LUFTHANSA GROUP

2nd Interim Report
January – June 2023

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The Lufthansa Group

KEY FIGURES

		Jan - Jun 2023	Jan - Jun 2022	Change in %	Apr - Jun 2023	Apr - Jun 2022	Change in %
Revenue and result[1]							
Total revenue	€m	16,406	13,002	26	9,389	8,000	17
of which traffic revenue	€m	13,751	10,668	29	8,043	6,832	18
Operating income	€m	17,845	13,985	28	10,154	8,541	19
Operating expenses	€m	17,010	14,123	20	9,064	8,141	11
Adjusted EBITDA	€m	1,911	905	111	1,639	937	75
Adjusted EBIT	€m	812	-185		1,085	392	177
EBIT	€m	777	-267		1,081	341	217
Net profit/loss	€m	414	-325		881	259	240
Key balance sheet and cash flow statement figures							
Total assets	€m	45,315	46,938	-3	–	–	
Equity	€m	8,091	7,927	2	–	–	
Net indebtedness	€m	5,914	6,396	-8	–	–	
Net pension obligations	€m	2,312	2,764	-16	–	–	
Net debt+net pension obligations/equity	ratio	50:50	54:46		–	–	
Cash flow from operating activities	€m	3,100	4,441	-30	1,519	2,945	-48
Gross capital expenditures[2]	€m	1,773	1,368	30	773	728	6
Net capital expenditures	€m	1,871	1,381	35	831	744	12
Adjusted free cash flow	€m	1,071	2,902	-63	589	2,122	-72
Key profitability figures[1]							
Adjusted EBITDA margin	%	11.6	7.0	4.6 pts	17.5	11.7	5.8 pts
Adjusted EBIT margin	%	4.9	-1.4	6.3 pts	11.6	4.9	6.7 pts
EBIT margin	%	4.7	-2.1	6.8 pts	11.5	4.3	7.2 pts
Lufthansa share							
Share price as of 30 June	€	9.38	5.56	69	–	–	
Earnings per share	€	0.35	-0.27		0.74	0.22	236
Employees							
Employees as of 30 June	number	114,773	106,296	8	–	–	

KEY FIGURES (CONTINUED)

		Jan - Jun 2023	Jan - Jun 2022	Change in %	Apr - Jun 2023	Apr - Jun 2022	Change in %
Traffic figures[3]							
Flights	number	440,857	370,481	19	255,659	234,904	9
Passengers	thousands	55,022	42,382	30	33,296	29,209	14
Available seat-kilometres	millions	137,969	115,649	19	78,520	69,994	12
Revenue seat-kilometres	millions	112,686	85,940	31	65,289	56,080	16
Passenger load factor	%	81.7	74.3	7.4 pts	83.2	80.1	3.1 pts
Available cargo tonne-kilometres	millions	7,289	6,664	9	3,833	3,524	9
Revenue cargo tonne-kilometres	millions	4,192	4,253	-1	2,161	2,116	2
Cargo load factor	%	57.5	63.8	-6.3 pts	56.4	60.0	-3.6 pts

[1] Previous year's figures have been adjusted due to the agreed sale of the LSG Group. ↗ Notes, p. 37.
[2] Without acquisition of equity investments.
[3] Previous year's figures have been adjusted.
Date of publication: 3 August 2023.

Contents

Letter from the Executive Board

Ladies and gentlemen, dear shareholders,

The Lufthansa Group developed extremely positively in the first half-year of 2023. Demand for air travel remains high, with no slowdown currently in sight in spite of the challenging macroeconomic environment. Our Passenger Airlines continued to expand their capacity accordingly, reaching around 90% of the pre-crisis level in the summer months.

Thanks to the strong development in demand, we were able to achieve a positive result in the first half-year of 2023. Adjusted EBIT improved from EUR -185m to EUR 812m. The result for the second quarter was a record: Adjusted EBIT has never been higher in a second quarter before. All of our business segments contributed to this development with positive earnings. Logistics was the only business segment to report a lower result than in the previous year due to the normalisation across the industry. We were also able to continue to strengthen our balance sheet and reduce debt.

In addition to the positive operational and financial development, we have made further significant progress. The second quarter of 2023 was a milestone in the Lufthansa Group's ongoing development into an airline group. We announced three major M&A transactions in just three months. We found new owners for the LSG Group and AirPlus, which offer few synergies with our core business, thus laying the groundwork for a successful future for both companies. Our investment in ITA Airways also further strengthens our core business by expanding our market access in Italy and continuing to diversify our business internationally. Our "multi-hub, multi-brand and multi-AOC" strategy offers ideal conditions for the optimal continued development of ITA Airways and the realization of extensive synergies. We are currently preparing to assume joint operational control and make ITA Airways profitable immediately upon after receiving regulatory approvals.

Customer satisfaction is the central focus of all our activities. This year, we have achieved significantly more stability in the overall air traffic system compared to the previous year through extensive new employee hires, operational process improvements, especially in digital services, and close cooperation with our system partners. Nevertheless, bottlenecks remain, especially in air traffic control and ground handling services.

We expect to add more than 30 new aircraft this year as we continue our fleet modernisation. Preparations for the conversion of the Lufthansa long-haul fleet to our new "Allegris" cabin interior are in full swing. In future, our passengers will not only fly more comfortably and with a greater ability to personalise their journeys, but they will also have the opportunity to make their journeys more sustainable thanks to our recently introduced Green Fares.

The positive developments in the first six months of the financial year and current bookings make us optimistic for the remainder of the year. We expect a significant year-on-year increase in revenue and an Adjusted EBIT of at least EUR 2.6bn for the full year 2023. This puts us on track to achieve our 2024 targets of an Adjusted EBIT margin of at least 8% and an Adjusted ROCE of at least 10%.

We are pleased that you are accompanying us on our journey. And we look forward to welcoming you on board our aircraft again.

Frankfurt, 1 August 2023

Carsten Spohr, Chairman of the Executive Board

Interim Management Report

Macroeconomic environment and sector developments

MACROECONOMIC ENVIRONMENT

GDP DEVELOPENT in 2023

in %	Q1	Q2	Q3 [1]	Q4 [1]	Full year [1]
World	2.3	2.5	2.3	2.5	2.4
Europe	1.0	0.7	0.5	0.6	0.7
Germany	-0.5	-0.3	-0.8	-0.1	-0.4
North America	1.8	2.3	1.8	1.4	1.8
South America	2.9	2.1	1.6	1.8	2.1
Asia/Pacific	3.4	3.9	4.1	4.8	4.1
China	4.5	6.3	4.6	5.3	5.2
Middel East	4.1	2.5	1.3	2.4	2.5
Africa	2.9	3.6	3.1	3.5	3.3

Source: IHS Markit as of 19 July 2023.
[1] Forecast.

— According to data from IHS Markit, the global economy grew year-on-year by 2.5% in the second quarter of 2023, compared with growth of 2.3% in the first quarter of 2023; in 2022 as a whole, global economic growth was 3.1%.

— The European economy expanded by 0.7% in the second quarter of 2023, following an increase of 1.0% in the first quarter; growth in European economic output was 3.7% in 2022 as a whole, on par with the world economy.

— The oil price fell in the first half-year of 2023 from USD 85.91/barrel at year-end 2022 to USD 75.41/barrel on 30 June 2023; the average price of USD 80.02/barrel was down 24% on the previous year.

— The jet crack, the price difference between crude oil and kerosene, fell on average to USD 25.37/barrel (previous year: USD 37.93 barrel); this decline was due to the easing of tension on the energy markets following the turmoil in connection with the Russian war of aggression against Ukraine.

— The average kerosene price fell accordingly by 26% to USD 830.44 barrel year-on-year (previous year: USD 1,124.78 barrel).

— The euro held its ground against most of the relevant currencies for the Lufthansa Group year-on-year; it appreciated significantly against the Japanese yen and the Chinese renminbi by 8.5% and 5.8% respectively; the euro also rose against the Canadian dollar and the British pound by 4.9% and 4.1% respectively; against the Swiss franc and the US dollar, the euro fell by 4.5% and 1.0% respectively.

DEVELOPMENT OF CRUDE OIL, KEROSENE, AND CURRENCY (Jan - Jun 2023)

		30.06.2023	Average	Average previous year
ICE Brent	in USD/bbl	75.41	80.02	104.81
Kerosene	in USD/t	770.50	830.44	1124.78
USD	1 EUR/USD	1.0909	1.0808	1,0920
JPY	1 EUR/JPY	157.44	145.65	134.22
CHF	1 EUR/CHF	0.9770	0.9856	1.0317
CNY	1 EUR/CNY	7.9150	7.4851	7.0778
GBP	1 EUR/GBP	0.8593	0.8763	0.8421
CAD	1 EUR/CAD	1.4449	1.4564	1.3887

Souce: Bloomberg, annual average daily price.

— The central banks' restrictive monetary policy brought the inflation rate down to a global average of 6.4% in June 2023, while in Europe the inflation rate was 5.5% and in Germany 6.4%; the US Federal Reserve continued its policy of steadily increasing interest rates, from 4.5% at the beginning of the year to 5.25% in June 2023; in the same period, the European Central Bank raised the interest rate from 2.5% to 4.0%.

SECTOR DEVELOPMENTS

SALES PERFORMANCE IN THE AIRLINE INDUSTRY (Jan - May 2023)

in % compares with previous year	Revenue passenger-kilometres	Cargo tonne-kilometres
Europe	33	-11
North America	22	-11
Central and South America	21	0
Asia/Pacific	135	-7
Middle East	50	-7
Africa	66	-5
Industry	52	-9

Source: IATA Air Passenger & Air Freight Figures (May 2023).

— In the first five months of the reporting year for which estimates by the International Air Transport Association (IATA) are currently available, the sales development of the global passenger business improved significantly compared to the previous year as a result of the further increase in demand; the development in the previous year was still adversely affected by the Omicron coronavirus variant as well as the temporary overload of the aviation system; according to the IATA, the number of revenue passenger-kilometres rose globally by 52% year-on-year in the first five months of 2023, while sales in Europe increased by 33%; sector sales were 11% lower compared to the pre-crisis level in 2019.

— The global airfreight market continued to return to normal after record highs during the coronavirus pandemic; according to IATA, global airfreight volumes (measured in revenue cargo tonne-kilometres) fell 9% year-on-year in the first five months of the 2023 financial year, impacted by the slowdown in global economic growth and high global inventories, leaving the global airfreight business 7% below pre-crisis levels.

— The market for aircraft maintenance, repair and overhaul services (MRO) continued to develop positively, and rising demand for air travel is driving further growth in demand for MRO services.

Course of business

OVERVIEW OF THE COURSE OF BUSINESS

The course of business at the Lufthansa Group was shaped by strong demand for flights

— The Lufthansa Group developed positively in the first half of 2023; the recovery in demand for air travel after the Coronavirus pandemic continued, and so passenger airline capacity was further expanded: in the first half of 2023, it was 19% above the previous year's level; this corresponded to a 79% increase compared with the level in 2019.

— Revenue at the Lufthansa Group rose by 26% year-on-year to EUR 16,406m (previous year: EUR 13,002m), primarily due to the further expansion of the flight programme, a higher passenger load factor and increased average yields.

— The Lufthansa Group's earnings improved significantly year-on-year in the first half of 2023; the Adjusted EBIT rose to EUR 812m (previous year: EUR -185m); Adjusted EBIT in the second quarter reached a record level of EUR 1,085m, and has never been higher in a previous second quarter; the Adjusted EBIT margin was 4.9% (previous year: -1.4%).

— All business segments achieved positive Adjusted EBIT in the first half of 2023; only the Logistics business segment saw a decline in earnings due to the return to normal across the industry. ↗ **Business segments, p. 12.**

— Adjusted free cash flow fell by 63% to EUR 1,071m in the first half of 2023 (previous year: EUR 2,902m) due to the decline in operating cash flow and increased net investments; in the previous year, adjusted free cash flow was buoyed to a significant extent by the strong recovery in demand.

— The balance sheet was further strengthened in the first half of 2023; net indebtedness, at EUR 5,914m, was EUR 957m lower than the level at year-end 2022 (31 December 2022: EUR 6,871m) due to the positive free cash flow; net pension obligations increased by EUR 319m to EUR 2,312m compared to the level at year-end 2022 (31 December 2022: EUR 1,993m); the interest rate used for discounting pension obligations decreased by 0.3 percentage points to 3.9%. ↗ **Financial performance, p. 6.**

— Specific CO_2 emissions per passenger-kilometre were 89.0 grammes in the first half-year of 2023, 5% lower than the previous year (previous year: 93.4 grammes); the reason for the year-on-year decline was essentially the better load factors.

SIGNIFICANT EVENTS

LSG Group to be sold to the Aurelius Group

— On 4 April 2023, Deutsche Lufthansa AG signed an agreement with the private equity firm Aurelius on the sale of the LSG Group; the business of the LSG Group consists of classical catering and onboard retail as well as food commerce activities; the parties have agreed not to disclose the purchase price.

— The transaction is expected to be completed in the third quarter of 2023, subject to external approvals and internal carve-out activities.

— The sale of its Catering division forms part of the Lufthansa Group's strategy of focusing more on its core airline business; the LSG Group's European activities were sold to gategroup in 2019.

Shareholders approve all Annual General Meeting agenda items

— The virtual Annual General Meeting of Deutsche Lufthansa AG took place on 9 May 2023.

— The shareholders approved all items on the agenda with a large majority; Karl-Ludwig Kley, acting Supervisory Board Chairman, and Carsten Knobel, Chairman of the Executive Board and CEO of Henkel AG & Co. KGaA, were re-elected to the Supervisory Board; Karl Gernandt, Executive Chairman of Kühne Holding AG, was newly elected to the Supervisory Board.

Lufthansa Group reaches agreement to acquire 41% of ITA Airways

— On 25 May 2023, Deutsche Lufthansa AG and Italy's Ministry of Economy and Finance reached an agreement on the acquisition of a non-controlling interest in the country's national airline ITA Airways.

— Deutsche Lufthansa AG will obtain a 41% stake in ITA Airways for EUR 325m within the framework of a capital increase; in addition, an agreement has been reached on options to purchase the remaining shares at a later date; the acquisition of the non-controlling interest is still subject to approval by the authorities, in particular the European competition authority.

Lufthansa Group sells payment specialist AirPlus to SEB Kort

— On 20 June 2023, the Lufthansa Group signed a contract with SEB Kort Bank AB of Stockholm (Sweden) for the sale of the AirPlus Group; the purchase price is approximately EUR 450m.

— AirPlus will continue to be a member of the UATP global payments network after the sale; the transaction is expected to be completed in the first half of 2024, subject to the necessary preparations and external approvals, primarily from various financial regulators.

EVENTS AFTER THE REPORTING PERIOD

— Since 30 June 2023, no events of particular importance have occurred that would be expected to have a significant influence on the net assets, financial and earnings position that have not already been reported.

Financial performance

EARNINGS POSITION

Impact of the agreed sale of LSG Group on the earnings position

— Due to the agreed sale of the LSG Group to Aurelius, all the income and expenses associated with the discontinued Catering business have been separated from the respective items in the income statement and presented as a combined item under earnings after taxes in the line item “Profit/loss from discontinued operations” immediately above the “Net profit/loss” line item; this item also includes valuation adjustments made in connection with the measurement in accordance with IFRS 5; the figures for the previous year have been adjusted accordingly.

