0 ¹¹⁾
Airo Catering Services Latvija SIA, Marupe, Lettland	100.00%	-2	-2
AIRO Catering Services Sweden AB, Upplands Väsby, Schweden	100.00%	0 ¹¹⁾	12
AirPlus International AG, Kloten, Schweiz	100.00%	-2	17
AirPlus International Limited, London, Großbritannien	100.00%	0 ¹¹⁾	10
AirPlus International S.r.l., Bologna, Italien	100.00%	0 ¹¹⁾	16
AirPlus International, Inc., Alexandria, USA	100.00%	-2	16
AirPlus Payment Management Co. Ltd., Shanghai, China	100.00%	-1	45
AirTrust AG, Zug, Schweiz	100.00%	0 ¹¹⁾	98
Arlington Services Mexico, S.A. de C.V., Mexiko-Stadt, Mexiko	100.00%	4	17
Arlington Services Panama S.A., Panama-Stadt, Panama	100.00%	0 ¹¹⁾	10
AUA Beteiligungen Gesellschaft m.b.H., Wien-Flughafen, Österreich	100.00%	0 ¹¹⁾	10
Austrian Airlines AG, Wien-Flughafen, Österreich	100.00%	-454	94
Austrian Airlines Lease and Finance Company Ltd. i. L., Guernsey, Großbritannien	100.00%	0 ¹²⁾	0 ¹¹⁾ ¹²⁾
Austrian Asset Holding GP S.à r.l., Luxemburg, Luxemburg	100.00%	0 ¹¹⁾	0 ¹¹⁾
Austrian Asset Holding S.C.S., Luxemburg, Luxemburg	100.00%	10	257
AVIAPIT-SOCHI OOO, Sotschi, Russland	100.00%	0 ¹¹⁾	0 ¹¹⁾
AviationPower GmbH, Hamburg, Deutschland	49.00%	3 ⁷⁾ ⁹⁾	12
Bahia Catering Ltda., Sao Cristovao (Salvador), Brasilien	100.00%	0 ¹¹⁾	1
Belém Serviços de Bordo Ltda., Maracangalha, Belém, Brasilien	70.00%	0 ¹¹⁾	0 ¹¹⁾
BizJet International Sales & Support, Inc., Tulsa, USA	100.00%	2	20
Brussels Airlines SA/NV, Brüssel, Belgien	100.00%	-377	-258
Capital Gain International (1986) Ltd., Hong Kong, China	100.00%	0 ¹¹⁾	4
Cater Suprimento de Refeicoes, Ltda., Rio de Janeiro, Brasilien	100.00%	0 ¹¹⁾	-5
Caterair Servicos de Bordo e Hotelaria Ltda., Ilha do Governador, Brasilien	100.00%	-3	2
Charm Food Service Co. Ltd., Incheon, Süd-Korea	80.00%	0 ¹¹⁾	3
CLS Catering Services Ltd., Vancouver, British Columbia, Kanada	70.00%	-4	23
Comercializadora de Servicios Limitada, ENEA, Pudahuel, Santiago, Chile	100.00%	0 ¹³⁾	0 ¹¹⁾
Comisariato de Baja California, S.A. de C.V., Tijuana, Mexiko	51.00%	0 ¹¹⁾	3
Comisariatos Gotre, S.A. de C.V., Torreon, Mexiko	51.00%	0 ¹¹⁾	1
Constance Food Group, Inc., New York, USA	100.00%	0 ¹¹⁾	16
Cosmo Enterprise Co. Ltd., Narita City, Japan	20.00%	1 ⁸⁾ ⁹⁾ ¹⁰⁾	0
Crane Strategic Investment S.C.S., Grevenmacher, Luxemburg	100.00%	0 ¹¹⁾	2
Delvag Versicherungs-AG, Köln	100.00%	-6 ⁹⁾	60
Diners Club Spain S.A., Madrid, Spanien	25.00%	2 ⁸⁾ ⁹⁾	12
DLH Fuel Company mbH, Hamburg	100.00%	3 ⁸⁾ ⁹⁾	7

Edelweiss Air AG, Zürich, Schweiz	100.00%	-78	4
EME Aero Sp.z.o.o., Jasionka, Polen	50.00%	-25 ⁹⁾	12
Eurowings Aviation GmbH, Köln	100.00%	3	6
Eurowings Digital GmbH, Köln	100.00%	0 ¹¹⁾	0 ¹¹⁾
Eurowings Europe GmbH, Wien-Flughafen, Österreich	100.00%	1	6
Eurowings GmbH, Düsseldorf	100.00%	-516	381
Eurowings Technik GmbH, Köln	100.00%	0 ¹¹⁾	0 ¹¹⁾
Fortaleza Serviços de Bordo Ltda., Fortaleza, Brasilien	70.00%	0 ¹¹⁾	0 ¹¹⁾
Gansu HNA LSG Sky Chefs Co., Ltd, Lanzhou, China	49.00%	0 ⁸⁾ 9)	4
Germanwings GmbH, Köln	100.00%	-76	2
Global Brand Management AG, Basel, Schweiz	100.00%	10	476
Günes Ekspres Havacilik Anonim Sirketi (Sun Express), Antalya, Türkei	50.00%	56 ⁸⁾ 9)	298
Hamburger Gesellschaft für Flughafenanlagen mbH, Hamburg	100.00%	24	175
Hawker Pacific Aerospace, Sun Valley, USA	100.00%	0 ¹¹⁾	12
HEICO Aerospace Holdings Corp., Florida, USA	20.00%	-26 ⁹⁾	-3
Hongkong Beijing Air Catering Ltd., Hong Kong, China	45.00%	1 ⁸⁾ 9)	3
Hongkong Shanghai Air Catering Ltd., Hong Kong, China	45.00%	2 ⁸⁾ 9)	9
Inflight Catering (Pty) Ltd., Johannesburg, Südafrika	100.00%	0 ¹²⁾	0 ¹²⁾
Inflight Catering Services Limited, Dar es Salaam, Tansania	61.99%	-2	1
Inflite Holdings (Cayman) Ltd., Grand Cayman, Kaimaninseln	49.00%	3 ⁸⁾ 9) 10)	20
Inflite Holdings (St. Lucia) Ltd., Castries, St. Lucia	49.00%	2 ⁸⁾ 9) 10)	11
International Food Services Ltd., Hong Kong, China	100.00%	0 ¹¹⁾	4
JASEN Grundstücksgesellschaft mbH & Co. oHG, Grünwald	100.00%	1 ¹⁾	23
Jettainer Americas, Inc., East Meadow, USA	100.00%	0 ¹¹⁾	7
Jettainer GmbH, Raunheim	100.00%	0 ¹¹⁾	6
LCH Grundstücksgesellschaft Berlin mbH, Frankfurt am Main	100.00%	-11	20
LG-LHT Aircraft Solutions GmbH, Hamburg	51.00%	-2 ⁹⁾	4
LG-LHT Passenger Solutions GmbH, Hamburg	51.00%	-2 ⁹⁾	4
LHAMI LEASING LIMITED, Dublin, Irland	100.00%	86	2,838
LHAMIH LIMITED, Dublin, Irland	100.00%	575	3,535
LHBD Holding Limited, London, Großbritannien	100.00%	0 ¹¹⁾ 2)	0 ¹¹⁾
LSG Asia GmbH, Neu-Isenburg	100.00%	-1	0 ¹¹⁾
LSG Catering (Thailand) Ltd., Bangkok, Thailand	100.00%	0 ¹¹⁾	2
LSG Catering China Ltd., Hong Kong, China	100.00%	0 ¹¹⁾	-5
LSG Catering Guam, Inc., Guam, USA	100.00%	0 ¹¹⁾	0 ¹¹⁾
LSG Catering Hong Kong Ltd., Hong Kong, China	100.00%	-20	70
LSG Catering Saipan, Inc., Saipan, Mikronesien	100.00%	0 ¹³⁾	0 ¹¹⁾
LSG Holding Asia Ltd., Hong Kong, China	86.88%	0 ¹¹⁾	18
LSG Lufthansa Service - Sky Chefs do Brasil Catering, Refeições Ltda., Guarulhos, Brasilien	100.00%	-7	-19
LSG Lufthansa Service Asia Ltd., Hong Kong, China	100.00%	0 ¹¹⁾	33
LSG Lufthansa Service Cape Town (Pty) Ltd., Boksburg, Südafrika	100.00%	0 ¹³⁾	0 ¹¹⁾
LSG Lufthansa Service Enterprises Ltd., Hong Kong, China	100.00%	0 ¹¹⁾	1
LSG Lufthansa Service Europa/Afrika GmbH, Neu-Isenburg	100.00%	-62	226
LSG Lufthansa Service Guam, Inc., Tamuning, Guam, USA	100.00%	0 ¹¹⁾	8
LSG Lufthansa Service Holding AG, Neu-Isenburg	100.00%	-293	707
LSG Lufthansa Service Hong Kong Ltd., Hong Kong, China	47.90%	-10 ⁴⁾	14
LSG Lufthansa Service Saipan, Inc., Saipan, Mikronesien	100.00%	0 ¹¹⁾	7
LSG Sky Chefs (India) Private Ltd., Bangalore, Indien	100.00%	0 ¹¹⁾	6

