LUFTHANSA GROUP

3rd Interim Report
January – September 2023

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The Lufthansa Group

KEY FIGURES

		Jan - Sep 2023	Jan - Sep 2022	Change in %	Jul - Sep 2023	Jul - Sep 2022	Change in %
Revenue and result[1]							
Total revenue	€m	26,681	22,539	18	10,275	9,537	8
of which traffic revenue	€m	22,583	18,904	19	8,832	8,236	7
Operating income	€m	28,746	24,169	19	10,901	10,184	7
Operating expenses	€m	26,571	23,237	14	9,561	9,114	5
Adjusted EBITDA	€m	3,937	2,583	52	2,026	1,678	21
Adjusted EBIT	€m	2,280	939	143	1,468	1,124	31
EBIT	€m	2,218	851	161	1,441	1,118	29
Net profit/loss	€m	1,606	484	232	1,192	809	47
Key balance sheet and cash flow statement figures							
Total assets	€m	46,591	47,559	-2	–	–	
Equity	€m	10,464	9,181	14	–	–	
Net indebtedness	€m	5,357	6,190	-13	–	–	
Net pension obligations	€m	1,943	2,075	-6	–	–	
Net debt+net pension obligations/equity	ratio	41:59	47:53		–	–	
Cash flow from operating activities	€m	4,320	5,328	-19	1,220	887	38
Gross capital expenditures[2]	€m	2,406	1,816	32	633	448	41
Net capital expenditures	€m	2,421	1,753	38	550	372	48
Adjusted free cash flow	€m	1,663	3,312	-50	592	410	44
Key profitability figures[1]							
Adjusted EBITDA margin	%	14.8	11.5	3.3 pts	19.7	17.6	2.1 pts
Adjusted EBIT margin	%	8.5	4.2	4.3 pts	14.3	11.8	2.5 pts
EBIT margin	%	8.3	3.8	4.5 pts	14.0	11.7	2.3 pts
Lufthansa share							
Share price as of 30 September	€	7.51	5.92	27	–	–	
Earnings per share	€	1.34	0.40	235	1.00	0.68	47
Employees							
Employees as of 30 September	number	117,187	107,970	9	–	–	

KEY FIGURES (CONTINUED)

		Jan - Sep 2023	Jan - Sep 2022	Change in %	Jul - Sep 2023	Jul - Sep 2022	Change in %
Traffic figures[3]							
Flights	number	716,908	615,813	16	276,051	245,332	13
Passengers	thousands	93,193	75,720	23	38,171	33,338	14
Available seat-kilometres	millions	225,656	193,342	17	87,686	77,693	13
Revenue seat-kilometres	millions	188,301	152,857	23	75,615	66,917	13
Passenger load factor	%	83.4	79.1	4.3 pts	86.2	86.1	0.1 pts
Available cargo tonne-kilometres	millions	11,425	10,444	9	4,136	3,780	9
Revenue cargo tonne-kilometres	millions	6,379	6,355	0	2,188	2,101	4
Cargo load factor	%	55.8	60.8	-5.0 pts	52.9	55.6	-2.7 pts

[1] Previous year's figures have been adjusted due to the agreed sale of the LSG Group. ↗ Notes, p. 28.
[2] Without acquisition of equity investments.
[3] Previous year's figures have been adjusted.
Date of publication: 2 November 2023.

Contents

Course of business

OVERVIEW OF THE COURSE OF BUSINESS

The course of business at the Lufthansa Group was shaped by strong demand for flights and strong growth in the MRO business segment

— The Lufthansa Group developed positively in the first nine months of the 2023 financial year; the recovery in demand for air travel after the coronavirus pandemic continued, and so passenger airline capacity was further expanded: in the reporting period, it was 17% above the previous year's level; compared with the pre-crisis level in 2019, this corresponded to 82%.

— Revenue at the Lufthansa Group rose by 18% year-on-year to EUR 26,681m (previous year: EUR 22,539m), primarily due to the further expansion of the flight programme, increasing unit revenues and strong growth in the MRO business segment.

— The Lufthansa Group's results improved significantly year-on-year in the reporting period; the Adjusted EBIT increased by 143% to EUR 2,280m (previous year: EUR 939m); the Adjusted EBIT margin was 8.5% in the reporting period (previous year: 4.2%).