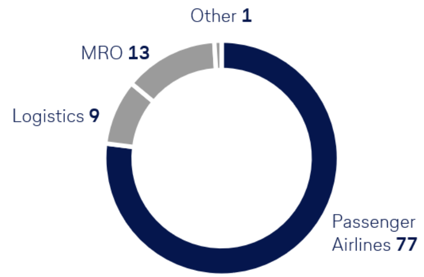
Traffic revenue increases by 29% year-on-year

— Capacity (available seat-kilometres) in the Passenger Airlines segment in the Lufthansa Group increased by 19% year-on-year in the first half of 2023; compared with the pre-crisis level, i.e. the first half of the 2019 financial year, capacity came to 79%; sales (revenue seat-kilometres) were up by 31% year-on-year with the passenger load factor rising by 7.4 percentage points to 81.7%; traffic revenue in the passenger business increased by 52% to EUR 12,076m (previous year: EUR 7,944m), partly due to significantly higher yields.

— In the first half of 2023, the Lufthansa Group’s cargo business declined due to the return to normal across the industry; capacity (available cargo tonne-kilometres) was up by 9% on the previous year as a result of increased belly capacities as a result of the rise in demand for air travel, thus reaching 85% of the pre-crisis level; however, sales (revenue cargo tonne-kilometres) fell by 1% on the previous year; the cargo load factor of 57.5% was 6.3 percentage points lower than in the previous year and traffic revenue for the cargo business declined by 39% to EUR 1,675m (previous year: EUR 2,724m) due to lower yields.

— Compared with the previous year, traffic revenue at Lufthansa Group airlines rose overall in the first half of 2023 by 29% to EUR 13,751m (previous year: EUR 10,668m).

EXTERNAL REVENUE SHARE OF THE BUSINESS SEGMENTS
in % (Jan - Jun 2023)



Revenue up by 26% year-on-year

— Other revenue rose by 14% to EUR 2,655m (previous year: EUR 2,334m), mainly due to the increased level of business activities and the related higher volume of income in the MRO business segment and for AirPlus.

— Revenue (comprising traffic revenue and other revenue) increased by 26% to EUR 16,406m (previous year: EUR 13,002m); other operating income rose by 46% to EUR 1,439m (previous year: EUR 983m) due in particular to other own work capitalised and foreign exchange gains; operating income increased by 28% to EUR 17,845m (previous year: EUR 13,985m).

Operating expenses up 20% on last year

— In the first half of 2023, the Lufthansa Group’s operating expenses rose by 20% year-on-year to EUR 17,010m (previous year: EUR 14,123m); this mainly reflected its business growth as well as inflation-related cost increases.

— The Lufthansa Group’s cost of materials and services of EUR 9,500m was 23% higher year-on-year (previous year: EUR 7,746m); fuel expenses rose by 15% to EUR 3,620m (previous year: EUR 3,138m); this change is attributable to the increased level of consumption, while prices for crude oil as well as jet crack (the price difference between crude oil and kerosene) fell; the result of price hedging was EUR -193m (previous year: EUR 559m); negative currency effects had almost no impact on fuel expenses; fees and charges rose by 26% to

EUR 2,111m (previous year: EUR 1,677m), primarily due to the Lufthansa Group's business growth.

- Operating staff costs rose by 19% to EUR 3,981m (previous year: EUR 3,349m); this increase was mainly due to salary increases under collective bargaining agreements, the increase in variable remuneration components and the end of the short-time work scheme; the 8% increase in the average number of employees was a further factor; after adjusting for the number of employees in the discontinued Catering business, the increase amounted to 5%.

- Depreciation and amortisation of EUR 1,099m was at the same level as last year (previous year: EUR 1,090m) and related mainly to aircraft and reserve engines.

- Other operating expenses rose by 25% to EUR 2,430m (previous year: EUR 1,938m) in particular due to increased sales and marketing costs, higher travel expenses due to the expansion of flight operations and higher foreign exchange losses.

Adjusted EBIT improves to EUR 812m

- The operating result from equity investments amounted to EUR -23m in the first half of 2023 (previous year: EUR -47m); this trend is mainly based on the improved income from subsidiaries, joint ventures and associates in the Additional Businesses and Group Functions business segment.

- Adjusted EBIT improved to EUR 812m (previous year: EUR -185m), and the Adjusted EBIT margin, i.e. the ratio of Adjusted EBIT to revenue, rose to 4.9% (previous year: -1.4%).

- In the first half of 2023, EBIT amounted to EUR 777m (previous year: EUR -267m); unlike Adjusted EBIT, this mainly comprises impairments in the amount of EUR 27m recognised on aircraft held for sale and expenses of EUR 18m in connection with the acquisition and sale of divisions; book losses of EUR 13m, primarily for aircraft and reserve engines, were offset by book gains of EUR 21m, particularly from the sale of shares in joint venture companies; in the previous year, the adjustments included expenses directly associated with the Russian war of aggression against Ukraine as well as net income in connection with the reversal of provisions for restructuring measures.

- Net interest improved to EUR -172m, partly thanks to lower net indebtedness (previous year: EUR -207m).

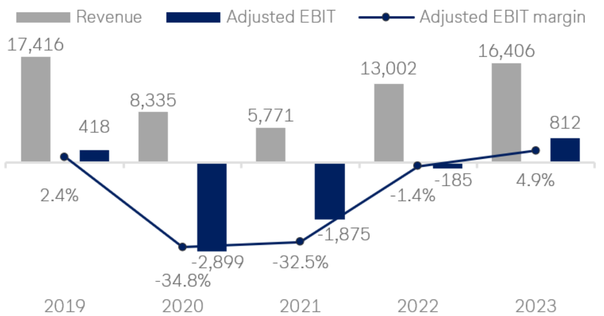
- Other financial items amounted to EUR -74m (previous year: EUR 177m) and mainly included negative effects from cash flow hedges and the recognition in profit or loss of the convertible bond measurement.

- Income taxes amounted to EUR -78m (previous year: EUR 11m); the effective tax ratio for continuing operations was 15%, primarily due to non-taxable income.

- The result from continuing operations therefore came to EUR 453m (previous year: EUR -286m).

- The profit/loss from discontinued operations relates to the agreed sale of the LSG Group and amounts to EUR -37m (previous year: EUR -35m); this includes an impairment loss of EUR 54m due to the difference between the expected sales price and the net asset value of this business area as of the reporting date.

DEVELOPMENT OF REVENUE, ADJUSTED EBIT in €m (Jan - Jun)
AND ADJUSTED EBIT MARGIN in % (Jan - Jun)



REVENUE, INCOME AND EXPENSES

in €m	Jan - Jun 2023	Jan - Jun 2022[1]	Change in %
Traffic revenue	13,751	10,668	29
Other revenue	2,655	2,334	14
Total revenue	**16,406**	**13,002**	**26**
Other operating income	1,439	983	46
Total operating income	**17,845**	**13,985**	**28**
Cost of materials and services	9,500	7,746	23
of which fuel	3,620	3,138	15
of which other raw materials, consumables and supplies and purchased goods	1,314	1,020	29
of which fees and charges	2,111	1,677	26
of which external services MRO	1,016	783	30
Staff costs	3,981	3,349	19
Depreciation	1,099	1,090	1
Other operating expenses	2,430	1,938	25
Total operating expenses	**17,010**	**14,123**	**20**
Operating result from equity investments	-23	-47	51
Adjusted EBIT	**812**	**-185**	
Total reconciliation EBIT	-35	-82	57
EBIT	**777**	**-267**	
Net interest	-172	-207	17
Other financial items	-74	177	
Profit/loss before income taxes	**531**	**-297**	
Income taxes	-78	11	
Profit/loss from continuing operations	**453**	**-286**	
Profit/loss from discontinued operations	-37	-35	-6
Profit/loss after income taxes	**416**	**-321**	
Profit/loss attributable to minority interests	-2	-4	50
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG	**414**	**-325**	

[1] Previous year's figures have been adjusted due to the agreed sale of the LSG Group. ↗ Notes, p. 37.

- The net result attributable to shareholders of Deutsche Lufthansa AG in the first half of 2023 came to EUR 414m (previous year: EUR -325m).
- Earnings per share amounted to EUR 0.35 (previous year: EUR -0.27).

RECONCILIATION OF RESULTS

in €m	Jan - Jun 2023 Income statement	Jan - Jun 2023 Reconciliation Adjusted EBIT	Jan - Jun 2022[1] Income statement	Jan - Jun 2022[1] Reconciliation Adjusted EBIT
Total revenue	**16,406**		**13,002**	
Changes in inventories and work performed by entity and capitalised	316		180	
Other operating income	1,152		901	
of which book gains		-21		-23
of which write-ups on capital assets and assets held for sale		-1		–
of which write-backs of provisons for restructuring expenses, significant litigation costs and business combinations cost		-7		-75
Total operating income	**17,874**	**-29**	**14,083**	**-98**
Costs of materials and services	-9,500		-7,788	
of which extraordinary costs of material		–		42
Staff costs	-3,986		-3,384	
of which past service costs/settlements		–		15
of which restructuring expenses		5		20
Depreciation	-1,100		-1,110	
of which impairment losses		–		20
Other operating expenses	-2,488		-2,021	
of which impairment losses on assets held for sale		29		11
of which expenses incurred from book losses		13		9
of which expenses of significant litigation		–		4
of which expenses of business combinations		18		18
of which other extraordinary expenses		-1		41
Total operating expenses	**-17,074**	**64**	**-14,303**	**180**
Profit/loss from operating activities	**800**		**-220**	
Result from equity investments	-23		-47	
of which impairment losses on investments accounted for using the equity method		–		–
EBIT	**777**		**-267**	
Total amount of reconciliation Adjusted EBIT		35		82
Adjusted EBIT		**812**		**-185**
Depreciation		1,099		1,090
Adjusted EBITDA		**1,911**		**905**

[1] Previous year's figures adjusted due to the agreed sale of the LSG Group. ↗ Notes, p. 37.

FINANCIAL POSITION

Impact of the agreed sale of LSG Group and AirPlus on the financial position

— The Lufthansa Group has signed contracts for the sale of its Catering business activities and Lufthansa AirPlus Servicekarten GmbH.

— Following the decision to sell the Catering and AirPlus activities, and under the rules of IFRS 5, as of 31 March 2023 and 30 June 2023 respectively, all assets and liabilities from the respective individual items of the statement of financial position will be reclassified to the items "Assets held for sale" and "Liabilities in connection with assets held for sale".

— The consolidated cash flow statement includes both continuing and discontinued operations, which means that the Catering and AirPlus activities are still included.

Capital expenditure up 30% on previous year

— The Lufthansa Group's gross capital expenditure increased by 30% in the first half of 2023 year-on-year to EUR 1,773m (previous year: EUR 1,368m) and primarily consisted of final payments for twelve delivered aircraft, capitalised major maintenance events and advance payments on future aircraft purchases.

— Overall, the net cash outflow from investing activities increased, taking into consideration in particular payments for spare parts for aircraft and income from interest and dividends, by 35% to EUR 1,871m (previous year: EUR 1,381m).

Positive cash flow from operating activities of EUR 3,100m

— In the first half of 2023, the Lufthansa Group achieved a positive operating cash flow in the amount of EUR 3,100m; this was 30% lower than the previous year's level (previous year: EUR 4,441m); the decline is mainly due to the lower inflow resulting from the change in working capital compared with the previous year (EUR 1,679m, previous year: EUR 3,177m), which more than offset the increase in EBITDA, which was exceptionally high in the previous year due to the sharp rise in business activity and the resulting higher advance ticket payments.

— The inflow resulting from the change in working capital was associated with a higher volume of liabilities due to unused flight documents, which increased by EUR 2,119m in the first half of 2023 (previous year: EUR 3,328m); receivables and contract assets rose by EUR 397m, in particular due to the continued recovery of business activity at AirPlus, while liabilities and contract liabilities increased by EUR 122m; in addition, the net balance of other assets/liabilities from the provision of services increased by EUR 129m; these trends relate to the changes in the carrying amounts for continuing operations and discontinued operations; other balance sheet changes with an effect of EUR -271m included variable remuneration payments.

Adjusted free cash flow of EUR 1,071m

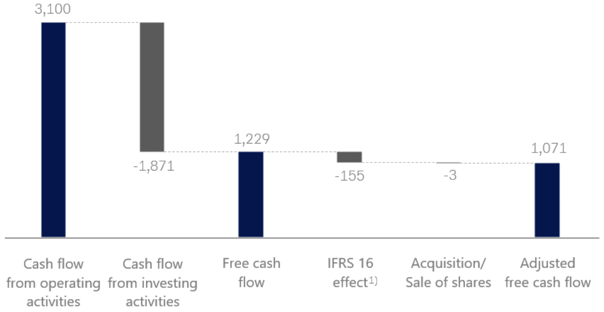
— Adjusted free cash flow fell by 63% to EUR 1,071m in the first half of 2023 (previous year: EUR 2,902m) due to the decline in operating cash flow and increased net investments.

Financing activities result in cash outflow

— The balance of financing activities resulted in a net cash outflow of EUR 607m (previous year: EUR 1,389m).

— This resulted from repayments in the overall amount of EUR 493m, mainly due to aircraft financing as well as interest and dividend payments of EUR 315m and compared with the cash inflow from new financing measures on the capital market in the amount of EUR 202m, which was primarily attributable to asset-backed security (ABS) financing at AirPlus and aircraft financing.

ADJUSTED FREE CASH FLOW in €m (Jan - Jun 2023)



[1] Capital payments of operating lease liabilities within cash flow from financing activities.

Total available liquidity of EUR 10.8bn

— Balance-sheet liquidity (total of cash, current securities and fixed-term deposits from continuing operations) came to EUR 8,725m on 30 June 2023 (31 December 2022: EUR 8,301m); of this amount, EUR 7,957m was centrally available to Deutsche Lufthansa AG; in addition, cash and cash equivalents held by the discontinued Catering business and the AirPlus Group, which is being held for sale, amounted to EUR 185m.

— Additionally, there were unused credit lines of EUR 2,109m.

— As of 30 June 2023, the Company therefore had a total of EUR 10,834m of available liquidity from continuing operations (31 December 2023: EUR 10,420m).

NET ASSETS

Impact of the agreed sale of LSG Group and AirPlus on the net assets

- In line with IFRS 5, the assets and liabilities attributable to the Catering business segment and AirPlus have been separately presented in the statement of financial position as of 30 June 2023 as “Assets held for sale” and “Liabilities in connection with assets held for sale”; the figures for the previous year have not been adjusted.
- To enable a better comparability with the previous year, significant effects are quantified in the following comments.

Total assets climb by around EUR 2.0bn

- As of 30 June 2023, total Group assets rose by EUR 1,980m over year-end 2022 to EUR 45,315m (31 December 2022: EUR 43,335m).