LSG Sky Chefs (Qingdao) Co., Ltd., Laixi City, China	100.00%	0	¹¹⁾	2
LSG Sky Chefs (Thailand) Ltd., Bangkok, Thailand	64.30%	-4		9
LSG Sky Chefs Argentina S.A., Ezeiza, Argentinien	100.00%	2		10
LSG Sky Chefs Bremen GmbH, Neu-Isenburg	100.00%	0	¹¹⁾	-2
LSG Sky Chefs de Venezuela C.A., Caracas, Venezuela	99.99%	0	¹¹⁾	1
LSG Sky Chefs Hamburg GmbH, Neu-Isenburg	100.00%	-1		-9
LSG Sky Chefs Havacilik Hizmetleri A.S., Bakirköy/Istanbul, Türkei	100.00%	-3		-2
LSG Sky Chefs Istanbul Catering Hizmetleri A.S., Istanbul, Türkei	100.00%	0	¹¹⁾ ⁶⁾	9
LSG Sky Chefs Kenya Limited, Nairobi, Embakasi District, Kenia	50.20%	-8		-4
LSG Sky Chefs Korea Co Ltd., Incheon, Südkorea	80.00%	-59		26
LSG Sky Chefs Leipzig GmbH, Neu-Isenburg	100.00%	0	¹¹⁾	-1
LSG Sky Chefs Malmö AB, Kungsör, Schweden	100.00%	0	¹¹⁾	1
LSG Sky Chefs New Zealand Limited, Auckland, Neuseeland	100.00%	-2		26
LSG Sky Chefs Norge AS, Gardermoen, Norwegen	100.00%	0	¹¹⁾	2
LSG Sky Chefs North America Solutions, Inc., Wilmington, USA	100.00%	2		26
LSG Sky Chefs RPC West GmbH, Neu-Isenburg	100.00%	0	¹¹⁾	0 ¹¹⁾
LSG Sky Chefs Rus, Moskau, Russland	100.00%	-1		1
LSG Sky Chefs South Africa (Proprietary) Ltd., Johannesburg, Südafrika	100.00%	-5		-11
LSG Sky Chefs Supply Chain Solutions, Inc., Wilmington, USA	100.00%	4		30
LSG Sky Chefs Sverige AB, Kungsör, Schweden	100.00%	0	¹¹⁾	2
LSG Sky Chefs TAAG Angola S.A., Luanda, Angola	40.00%	-1	⁴⁾	4
LSG Sky Chefs UK Ltd. i.L., Sidcup, Großbritannien	100.00%	0	¹¹⁾	0 ¹¹⁾
LSG Sky Chefs USA, Inc., Wilmington, USA	100.00%	0	¹¹⁾	703
LSG South America GmbH, Neu-Isenburg	100.00%	-12		12
LSG/Sky Chefs Europe Holdings Ltd., Hounslow, Großbritannien	100.00%	0	¹¹⁾	7
LSY GmbH, Norderstedt	100.00%	13		709
Lufthansa AirPlus Servicekarten GmbH, Neu-Isenburg	100.00%	-97		244
Lufthansa Asset Management GmbH, Frankfurt am Main	100.00%	390		3,530
Lufthansa Asset Management Leasing GmbH, Frankfurt am Main	100.00%	7		437
Lufthansa Aviation Training Berlin GmbH, Berlin	100.00%	-2		6
Lufthansa Aviation Training Germany GmbH, Frankfurt am Main	100.00%	-13		27
Lufthansa Aviation Training GmbH, Hallbergmoos	100.00%	-55		122
Lufthansa Aviation Training Switzerland AG, Opfikon, Schweiz	100.00%	4		60
Lufthansa Cargo AG, Frankfurt am Main	100.00%	508		250
Lufthansa CityLine GmbH, München-Flughafen	100.00%	-57		140
Lufthansa Commercial Holding GmbH, Frankfurt am Main	100.00%	3		3,182
Lufthansa Engineering and Operational Services GmbH, Frankfurt am Main	100.00%	-9	⁹⁾	6
Lufthansa Global Business Services GmbH, Frankfurt am Main	100.00%	0	¹¹⁾	-3
Lufthansa Global Tele Sales GmbH, Berlin	100.00%	5	⁹⁾	7
Lufthansa Industry Solutions AS GmbH, Norderstedt	100.00%	9		12
Lufthansa Industry Solutions BS GmbH, Raunheim	100.00%	2		5
Lufthansa Industry Solutions GmbH & Co. KG, Norderstedt	100.00%	10		40
Lufthansa Leasing Austria 1. Beteiligungs GmbH, Salzburg, Österreich	100.00%	4		4
Lufthansa Leasing Austria GmbH & Co. OG Nr. 10, Salzburg, Österreich	100.00%	73		84
Lufthansa Leasing Austria GmbH & Co. OG Nr. 12, Salzburg, Österreich	100.00%	26		35
Lufthansa Leasing Austria GmbH & Co. OG Nr. 14, Salzburg, Österreich	100.00%	39		53
Lufthansa Leasing Austria GmbH & Co. OG Nr. 15, Salzburg, Österreich	100.00%	23		27
Lufthansa Leasing Austria GmbH & Co. OG Nr. 16, Salzburg, Österreich	100.00%	20		26
Lufthansa Leasing Austria GmbH & Co. OG Nr. 17, Salzburg, Österreich	100.00%	7		10
Lufthansa Leasing Austria GmbH & Co. OG Nr. 18, Salzburg, Österreich	100.00%	5		8
Lufthansa Leasing Austria GmbH & Co. OG Nr. 19, Salzburg, Österreich	100.00%	10		11