— All passenger airlines and the MRO business segment achieved an increase in Adjusted EBIT in the reporting period; only the Logistics business segment saw a decline in its results due to a normalisation across the industry. ↗ **Business segments, p. 10.**

— Adjusted free cash flow fell by 50% to EUR 1,663m in the first nine months of the 2023 financial year (previous year: EUR 3,312m) due to the decline in operating cash flow and increased net capital expenditure; in the previous year, Adjusted free cash flow received significant support from the strong recovery in demand.

— The balance sheet was further strengthened in the reporting period; net indebtedness, at EUR 5,357m, was EUR 1,514m lower than the level at year-end 2022 (31 December 2022: EUR 6,871m) due to the positive free cash flow; net pension obligations decreased by EUR 50m to EUR 1,943m compared to the level at year-end 2022 (31 December 2022: EUR 1,993m). ↗ **Financial performance, p. 3.**

SIGNIFICANT EVENTS

Lufthansa Group and the pilots' union Vereinigung Cockpit conclude long-term collective agreement

— The Lufthansa Group and the pilots' union Vereinigung Cockpit have agreed to a long-term collective agreement for the pilots of Lufthansa German Airlines and Lufthansa Cargo; on 10 August 2023, the members of the union voted in favour of the negotiated outcome, which had been reached shortly beforehand.

— The new wage agreement can be terminated at the earliest on 31 December 2026 and includes a basic salary increase of at least 18%; the framework agreement, which includes improved working conditions for pilots, can be terminated at the earliest on 31 December 2027.

— The agreements still require completion of the legal drafting process and the approval of the responsible committees.

EVENTS AFTER THE REPORTING PERIOD

Sale of LSG Group to Aurelius completed

— The sale of the LSG Group to private equity firm Aurelius, which was agreed in April 2023, was completed on 31 October 2023; the LSG Group business consists of traditional catering and onboard retail and food commerce activities; the European activities of the LSG Group had already been sold to gategroup in 2019.

Financial performance

EARNINGS POSITION

Impact of the agreed LSG Group sale on the earnings position

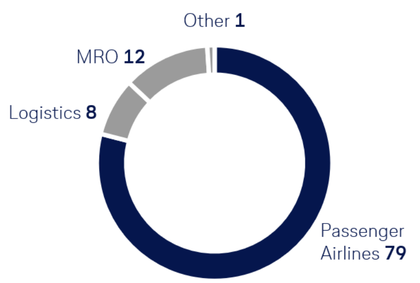
— Due to the agreed sale of the LSG Group to Aurelius, all the income and expenses associated with the discontinued Catering business have been separated from the respective items in the income statement and presented as a combined item under profit after taxes in the line item "Profit/loss from discontinued 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 for Lufthansa Group airlines up by 19% year-on-year

— Capacity (available seat-kilometres) at the Passenger Airlines in the Lufthansa Group increased by 17% year-on-year in the first nine months of 2023; compared with the pre-crisis level, i.e. the first nine months of the 2019 financial year, capacity came to 82%; sales (revenue seat-kilometres) were up by 23%; the passenger load factor climbed 4.3 percentage points to 83.4%; traffic revenue in the passenger business also gained 35% to reach EUR 20,184m (previous year: EUR 14,913m) due to significantly higher yields.

— The Lufthansa Group's cargo business declined in the reporting period due to the industry-wide normalisation; capacity (available cargo tonne-kilometres) was up 9% on the previous year due to increased belly capacities as a result of the upswing in demand for air travel; capacity was at 87% of its pre-crisis level; sales (revenue cargo tonne-kilometres) were almost unchanged from the previous year; the cargo load factor of 55.8% was 5.0 percentage points below the previous year; traffic revenue in the cargo business fell by 40% to EUR 2,399m due to lower yields (previous year: EUR 3,991m).

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



— Overall, traffic revenue for Lufthansa Group airlines increased by 19% year-on-year to EUR 22,583m in the reporting period (previous year: EUR 18,904m).

Revenue increases by 18% year-on-year

— Other revenue improved by 13% to EUR 4,098m (previous year: EUR 3,635m), mainly due to the increase in business activities and the associated higher volume of income in the MRO business segment and for AirPlus.

— Revenue (comprising traffic revenue and other revenue) increased by 18% to EUR 26,681m (previous year: EUR 22,539m); other operating income went up by 27% to EUR 2,065m (previous year: EUR 1,630m) in particular due to other own work capitalised; operating income climbed 19% to EUR 28,746m (previous year: EUR 24,169m).