Non-current assets up by EUR 268m

- As of 30 June 2023, non-current assets of EUR 28,348m were EUR 268m higher than at the end of 2022 (31 December 2022: EUR 28,080m); the increase in value for aircraft and reserve engines (EUR +863m), repairable spare parts for aircraft (EUR +202m) and for deferred tax assets on account of the tax effects due to negative valuation effects on pension obligations and financial instruments (EUR +137m) were offset by the decline in other property, plant and equipment (EUR -435m), mainly as a result of the reclassification of the Catering business segment and of AirPlus, as well as lower derivative financial instruments (EUR -289m).
- The value of aircraft and reserve engines rose to EUR 16,753m (31 December 2022: EUR 15,890m); investments in new aircraft (three Boeing 787s, six Airbus A320s and three Airbus A321s), investments in major maintenance events and down payments made on existing orders exceeded the volume of depreciation as well as disposals; as of 30 June 2023, the Lufthansa Group’s fleet comprised a total of 716 aircraft (31 December 2022: 710 aircraft).

Current assets increase by approximately EUR 1.7bn

- Current assets as of 30 June 2023 increased by EUR 1,712m to EUR 16,967m (31 December 2022: EUR 15,255m); adjusted for the reclassification of businesses held for sale, trade and other receivables increased by EUR 753m, cash and cash equivalents increased by EUR 608m and derivative financial instruments decreased by EUR 311m.
- The increase in assets held for sale (EUR +2,296m) is attributable to the assets in the Catering business segment (EUR 970m) and AirPlus (EUR 1,357m), of which a total of EUR 640m related to previously non-current assets.

Non-current provisions and liabilities decline by EUR 919m

- As of 30 June 2023, non-current provisions and liabilities were down by EUR 919m to EUR 16,234m (31 December 2022: EUR 17,153m).
- Non-current financial liabilities of EUR 12,029m were EUR 1,241m lower than at the end of 2022 (31 December 2022: EUR 13,270m); this decrease mainly reflects maturity reclassifications and reclassifications for the businesses held for sale, partly compensated for by new financing measures and valuation effects.
- The net pension obligations, i.e. the pension provisions less asset surpluses for individual pension plans – which are separately reported under non-current assets – of EUR 2,312m were EUR 319m above the level of the end of 2022 (31 December 2022: EUR 1,993m); pension provisions increased by EUR 320m to EUR 2,389m (31 December 2022: EUR 2,069m) due to valuation factors, with the interest rate used to discount the pension obligations in Germany and Austria declining by 0.3 percentage point to 3.9%; this effect was partially made up for by the positive performance of the plan assets.

CALCULATION OF NET INDEBTEDNESS

	30.06.2023 in €m	31.12.2022 in €m	Change in %
Bonds	-6,794	-6,659	-2
Borrower`s note loans	-1,245	-1,242	0
Credit lines	-23	0	
Aircraft financing	-4,139	-4,407	6
Leasing liabilities	-2,229	-2,443	9
Other borrowings	-197	-400	51
Financial liabilities	-14,627	-15,151	3
Bank overdraft	-12	-21	43
Group indebtedness	-14,639	-15,172	4
Cash and cash equivalents	1,492	1,790	-17
Securities	7,233	6,511	11
Net indebtedness	-5,914	-6,871	14
Pension provisions	-2,389	-2,069	-15
Pension surplus	77	76	1
Net pension obligations	-2,312	-1,993	-16
Net indebtedness and net pension obligations	-8,226	-8,864	7

Current provisions and liabilities increase by around EUR 3.3bn

- As of 30 June 2023, current provisions and liabilities rose by EUR 3,282m to EUR 20,990m (31 December 2022: EUR 17,708m), primarily as a result of the increase in liabilities from flight tickets not yet used (EUR +2,119m) due to the increase in ticket sales as well as the increase in current financial liabilities (EUR +717m) as a result of maturity reclassifications; this was partly offset by scheduled repayments and reclassifications of the operations held for sale; the increase in liabilities in connection with assets held for sale (EUR +1,292m) was mainly attributable to the reclassification of current liabilities and provisions of the Catering and AirPlus operations (EUR +1,200m).

Shareholders’ equity down by EUR 383m

- By comparison with the end of 2022, shareholders’ equity as of 30 June 2023 decreased by EUR 383m to EUR 8,091m (31 December 2022: EUR 8,474m), primarily due to negative valuation effects on financial instruments and pensions recognised directly in equity, which were partially compensated for by profits in the first half of 2023.
- Positive free cash flow brought net indebtedness down to EUR 5,914m, a EUR 957m reduction on year-end 2022 (31 December 2022: EUR 6,871m).
- The sum of net indebtedness and net pension obligations in relation to shareholders’ equity, was 50:50 as of 30 June 2023 (31 December 2022: 51:49).
- Adjusted net debt, the sum of net indebtedness and net pension obligations less 50% of the hybrid bond issued in 2015, was down by EUR 638m compared with year-end 2022 to EUR 7,979m (31 December 2022: EUR 8,617m).
- The ratio of Adjusted net debt/Adjusted EBITDA was 1.7 (31 December 2022: 2.3) for the first half of 2023.

GROUP FLEET- NUMBER OF COMMERCIAL AIRCRAFT

Lufthansa German Airlines including regional airlines, Germanwings and Eurowings Discover (LH), SWISS including Edelweiss (LX), Austrian Airlines (OS), Brussels Airlines (SN), Eurowings (EW) and Lufthansa Cargo (LCAG) as of 30 June 2023.

Manufacturer/type	LH	LX	OS	SN	EW	LCAG	Group fleet	of which lease	Change as of 31 Dec 2022	Change as of 30 Jun 2022
Airbus A220		30					30			
Airbus A319	36			16	36		88	19		- 6
Airbus A320	96	31	33	18	57		235	30	+ 4	+ 9
Airbus A321	74	9	6		7	3	99	3	+ 3	+ 2
Airbus A330	21	16		9			46	4	- 4	- 4
Airbus A340	34	9					43			
Airbus A350	21						21	5		
Airbus A380	14						14			
Boeing 747	27						27			
Boeing 767			3				3			
Boeing 777		12	6				18	2		
Boeing 787	5						5		+ 3	+ 5
Boeing 777F						16[1]	16	5		
Bombardier CRJ	28						28			
Bombardier Q Series							0			- 3
Embraer	26		17				43			
Total Aircraft	382	107	65	43	100	19	716	68	+ 6	+ 3

[1] Partially operated by Aerologic, of which 2 aircraft in pro rata allocation.

Business segments

PASSENGER AIRLINES BUSINESS SEGMENT

KEY FIGURES

		Jan - Jun 2023	Jan - Jun 2022	Change in %	Apr - Jun 2023	Apr - Jun 2022	Change in %
Revenue	€m	12,880	8,976	43	7,669	5,956	29
of which traffic revenue	€m	12,076	7,944	52	7,270	5,431	34
Total operating income	€m	13,401	9,355	43	7,887	6,197	27
Operating expenses	€m	12,907	10,516	23	6,910	6,278	10
Adjusted EBITDA	€m	1,303	-322		1,394	354	294
Adjusted EBIT	€m	453	-1,200		965	-86	
EBIT	€m	422	-1,167		953	-120	
Adjusted EBIT margin	%	3.5	-13.4	16.9 pts	12.6	-1.4	14.0 pts
Segment capital expenditure	€m	1,463	1,095	34	689	485	42
Employees as of 30.06.	number	58,705	55,963	5	–	–	
Flights[1]	number	435,998	366,095	19	253,283	232,533	9
Passengers	thousands	55,022	42,382	30	33,296	29,209	14
Available seat-kilometres[1]	millions	137,969	115,649	19	78,520	69,994	12
Revenue seat-kilometres[1]	millions	112,686	85,940	31	65,289	56,080	16
Passenger load factor[1]	%	81.7	74.3	7.4 pts	83.2	80.1	3.1 pts

[1] Previous year's figures have been adjusted.

- In the first half of 2023, the operating and financial performance of the Lufthansa Group's Passenger Airlines segment significantly improved year-on-year due to the continued increase in demand for air travel, with an extremely positive development in the second quarter in particular.

- Overall, available capacity at the Passenger Airlines was 19% over the previous year in the first half of 2023, and thus at 79% of its pre-crisis level in 2019; the number of flights increased by 19% compared to the previous year; sales were up by 31% and the passenger load factor of 81.7% was 7.4 percentage points higher than last year.

- Mainly as a result of the increase in traffic in the first half of 2023 relative to the previous year, traffic revenue in the Passenger Airlines segment increased by 52% year-on-year to EUR 12,076m (previous year: EUR 7,944m); revenue of EUR 12,880m was 43% higher than last year (previous year: EUR 8,976m); yields rose by 15.2%.

- Unit revenues went up by 20.8% year-on-year, thanks to the higher yields and load factors and were therefore 25.2% above their pre-crisis level in 2019.

- Operating expenses rose by 23% to EUR 12,907m (previous year: EUR 10,516m); expenses for fuel in particular were significantly higher than in the previous year (EUR +533m), due to increased flight operations; in addition, fees and charges were up on the previous year (EUR +417m); staff costs rose due to the 5% increase in the average workforce as well as salary increases agreed in collective bargaining agreements and higher variable remuneration components (EUR +483m).

- Unit costs excluding fuel and emissions trading expenses rose by 4.1% year-on-year; compared to pre-crisis levels, the increase was 16.5%; cost increases due to inflation, additional expenses to ensure operational stability in the summer and negative economies of scale resulting from the continued lower supply compared to pre-crisis levels were largely compensated for by structural cost reductions.

- Consequently, the Passenger Airlines achieved a positive result in the first half of 2023; Adjusted EBIT improved to EUR 453m (previous year: EUR -1,200m).

- EBIT amounted to EUR 422m (previous year: EUR -1,167m) in the first half of 2023; the difference relative to Adjusted EBIT in the reporting period is mainly attributable to impairment losses recognised on aircraft held for sale as well as book losses on aircraft and reserve engines.
- Segment capital expenditure was up by 34% to EUR 1,463m (previous year: EUR 1,095m) and primarily related to advance payments for orders, major maintenance events and new aircraft.
- The number of employees as of 30 June 2023 increased by 5% year-on-year to 58,705 (previous year: 55,963), above all due to new employee hires in the operational areas as a result of expanding business operations.

OPERATING FIGURES

		Jan - Jun 2023	Jan - Jun 2022	Change in %	Exchange-rate adjusted change in %	Apr - Jun 2023	Apr - Jun 2022	Change in %	Exchange-rate adjusted change in %
Yields	€ Cent	9.6	8.3	15.2	15.1	10.0	8.8	13.1	13.7
Unit revenue (RASK)	€ Cent	9.5	7.9	20.8	20.7	9.9	8.6	14.9	15.6
Unit cost (CASK) excluding fuel and emissions trading	€ Cent	6.6	6.3	4.1	3.4	6.2	5.8	7.2	6.9

TRENDS IN TRAFFIC REGIONS

	Traffic revenue		Number of passengers		Available seat-kilometres		Revenue seat-kilometres		Passenger load factor	
	Jan - Jun 2023 in €m	Change in %	Jan - Jun 2023 in thousands	Change in %	Jan - Jun 2023 in millions	Change in %	Jan - Jun 2023 in millions	Change in %	Jan - Jun 2023 in %	Change in pts
Europe	4,900	43	44,309	28	53,062	15	42,366	23	79.8	5.5 pts
America	3,232	37	5,068	21	45,832	7	38,200	19	83.3	8.4 pts
Asia/Pacific	1,551	178	2,218	121	21,168	97	17,726	131	83.7	12.5 pts
Middle East/Africa	1,111	38	3,427	27	17,907	13	14,394	21	80.4	5.4 pts
Non allocable	1,282	61								
Total	12,076	52	55,022	30	137,969	19	112,686	31	81.7	7.4 pts

Lufthansa German Airlines[1]

KEY FIGURES		Jan - Jun 2023	Jan - Jun 2022	Change in %
Revenue	€m	7,341	5,258	40
Total operating income	€m	7,664	5,497	39
Operating expenses	€m	7,509	6,288	19
Adjusted EBITDA	€m	553	-355	
Adjusted EBIT	€m	149	-798	
EBIT	€m	118	-760	
Employees as of 30.06.	number	35,462	34,486	3
Flights	number	214,025	188,228	14
Passengers	thousands	27,278	22,270	22
Available seat-kilometres	millions	78,042	67,678	15
Revenue seat-kilometres	millions	63,448	50,626	25
Passenger load factor	%	81.3	74.8	6.5 pts

[1] Including regional partners and Eurowings Discover.

- Lufthansa German Airlines is driving forward the modernisation of its fleet; on 23 May 2023, it placed an order for four more state-of-the-art Airbus A350-900 long-haul aircraft; the airline currently operates 21 aircraft of this type and is holding 38 firm orders for the highly efficient Airbus long-haul aircraft.

- To expand its capacity and in view of delays in the delivery of new long-haul aircraft combined with high demand, Lufthansa German Airlines is reactivating its A380 fleet; on 1 June 2023, the first of a total of four aircraft of this type entered service at the Munich hub.

- The significant increase in demand for air travel and higher unit revenues drove up revenue year-on-year at Lufthansa German Airlines by 40% to EUR 7,341m in the first half of 2023 (previous year: EUR 5,258m).

- Operating expenses of EUR 7,509m were 19% higher year-on-year (previous year: EUR 6,288m), primarily due to the volume-related increase in expenses for fuel, higher fees and charges, higher MRO expenses and increased staff costs due to new employee hires, newly negotiated wage settlements and variable remuneration components.

- Adjusted EBIT came to EUR 149m in the first half of 2023 (previous year: EUR -798).

- EBIT amounted to EUR 118m (previous year: EUR -760m); the difference relative to Adjusted EBIT in the reporting period is mainly attributable to impairment losses recognised on aircraft held for sale as well as book losses on aircraft and reserve engines.

SWISS[1]

KEY FIGURES		Jan - Jun 2023	Jan - Jun 2022	Change in %
Revenue	€m	2,746	1,936	42
Total operating income	€m	2,870	2,010	43
Operating expenses	€m	2,521	1,965	28
Adjusted EBITDA	€m	565	267	112
Adjusted EBIT	€m	349	45	676
EBIT	€m	354	43	723
Employees as of 30.06.	number	9,279	8,593	8
Flights	number	69,218	53,647	29
Passengers	thousands	8,718	6,169	41
Available seat-kilometres	millions	25,733	19,622	31
Revenue seat-kilometres	millions	21,421	14,303	50
Passenger load factor	%	83.2	72.9	10.3 pts

[1] Including Edelweiss Air.

- SWISS continued to modernise its fleet and took delivery of its third Airbus A321neo; it now has nine aircraft of the A320/321neo family; their innovative engines make an important contribution to the environmental and cost efficiency of SWISS.

- In the first half of 2023, increased flight operations and higher unit revenues enabled revenue at SWISS to rise by 42% year-on-year to EUR 2,746m (previous year: EUR 1,936m).

- Operating expenses increased by 28% year-on-year to EUR 2,521m (previous year: EUR 1,965m), primarily due to the volume-related increase in fuel expenses as well as higher charter and staff costs.

- Adjusted EBIT at SWISS improved by 676% to EUR 349m (previous year: EUR 45m); EBIT was EUR 354m (previous year: EUR 43m).