Lufthansa Leasing Austria GmbH & Co. OG Nr. 20, Salzburg, Österreich	100.00%	10	17
Lufthansa Leasing Austria GmbH & Co. OG Nr. 21, Salzburg, Österreich	100.00%	19	26
Lufthansa Leasing Austria GmbH & Co. OG Nr. 22, Salzburg, Österreich	100.00%	17	77
Lufthansa Leasing Austria GmbH & Co. OG Nr. 24, Salzburg, Österreich	100.00%	3	58
Lufthansa Leasing Austria GmbH & Co. OG Nr. 25, Salzburg, Österreich	100.00%	2	50
Lufthansa Leasing Austria GmbH & Co. OG Nr. 26, Salzburg, Österreich	100.00%	5	165
Lufthansa Leasing Austria GmbH & Co. OG Nr. 27, Salzburg, Österreich	100.00%	6	28
Lufthansa Leasing Austria GmbH & Co. OG Nr. 28, Salzburg, Österreich	100.00%	28	206
Lufthansa Leasing Austria GmbH & Co. OG Nr. 29, Salzburg, Österreich	100.00%	16	24
Lufthansa Leasing Austria GmbH & Co. OG Nr. 30, Salzburg, Österreich	100.00%	10	20
Lufthansa Leasing Austria GmbH & Co. OG Nr. 31, Salzburg, Österreich	100.00%	2	22
Lufthansa Leasing Austria GmbH & Co. OG Nr. 32, Salzburg, Österreich	100.00%	11	106
Lufthansa Leasing Austria GmbH & Co. OG Nr. 33, Salzburg, Österreich	100.00%	0 ¹¹⁾	52
Lufthansa Leasing Austria GmbH & Co. OG Nr. 34, Salzburg, Österreich	100.00%	8	105
Lufthansa Leasing Austria GmbH & Co. OG Nr. 35, Salzburg, Österreich	100.00%	4	68
Lufthansa Leasing Austria GmbH & Co. OG Nr. 36, Salzburg, Österreich	100.00%	0 ¹¹⁾	18
Lufthansa Leasing Austria GmbH & Co. OG Nr. 37, Salzburg, Österreich	100.00%	18	282
Lufthansa Leasing Austria GmbH & Co. OG Nr. 38, Salzburg, Österreich	100.00%	-1	65
Lufthansa Leasing Austria GmbH & Co. OG Nr. 39, Salzburg, Österreich	100.00%	-3	46
Lufthansa Leasing Austria GmbH & Co. OG Nr. 42, Salzburg, Österreich	100.00%	8	156
Lufthansa Leasing Austria GmbH & Co. OG Nr. 43, Salzburg, Österreich	100.00%	3	48
Lufthansa Leasing Austria GmbH & Co. OG Nr. 50, Salzburg, Österreich	100.00%	35	44
Lufthansa Malta Aircraft-Leasing Ltd., St. Julians, Malta	100.00%	94	743
Lufthansa Malta Blues LP, St. Julians, Malta	99.99%	0 ¹¹⁾	-562
Lufthansa Malta Corporate Finance Limited, St. Julians, Malta	100.00%	0 ¹¹⁾	235
Lufthansa Malta Finance Holding Limited, St. Julians, Malta	100.00%	7	249
Lufthansa Malta Treasury Services Limited, St. Julians, Malta	100.00%	0 ¹¹⁾	0 ¹¹⁾
Lufthansa Process Management GmbH, Neu-Isenburg	100.00%	0 ¹¹⁾	1
Lufthansa Seeheim GmbH, Seeheim-Jugenheim	100.00%	-6	4
Lufthansa Systems Americas, Inc., Miami Lakes, USA	100.00%	1	3
Lufthansa Systems GmbH & Co. KG, Raunheim	100.00%	0 ¹¹⁾	-53
Lufthansa Technik AERO Alzey GmbH, Alzey	100.00%	2	42
Lufthansa Technik AG, Hamburg	100.00%	-536	994
Lufthansa Technik Airmotive Ireland Holdings Ltd., Dublin, Irland	100.00%	0 ¹¹⁾	157
Lufthansa Technik Airmotive Ireland Leasing Ltd., Dublin, Irland	100.00%	40	266
Lufthansa Technik Budapest Repülőgépi Nagyjavító Kft., Budapest, Ungarn	100.00%	0 ¹¹⁾	9
Lufthansa Technik Component Services LLC, Tulsa, USA	100.00%	-2	21
Lufthansa Technik Immobilien- und Verwaltungsgesellschaft mbH, Hamburg	100.00%	-3	35
Lufthansa Technik Landing Gear Services UK Ltd., Kestrel Way, Hayes, Großbritannien	100.00%	-9	-22
Lufthansa Technik Logistik GmbH, Hamburg	100.00%	-4	3
Lufthansa Technik Logistik Services GmbH, Hamburg	100.00%	-9	1
Lufthansa Technik Maintenance International GmbH, Frankfurt am Main	100.00%	0 ¹¹⁾	6
Lufthansa Technik Malta Limited, Luqa, Malta	92.00%	0 ¹¹⁾	6
Lufthansa Technik North America Holding Corp., Tulsa, USA	100.00%	0 ¹¹⁾	243
Lufthansa Technik Objekt- und Verwaltungsgesellschaft mbH, Hamburg	100.00%	8	94
Lufthansa Technik Philippines, Inc., Manila, Philippinen	51.00%	-22	23
Lufthansa Technik Puerto Rico LLC, San Juan, Puerto Rico	100.00%	0 ¹¹⁾	10
Lufthansa Technik Shannon Limited, Claire, Irland	100.00%	0 ¹¹⁾	37
Lufthansa Technik Sofia OOD, Sofia, Bulgarien	75.10%	0 ¹¹⁾	18
MARDU Grundstücks-Verwaltungsgesellschaft mbH & Co. oHG, Grünwald	100.00%	18 ¹⁾	152
Miles & More GmbH, Frankfurt am Main	100.00%	76	56
MUSA Grundstücks-Verwaltungsgesellschaft mbH & Co. oHG, Grünwald	100.00%	4 ¹⁾	29