Operating expenses up 14% year-on-year

— Operating expenses at the Lufthansa Group rose by 14% year-on-year in the reporting period to EUR 26,571m (previous year: EUR 23,237m); this was mainly due to the expansion of business operations and cost increases linked to inflation.

— The cost of materials and services at the Lufthansa Group came to EUR 15,161m, an increase of 16% on the previous year (EUR 13,119m).

  o Fuel expenses rose by 5% to EUR 5,886m (previous year: EUR 5,613m); this change is due to the increased consumption, while prices for both crude oil and jet crack (the price difference between crude oil and kerosene) fell compared with the previous year; the result of price hedging was EUR -178m (previous year: EUR 817m); currency effects also reduced expenses.

  o Fees and charges increased by 22% to EUR 3,360m in the reporting period (previous year: EUR 2,753m), primarily due to the Lufthansa Group's business growth.

  o Expenses for other raw materials, consumables and supplies and purchased goods went up by 31% to EUR 1,994m (previous year: EUR 1,524m), particularly in the MRO business unit, due to increased business activity and inflation effects.

  o In this context, external MRO services also increased by 27% to EUR 1,604m (previous year: EUR 1,261m).

— Operational staff costs were up by 15% to EUR 6,047m (previous year: EUR 5,276m); this is particularly due to salary increases agreed in collective bargaining agreements, enhanced variable remuneration components and the discontinuation of short-time work; the average number of employees, which increased by 8%, also had an impact; adjusted for the number of employees in the discontinued Catering business segment, the increase was 7%.

— Depreciation and amortisation, at EUR 1,657m, was at nearly the same level as previous year (previous year: EUR 1,644m) and related mainly to aircraft and reserve engines.

— Other operating expenses rose by 16% to EUR 3,706m (previous year: EUR 3,198m), mainly due to increased sales and marketing costs and higher crew travel expenses due to the expansion of flight operations; this was partly offset by the decline in foreign exchange losses.

Adjusted EBIT improves to around EUR 2.3bn

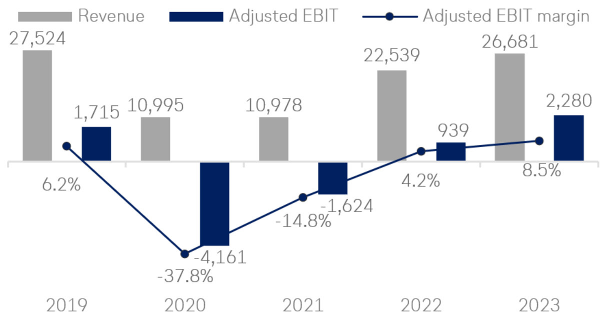
— The operating result from equity investments amounted to EUR 105m in the reporting period (previous year: EUR 7m); this trend is mainly based on the improved earnings from the SunExpress joint venture and equity investments in the Additional Businesses and Group Functions business segment.

— Adjusted EBIT improved by 143% to EUR 2,280m (previous year: EUR 939m); the Adjusted EBIT margin, i.e. the ratio of Adjusted EBIT to revenue, climbed to 8.5% (previous year: 4.2%).

— In the reporting period, EBIT amounted to EUR 2,218m (previous year: EUR 851m); the difference to Adjusted EBIT mainly comprises impairments in the amount of EUR 32m recognised on aircraft held for sale and expenses of EUR 27m in connection with the acquisition and sale of divisions; book losses of EUR 23m, primarily for aircraft and reserve engines, were offset by book gains of EUR 25m, particularly from the sale of shares in joint venture companies; in the previous year, the adjustments included expenses directly associated with the war of aggression in Ukraine as well as net income in connection with the reversal of provisions for restructuring measures.

— Net interest also improved to EUR -248m, partly driven by lower net indebtedness (previous year: EUR -301m).