Austrian Airlines

KEY FIGURES		Jan - Jun 2023	Jan - Jun 2022	Change in %
Revenue	€m	1,064	678	57
Total operating income	€m	1,093	709	54
Operating expenses	€m	1,078	815	32
Adjusted EBITDA	€m	70	-45	
Adjusted EBIT	€m	15	-106	
EBIT	€m	15	-110	
Employees as of 30.06.	number	5,899	5,609	5
Flights	number	52,641	39,506	33
Passengers	thousands	6,128	4,169	47
Available seat-kilometres	millions	11,644	9,174	27
Revenue seat-kilometres	millions	9,320	6,615	41
Passenger load factor	%	80.0	72.1	7.9 pts

- Austrian Airlines finalised the introduction of the Airbus A320neo into service in the second quarter of 2023; the airline now operates four aircraft of this new generation, which represents a key lever for reducing CO_2 emissions in flight operations.

- The long-haul fleet of Austrian Airlines is scheduled to be upgraded with a total of ten Boeing 787-9 aircraft, starting in early 2024; the Dreamliners will replace older aircraft in the fleet as well as contribute to CO_2 reduction.

- On 26 June 2023, the Supervisory Board of Austrian Airlines re-appointed Francesco Sciortino as a member of the Executive Board and Chief Operating Officer (COO) for a further five years up to 31 March 2029.
- In the first half of 2023, increased traffic and higher unit revenues made revenue at Austrian Airlines rise by 57% year-on-year to EUR 1,064m (previous year: EUR 678m).
- Operating expenses of EUR 1,078m were 32% higher than last year (previous year: EUR 815m), in particular due to a volume-related increase in fuel expenses as well as higher expenses for fees and charges and higher staff costs.
- The Adjusted EBIT of Austrian Airlines was EUR 15m in the first half of 2023 (previous year: EUR -106m); EBIT also amounted to EUR 15m (previous year: EUR -110m).

Brussels Airlines

KEY FIGURES		Jan - Jun 2023	Jan - Jun 2022	Change in %
Revenue	€m	705	452	56
Total operating income	€m	744	483	54
Operating expenses	€m	756	572	32
Adjusted EBITDA	€m	41	-34	
Adjusted EBIT	€m	-12	-89	87
EBIT	€m	-13	-89	85
Employees as of 30.06.	number	3,372	3,225	5
Flights[1]	number	30,346	22,597	34
Passengers	thousands	3,952	2,727	45
Available seat-kilometres[1]	millions	8,710	7,123	22
Revenue seat-kilometres[1]	millions	7,072	5,144	37
Passenger load factor[1]	%	81.2	72.2	9.0 pts

[1] Previous year's figures have been adjusted.

- Brussels Airlines has restructured its management; Dorothea von Boxberg has been the new Chairwoman of the Executive Board (CEO) of Brussels Airlines since 15 April 2023; she was previously CEO of Lufthansa Cargo and replaces Peter Gerber, who left the Lufthansa Group on 31 January 2023; in addition, Nina Öwerdieck was re-appointed as a member of the Executive Board and Chief Financial Officer (CFO) of Brussels Airlines for a further five years.
- Brussels Airlines' revenue increased by 56% year-on-year to EUR 705m in the first half-year of 2023 (previous year: EUR 452m) thanks to expanded flight operations and higher unit revenues.
- Operating expenses went up by 32% to EUR 756m (previous year: EUR 572m), primarily due to the volume-related increase in fuel expenses and higher fees and charges.
- Brussels Airlines thus significantly reduced its operating loss in the first half of 2023; Adjusted EBIT amounted to EUR -12m (previous year: EUR -89m); EBIT came to EUR -13m (previous year: EUR -89m)

Eurowings

KEY FIGURES		Jan - Jun 2023	Jan - Jun 2022	Change in %
Revenue	€m	1,119	721	55
Total operating income	€m	1,175	778	51
Operating expenses	€m	1,174	985	19
Adjusted EBITDA	€m	45	-141	
Adjusted EBIT	€m	-34	-239	86
EBIT	€m	-34	-239	86
Employees as of 30.06.	number	4,693	4,050	16
Flights	number	69,768	62,117	12
Passengers	thousands	8,946	7,047	27
Available seat-kilometres	millions	13,841	12,052	15
Revenue seat-kilometres	millions	11,425	9,252	23
Passenger load factor	%	82.5	76.8	5.7 pts

- Eurowings stationed an Airbus A319 at Graz Airport in early May 2023; Graz is the second Eurowings base in Austria and is therefore an integral part of the value carrier's growth path and a further milestone in Eurowings' pan-European expansion.
- As part of a fleet swap within the Lufthansa Group, Eurowings received six Airbus A321ceos; in addition, four brand-new Airbus A321neos will join the Eurowings fleet by the end of 2023.
- In the first half of 2023, Eurowings registered a strong level of demand for tourist flights and expanded its capacity accordingly; Eurowings' revenue rose by 55% year-on-year to EUR 1,119m (previous year: EUR 721m) due to volume and price factors.

- Operating expenses increased by 19% to EUR 1,174m (previous year: EUR 985m), primarily due to the volume-related increase in fuel expenses as well as higher fees and charges and staff costs due to the expansion of the flight programme; in addition, the result from equity investment of SunExpress was EUR -35m (previous year: EUR -32m), in line with the seasonality of the business model.
- Eurowings significantly reduced its operating loss in the first half of 2023; Adjusted EBIT and EBIT amounted to EUR -34m (previous year: EUR -239m); excluding the result from the SunExpress investment, Adjusted EBIT increased to EUR 1m (previous year: EUR -206m); this improvement is mainly attributable to the expansion of the flight programme, higher yields and an improved passenger load factor for the aircraft.

LOGISTICS BUSINESS SEGMENT

KEY FIGURES

		Jan - Jun 2023	Jan - Jun 2022	Change in %	Apr - Jun 2023	Apr - Jun 2022	Change in %
Revenue	€m	1,535	2,426	-37	712	1,257	-43
of which traffic revenue	€m	1,438	2,335	-38	663	1,204	-45
Total operating income	€m	1,584	2,470	-36	736	1,280	-43
Operating expenses	€m	1,408	1,504	-6	705	803	-12
Adjusted EBITDA	€m	277	1,059	-74	82	524	-84
Adjusted EBIT	€m	188	977	-81	37	482	-92
EBIT	€m	187	956	-80	38	475	-92
Adjusted EBIT margin	%	12.2	40.3	-28.1 pts	5.2	38.3	-33.1 pts
Segment capital expenditure	€m	156	221	-29	10	214	-95
Employees as of 30.06.	number	4,094	4,068	1	–	–	
Available cargo tonne-kilometres[1]	millions	5,966	5,554	7	3,145	2,959	6
Revenue cargo tonne-kilometres[1]	millions	3,581	3,572	0	1,854	1,785	4
Cargo load factor[1]	%	60.0	64.3	-4.3 pts	59.0	60.3	-1.3 pts

[1] Previous year's figures have been adjusted.

- Lufthansa Cargo has restructured its management; Ashwin Bhat has been the new Chief Executive Officer (CEO) of the cargo airline since 15 April 2023; he was previously Chief Commercial Officer (CCO) of Lufthansa Cargo and replaced Dorothea von Boxberg, who is the new CEO of Brussels Airlines; in addition, Frank Bauer has been the new Chief Financial Officer and Labor Director of Lufthansa Cargo since 1 August 2023; he was previously Head of Controlling and Risk Management at the Lufthansa Group.
- The operating performance in the Logistics business segment returned to normal in the first half of 2023 compared with the record level in the previous year; capacity was up 7% on the previous year, mainly due to the recovery of passenger flight operations and the related expansion of belly capacities; capacity was at 83% compared with the pre-crisis level in 2019; sales remained at a constant level compared with the previous year and the cargo load factor of 60.0% was 4.3 percentage points lower than in the previous year (previous year: 64.3%); yields fell in all of Lufthansa Cargo’s traffic regions and were 38.7% lower than in the previous year; they were 51.3% higher than the 2019 pre-crisis level.
- Traffic revenue declined by 38% year-on-year in the first half of 2023 to EUR 1,438m (previous year: EUR 2,335m) due to the reduced cargo load factor and the lower yields; revenue decreased by 37% to EUR 1,535m (previous year: EUR 2,426m).
- Operating expenses fell by 6% to EUR 1,408 (previous year: EUR 1,504m); reduced charter expenses as well as efficiency boosting and cost reduction measures helped to largely compensate for higher staff costs and inflation effects.

- In the first half of 2023, Adjusted EBIT declined by 81% year-on-year to EUR 188m (previous year: EUR 977m).
- EBIT of EUR 187m was 80% lower than the level of the previous year (previous year: EUR 956m).
- Segment capital expenditure in the first half of 2023 came to EUR 156m (previous year: EUR 221m) and comprised, in particular, prepayments for aircraft that have been ordered.
- The number of employees as of 30 June 2023 of 4,094 was at the same level as the previous year's figure (previous year: 4,068).

TRENDS IN TRAFFIC REGIONS

	Traffic revenue		Available cargo tonne-kilometres		Revenue cargo tonne-kilometres		Cargo load factor	
	Jan - Jun 2023	Change	Jan - Jun 2023	Change	Jan - Jun 2023	Change	Jan - Jun 2023	Change
	in €m	in %	in millions	in %	in millions	in %	in %	in pts
Europe	112	-24	319	15	143	10	45.0	-2.2 pts
America	599	-47	2,970	-1	1,642	-9	55.3	-4.9 pts
Asia/Pacific	606	-34	2,163	20	1,527	12	70.6	-5.6 pts
Middle East/Africa	121	-18	514	7	269	0	52.3	-3.4 pts
Total	**1,438**	**-38**	**5,966**	**7**	**3,581**	**0**	**60.0**	**-4.3 pts**

MRO BUSINESS SEGMENT

KEY FIGURES

		Jan - Jun 2023	Jan - Jun 2022	Change in %	Apr - Jun 2023	Apr - Jun 2022	Change in %
Revenue	€m	3,128	2,591	21	1,591	1,265	26
of which with companies of the Lufthansa Group	€m	1,026	711	44	518	338	53
Total operating income	€m	3,362	2,763	22	1,727	1,369	26
Operating expenses	€m	3,061	2,518	22	1,565	1,257	25
Adjusted EBITDA[1]	€m	367	330	11	193	156	24
Adjusted EBIT[1]	€m	291	241	21	156	112	39
EBIT[1]	€m	307	175	75	172	125	38
Adjusted EBIT margin[1]	%	9.3	9.3	0.0 pts	9.8	8.9	0.9 pts
Segment capital expenditures	€m	46	28	64	25	14	79
Employees as of 30.06.	number	21,501	19,809	9	–	–	

[1] The results of equity investments of the associated company "Ameco" is reported under Additional Businesses and Group Functions due to the change in responsibility in Group management; the previous year's figures have been adjusted accordingly.

- Lufthansa Technik saw a positive course of business in the first half of 2023; the continuing strong level of demand for flights prompted a further rise in demand for maintenance and repair services.
- Lufthansa Technik's revenue thus increased year-on-year in the first half of 2023 by 21% to EUR 3,128m (previous year: EUR 2,591m).
- Operating expenses rose by 22% to EUR 3,061m (previous year: EUR 2,518m); this was mainly due to the volume and price-related increase in the cost of materials and services and the higher staff costs.

- Adjusted EBIT increased by 21% to EUR 291m (previous year: EUR 241m); the impact of the depreciation of the US dollar as well as inflation and growth-related cost increases were offset by the positive business performance.
- EBIT also came to EUR 307m (previous year: EUR 175m).
- Segment capital expenditure went up by 64% to EUR 46m in the reporting period (previous year: EUR 28m).
- The number of employees as of 30 June 2023 increased by 9% year-on-year to 21,501 (previous year: 19,809).

CATERING BUSINESS SEGMENT

KEY FIGURES

		Jan - Jun 2023	Jan - Jun 2022	Change in %	Apr - Jun 2023	Apr - Jun 2022	Change in %
Revenue	€m	1,107	857	29	584	484	21
of which with companies of the Lufthansa Group	€m	36	23	57	20	14	43
Total operating income	€m	1,125	882	28	596	496	20
Operating expenses	€m	1,121	890	26	584	494	18
Adjusted EBITDA	€m	47	25	88	34	20	70
Adjusted EBIT	€m	10	-13		16	1	1,500
EBIT	€m	-31	-33	6	15	0	
Adjusted EBIT margin	%	0.9	-1.5	2.4 pts	2.7	0.2	2.5 pts
Segment capital expenditure	€m	16	12	33	7	6	17
Employees as of 30.06.	number	22,159	18,659	19	–	–	

- On 4 April 2023, Deutsche Lufthansa AG signed an agreement for the sale of the LSG Group with the private equity firm Aurelius; the transaction is expected to be completed in the third quarter of 2023, subject to external approvals and internal carve-out activities; the earnings contributions provided by the Catering business segment are presented separately in the consolidated income statement under “Profit/loss from discontinued operations”.
  ↗ Significant events, p. 5, Financial performance, p. 6.
- Holger Fleige has been the new Chief Financial Officer (CFO) of LSG Group since 1 April 2023; previously Head of Controlling at Passenger Airlines, Aviation Services & Group ReStructure at the Lufthansa Group, he replaces Wilken Bormann, who has left the Company.
- Revenue at the LSG group increased by 29% to EUR 1,107m in the first half of 2023 due to the continued positive business performance in all regions, especially North America and Asia (previous year: EUR 857m).
- Operating expenses increased by 26% to EUR 1,121m (previous year: EUR 890m), primarily due to the volume and price-related increase in the cost of materials and services and staff costs, including expenses for outside staff, as well as higher revenue-based airport fees.
- Adjusted EBIT rose to EUR 10m in the first half of 2023 (previous year: EUR -13m).
- EBIT amounted to EUR -31m (previous year: EUR -33m); the difference relative to Adjusted EBIT is primarily attributable to impairments on goodwill in the amount of EUR 40m and is associated with the agreed sale of the Catering business.
- Segment capital expenditure rose by 33% to EUR 16m (previous year: EUR 12m).
- As of 30 June 2023, the number of employees rose year-on-year by 19% to 22,159 (previous year: 18,659) due to the recovery of business.

ADDITIONAL BUSINESSES AND GROUP FUNCTIONS

KEY FIGURES

		Jan - Jun 2023	Jan - Jun 2022	Change in %	Apr - Jun 2023	Apr - Jun 2022	Change in %
Operating income	€m	1,381	1,136	22	619	618	0
Operating expenses	€m	1,508	1,278	18	707	695	2
Adjusted EBITDA[1]	€m	-55	-99	44	-53	-56	5
Adjusted EBIT[1]	€m	-112	-156	28	-82	-84	2
EBIT[1]	€m	-132	-181	27	-93	-107	13
Segment capital expenditures	€m	9	23	-61	4	10	-60
Employees as of 30.06.	number	8,314	7,797	7	–	–	

[1] Figures include the results of equity investments of the associated company "Ameco", which was previously reported in the MRO business segment; previous year's figures have been adjusted accordingly.