Myanmar LSG Lufthansa Service Ltd., Yangon, Myanmar	100.00%	0	¹¹⁾	8
N3 Engine Overhaul Services GmbH & Co. KG, Arnstadt	50.00%	-59	⁹⁾	-6
Nanjing Lukou International Airport LSG Catering Co. Ltd., Nanjing City, China	40.00%	2	⁸⁾ ⁹⁾	12
Natal Catering Ltda., Aeroporto São Gonçalo do Amarante, Brasilien	70.00%	0	¹¹⁾	0 ¹¹⁾
Oakfield Farms Solutions, L.L.C., Wilmington, USA	100.00%	0	¹¹⁾ ⁶⁾	9
ÖLB Österreichische Luftverkehrs-Beteiligungs GmbH, Wien-Flughafen, Österreich	100.00%	0	¹¹⁾	502
ÖLH Österreichische Luftverkehrs-Holding GmbH, Wien-Flughafen, Österreich	100.00%	8	³⁾	176
ÖLP Österreichische Luftverkehrs-Privatstiftung, Wien Flughafen, Österreich	0.00%	0	¹¹⁾ ⁴⁾	0 ¹¹⁾
Quinto Grundstücksgesellschaft mbH & Co. oHG, Grünwald	100.00%	4	¹⁾	74
Retail In Motion Asia Limited, Hong Kong, China	100.00%	-4		-3
Retail in Motion GmbH, Neu-Isenburg	100.00%	2		26
Retail in Motion Latin America SpA, ENEA, Pudahuel, Santiago, Chile	100.00%	0	¹¹⁾	0 ¹¹⁾
Retail in Motion Limited, Dublin, Irland	100.00%	-10		36
Retail In Motion Mexico S. de R.L. de C.V., Mexiko-Stadt, Mexiko	51.00%	0	¹¹⁾	0 ¹¹⁾
Retail inmotion Middle East L.L.C., Abu Dhabi, Vereinigte Arabische Emirate	100.00%	0	¹¹⁾	-1
SCIS Air Security Corporation, Wilmington, USA	100.00%	1		7
ServCater Internacional Ltda., Guarulhos, Brasilien	90.00%	-12		-27
Servicios Complementarios de Cabina, S.A. de C.V., Mexiko-Stadt, Mexiko	51.88%	0	¹¹⁾	1
Shanghai Pudong International Airport Cargo Terminal Co. Ltd., Shanghai, China	29.00%	60	⁹⁾	171
Siam Flight Services Ltd., Bangkok, Thailand	49.00%	0	¹¹⁾	4
Silver Wings Bulgaria OOD, Sofia, Bulgarien	28.75%	0	¹¹⁾ ⁵⁾	5
Sky Chefs Chile SpA, ENEA, Pudahuel, Santiago, Chile	100.00%	-5		15
Sky Chefs De Mexico, S.A. de C.V., Mexiko-Stadt, Mexiko	51.00%	5		9
Sky Chefs de Panama, S.A., Panama-Stadt, Panama	100.00%	-3		22
Sky Chefs Things Remembered Services FZE, Lagos, Nigeria	51.00%	-5		-7
Sky Chefs Things Remembered Services Limited, Lagos, Nigeria	51.00%	0	¹¹⁾	0 ¹¹⁾
Sky Chefs, Inc., Wilmington, USA	100.00%	-35		112
SN Airholding SA/NV, Brüssel, Belgien	100.00%	1		366
Spairliners GmbH, Hamburg	50.00%	0	⁹⁾ ¹¹⁾	20
Swiss Aviation Software AG, Basel, Schweiz	100.00%	1		19
Swiss International Air Lines AG, Basel, Schweiz	100.00%	-647		1,047
Terminal 2 Gesellschaft mbH & Co oHG, München-Flughafen	40.00%	-97	⁹⁾	41
TGV DLH, Düsseldorf	100.00%	-4		1
time:matters GmbH, Neu-Isenburg	100.00%	9		0 ¹¹⁾
time:matters Holding GmbH, Neu-Isenburg	100.00%	10		69
time:matters Spare Parts Logistics GmbH, Neu-Isenburg	100.00%	2		0 ¹¹⁾
Tolmachevo Catering OOO, Novosibirsk, Russland	26.00%	1	⁸⁾ ⁹⁾	1
Wenzhou Longwan International Airport LSG Sky Chefs Co. Ltd., Wenzhou City, China	40.00%	1	⁸⁾ ⁹⁾	7
Western Aire Chef, Inc., Wilmington, USA	100.00%	5		10
XEOS Sp.z.o.o., Środa Śląska, Polen	51.00%	0	⁹⁾ ¹¹⁾	20
Xian Eastern Air Catering Co. Ltd., Xian, China	30.00%	4	⁸⁾ ⁹⁾	7
Yunnan Eastern Air Catering Co. Ltd., Kunming, China	24.90%	4	⁸⁾ ⁹⁾	12
ZAO Aeromar, Moskau Region, Russland	49.00%	12	⁸⁾ ⁹⁾	56
ZAO AeroMEAL, Yemelyanovo, Russland	100.00%	0	¹¹⁾	0 ¹¹⁾

* IFRS Angaben

1) Gemäß IFRS 10 vollkonsolidiertes strukturiertes Unternehmen

- 2) Die Registrierungsnummer im Companies House lautet: 06939137
- 3) 50,20% der Kapitalanteile bzw. Stimmrechte sind über die ÖLP zuzurechnen
- 4) Die unternehmerische Führung der Gesellschaft liegt im Konzern
- 5) 28,75% der Kapitalanteile und Stimmrechte sind über eine Call-Option zuzurechnen.
- 6) 33,34% der Kapitalanteile bzw. 50,01% der Stimmrechte sind über eine Call-Option zuzurechnen.
- 7) Abschluss 2017
- 8) Abschluss 2019
- 9) Lokaler Abschluss
- 10) Abweichendes Geschäftsjahr
- 11) Wert kleiner 0,5 Mio. EUR.
- 12) in Liquidation
- 13) keine Daten vorhanden