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



REVENUE, INCOME AND EXPENSES

in €m	Jan - Sep 2023	Jan - Sep 2022[1]	Change in %
Traffic revenue	22,583	18,904	19
Other revenue	4,098	3,635	13
Total revenue	**26,681**	**22,539**	**18**
Other operating income	2,065	1,630	27
Total operating income	**28,746**	**24,169**	**19**
Cost of materials and services	15,161	13,119	16
of which fuel	5,886	5,613	5
of which other raw materials, consumables and supplies and purchased goods	1,994	1,524	31
of which fees and charges	3,360	2,753	22
of which external services MRO	1,604	1,261	27
Staff costs	6,047	5,276	15
Depreciation	1,657	1,644	1
Other operating expenses	3,706	3,198	16
Total operating expenses	**26,571**	**23,237**	**14**
Operating result from equity investments	105	7	1,400
Adjusted EBIT	**2,280**	**939**	**143**
Total reconciliation EBIT	-62	-88	30
EBIT	**2,218**	**851**	**161**
Net interest	-248	-301	18
Other financial items	50	225	-78
Profit/loss before income taxes	**2,020**	**775**	**161**
Income taxes	-366	-251	-46
Profit/loss from continuing operations	**1,654**	**524**	**216**
Profit/loss from discontinued operations	-36	-32	-13
Profit/loss after income taxes	**1,618**	**492**	**229**
Profit/loss attributable to minority interests	-12	-8	-50
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG	**1,606**	**484**	**232**

[1] Previous year's figures have been adjusted due to the agreed sale of the LSG Group. ↗ Notes, p. 28.

— Other financial items amounted to EUR 50m (previous year: EUR 225m) and mainly included positive effects from the recognition in profit or loss of the convertible bond measurement; in the previous year, in addition to the measurement results of the convertible bond, effects from the measurement of strategic interest rate swaps recognised in profit or loss also had a positive impact.

— Income taxes amounted to EUR -366m (previous year: EUR -251m); the effective tax ratio for continuing operations was 18%, primarily due to non-taxable income.

— The result from continuing operations therefore came to EUR 1,654m (previous year: EUR 524m).

— The profit/loss from discontinued operations relates to the agreed sale of the LSG Group and amounts to EUR -36m (previous year: EUR -32m); this includes an impairment loss of EUR 85m due to the difference between the expected sales price and the net asset value of this business area as of the reporting date.

— The net result attributable to shareholders of Deutsche Lufthansa AG in the reporting period came to EUR 1,606m (previous year: EUR 484m).

— Earnings per share amounted to EUR 1.34 (previous year: EUR 0.40).

RECONCILIATION OF RESULTS

	Jan - Sep 2023		Jan - Sep 2022[1]	
in €m	Income statement	Reconciliation Adjusted EBIT	Income statement	Reconciliation Adjusted EBIT
Total revenue	26,681		22,539	
Changes in inventories and work performed by entity and capitalised	535		230	
Other operating income	1,568		1,516	
of which book gains		-25		-37
of which write-ups on capital assets and assets held for sale		-1		-1
of which write-backs of provisons for restructuring expenses, significant litigation costs and business combinations cost		-10		-79
of which other extraordinary income		-3		–
Total operating income	28,784	-39	24,285	-117
Costs of materials and services	-15,161		-13,161	
of which extraordinary costs of material		–		43
Staff costs	-6,060		-5,315	
of which past service costs/settlements		8		15
of which restructuring expenses		5		23
Depreciation	-1,665		-1,668	
of which impairment losses		7		24
Other operating expenses	-3,785		-3,297	
of which impairment losses on assets held for sale		33		16
of which expenses incurred from book losses		23		13
of which expenses of significant litigation		–		4
of which expenses of business combinations		27		27
of which other extraordinary expenses		-2		40
Total operating expenses	-26,671	101	-23,441	205
Profit/loss from operating activities	2,113		844	
Result from equity investments	105		7	
of which impairment losses on investments accounted for using the equity method		–		–
EBIT	2,218		851	
Total amount of reconciliation Adjusted EBIT		62		88
Adjusted EBIT		2,280		939
Depreciation		1,657		1,644
Adjusted EBITDA		3,937		2,583

[1] Previous year's figures adjusted due to the agreed sale of the LSG Group. ↗ Notes, p. 28.

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, from 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.

Investment volume up 32% on previous year

— The Lufthansa Group’s gross capital expenditure increased by 32% in the first nine months of the 2023 financial year to EUR 2,406m (previous year: EUR 1,816m) and primarily consisted of final payments for 16 delivered aircraft, capitalised major maintenance events and advance payments on future aircraft purchases.