- On 20 June 2023, the Lufthansa Group signed a contract with SEB Kort Bank AB of Stockholm (Sweden) for the sale of the AirPlus Group; the transaction is expected to be completed in the first half of 2024, subject to the necessary preparations and external approvals, primarily from various financial supervisory authorities. ↗ Significant events, p. 5, Financial performance, p. 6.

- Higher exchange rate gains and higher revenue, especially at the AirPlus Group and Lufthansa Systems, caused operating income for Additional Businesses and Group Functions to increase by 22% year-on-year to EUR 1,381m (previous year: EUR 1,136m) in the first half of 2023.

- Operating expenses rose by 18% to EUR 1,508m (previous year: EUR 1,278m), primarily due to the increased business activity of the companies; in the Group functions, expenses remained stable compared to the previous yea.

- Adjusted EBIT amounted to EUR -112m (previous year: EUR -156m); supported by a positive result from equity investments, an improvement in earnings at AirPlus and an improved exchange rate result, EBIT came to EUR -132m (previous year: EUR -181m).

- The number of employees as of 30 June 2023 increased by 7% year-on-year to 8,314 (previous year: 7,797); the number of employees in the Group functions fell by 2%

Opportunities and risk report

The opportunities and risks for the Group described in detail in the Annual Report 2022 materialised or developed as follows:

- The coronavirus-related health risks to customers and employees of the Lufthansa Group have now declined significantly thanks to increasing immunity within the population.
- The overall economic development in Germany in 2023 is likely to be weaker than expected at the beginning of the year. Persistently high inflation, rising interest rates and high energy prices are weighing on private consumption and investing activities. The Lufthansa Group is therefore exposed to an increased risk that customers will reduce their travel budgets, especially in the business travel segment. Persistently high inflation could also result in higher cost increases than expected.
↗ **Macroeconomic outlook, p. 22.**
- Significant progress has been made in reducing the staff shortages that first became apparent in the summer of 2022 in many of the functional areas of international air traffic (including security controls, ground services, baggage handling and air traffic control). However, in many areas the new employees have not yet completed their training. In addition, the volume of flights in several European airspaces is higher than before the outbreak of the coronavirus pandemic, and air traffic control capacities continue to operate under strain. Flight delays and cancellations remain possible, particularly in the summer months. This entails risks for the operating airlines, which range from reputational damage to rising costs for compensating and supporting the passengers affected.
- Steps to stabilise operational processes continue to be taken on an ongoing basis in dialogue with service providers and system partners. For example, the restrictions that were planned due to the NATO “Air Defender” exercise were managed without any significant disruptions and with a stable operational performance.
- The Lufthansa Group sources most of its IT infrastructure from external service providers. The operational and commercial risks that by nature accompany this kind of outsourcing are assessed and managed on a continuous basis. The IT failures which occurred in the first quarter of 2023, and for which IT service providers were responsible, were intensively analysed. The findings were translated into concrete measures, some of which are already having a stabilising effect in operations. Additional medium and long-term measures will be implemented as part of a dedicated IT stabilisation project.
- The strike risk remains, since some collective bargaining agreements are still being negotiated in the Group. No new wage and framework agreement has yet been reached with the Vereinigung Cockpit pilots’ union for the cockpit crew at Deutsche Lufthansa AG and Lufthansa Cargo. The wage negotiations are ongoing at the time of publication of this report. The risk of industrial action following the end of the no-strike period on 30 June 2023 has risen significantly. In addition, demands from cockpit and cabin staff at Eurowings Germany and Lufthansa CityLine might in future be backed up with strike action.
- In the context of newly concluded wage agreements, the cabin crew of Deutsche Lufthansa AG, the payscale ground staff of Deutsche Lufthansa AG, Lufthansa Technik AG and Lufthansa Cargo AG, among others, and all of the employees of SWISS and Austrian Airlines are currently bound by an agreement not to strike. The strike risk in the aforementioned areas thus continues to be reduced. Ver.di and Ufo have urged the Employers’ Federation for Air Transport Companies (AGVL) to enter into negotiations over an inflation bonus. If the trade unions are successful in their demands, this may result in higher staff costs. Strikes can also lead to reputational damages and tangible economic impacts for the Lufthansa Group.
- The Lufthansa Group has hired approximately 20,000 new employees since the beginning of 2022 to optimally respond to the rapid increase in air traffic and the resulting personnel bottlenecks. The tense labour market makes recruiting for the summer of 2024 a challenge. Failure to recruit a sufficient number of employees in the future would result in operational risk for flight operations in 2024, especially in the summer months.
- In parallel with a growing labour market, negotiations on wage agreements and employment conditions with trade unions in particular are becoming more challenging; they are characterised by, among other things, high expectations driven by high inflation as well as the legal environment. The predicted shortage of skilled workers and the impact of demographic change on the labour market will also increase the demands in the longer term, contrasting with employers' interest in flexible and competitive personnel costs.
- With regard to the fuel price risk, the target hedging level was increased from 75% to 85% in the first quarter of 2023. Since the end of April 2023, gas oil options have also been traded in addition to crude oil options. The aim of fuel hedging is to secure protection against rising fuel prices while at the same time participating in falling prices.

- Ryanair has appealed to the European Court of Justice against the decisions by the European Commission approving stabilisation measures for companies in the Lufthansa Group. Stabilisation measures of around EUR 7.6bn in total are affected for Deutsche Lufthansa AG, Austrian Airlines AG and Brussels Airlines SA/NV. The lawsuit relating to the state aid for Austrian Airlines has since been dismissed in the first instance, although Ryanair has launched an appeal with the European Court of Justice. In May 2023, the European Court of Justice upheld the action for annulment with regard to the stabilisation measure in the amount of EUR 6bn granted to Deutsche Lufthansa AG by the Economic Stabilisation Fund (ESF) of the Federal Republic of Germany and annulled the corresponding decision of the European Commission on the grounds of substantive errors of law. Until a final judgement is made or a new state aid decision is issued, uncertainty remains as to the legal consequences of the annulment of the decision to grant state aid. There is no immediate repayment risk as the stabilisation measures have already been completed and Deutsche Lufthansa AG has already repaid in full the silent participations from the ESF. Potential indirect consequences include the demand for claw-back interest for the period between the allocation and the repayment of the stabilisation funds, as well as the non-existence of the conditions attached to the granting of the aid. As a result, the non-existence of these conditions could also have an impact on the violation of the prohibition against dividend payments from equity investments as well as the prohibition of cross-subsidisation alleged by the European Commission. Deutsche Lufthansa AG will appeal to the European Court of Justice against the ruling of the court of first instance. At the date of this report, it is not yet clear whether the European Commission and the Federal Republic of Germany will intervene in the appeal. Nor is it known how the further proceedings at the European Commission in its response to the judgement of the European Court of Justice will be structured. Deutsche Lufthansa AG expects the European Commission to initiate a formal examination procedure, as it has done in similar cases.

On the basis of the further improvement in business performance and the scenario on which its financial planning is based, the Executive Board does not consider that the continued existence of the Lufthansa Group is at risk.

Forecast

MACROECONOMIC OUTLOOK

- According to IHS Markit, global economic growth of 2.4% is expected for 2023; in the previous year, global economic output increased by 3.1%; for Europe, economic output is expected to grow by 0.7%.

GDP DEVELOPMENT [1]

in %	2023	2024	2025	2026	2027
World	2.4	2.4	2.8	2.9	2.8
Europe	0.7	1.0	1.8	1.8	1.7
Germany	-0.4	0.7	1.6	1.7	1.5
North America	1.8	1.2	1.5	1.7	1.8
South America [2]	2.1	2.2	2.9	3.0	3.0
Asia/Pacific	4.1	4.1	4.2	4.2	4.2
China	5.2	4.8	4.8	4.8	4.7
Middle East	2.5	3.3	3.6	2.5	2.6
Africa	3.3	3.8	4.2	4.2	4.1

Source: IHS Markit per 19 July 2023.
[1] Forecast.
[2] Excluding Venezuela.

- Futures rates suggest that oil prices will remain stable in the second half of 2023 compared to the level at the end of June 2023; however, volatile price developments cannot be ruled out for the second half of 2023.

- Foreign exchange rate developments continue to depend heavily on central bank policies; the US Federal Reserve makes future interest rate steps depending on economic data such as inflation, economic growth and the labour market; the market expects interest rate cuts as soon as the target inflation rate is reached.

- The European Central Bank anticipates persistently high inflation in the euro area, which means that the euro should strengthen if interest rates remain unchanged or if there are further interest rate hikes; analysts expect the euro to appreciate slightly against the US dollar by the end of 2023.

- According to the EU Commission's forecast, the inflation rate for 2023 as a whole is expected to fall to 5.8% in Europe and to 6.8% in Germany.

SECTOR OUTLOOK

- In June, the International Air Transport Association (IATA) raised its forecast for passenger traffic growth in 2023, projecting a 28% year-on-year recovery in global revenue passenger kilometres (previous year: 64%), which would put industry-wide sales at 88% compared to the pre-crisis level in 2019; IATA forecasts that the figure will return to the pre-crisis level in 2024.

- For the freight sector, IATA continues to expect global revenue tonne-kilometres to drop by 4% in 2023 (previous year: decline of 8%); this would represent 94% of the pre-crisis level in freight traffic.

- All in all, IATA predicts the global airline industry to return to profitability with a profit of USD 9.8bn in the 2023 financial year (previous year: loss of USD 3.6bn).

OUTLOOK FOR THE LUFTHANSA GROUP

Impact of the agreed LSG Group sale on the financial outlook

- The agreed sale of the LSG Group to Aurelius is not expected to have any significant impact on the Group's financial development in 2023; the earnings of the LSG Group will be consolidated up to the completion of the transaction, which is expected to occur in the third quarter of 2023.

Outlook subject to material uncertainties

- In view of booking cycles in the passenger business which remain shorter than they were prior to the crisis and the largely spot market-driven cargo business together with the uncertain macroeconomic and geopolitical environment, the Lufthansa Group's financial outlook is subject to a high level of forecast uncertainty; its operating and financial performance depends on factors including the further course of the Russian war of aggression against Ukraine and its effects on fuel costs; uncertainty in relation to the macroeconomic outlook may potentially have a significant effect on customer demand and may lead to higher than expected cost increases.
↗ **Opportunities and risk report, p. 20.**

Lufthansa Group expects to see continued recovery in demand and further increase in capacity

- The Lufthansa Group assumes that the positive course of business in the first half-year of 2023 will continue in the rest of the financial year; this expectation is based in particular on the ongoing strong demand, which in the first half-year of 2023 continued to be reflected in the form of continued positive developments in new bookings in the passenger business.

- Accordingly, the Lufthansa Group assumes that demand will remain above the previous year's level in the course of the year; in addition to the leisure travel segment, where demand is forecast to be almost as high as before the crisis, a contribution will come from the further recovery in demand in the business travel segment.

- For this reason, flight capacity is to be continuously expanded over the course of the 2023 financial year, especially during the summer months; on long-haul routes, the increase in capacity will be primarily shaped by the expansion of connections to Asia, above all due to the opening of major markets such as China and Japan.

- Overall, the Lufthansa Group anticipates that available capacity for the Passenger Airlines in the 2023 financial year to be around 85% of its pre-crisis level in 2019; capacity will thus increase by around 20% on the previous year.

Lufthansa Group expects significant increases in revenue and Adjusted EBIT

- The Lufthansa Group expects revenue to increase significantly in the 2023 financial year by comparison with the previous year; the continued recovery of the Passenger Airlines especially is expected to be the main factor here.

- In the 2023 financial year, the Lufthansa Group expects Adjusted EBIT of at least EUR 2.6bn, primarily due to the expected positive development at the Passenger Airlines and a further positive performance in the MRO segment.

Adjusted free cash flow expected to be significantly positive

- Net capital expenditure by the Lufthansa Group in the 2023 financial year is expected to be between EUR 2.5bn and EUR 3bn.

- Including the forecast earnings improvement and other improvements in working capital management, Adjusted free cash flow for the Group is therefore projected to be significantly positive in the 2023 financial year, but below the previous year's figure.

Positive outlook for the business segments; Logistics to decline

- For the Passenger Airlines segment, the Lufthansa Group is expecting the recovery to continue and forecasts an increase in revenue, based on strong demand and correspondingly higher unit revenues compared with the previous year; a significantly positive Adjusted EBIT is thus predicted for the Passenger Airlines segment.

- For the Logistics business segment, given the market-wide normalisation in the wake of the coronavirus pandemic, the Lufthansa Group expects to see a decrease in freight rates and thus a significant decline in revenue; however, freight rates are likely to remain higher compared with the pre-crisis level; due to the envisaged decrease in revenue, the Lufthansa Group thus predicts an Adjusted EBIT significantly below the previous year's level.

- In the MRO business segment, revenue is expected to rise significantly while an Adjusted EBIT figure at the same level as in the previous year is anticipated; this reflects the ongoing recovery of the MRO market together with inflation-related cost increases.

- The Lufthansa Group forecasts that the Catering business segment will achieve a further increase in revenue, especially in Asia in the course of the continuing market recovery; a significant rise in the Adjusted EBIT figure year-on-year is also expected; in the consolidated income statement, the segment result in 2023 is included in the line item "Profit/loss from discontinued operations" on account of the sale; it will thus no longer be included in the Adjusted EBIT figure at Group level.

Further details on the Group's financial outlook can be found in the ↗ Annual Report 2022 starting on p. 149.