Declaration by the legal representatives

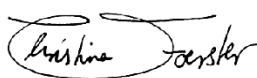
„We declare that, to the best of our knowledge and according to the applicable accounting standards, the financial statements give a true and fair view of the net assets, the financial and earnings positions of the Company, and that the management report, which has been combined with the Group management report, includes a fair view of the course of business, including the business result and the situation of the Company, and suitably presents the principal opportunities and risks to its future development.“

Frankfurt/Main, 26 February 2021

Deutsche Lufthansa Aktiengesellschaft



Carsten Spohr
Chief Executive Officer



Christina Foerster
Chief Customer Officer



Harry Hohmeister
Chief Commercial Officer



Detlef Kayser
Chief Operations Officer



Michael Niggemann
Chief HR & Legal Officer



Remco Steenbergen
Chief Financial Officer
(since 1 January 2021)

Independent Auditor's Report

To Deutsche Lufthansa AG, Cologne

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of Deutsche Lufthansa Aktiengesellschaft, Cologne, which comprise the balance sheet as at 31 December 2020, and the income statement for the fiscal year from 1 January to 31 December 2020, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the combined management report of Deutsche Lufthansa Aktiengesellschaft for the fiscal year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the corporate governance declaration pursuant to Sec. 289f HGB ["Handelsgesetzbuch": German Commercial Code] which is published on the website stated in the "Corporate Governance" section of the combined management report and the non-financial declaration pursuant to Sec. 289b HGB included in the "Combined non-financial declaration" section. In addition, we have not audited the content of the other information extending beyond the prior year in the tables with multi-year comparisons of the combined management report (information pertaining to fiscal years 2015, 2016, 2017 and 2018). This relates to any information whose disclosure in the combined management report is not required pursuant to Secs. 289, 289a HGB or Secs. 289b to 289f HGB.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its financial performance for the fiscal year from 1 January to 31 December 2020 in compliance with German legally required accounting principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of aforementioned corporate governance declaration, the content of the non-financial declaration or the aforementioned multi-year comparisons of the combined management report.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the combined management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the combined management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. Recognition of hidden reserves in connection with the AirTrust transaction

Reasons why the matter was determined to be a key audit matter

Deutsche Lufthansa Aktiengesellschaft is the direct sole shareholder of Lufthansa Commercial Holding GmbH, Frankfurt am Main ("Lufthansa Commercial Holding"), and AirTrust Aktiengesellschaft, Zug, Switzerland ("AirTrust"). As the holding company, AirTrust is the parent of the operating subsidiaries SWISS International Air Lines Aktiengesellschaft, Basel, Switzerland, and Edelweiss Air Aktiengesellschaft, Kloten, Switzerland. As the sole shareholder, Deutsche Lufthansa Aktiengesellschaft resolved to increase the capital stock of Lufthansa Commercial Holding by EUR 100. The capital increase was carried out by way of a cash contribution with a premium in kind. In return for the issuance of a share, Deutsche Lufthansa Aktiengesellschaft made a contribution of EUR 100. Additionally, it contributed

all shares in AirTrust to Lufthansa Commercial Holding at fair value as a premium in kind. The calculation of acquisition costs as part of this cash contribution with a premium in kind was a key audit matter in our audit due to the significant level of hidden reserves and the underlying complexity of the valuation performed.

Auditor's response

For the valuation of the shares in AirTrust at fair value, the Company obtained an appraisal in accordance with IDW S1 ("Principles for the Performance of Business Valuations") by an independent expert as of the cut-off date of 31 October 2020. We consulted with our internal Strategy and Transactions specialists for the purpose of assessing the suitability of the expert's work as audit evidence for the valuation of the shares in AirTrust. We discussed material plausibility tests carried out by the expert, in particular in relation to the business planning prepared by the executive directors and the significant assumptions and developments, on the basis of explanations by the expert, discussions with management and analysis of the information provided by the expert and management (including the report prepared by management, model excerpts made available and working papers as well as business plans developed by management) and assessed these with regard to their transparency, consistency and lack of contradiction.

In addition, we tested the methodical conformity of the valuation model used by the expert against the requirements set out under IDW S1 by analyzing the logical design, the applied valuation process and the conceptual procedure in deriving the individual components of the cash flows relevant to the valuation. Furthermore, we gained an understanding of the full recognition of the valuation subject and the relevant cash flows by comparing and reconciling the planning data used in the valuation model for Group operational planning. Additionally, we gained an understanding of the arithmetical accuracy of the derivation of the estimated future cash flows on the basis of the calculations performed by the expert as well as assessed the consistent presentation of key matters particularly with regard to the delimitation of the valuation subject, the inclusion of restructuring measures, sale-and-leaseback transactions and the consideration of tax loss carryforwards.

Furthermore, we reviewed the capital costs derived by the expert for methodological and arithmetic accuracy by tracing the individual parameters and their derivation and compared these to our own analyses. We also checked the clerical accuracy of the method used for discounting the future cash flows with the capital costs to the valuation date.

We discussed and gained an understanding of the considerations made by the expert concerning the plausibility testing of the derived valuation result on the basis of the working papers provided by the expert and in conversations. Furthermore, we checked a reconciliation performed by management of the value of AirTrust calculated by the expert as of 31 October 2020 to the reporting date of 31 December 2020 using documents provided and on the basis of discussions with management.

To assess the recoverability of the carrying amount of Lufthansa Commercial Holding GmbH as of the reporting date, we checked in particular whether there were any significant changes in the key parameters used for the carrying amount of AirTrust AG as of 31 October 2020 using a reconciliation prepared by the executive directors to the reporting date.

Our audit procedures did not lead to any reservations relating to the recognition of hidden reserves in connection with the AirTrust transaction.

Reference to related disclosures

The disclosures concerning the AirTrust transaction and the valuation methods as well as the related disclosures on the exercise of judgment are contained in sections "2 Summary of significant accounting policies and valuation methods," "4 Financial investments" and "20 Other operating income" of the notes to the financial statements.

2. Implications of the COVID-19 pandemic for the going concern basis

Reasons why the matter was determined to be a key audit matter

The COVID-19 pandemic has had a particularly strong impact on the airline industry. Since the outbreak of the pandemic in spring 2020, national and international travel restrictions have led to a significant reduction in air travel. The restrictions have had a major impact on the operations and liquidity of the Company.

To safeguard the solvency of Deutsche Lufthansa AG, stabilization measures and loans of up to EUR 9b were agreed with the Economic Stabilization Fund in the Federal Republic of Germany as well as with the governments of Switzerland, Austria and Belgium. Lufthansa has also made use of other support measures provided by other governments around the world, such as the US. Deutsche Lufthansa AG has significantly reduced available flight capacity and also initiated measures to reduce costs and capital expenditure. The Executive Board has prepared the Group operational planning for the fiscal years 2021 to 2024, together with a liquidity forecast for the same period, and thereby mapped out the possible effects from national and international travel restrictions in connection with the COVID-19 pandemic on the available flight capacity, taking into account the countermeasures. The result of the planning depends to a large extent on the assumptions that the executive directors have made regarding future business developments and the cash inflows and outflows derived from them. The planning for 2021 and subsequent years is based on the assumption that a vaccine will be widely available or an established testing strategy will be in place. Significant cost savings were also assumed based on initiated restructuring measures.

The review of the implications of the COVID-19 pandemic for the going concern basis of accounting was a key audit matter due to the wide range of political, medical and global economic effects and due to the measures taken by the

executive directors in this connection to mitigate risk and their consideration in the business planning.

Auditor's response

We discussed what influence the COVID-19 pandemic, with its national and international travel restrictions, could have on Deutsche Lufthansa Aktiengesellschaft with the executive directors, both direct and indirect and short and medium term. We discussed what different assumptions and scenarios were used by the executive directors in their assessment.

We analyzed, with the support of our internal specialists from Strategy and Transactions, the Group operational planning prepared by the executive directors, including the liquidity forecast, and discussed this with the responsible management level. We assessed the plausibility (transparency, consistency, lack of contradiction) of management's disclosures on the key planning assumptions, strategic objectives, expected developments and operational measures and their inclusion/reflection in the cash flows.

We also checked the clerical accuracy, completeness and consistency of the planning model, the conceptual design and in particular the derivation of the cash flows and their individual components. In this connection, we also reviewed the implementation of the measures adopted under the restructuring programs to reduce the outflow of liquidity on the basis of resolutions, internal and external publications and observed facts for the implementation of capacity adjustments and their impact on the fleet as well as on personnel. We also checked the capital expenditures reflected in the financial planning on the basis of purchase commitments and framework agreements.

In order to assess the cash inflows included in the liquidity planning we, among other things, reviewed the agreements on state stabilization measures and other financing schemes, checked incoming payments and assessed the terms and conditions. The defined overarching objectives of the financing strategy and the suitability of the measures underlying them were also assessed. In addition, we examined the key planning assumptions taking into account historical developments and our understanding of the business and performed plausibility tests on the basis of various external information. Our assessment was based on analyst estimates, both for Deutsche Lufthansa Aktiengesellschaft and its subsidiaries (the "Lufthansa Group") as well as in relation to comparable companies, along with other external forecasts on the development of the airline industry (market studies) and macroeconomic forecasts.

In addition, the updated estimates of the executive directors concerning the availability of a COVID-19 vaccine, a testing strategy, the current travel restrictions as well as the current booking behavior and the consideration of these factors in the Group planning were discussed with the executive directors and management of the Company and examined on the basis of the Company's internal assessments. We also discussed other potential measures to secure liquidity which are not reflected in the liquidity planning due to a lack of

necessity with the management and assessed their risk coverage potential. In addition, we checked whether the annual financial statements and combined management report contain disclosures on the implications of the COVID-19 pandemic for the going concern basis and in particular the measures taken by the executive directors to mitigate risk.

Our audit procedures did not lead to any reservations relating to the going concern basis / the application of the going concern basis of accounting.

Reference to related disclosures

With regard to the assessment of the executive directors on the Company's ability to continue as a going concern and the related recognition and measurement policies applied, we refer to the disclosure in the notes to the financial statements "2 Summary of significant accounting policies and valuation methods (going concern)."

Please also refer to the "Forecast" as well as the "Opportunities and risk report" in the combined management report and there to the section "Outlook for the Lufthansa Group - Overall statement by the Executive Board on the expected development of the Lufthansa Group."

3. Recoverability of aircraft including investments in aircraft owning companies

Reasons why the matter was determined to be a key audit matter

In its financial statements, the Company discloses aircraft that it legally owns or of which it has economic ownership in the balance sheet item aircraft. The Company also leases aircraft from aircraft owning companies in which the Company has a direct or indirect equity investment and which are disclosed under the item financial investments, as well as from external lessors. Due to the coronavirus crisis, the Company's Executive Board resolved to permanently reduce the fleet. The executive directors were thus tasked with determining the fair value, taking into consideration the future use of the aircraft (for example via sale, abandonment or deep storage) and thus also assessing the need to recognize an impairment charge. In addition to the assessment of recoverability of the Company's own aircraft, management also assessed the recoverability of equity investments in aircraft owning companies which are also affected by the fleet reduction. The fair value of the equity investment was primarily determined on the basis of the fair value of the assets held by the aircraft owning company (mainly aircraft).

From our perspective, the recoverability of aircraft including the equity investments in aircraft owning companies was a key audit matter in our audit as the valuation of these items significant in amount is based to a large extent on the estimates and assumptions of the executive directors, particularly in light of the impact of the COVID-19 pandemic and the corresponding impairment recognized in the fiscal year.

Auditor's response

With regard to the assessment of aircraft in the legal or economic ownership of the Company and earmarked for continued use in flight operations, we examined the fleet planning in connection with the Group operational planning for internal consistency and analyzed whether these are in line with industry forecasts. In this context, we performed a methodological assessment of the impairment test conducted by the executive directors in accordance with the item-by-item principle.

For the purpose of assessing the executive directors' decision to continue to use the aircraft in the Company's legal or economic ownership but not set for continued use in flight operations, we obtained an understanding of whether the measures included in the resolutions adopted by the executive directors for the abandonment or deep storage of aircraft were fully accounted for in the balance sheet. For the purpose of assessing the executive directors' decision to continue to use the aircraft in the legal ownership of the aircraft owning companies but not set for continued use in flight operations, we obtained an understanding of whether the resulting effects on the impairment of the carrying values of the equity investments were accounted for in the balance sheet by the executive directors. Furthermore, for aircraft in the legal ownership of the aircraft owning companies and earmarked for continued use in flight operations, we gained an understanding of the method used in the impairment test of equity investments performed by the executive directors.

In relation to the aircraft earmarked for abandonment or deep storage that are in the legal ownership of the aircraft owning companies as well as in the legal or economic ownership of the Company, we assessed the measurement assumptions used by the executive directors for the underlying sale or scrap value for the purpose of determining the impairment of the aircraft, taking into account the available information. In this connection, we assessed whether the assumptions made by the executive directors were transparently derived from observable market data on prices, taking into account a market price overview published regularly by Aircraft Value Analysis Company Ltd., comparable purchase agreements from the past or from purchase agreements already concluded.

Our audit procedures did not lead to any reservations relating to the recoverability of aircraft or aircraft owning companies.

Reference to related disclosures

The Company's information on the impairment of financial investments is contained in the section "2 Summary of significant accounting policies and valuation methods," "3 Fixed assets" and "23 Depreciation, amortisation and impairment" in the notes to the financial statements.