Interim financial statements

CONSOLIDATED INCOME STATEMENT

in €m	Jan - Jun 2023	Jan - Jun 2022	Apr - Jun 2023	Apr - Jun 2022
Traffic revenue	13,751	10,668	8,043	6,832
Other revenue	2,655	2,334	1,346	1,168
Total revenue	**16,406**	**13,002**	**9,389**	**8,000**
Changes in inventories and work performed by entity and capitalised	316	180	192	64
Other operating income[1]	1,152	901	600	492
Cost of materials and services	-9,500	-7,788	-5,129	-4,731
Staff costs	-3,986	-3,384	-2,064	-1,752
Depreciation, amortisation and impairment[2]	-1,100	-1,110	-555	-551
Other operating expenses[3]	-2,488	-2,021	-1,347	-1,173
Profit/loss from operating activities	**800**	**-220**	**1,086**	**349**
Result of equity investments accounted for using the equity method	-38	-58	-11	-17
Result of other equity investments	15	11	6	9
Interest income	105	19	62	1
Interest expenses	-277	-226	-144	-127
Other financial items	-74	177	62	144
Financial result	**-269**	**-77**	**-25**	**10**
Profit/loss before income taxes	**531**	**-297**	**1,061**	**359**
Income taxes	-78	11	-187	-93
Profit/loss from continuing operations	**453**	**-286**	**874**	**266**
Profit/loss from discontinued operations	-37	-35	7	-5
Profit/loss after income taxes	**416**	**-321**	**881**	**261**
Thereof profit/loss attributable to non-controlling interests	2	4	–	2
Thereof net profit/loss attributable to shareholders of Deutsche Lufthansa AG	**414**	**-325**	**881**	**259**
Basic earnings per share in €	**0.35**	**-0.27**	**0.74**	**0.22**
of which from continuing operations	0.38	-0.24	0.73	0.22
of which from discontinued operations	-0.03	-0.03	0.01	-0.00
Diluted earnings per share in €	**n/a**	**-0.27**	**0.66**	**0.22**
of which from continuing operations	n/a	-0.24	0.66	0.22
of which from discontinued operations	n/a	-0.03	0.01	-0.00

[1] The total amount includes EUR 38m (previous year: EUR 28m) from the reversal of write-downs and allowances on receivables.
[2] The total amount includes EUR 0m (previous year: EUR 0m) for write-downs on non-current receivables.
[3] The total amount includes EUR 29m (previous year: EUR 40m) for the recognition of loss allowances on current receivables.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in €m	Jan - Jun 2023	Jan - Jun 2022	Apr - Jun 2023	Apr - Jun 2022
Profit/loss after income taxes	416	-321	881	261
Other comprehensive income				
Other comprehensive income with subsequent reclassification to the income statement				
Differences from currency translation	-28	162	9	117
Subsequent measurement of financial assets at fair value without effect on profit and loss	-8	-39	-1	-4
Subsequent measurement of hedges - cash flow hedge reserve	-472	1,984	-78	952
Subsequent measurement of hedges - costs of hedges	-168	-115	-132	-14
Other comprehensive income from investments accounted for using the equity method	–	1	–	1
Other expenses and income recognised directly in equity	–	-5	–	-5
Income taxes on items in other comprehensive income	137	-400	46	-215
	-539	1,588	-156	832
Other comprehensive income without subsequent reclassification to the income statement				
Revaluation of defined-benefit pension plans	-371	3,937	-314	2,580
Subsequent measurement of financial assets at fair value	3	0	1	-1
Other comprehensive income from investments accounted for using the equity method	–	–	–	–
Other expenses and income recognised directly in equity	–	58	–	4
Income taxes on items in other comprehensive income	126	-1290	78	-831
	-242	2,705	-235	1,752
Other comprehensive income after income taxes	-781	4,293	-391	2,584
Total comprehensive income	-365	3,972	490	2,845
Thereof comprehensive income attributable to non controlling interests	2	23	–	5
Thereof comprehensive income attributable to shareholders of Deutsche Lufthansa AG	-367	3,949	490	2,840

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS

in €m	30/06/2023	31/12/2022	30/06/2022
Intangible assets with an indefinite useful life[1]	999	1,055	1,206
Other intangible assets	302	373	395
Aircraft and reserve engines	16,753	15,890	15,963
Repairable spare parts for aircraft	2,236	2,034	1,932
Property, plant and other equipment[2]	2,896	3,331	3,325
Investments accounted for using the equity method	301	392	373
Other equity investments	232	236	229
Non-current securities	13	37	37
Loans and receivables	536	532	866
Derivative financial instruments	831	1,120	1,469
Deferred charges and prepaid expenses	74	88	83
Effective income tax receivables	110	64	63
Deferred tax assets	3,065	2,928	3,191
Non-current assets	**28,348**	**28,080**	**29,132**
Inventories	819	812	732
Contract assets	329	342	239
Trade receivables and other receivables	3,435	4,102	5,032
Derivative financial instruments	550	861	1,587
Deferred charges and prepaid expenses	280	287	344
Effective income tax receivables	214	231	240
Securities	7,233	6,511	6,657
Cash and cash equivalents	1,492	1,790	2,708
Assets held for sale	2,615	319	267
Current assets	**16,967**	**15,255**	**17,806**
Total assets	**45,315**	**43,335**	**46,938**

[1] Including Goodwill.
[2] These include investment property of EUR 30m (as of 31.12.2022: EUR 30m).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SHAREHOLDERS' EQUITY AND LIABILITIES

in €m	30/06/2023	31/12/2022	30/06/2022
Issued capital	3,060	3,060	3,060
Capital reserve	252	252	956
Retained earnings	2,614	2,068	986
Other neutral reserves	1,702	2,234	3,187
Net profit/loss	414	791	-325
Equity attributable to shareholders of Deutsche Lufthansa AG	8,042	8,405	7,864
Minority interests	49	69	63
Shareholders' equity	8,091	8,474	7,927
Pension provisions	2,389	2,069	3,280
Other provisions	738	757	773
Borrowings	12,029	13,270	14,470
Contract liabilities	29	30	31
Other financial liabilities	21	72	74
Advance payments received, deferred income and other non-financial liabilities	53	44	31
Derivative financial instruments	472	394	381
Deferred tax liabilities	503	517	541
Non-current provisions and liabilities	16,234	17,153	19,581
Other provisions	761	872	1,009
Borrowings	2,598	1,881	1,256
Trade payables and other financial liabilities	5,085	5,660	5,961
Contract liabilities from unused flight documents	7,017	4,898	6,668
Other contract liabilities	2,546	2,682	2,553
Advance payments received, deferred income and other non-financial liabilities	730	681	889
Derivative financial instruments	499	489	450
Effective income tax obligations	462	545	644
Liabilities in connection with assets held for sale	1,292	–	–
Current provisions and liabilities	20,990	17,708	19,430
Total shareholders' equity and liabilities	45,315	43,335	46,938

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in €m	Issued capital	Capital reserve	Fair value measurement of financial instruments	Currency differences	Revaluation reserve (due to business combinations)	Other neutral reserves	**Total other neutral reserves**	Retained earnings	Net profit/ loss	**Equity attributable to shareholders of Deutsche Lufthansa AG**	Non-controlling interests	**Total shareholders' equity**
As of 01/01/2022	3,060	956	946	589	236	363	2,134	491	-2,191	4,450	40	4,490
Reclassifications	–	–	-	–	–	–	–	-2,191	2,191	–	–	–
Consolidated net profit/loss attributable to Lufthansa shareholders/minorities	–	–	–	–	–	–	–	–	-325	-325	4	-321
Other expenses and income recognised directly in equity	–	–	1,430	162	–	-4	1,588	2,686	–	4,274	19	4,293
Hedging results reclassified from non-financial assets to acquisition costs	–	–	-535	–	–	–	-535	–	–	-535	–	-535
As of 30/06/2022	3,060	956	1,841	751	236	359	3,187	986	-325	7,864	63	7,927
As of 01/01/2023	3,060	252	913	739	236	346	2,234	2,068	791	8,405	69	8,474
Reclassifications	–	–	-	–	–	–	–	791	-791	–	–	–
Dividends to Lufthansa shareholders/minority interests	–	–	–	–	–	–	–	–	–	–	-21	-21
Transaction with minority interests	–	–	–	–	–	–	–	–	–	–	-1	-1
Consolidated net profit/loss attributable to Lufthansa shareholders/minorities	–	–	–	–	–	–	–	–	414	414	2	416
Other expenses and income recognised directly in equity	–	–	-508	-28	–	-	-536	-245	–	-781	–	-781
Hedging results reclassified from non-financial assets to acquisition costs	–	–	4	–	–	–	4	–	–	4	–	4
As of 30/06/2023	3,060	252	409	711	236	346	1,702	2,614	414	8,042	49	8,091

CONSOLIDATED CASH FLOW STATEMENT

in €m	Jan - Jun 2023	Jan - Jun 2022	Apr - Jun 2023	Apr - Jun 2022
Cash and cash equivalents at start of period	1,784	2,305	1,414	2,481
Net profit/loss before income taxes from continued and discontinued operations	511	-334	1,086	356
Depreciation, amortisation and impairment losses on non-current assets (net of reversals)	1,158	1,143	556	568
Depreciation, amortisation and impairment losses on current assets (net of reversals)	-4	13	6	-28
Net proceeds on disposal of non-current assets	-8	-13	-16	-3
Result of equity investments	18	69	2	9
Net interest	177	212	85	129
Income tax payments/reimbursements	-110	-99	-99	-110
Significant non-cash expenses/income	-50	-283	-87	-159
Change in trade working capital	1,679	3,177	132	1,885
Change in other assets/shareholders' equity and liabilities	-271	556	-146	298
Cash flow from operating activities	3,100	4,441	1,519	2,945
Capital expenditure for property, plant and equipment and intangible assets	-1,758	-1,362	-762	-725
Capital expenditure for financial investments	-15	-6	-11	-3
Additions/loss to repairable spare parts of aircraft	-200	-88	-115	-45
Proceeds from disposal of non-consolidated shares	16	4	16	4
Proceeds from disposal of consolidated shares	-	-4	-	-5
Cash outflows for acquisitions of non-consolidated shares	-13	-13	-5	-5
Cash outflows for acquisitions of consolidated shares	-	-	-	-
Proceeds from disposal of intangible assets, property, plant and equipment and other financial investments	25	70	4	22
Interest income	59	6	36	4
Dividends received	15	12	6	9
Net cash from/used in investing activities	-1,871	-1,381	-831	-744
Purchase of securities/fund investments	-6,496	-2,984	-3,027	-2,177
Disposal of securities/fund investments	5,523	1,685	2,625	985
Net cash from/used in investing and cash management activities	-2,844	-2,680	-1,233	-1,936

CONSOLIDATED CASH FLOW STATEMENT (continued)

in €m	Jan - Jun 2023	Jan - Jun 2022	Apr - Jun 2023	Apr - Jun 2022
Capital increase	-	-	-	-
Transactions by non-controlling interests	-1	-	-1	-
Non-current borrowing	202	434	128	272
Repayment of non-current borrowing	-493	-1,606	-243	-974
Dividends paid	-22	-	-13	-
Interest paid	-293	-217	-142	-101
Net cash from/used in financing activities	-607	-1,389	-271	-803
Net increase/decrease in cash and cash equivalents	-351	372	15	206
Changes due to currency translation differences	-11	25	-7	15
Cash and cash equivalents 30/06/2023[1]	1,422	2,702	1,422	2,702
Less cash and cash equivalents of companies held for sale as of 30 Jun	180	-	180	-
Cash and cash equivalents of companies not classified as held for sale as of 30 Jun	1,242	2,702	1,242	2,702
Securities	7,233	6,657	7,233	6,657
Liquidity	8,475	9,359	8,475	9,359
Net increase/decrease in liquidity	180	1,695	264	1,411

[1] The difference between the bank balance and cash-in-hand shown in the statement of financial position comes from fixed-term deposits of EUR 250m with terms of four to twelve months (previous year: EUR 6m).

Notes

1 Applied standards, changes in the group of consolidated companies and accounting principles

The consolidated financial statements of Deutsche Lufthansa AG and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as applicable in the European Union (EU), taking account of interpretations by the IFRS Interpretations Committee (IFRIC). This interim report as of 30 June 2023 has been prepared in condensed form in accordance with IAS 34.

In preparing the interim financial statements the standards and interpretations applicable as of 1 January 2023 have been applied. The interim financial statements as of 30 June 2023 have been prepared using the same accounting policies as those on which the preceding consolidated financial statements as of 31 December 2022 were based. The standards and interpretations mandatory from 1 January 2023 onwards had no effect on the Group's net assets, financial and earnings position, and no restatements resulting from new standards were necessary.

No significant changes to the group of consolidated companies occurred in the reporting period.

2 Matters significant for the Interim Financial Statements and Statement on the going concern

In the first six months of 2023, the business activities of the companies of the Lufthansa Group continued to be shaped by a significant rise in the level of demand for flights. In the prior-year period, business activities were still impacted by the effects of the coronavirus pandemic and the related restrictions and quarantine regulations. Ticket sales prices rose significantly on the back of a rapid return in demand and the simultaneous shortage of capacity on the passenger market. Overall, this increased revenue considerably compared with the prior-year period.

The strong increase in the volume of business is having a positive impact on liquidity. A significantly positive operating cash flow was achieved in the reporting period due to the positive result and continued high inflows from ticket sales, although this figure is lower than that of the previous year, when there were very high inflows from ticket sales in connection with the re-expansion of business activities.

As of 30 June 2023, Deutsche Lufthansa AG had centrally available liquidity of EUR 8.0bn. Decentralised bank and cash balances came to a further EUR 0.7bn. Moreover, a revolving free credit line of EUR 2.1bn is available as of the reporting date. Altogether, the Lufthansa Group's available liquidity therefore comes to EUR 10.8bn.

In March 2023, the Executive Board of Deutsche Lufthansa AG resolved to sell its Catering segment to the private equity firm Aurelius Equity Opportunities SE & Co. KGaA via a carve-out. The carve-out transaction covers the full range of traditional catering activities as well as the onboard retail and food commerce business. It also includes 131 LSG Sky Chefs catering facilities in the Americas (USA and Latin America), Emerging Markets and Asia-Pacific regions as well as all LSG Group brands. It also includes the onboard retail specialist Retail InMotion (RiM), which is headquartered in Europe, as well as SCIS Air Security Services in the United States. On the other hand, the business in Russia does not form part of this transaction. The relevant purchase agreement was signed on 4 April 2023. The European activities of LSG Sky Chefs had already been sold off to gategroup in 2019. The sale of its Catering division forms part of the Lufthansa Group's strategy of focusing more on its core airline business. The transaction is expected to be completed in the third quarter of 2023, subject to obtaining all required external approvals and finalising the internal carve-out activities.

The Lufthansa Group signed a contract with SEB Kort Bank AB of Stockholm (Sweden) for the sale of Lufthansa AirPlus Servicekarten GmbH. The purchase price is approximately EUR 450m. The transaction includes Lufthansa AirPlus Servicekarten GmbH in Neu-Isenburg as well as all international subsidiaries and branches of AirPlus. The transaction is expected to be completed in the first half of 2024, subject to the necessary preparations and required external approvals, primarily from various financial regulators.

Based on the overall economic trend and expected customer behaviour, the Lufthansa Group regularly updates its profit and liquidity planning to reflect the changing parameters for its forecast course of business. The principal factors of uncertainty at the moment are the worsening general economic outlook, especially in Germany, the development of producer and consumer prices, ongoing supply chain problems and the potential political repercussions of the Russian war of aggression against Ukraine. There are also persistent sector-specific operational risk factors due to staff capacity bottlenecks.

Taking into account the corporate planning and the resulting liquidity planning, the further potential funding measures and the uncertainties about the future course of business, the Company's Executive Board considers the Group's liquidity to be secure for the next 18 months. In the management's opinion, the uncertainties in connection with the public and political debate on climate protection are also not a threat to this forecast. The consolidated financial statements have therefore been prepared on a going concern basis.

3 Notes to the income statement, statement of financial position and cash flow statement

The coronavirus pandemic and the necessary steps taken by governments worldwide to contain the virus had a massive impact on the Group's business operations in the 2020 to 2022 financial years. The removal of almost all travel restrictions and quarantine rules has led to a significant increase in air travel at the Lufthansa Group companies in the course of the year to date. Accordingly, the comparability of income and expenses in 2023 compared with the figures for the previous year is limited.

Following the decision to sell the Catering and AirPlus activities, all assets and liabilities as of 31 March 2023 and 30 June 2023 were reclassified from their individual items of the statement of financial position to "Assets held for sale" and "Liabilities in connection with assets held for sale" respectively, in accordance with IFRS 5. In the income statement, the individual items for the business activities of the Catering business segment were reclassified to the item "Profit/loss from discontinued operations" and the comparative figures for the previous year were adjusted accordingly.