4. Accounting for short-time working allowances as well as corresponding social security contributions and the reimbursement thereof

Reasons why the matter was determined to be a key audit matter

The COVID-19 pandemic had a significant impact on the global operations of Deutsche Lufthansa Aktiengesellschaft in fiscal year 2020. The executive directors of Deutsche Lufthansa Aktiengesellschaft introduced short-time working arrangements as one of the measures to limit the financial fallout from the ongoing crisis. In this connection, the executive directors also applied to the Agentur für Arbeit (Federal Employment Agency) for a reimbursement of short-time pay within the legally prescribed scope.

As the benefit notices from the Federal Employment Agency confirming the granting of short-time working allowances are issued subject to review, the receipt of reimbursement amounts constitutes an uncertainty for the Company until a final review is performed by the Federal Employment Agency to confirm compliance with the general requirements set out under the German Social Security Code III [Sozialgesetzbuch III] and the specific requirements for submitted reimbursement claims.

In order to reflect this special matter in payroll accounting, the underlying IT systems were adjusted, in particular for the provision of relevant information for the completion of the reimbursement claims, and special measures for monitoring were implemented in the accounting-related internal control system. These modifications of the underlying personnel accounting system as well as the accounting-related internal control system ("ICS") of Deutsche Lufthansa Aktiengesellschaft represent an elevated risk of material misstatement of the reimbursement claims in the annual financial statements, as mistakes in payroll accounting as well as weaknesses in the monitoring activities of the ICS could lead to erroneously calculated amounts of reimbursement claims, which could give rise to negative financial effects for the Company. With regard to the reimbursable amounts from the Federal Employment Agency, a legally fundamental distinction must be made between claims by the Company and claims by individual employees against the former. The claims by the Company against the Federal Employment Agency in the form of contributions to the social security scheme constitute, as they are subject to the fulfillment of certain legally defined conditions, non-refundable government grants that are deducted from the related expense. However, as the employee has a claim to payment of short-time pay against the Federal Employment Agency it merely constitutes a transitory item for the employer and is recognized outside of profit or loss in the annual financial statements of Deutsche Lufthansa Aktiengesellschaft as receivables from Federal Employment Agency. The different accounting for the two types of reimbursement claims underscores in particular the risk of an incorrect valuation due to differing assessment bases. As of the reporting date, the receivables from the Federal Employment Agency are estimated based on the amounts already paid or transferred but

not yet reimbursed by the Federal Employment Agency, taking into account historical data of the past months.

In light of these differences in accounting and due to the quantitative significance of reimbursements of short-time working allowances and social security contributions for the annual financial statements as well as the complexity of the legal requirements and the process-related uncertainty, the accounting for short-time working allowances as well as the corresponding social security contributions constitutes a key audit matter in our audit.

Auditor's response

In the course of our audit procedures, we assessed the accounting for the short-time working allowances and the corresponding social security contributions as well as the reimbursement thereof by the Federal Employment Agency in terms of merit and amount. In the course of this, we evaluated on the basis of evidence whether there was a legal basis for the introduction of short-time working arrangements. This included, in particular, the notification to the Federal Employment Agency of the reduction in working hours by the executive directors for the application of short-time working allowances as well as the corresponding approval notices confirming compliance with the relevant requirements pursuant to Sec. 95 to 99 German Social Security Code III [Sozialgesetzbuch III] for the receipt of short-time working allowances based on merit.

Our audit procedures included the assessment of the accounting for the reimbursements of short-time working allowances by the Federal Employment Agency and the corresponding social security contributions payable solely by the employer in accordance with IDW HFA 1/1984 as amended in 1998 as non-refundable government grants in the form of expense subsidies. Taking account of the approved individual short-time working arrangements and the arrangements differentiated by employee group, by carrying out sample-based checks we obtained an understanding of the process for calculating and accounting for the reimbursement amounts particularly in order to assess the results of the modifications to the underlying payroll accounting system related to the short-time working arrangements. In this connection, we compared the absences due to short-time working arrangements displayed in the time logging systems against the individual payslips of the sample-based check and against the reimbursement lists completed by the responsible employees of the Company and which are the basis of the monthly reimbursement requests. Furthermore, by performing sample-based checks we verified the clerical accuracy and methods used for calculating and determining the short-time working allowances stated in these reimbursement claims as well as the corresponding social security contributions. Furthermore, we gained an understanding during our process walkthrough of the measures of the accounting-related internal control system and assessed these in the course of a test of design.

We also tested the plausibility of the amount of receivables recognized as of the reporting date taking into account historical data from retroactively calculated discrepancies

between the monthly reimbursement claims and benefit notices or official decrees issued by the Federal Employment Agency as well as the actual reimbursement amounts.

Furthermore, we performed analytical audit procedures regarding the amount of short-time working allowances as well as the corresponding social security expenses. In doing so, we tested the plausibility of correlations, fluctuations and trends on the basis of our expectations based on surveys and the claim applications and notices presented above. This included, among other things, the analysis of the development of the reimbursed short-time working allowances and the corresponding social security contributions as well as the reimbursement amounts as a percentage of total staff costs and the total social security expenses taking into account the number of employees.

Our audit procedures did not lead to any reservations with regard to the accounting for short-time working allowances and the corresponding social security contributions or their reimbursement.

Reference to related disclosures

We refer to the disclosure in the notes to the financial statements in "22 Staff costs" for information on the accounting for short-time working allowances and government grants in the form of a reimbursement of social security contributions by the Federal Employment Agency.

5. Accounting for derivative financial instruments in hedges

Reasons why the matter was determined to be a key audit matter

Deutsche Lufthansa Aktiengesellschaft uses a variety of derivative financial instruments to hedge against currency, fuel price and interest rate risks arising from its ordinary business activities. Deutsche Lufthansa Aktiengesellschaft experienced significant restrictions in terms of flight volumes in fiscal year 2020 as a result of the COVID-19 pandemic, resulting in lower cash flows in foreign currency as well as a significant decline in purchases of kerosene. As a result, forecast transactions and thus hedged items in hedging relationships were not carried out. In our view, these matters constituted one of the key audit matters due to the significant volume in terms of amount, the high complexity and number of hedging transactions as well as the extensive accounting requirements.

Auditor's response

In the course of our audit, we analyzed, with the support of our internal specialists from the Financial Instruments Experts Group, among other things, the contractual and economic basis of the hedging relationship between the forecast transactions as hedged items and the derivative financial instruments as hedging instruments as well as the accounting, including earnings effects. Our focus was on testing the controls that address the existence and completeness of the derivative financial instruments and of the designated hedges in the IT systems used for the accounting

for the hedging relationships. We also obtained bank confirmations as audit evidence.