TOTAL REVENUE

TRAFFIC REVENUE BY AREA OF OPERATIONS

in €m	2023	Europe[1]	North-america[1]	Central- and South America[1]	Asia/ Pacific[1]	Middle East[1]	Africa[1]
Passenger-Airlines	12,313	8,531	2,305	240	842	193	202
Lufthansa German Airlines	6,795						
SWISS[2]	2,708						
Austrian Airlines	1,027						
Brussels	669						
Eurowings[2]	1,114						
Logistics	1,438	761	166	48	412	17	34
Total	13,751						

[1] Traffic revenue is allocated to the original location of sale.
[2] Disclosure of traffic revenue, including belly revenue; this is reported in the segment reporting in the reconciliation column.

TRAFFIC REVENUE BY AREA OF OPERATIONS

in €m	2022	Europe[1]	North-america[1]	Central- and South America[1]	Asia/ Pacific[1]	Middle East[1]	Africa[1]
Passenger-Airlines[3]	8,333	5,886	1,516	182	417	177	155
Lufthansa German Airlines[3]	4,677						
SWISS[2]	1,885						
Austrian Airlines	635						
Brussels Airlines	417						
Eurowings[2]	719						
Logistics	2,335	1,232	255	84	698	27	39
Total[3]	10,668						

[1] Traffic revenue is allocated to the original location of sale.
[2] Disclosure of traffic revenue, including belly revenue; this is reported in the segment reporting in the reconciliation column.
[3] Restated due to reclassification of Segment Catering to discontinued operations.

OTHER OPERATING REVENUE BY AREA OF OPERATIONS

in €m	2023	Europe[1]	North-America[1]	Central and South America[1]	Asia/Pacific[1]	Middle East[1]	Africa[1]
MRO	2,106	793	667	96	395	108	47
MRO services	1,763						
Other operating revenue	343						
Passenger-Airlines	237	208	15	1	10	–	3
Logistics	73	41	25	–	4	3	–
Additional Businesses and Group Functions	239	162	21	9	34	9	4
IT services	84						
Travel management	124						
Other	31						
Total	**2,655**						

[1] Other operating revenue is allocated according to the original location of sale.

OTHER OPERATING REVENUE BY AREA OF OPERATIONS[2]

in €m	2022	Europe[1]	North-America[1]	Central and South America[1]	Asia/Pacific[1]	Middle East[1]	Africa[1]
MRO	1,880	684	692	50	341	81	32
MRO services	1,624						
Other operating revenue	256						
Passenger-Airlines[3]	194	158	27	–	8	3	–
Logistics	69	42	29	–	-3	1	–
Additional Businesses and Group Functions	191	133	17	7	19	8	5
IT services	76						
Travel management	82						
Other	33						
Total[3]	**2,334**						

[1] Other operating revenue is allocated according to the original location of sale.
[2] Values of the Catering business activities are presented under assets held for sale and discontinued operations.
[3] Restated due to reclassification of Segment Catering to discontinued operations.

IMPAIRMENT

Due to accident damage not covered by insurance policies, the valuations of five decommissioned Airbus A380s which are held for sale were reduced by EUR 27m. This impairment is reported under other operating expenses.

AIRCRAFT AND RESERVE ENGINES

Twelve newly purchased aircraft were capitalised in the reporting period. The Lufthansa Group provided one aircraft as collateral for new loans of EUR 53m taken out in the current financial year by way of aircraft financing models.

DEFERRED TAXES

The deferred tax assets recognised on tax loss carry-forwards from prior years were again deemed to have a realisable value because the losses were caused by a temporary exogenous shock and the Company assumes that sufficient positive taxable profits will be available in the foreseeable future to set off against them. Tax loss carry-forwards are not subject in Germany to any restrictions regarding the period of time in which they can be used.

ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

The above-mentioned reclassification of the assets and liabilities allocable to the Catering business segment and the AirPlus Group in the statement of financial position will result in significant changes in these items.

The breakdown of revenue for the discontinued Catering operation is as follows for the Group's regions:

DISCONTINUED OPERATIONS CATERING - OTHER OPERATING REVENUE BY AREA OF OPERATIONS

in €m	2023	Europe[1]	thereof Germany	North-America[1]	thereof USA	Central and South America[1]	Asia/Pacific[1]	Middle East[1]	Africa[1]
Catering	1,059	139	41	696	591	63	122	20	19
Catering services	896								
Revenue from in-flight sales	117								
Other services	46								
in €m	2022								
Catering	834	113	30	587	527	51	53	15	15
Catering services	682								
Revenue from in-flight sales	91								
Other services	61								

[1] Other operating revenue is allocated according to the original location of sale.

The following table shows the loss from discontinued operations. The figures show business with third parties in the discontinued Catering segment less the revenue and expenses of Lufthansa Group companies from intra-Group transactions with companies in the Catering segment.

DISCONTINUED OPERATIONS CATERING - PROFIT AND LOSS

in €m	30/06/2023	31/12/2022
Revenue	1,068	843
Cost	-1,047	-880
Result from ordinary actvities before taxes	**21**	**-37**
Taxes	-4	2
Result from ordinary actvities after taxes	**17**	**-35**
Impairment for valuation at fair value less cost to sell	-54	–
Taxes	–	–
Result from discontinued operations	**-37**	**-35**

The adjustment of the net assets of the discontinued operation in line with the expected cash inflows from the purchase agreement necessitated the recognition of an impairment of EUR 54m which is reported in the profit/loss from discontinued operations.

The result attributable to non-controlling interests includes a loss of EUR 2m from discontinued operations (previous year: result of EUR 0m).

In shareholders' equity, the other neutral reserves item includes accumulated expenses of EUR 158m and accumulated earnings of EUR 20m attributable to the discontinued Catering business segment and the assets and liabilities of the AirPlus Group held for sale. Expenses relate to differences from currency translation, while earnings are included in the market valuation reserves.

Assets with a carrying amount of EUR 2,615m were held for sale as of 30 June 2023. This item included six Airbus A380 aircraft sold for future delivery, with a book value of EUR 287m, which are all attributable to the Passenger Airlines segment. Assets of EUR 971m and liabilities of EUR 613m relate to the activities of the LSG Group which have been sold. All other assets (totalling EUR 1,357m) and liabilities of EUR 679m result from the agreed sale of the AirPlus Group, which is allocated to Additional Businesses and Group Functions.

ASSETS HELD FOR SALE AND CORRESPONDING LIABILITIES

in €m	30/06/2023	31/12/2022	30/06/2022
Assets			
Intangible Assets	56	0	0
Aircraft and reserve engines	287	315	248
Land and buildings	261	2	11
Other fixed assets	166	2	–
Financial assets	79	–	8
Trade receivables	1,383	–	–
Cash and cash equivalents	180	–	–
Other assets	203	–	–
	2,615	319	267
Liabilities			
Pension provisions	31	–	–
Other provisions	83	–	–
thereof non-current	44	–	–
Borrowings	129	–	–
thereof non-current	129	–	–
Other Liabilities	1,049	–	–
thereof non-current	48	–	–
	1,292	–	–

The following amounts in the cash flow statement are attributable to the discontinued Catering business segment:

DISCONTINUED OPERATIONS CATERING - CASHFLOW

in €m	30/06/2023	31/12/2022
Net cash from/used in operating activities	-50	4
Net cash from/used in investing activities	-8	-12
Net cash from/used in cash management activities	-9	-14
Net cash from/used in investing and cash management activities	-17	-26
Net cash from/used in financing activities	-30	-166

PENSION PROVISIONS

The discount rate used to calculate obligations in Germany was 3.9% (31 December 2022: 4.2%). A discount rate of 1.9% was used for the pension obligations in Switzerland (31 December 2022: 2.4%).

4 Seasonality

The Group's business is mainly exposed to seasonal effects via the Passenger Airlines business segment. As such, revenue in the first and fourth quarters is generally lower, since people travel less, while higher revenue and operating profits are normally earned in the second and third quarters.

5 Contingencies and events after the reporting period

CONTINGENT LIABILITIES

in €m	30/06/2023	31/12/2022
From guarantees, bills of exchange and cheque guarantees	1,465	1,446
From warranty contracts	237	249
From providing collateral for third-parties liabilities	19	19
	1,721	1,714

Due to the low probability of utilisation, provisions for other contingent liabilities with a total potential financial impact of EUR 69m (as at 31 December 2022: EUR 65m) were not recognised.

Due to actual understandings in the context of the tax audit regarding the tax valuation of repairable spare parts as well as intra-Group financing, the amount at risk for tax issues has been reduced. As at 30 June 2023, the tax risks for which no provisions were made amounted to approximately EUR 400m (as at 31 December 2022: EUR 450m).

At the end of June 2023, order commitments for investments in property, plant and equipment, including repairable spare parts, and intangible assets amounted to EUR 17.7bn. As at 31 December 2022, the order commitment was EUR 16.2bn. The change was mainly due to the order for 15 Airbus A350s and seven Boeing 787-9s. This was offset by advance and final payments as well as currency effects for current orders and purchase price reductions.

EVENTS AFTER THE REPORTING PERIOD

Since 30 June 2023, no events of particular importance have occurred that would be expected to have a significant influence on the net earnings, financial and assets position.

6 Financial instruments and financial liabilities

FINANCIAL INSTRUMENTS

The following tables show financial assets and liabilities held at fair value by level in the fair value hierarchy. The levels are defined as follows:

Level 1: Financial instruments traded on active markets, the quoted prices for which are taken for measurement unchanged.

Level 2: Measurement is made by means of valuation methods with parameters derived directly or indirectly from observable market data.

Level 3: Measurement is made by means of valuation methods with parameters not based exclusively on observable market data.

As of 30 June 2023, the breakdown of financial assets and liabilities recognised at fair value by measurement category was as follows:

FAIR VALUE HIERARCHY OF ASSETS AS OF 30/06/2023

in €m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	**6,125**	**83**	**29**	**6,237**
Financial derivatives classified as held for trading	–	83	–	83
Securities	6,125	–	–	6,125
Investments	–	–	29	29
Derivative financial instruments which are an effective part of a hedging relationship	**–**	**1,300**	**–**	**1,300**
Financial assets at fair value through other comprehensive income	**20**	**1,115**	**–**	**1,135**
Equity instruments	20	7	–	27
Debt instruments	–	1,108	–	1,108
Total assets	**6,145**	**2,498**	**29**	**8,672**

FAIR VALUE HIERARCHY OF LIABILITIES AS OF 30/06/2023

in €m	Level 1	Level 2	Level 2	Total
Financial liabilities at fair value through profit or loss	–	-676	–	-676
Derivative financial instruments at fair value through profit or loss	–	-2	–	-2
Derivative financial instruments which are an effective part of a hedging relationship	–	-969	–	-969
Total liabilities	**–**	**-1,647**	**–**	**-1,647**

In the case of the Level 3 equity investments, the acquisition costs are considered the best estimate of fair value for reasons of materiality.

As of 31 December 2022, the breakdown of financial assets and liabilities recognised at fair value by measurement category was as follows:

FAIR VALUE HIERARCHY OF ASSETS AS OF 31/12/2022

in €m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	**5,415**	**101**	**28**	**5,544**
Financial derivatives classified as held for trading	–	101	–	101
Securities	5,415	–	–	5,415
Investments	–	–	28	28
Derivative financial instruments which are an effective part of a hedging relationship	**–**	**1,880**	**–**	**1,880**
Financial assets at fair value through other comprehensive income	**18**	**1,103**	**–**	**1,121**
Equity instruments	18	7	–	25
Debt instruments	–	1,096	–	1,096
Total assets	**5,433**	**3,084**	**28**	**8,545**

FAIR VALUE HIERARCHY OF LIABILITIES AS OF 31/12/2022

in €m	Level 1	Level 2	Level 2	Total
Financial liabilities at fair value through profit or loss	–	-621	–	-621
Derivative financial instruments at fair value through profit or loss	–	-1	–	-1
Derivative financial instruments which are an effective part of a hedging relationship	–	-882	–	-882
Total liabilities	**–**	**-1,504**	**–**	**-1,504**

The fair values of interest rate derivatives correspond to their respective market values, which are measured using appropriate mathematical methods, such as discounting expected future cash flows. Discounting takes market standard interest rates and the residual term of the respective instruments into account. Forward currency transactions and swaps are individually discounted to the reporting date based on their respective futures rates and the appropriate interest rate curve. The market prices of currency options and the options used to hedge fuel prices are determined using acknowledged option pricing models.

Gas oil options have been traded since the second quarter of 2023, in addition to the existing crude oil options and crack forward hedges. This is an extension of the fuel price hedging strategy, which remains essentially unchanged. Both types of options together form the overall hedging level of the "kerosene" exposure and do not overlap with each other. These gas oil options currently account for approximately 13% of the existing hedging volume and their market value is approximately EUR 35m. Pro rata hedging through "gas oil" will be implemented as this is both physically and in terms of price closer to the "kerosene" exposure than crude oil, and the gas oil market is sufficiently liquid for hedging through options.

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

The carrying amount for cash, trade receivables, other receivables, trade payables and other liabilities is assumed to be a realistic estimate of fair value.

FINANCIAL LIABILITIES

The following table shows the carrying amounts and fair values of the individual classes of financial liabilities. For bonds, the fair values correspond to the stock market quotations. The fair values for the other financial liabilities were determined on the basis of the interest rates applicable at the balance sheet date for the corresponding residual terms/redemption structures using accessible market information (Bloomberg).

FINANCIAL LIABILITIES

	30/06/2023		31/12/2022	
in €m	Carrying amount	Market value	Carrying amount	Market value
Bonds	6,794	6,478	6,659	6,168
Borrower's note loans	1,245	1,220	1,242	1,162
Credit lines	23	23	–	–
Aircraft financing	4,139	4,274	4,407	4,539
Other borrowings[1]	197	227	400	391
Total	**12,398**	**12,222**	**12,708**	**12,260**
Leasing liabilities	2,229	n.a.	2,443	n.a.
Total	**14,627**		**15,151**	

[1] Allocation as of 31/12/2022 restated.

7 Earnings per share

EARNINGS PER SHARE

		30/06/2023	30/06/2022
Basic earnings per share	€	**0.35**	**– 0.27**
Consolidated net profit/loss	€m	414	– 325
Weighted average number of shares		1,195,485,644	1,195,485,644

With a net profit/loss for the period from continuing operations of EUR 453m (previous year: EUR -286m) and from discontinued operations of EUR -37m (previous year: EUR -35m), basic earnings per share from continuing operations amounted to EUR -0.38 (previous year: EUR -0.24) and basic earnings per share from discontinued operations amounted to EUR -0.03 (previous year: EUR -0.03). Diluted earnings per share are not disclosed for the reporting period as they would be higher than basic earnings per share.

8 Issued capital

SHARE CAPITAL

Deutsche Lufthansa AG's issued capital totals EUR 3,060,443,248.64. It is divided into 1,195,485,644 registered shares with transfer restrictions, with each share representing EUR 2.56 of issued capital.

AUTHORISED CAPITAL

A resolution passed at the Annual General Meeting on 10 May 2022 authorised the Executive Board until 9 May 2025, subject to approval by the Supervisory Board, to increase the Company's share capital by up to EUR 1,000,000,000 by issuing new registered shares on one or more occasions for payment in cash or in kind (Authorised Capital A). In certain cases, shareholders' subscription rights can be excluded with the approval of the Supervisory Board.