We obtained an understanding of the valuation of the hedged items and hedging transactions (including option premiums) by the executive directors in particular in the areas of fuel and foreign currency by reperforming valuations in our own valuation systems. For interest rate derivatives, we performed audit procedures in relation to the software used for valuation purposes. We reviewed the access restrictions, the approval process for software changes as well as the archiving of software changes and subsequently reperformed the valuation of significant interest rate derivatives on a sample basis.

We assessed, together with our specialists, compliance with the requirements for the accounting for the hedging relationships using the designation documents prepared by the executive directors and the internal risk management guidelines. On the basis of business plans and inquiries of management, we checked whether only such forecast transactions constitute a hedged item of a hedging relationship that are considered highly probable on the basis of the current business plan. We traced the accounting for hedging relationships and their (potentially premature) terminations in terms of value and reconciled them with the respective items in the balance sheet and income statement. With regard to fuel price hedges, we also checked the clerical accuracy of the calculation of the recognition of the option premiums that are a component of the designated derivatives.

Our audit procedures did not lead to any reservations regarding the accounting for derivative financial instruments in hedges.

Reference to related disclosures

The disclosures of the recognition and measurement policies applied for hedging transactions are included in sections “2 Summary of significant accounting policies and valuation methods” and “17 Hedging policy and financial derivatives” of the notes to the financial statements.

Other Information

The executive directors and the Supervisory Board are responsible for the declaration pursuant to Sec. 161 AktG [“Aktiengesetz”: German Stock Corporation Act] on the German Corporate Governance Code, which is part of the corporate governance declaration. In all other respects, the executive directors are responsible for the other information. The other information comprises the aforementioned corporate governance declaration, the aforementioned non-financial declaration and the aforementioned other information included in the combined management report.

A further component of the annual report is the declaration by the executive directors.

Our opinions on the annual financial statements and on the combined management report do not cover the other information,

and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the Supervisory Board for the annual financial statements and the combined management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

Auditor's responsibilities for the audit of the annual financial statements and of the combined management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists relat-

ed to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report un-

less law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the assurance in accordance with Sec. 317 (3b) HGB on the electronic reproduction of the annual financial statements and the management report prepared for publication purposes

Opinion

We have performed assurance work in accordance with Sec. 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the combined management report (hereinafter the “ESEF documents”) contained in the attached electronic file “Deutsche_Lufthansa_AG_JA_LB_ESEF-2020-12-31.zip” and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the abovementioned electronic file.

In our opinion, the reproduction of the annual financial statements and the combined management report contained in the abovementioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the abovementioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying combined management report for the fiscal year from 1 January to 31 December 2020 contained in the “Report on the audit of the annual financial statements and of the combined management report” above.

Basis for the opinion

We conducted our assurance work on the reproduction of the annual financial statements and the combined management report contained in the abovementioned attached electronic file in accordance with Sec. 317 (3b) HGB and Exposure Draft of IDW Assurance Standard: Assurance in Accordance with Sec. 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised)]. Our responsibilities under that standard are further described in the “Auditor’s responsibilities for the assurance work on the ESEF documents” section. Our audit firm applied the requirements for quality control systems set forth in IDW Standard on Quality Control: “Requirements for Quality Control in Audit Firms” (IDW QS 1).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the combined management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor’s report and the attached audited annual financial statements and the audited combined management report as well as other documents to be published to the operator of the Bundesanzeiger [German Federal Gazette].

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor’s responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the engagement. We also: □

- Identify and assess the risks of material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion. □
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date, on the technical specification for this electronic file. □
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to

the audited annual financial statements and to the audited management report.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the Annual General Meeting on 5 May 2020. We were engaged by the Supervisory Board on 8 May 2020. We have been the auditor of Deutsche Lufthansa AG since fiscal year 2020.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the Company or entities controlled by it the following services that are not disclosed in the annual financial statements or in the combined management report or have been engaged to provide them.

- Review of the interim financial statements of Deutsche Lufthansa AG as of 30 June 2020
- Submission of a comfort letter for Deutsche Lufthansa AG in connection with the Euro Medium Term Note (EMTN) program
- Engagement to obtain limited assurance on the non-financial declaration pursuant to Secs. 289b et seq. and 315b et seq. HGB
- Engagement to obtain limited assurance on the report of Deutsche Lufthansa AG on compliance with the conditions and requirements of the parent company and the affected Group companies pursuant to Art. 8 to 17 of the framework agreement for the granting of stabilization measures
- Audit-related services legally prescribed by Sec. 162 (3) AktG in relation to the remuneration report prepared in accordance with the provisions of the AktG
- Voluntary audits of financial statements as of 31 December 2020
- Performance of agreed-upon procedures for Lufthansa Cargo AG, Frankfurt am Main, in relation to the company's registered office
- Project-related audit of a migration of IT-based accounting-related systems pursuant to IDW AuS 850 for Lufthansa AirPlus Servicekarten GmbH, Neu-Isenburg
- Permissible consulting in connection with a report on the expenditure of funds for Lufthansa Technik AG, Hamburg
- Audit of Albatros Service Center GmbH, Cologne, in accordance with Sec. 24 FinVermV ["Finanzan-

lagenvermittlungsverordnung": German Ordinance on Financial Investment Mediation]

- Agreed-upon procedures relating to a compliance issue of a foreign subsidiary of Deutsche Lufthansa Aktiengesellschaft German Public Auditor responsible for the engagement

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Siegfried Keller.

Eschborn/Frankfurt am Main, 2 March 2021

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Prof. Dr. Sven Hayn

Wirtschaftsprüfer

[German Public Auditor]

Siegfried Keller

Wirtschaftsprüfer

[German Public Auditor]

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Further information

Comprehensive, up-to-date information about Lufthansa's economic development, including the Group annual report and interim reports, is available online at

<http://www.lufthansagroup.com/investor-relations>

Disclaimer in respect of forward-looking statements

Information published in the financial statements 2020 with regard to the future development of Deutsche Lufthansa AG consists purely of forecasts and assessments and not of definitive historical facts. Its purpose is exclusively informational and is identified by the use of such terms as “believe”, “expect”, “forecast”, “intend”, “project”, “plan”, “estimate”, “assume” and “endeavour”. These forward-looking statements are based on all discernible information, facts and expectations available at the time. They can, therefore, only claim validity up to the date of their publication.

Since forward-looking statements are by their nature subject to uncertainties and imponderable risk factors – such as changes in underlying economic conditions – and rest on assumptions that may not come about or may occur differently, it is possible that the Company’s actual results and development may differ materially from those implied by the forecasts. Lufthansa always endeavours to check and update the information it publishes. It cannot, however, assume any obligation to adapt forward-looking statements to subsequent events or developments. Accordingly, it neither expressly nor implicitly accepts liability, nor gives any guarantee, for the actuality, accuracy and completeness of this data and information.