A resolution passed at the Annual General Meeting on 9 May 2023 authorised the Executive Board until 8 May 2028, subject to approval by the Supervisory Board, to increase the share capital by EUR 100,000,000 by issuing new registered shares to employees (Authorised Capital B) for payment in cash. Existing shareholders' subscription rights are excluded.

The Executive Board is authorised, in the event of the fulfilment of the requirements stipulated in Section 4 Paragraph 3 of the German Aviation Compliance Documentation Act (LuftNaSiG) and with the consent of the Supervisory Board, to increase the share capital by up to 10% by issuing new shares in return for payment in cash and without subscription rights for existing shareholders. The issue price for the new shares must be determined subject to the agreement of the Supervisory Board and may not be significantly lower than the market price. The authorisation may only be made use of insofar as this is necessary in order to achieve the non-applicability of the conditions stipulated in Section 4 Paragraph 3 LuftNaSiG.

Under the conditions of Section 5 Paragraph 2 LuftNaSiG, the Executive Board is authorised, with the approval of the Supervisory Board, to require shareholders to sell some or all of their shares insofar as this is necessary for compliance with the requirements for the maintenance of air traffic rights, and in the sequence prescribed in Section 5 Paragraph 3 LuftNaSiG, and to provide the Company with proof of this sale without delay, subject to an appropriate time limit and under notice of the legal consequence of non-compliance of the possible loss of their shares in accordance with Section 5 Paragraph 7 LuftNaSiG.

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 provide shares to the holders or creditors of conversion and/or option rights from convertible bonds that may be issued by the Company or its Group companies until 4 May 2025. In certain cases, shareholders' subscription rights can be excluded with the approval of the Supervisory Board.

On 10 May 2022, the Annual General Meeting increased the Company's contingent capital by up to EUR 306,044,326.40. The contingent capital increase serves to provide shares to the holders or creditors of conversion and/or option rights from convertible bonds that may be issued by the Company or its Group companies until 9 May 2027. In certain cases, shareholders' subscription rights can be excluded with the approval of the Supervisory Board.

AUTHORISATION TO PURCHASE TREASURY SHARES

A resolution passed at the Annual General Meeting held on 9 May 2023 authorised the Executive Board pursuant to Section 71 Paragraph 1 No. 8 of the German Stock Corporation Act (AktG) to purchase treasury shares until 8 May 2028. The acquisition is limited to 10% of current share capital and 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 9 May 2023, the Executive Board is also authorised to purchase treasury shares by means of derivatives and to conclude corresponding derivative transactions.

9 Segment reporting

Aircraft Maintenance and Engineering Corporation (AMECO), which was previously presented in the MRO segment, has formed part of the Additional Businesses and Group Functions in the Company's internal reporting since the start of the current financial year. The figures for the previous year have been adjusted accordingly.

The Catering segment will continue to presented as an operating business activity. In the segment reporting, the earnings for the discontinued operation in the Catering segment will be reclassified in the reconciliation with net profit/loss for the period. In addition, the effects from the elimination of depreciation and amortisation on property, plant and equipment and intangible assets, are not presented in the segment but in the reconciliation to the net profit/loss for the period.

SEGMENT INFORMATION FOR THE REPORTING SEGMENTS Jan - Jun 2023

in €m	Passenger Airlines	Logistics	MRO	Catering	Total reportable operating segments	Additional Businesses and Group Functions	Reconciliation	Group
External revenue	12,540	1,511	2,102	1,071	17,224	239	-1,057	16,406
of which traffic revenue	12,076	1,438	–	–	13,514	–	237	13,751
Inter-segment revenue	340	24	1,026	36	1,426	201	-1,627	–
Total revenue	**12,880**	**1,535**	**3,128**	**1,107**	**18,650**	**440**	**-2,684**	**16,406**
Other operating income	521	49	234	18	822	941	-324	1,439
Operating income	**13,401**	**1,584**	**3,362**	**1,125**	**19,472**	**1,381**	**-3,008**	**17,845**
Operating expenses	**12,907**	**1,408**	**3,061**	**1,121**	**18,497**	**1,508**	**-2,995**	**17,010**
of which cost of materials	7,658	984	1,851	436	10,929	186	-1,615	9,500
of which staff cost	2,596	204	755	471	4,026	426	-471	3,981
of which depreciation and amortisation	850	89	76	37	1,052	57	-10	1,099
of which other operating expenses	1,803	131	379	177	2,490	839	-899	2,430
Operating result of equity investments	**-41**	**12**	**-10**	**6**	**-33**	**15**	**-5**	**-23**
of which result of investments accounted for using the equity method	-35	4	-10	6	-35	4	-7	-38
Adjusted EBIT[1]	**453**	**188**	**291**	**10**	**942**	**-112**	**-18**	**812**
Reconciliation items	**-31**	**-1**	**16**	**-41**	**-57**	**-20**	**42**	**-35**
Impairment losses/gains	-28	1	1	-41	-67	-1	40	-28
Effects from pension provisions & restructuring	5	-1	1	–	5	-3	–	2
Result of disposal of assets	-8	-1	14	–	5	2	1	8
Other reconciliation items	–	–	–	–	–	-18	1	-17
EBIT	**422**	**187**	**307**	**-31**	**885**	**-132**	**24**	**777**
Other financial result								-246
Profit/loss before income taxes								531
Capital employed[2]	6,318	2,235	4,080	476	13,109	1,614	-339	14,384
of which from investments accounted for using the equity method	90	36	151	43	320	24	-43	301
Segment capital expenditure	1,463	156	46	16	1,681	9	96	1,786
of which from investments accounted for using the equity method	–	–	9	–	9	–	–	9
Number of employees at the end of period	58,705	4,094	21,501	22,159	106,459	8,314	–	114,773

[1] For detailed reconciliation from EBIT to Adjusted EBIT ↗ table "reconciliation of results", p. 8, in the interim management report.
[2] The capital employed results from total assets adjusted for non-operating items, (deferred taxes, positive market values, derivatives) less cash and cash equivalents and less certain non-interest bearing liabilities (including trade payables and liabilities from unused flight documents).

SEGMENT INFORMATION FOR THE REPORTING SEGMENTS Jan - Jun 2022

in €m	Passenger Airlines	Logistics	MRO	Catering	Total reportable operating segments	Additional Businesses and Group Functions	Reconciliation[4]	Group[4]
External revenue	8,517	2,404	1,880	834	13,635	191	-824	13,002
of which traffic revenue	7,944	2,335	–	–	10,279	–	389	10,668
Inter-segment revenue	459	22	711	23	1,215	106	-1,321	–
Total revenue	**8,976**	**2,426**	**2,591**	**857**	**14,850**	**297**	**-2,145**	**13,002**
Other operating income	379	44	172	25	620	839	-476	983
Operating income	**9,355**	**2,470**	**2,763**	**882**	**15,470**	**1,136**	**-2,621**	**13,985**
Operating expenses	**10,516**	**1,504**	**2,518**	**890**	**15,428**	**1,278**	**-2,583**	**14,123**
of which cost of materials	6,082	1,102	1,432	343	8,959	118	-1,331	7,746
of which staff cost	2,113	199	669	385	3,366	368	-385	3,349
of which depreciation and amortisation	878	82	89	38	1,087	57	-54	1,090
of which other operating expenses	1,443	121	328	124	2,016	735	-813	1,938
Operating result of equity investments	**-39**	**11**	**-4**[3]	**-5**	**-37**[3]	**-14**[3]	**4**	**-47**
of which result of investments accounted for using the equity method	-32	3	-7[3]	-5	-41[3]	-21[3]	4	-58
Adjusted EBIT[1]	**-1,200**	**977**	**241**[3]	**-13**	**5**[3]	**-156**[3]	**-34**	**-185**
Reconciliation items	**33**	**-21**	**-66**	**-20**	**-74**	**-25**	**17**	**-82**
Impairment losses/gains	-17	-1	-13	-17	-48	–	17	-31
Effects from pension provisions	-16	-17	–	–	-33	-3	1	-35
Result of disposal of assets	–	–	17	-1	16	–	-2	14
Other reconciliation items	66	-3	-70	-2	-9	-22	1	-30
EBIT	**-1,167**	**956**	**175**[3]	**-33**	**-69**[3]	**-181**[3]	**-17**	**-267**
Other financial result								-30
Profit/loss before income taxes								-297
Capital employed[2]	5,352	2,389	3,611[3]	658	12,010[3]	1,499[3]	-176	13,333
of which from investments accounted for using the equity method	66	72	144[3]	47	329[3]	44[3]	–	373
Segment capital expenditure	1,095	221	28	12	1,356	23	2	1,381
of which from investments accounted for using the equity method	–	–	9	–	9	–	–	9
Number of employees at the end of period	55,963	4,068	19,809	18,659	98,499	7,797	–	106,296

[1] For detailed reconciliation from EBIT to Adjusted EBIT ↗ table "reconciliation of results", p. 8, in the interim management report.
[2] The capital employed results from total assets adjusted for non-operating items (deferred taxes, positive market values, derivatives), less cash and cash equivalents and less certain non-interest bearing liabilities (including trade payables and liabilities from unused flight documents).
[3] Restated due to segment reassignment of AMECO.
[4] Restated due to reclassification of Segment Catering to discontinued operations.

EXTERNAL REVENUE BY REGION Jan - Jun

in €m	2023 Traffic revenue[1]	2023 Other operating revenue	2023 Total revenue	2022 Traffic revenue[1)2)]	2022 Other operating revenue[2]	2022 Total revenue[2]
Europe	9,292	1,204	10,496	7,118	1,017	8,135
thereof Germany	4,127	466	4,593	3,286	396	3,682
North America	2,471	728	3,199	1,771	765	2,536
thereof USA	2,184	577	2,761	1,590	657	2,247
Central and South America	288	106	394	266	57	323
Asia/Pacific	1,254	443	1,697	1,115	365	1,480
Middle East	210	120	330	204	93	297
Africa	236	54	290	194	37	231
Total	13,751	2,655	16,406	10,668	2,334	13,002

[1)] Allocated according to the original location of sale.
[2)] Restated due to reclassification of Segment Catering to discontinued operations.

10 Related party disclosures

As stated in ↗ Note 50 to the 2022 consolidated financial statements (Annual Report 2022, p. 256ff.), the segments in the Lufthansa Group render numerous services to related parties within the scope of their ordinary business activities and also receive services from them. These extensive supply and service relationships take place unchanged on the basis of market prices. There were no significant changes as of the reporting date. The contractual relationships with the group of related parties described in the ↗ Remuneration Report 2022 (Annual Report 2022, p. 280ff.) and in the notes to the consolidated financial statements 2022 in ↗ Note 51 (Annual Report 2022, p. 259) also still exist unchanged, but are not of material significance for the Group.

11 Published standards that have not yet been applied

Given the uncertainties surrounding the introduction of global minimum taxation (Pillar Two), the IASB published amendments to IAS 12 on 23 May 2023 that provide a mandatory exception for accounting for deferred taxes from the implementation of Pillar Two rules. The Lufthansa Group will apply this exemption after endorsement by the EU. The related disclosure requirements are to be satisfied for the first time in annual reporting periods beginning on or after 1 January 2023. The disclosures are not yet mandatory in interim reports ending in 2023.

Amendments of the other accounting standards which have been approved by the IASB as of the date of publication of this report and are applicable for financial years beginning after 1 January 2023 have no effect on the presentation of the net assets, financial and earnings position. Further information on the amendments resolved as of the preparation date of the interim financial statements is provided in ↗ Note 3 of the notes to the consolidated financial statements 2022 (Annual Report 2022, p. 170ff.)

Declaration by the legal representatives

We declare that to the best of our knowledge and according to the applicable accounting standards for interim reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Frankfurt, 1 August 2023

The Executive Board

Carsten Spohr
Chairman of the Executive Board

Christina Foerster
Member of the Executive Board
Brand & Sustainability

Harry Hohmeister
Member of the Executive Board
Global Markets & Network

Detlef Kayser
Member of the Executive Board
Fleet & Technology

Michael Niggemann
Member of the Executive Board
Human Resources & Infrastructure
Labor Director

Remco Steenbergen
Member of the Executive Board
Finance

Review Report

To Deutsche Lufthansa Aktiengesellschaft

We have reviewed the condensed consolidated interim financial statements of Deutsche Lufthansa Aktiengesellschaft, Cologne, - which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement and selected explanatory notes – and the interim group management report for the period from 1 January to 30 June 2023, which are part of the half-year financial report pursuant to Sec. 115 WpHG ("Wertpapierhandels¬gesetz": German Securities Trading Act). The executive directors are responsible for the preparation of the condensed consolidated interim financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports. Our responsibility is to issue a report on the condensed consolidated interim financial statements and the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and of the interim group management report in compliance with German Generally Accepted Standards for the Review of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (IDW - Institute of Public Auditors in Germany) and in supplementary compliance with the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of the Company's employees and analytical assessments and therefore does not provide the assurance obtainable from an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit of financial statements, we cannot issue an auditor's report.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IFRSs applicable on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Eschborn/Frankfurt am Main, 2 August 2023

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Bösser	Jansen
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Credits

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The Lufthansa 2nd Interim Report is a translation of the original German Lufthansa Zwischenbericht 2/2023. Please note that only the German version is legally binding.

The latest financial information on the internet:
↗ www.lufthansagroup.com/investor-relations

Financial calendar 2023

2 November	Release of 3rd Interim Report January – September 2023

Financial calendar 2024

7 March	Release of Annual Report 2023
30 April	Release of 1st Interim Report January – March 2024
7 May	Annual General Meeting 2024
31 July	Release of 2nd Interim Report January – June 2024
29 October	Release of 3rd Interim Report January – September 2024

Disclaimer in respect of forward-looking statements

Information published in the 2nd Interim Report 2023, with regard to the future development of the Lufthansa Group and its subsidiaries consists purely of forecasts and assessments and not of definitive facts. Its purpose is exclusively informational, and can be identified by the use of such cautionary terms as “believe”, “expect”, “forecast”, “intend”, “project”, “plan”, “estimate”, “anticipate”, “can”, “could”, “should” or “endeavour”. These forward-looking statements are based on discernible information, facts and expectations available at the time that the statements were made. They are therefore subject to a number of risks, uncertainties and factors, including, but not limited to, those described in disclosures, in particular in the Opportunities and risk report in the Annual Report. Should one or more of these risks occur, or should the underlying expectations or assumptions fail to materialise, this could have a significant effect (either positive or negative) on the actual results.

It is possible that the Group’s actual results and development may differ materially from the results forecast in the forward-looking statements. Lufthansa does not assume any obligation, nor does it intend, to adapt forward-looking statements to accommodate events or developments that may occur at some later date. Accordingly, it neither expressly nor conclusively accepts liability, nor gives any guarantee, for the actuality, accuracy and completeness of this data and information.

Note

Unless stated otherwise, all change figures refer to the corresponding period from the previous year. Due to rounding, some of the figures may not add up precisely to the stated totals, and percentages may not precisely reflect the absolute figures.