Overall, the net cash outflow from investing activities – particularly taking into consideration payments for spare parts for aircraft and income from proceeds from the sale of assets, interest and dividends – increased by 38% to EUR 2,421m (previous year: EUR 1,753m).

EUR 4.3bn generated in cash flow from operating activities

— The Lufthansa Group generated a positive operating cash flow of EUR 4,320m in the reporting period, 19% below the previous year’s level (EUR 5,328m); this decline is largely due to lower inflows from changes in working capital compared with the previous year (EUR 813m, previous year: EUR 2,559m), which more than compensated for the increase in EBITDA; in the previous year, inflows from changes in working capital were exceptionally high due to the significant rise in business activity and the higher advance ticket payments that resulted from this.

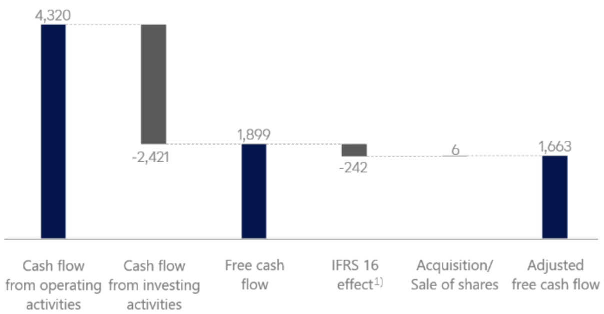
— The inflow resulting from the change in working capital was associated with a higher volume of liabilities due to unused flight documents, which picked up by EUR 973m in the reporting period (previous year: EUR 2,236m); receivables and contract assets went up by EUR 535m, primarily due to the continued recovery of business activity at AirPlus, while liabilities and contract liabilities increased by EUR 695m; net other assets/liabilities from service provision increased by EUR 242m; all of these developments relate to changes in the carrying amounts for continuing and discontinued operations.

— Other accounting changes with an effect of EUR -121m related, among other things, to cash outflows in connection with pensions and variable remuneration payments.

Adjusted free cash flow at EUR 1.7bn

— Adjusted free cash flow fell by 50% to EUR 1,663m in the reporting period (previous year: EUR 3,312m) due to the decline in operating cash flow and increased net capital expenditure.

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



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

Financing activities result in cash outflow

— The balance of financing activities resulted in a net cash outflow of EUR 1,024m (previous year: EUR 1,569m).

— This resulted from repayments in the overall amount of EUR 762m, mainly due to aircraft financing along with interest and dividend payments of EUR 414m, and compared with the cash inflow from new financing measures in the amount of EUR 153m, which was primarily attributable to asset-backed security (ABS) financing at AirPlus and aircraft financing.

Total available liquidity of EUR 11.1bn

— Balance-sheet liquidity (total of cash, current securities and fixed-term deposits from continuing operations) came to EUR 9,008m as of 30 September 2023 (31 December 2022: EUR 8,301m); of this amount, EUR 8,229m was available centrally at 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 161m.

— In addition, there were unused credit lines of EUR 2,096m.

— As of 30 September 2023, the Company therefore had a total of EUR 11,104m in available liquidity from continuing operations (31 December 2022: EUR 10,420m).

NET ASSETS

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

— In line with IFRS 5, the assets and liabilities attributable to the Catering business segment and AirPlus have been presented separately in the statement of financial position as of 30 September 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 increase by around EUR 3.3bn

— As of 30 September 2023, total Group assets were up by EUR 3,256m over year-end 2022 to EUR 46,591m (31 December 2022: EUR 43,335m).

Non-current assets up by EUR 316m

— As of 30 September 2023, non-current assets of EUR 28,396m were EUR 316m higher than at year-end 2022 (31 December 2022: EUR 28,080m), with an increase in value for aircraft and reserve engines (EUR +1,004m) and repairable spare parts for aircraft (EUR +353m); this was offset by a drop in deferred tax assets due to the consumption of capitalised loss carry-forwards as a result of the positive results in the reporting period, valuation effects on financial instruments (EUR -454m) and a decline in other property, plant and equipment (EUR -458m), mainly as a result of the reclassification of the Catering business segment and of AirPlus.

— The value of aircraft and reserve engines increased to EUR 16,894m (31 December 2022: EUR 15,890m); investments in new aircraft (three Boeing 787s, eight Airbus A320s and five Airbus A321s), major maintenance events and advance payments made on existing orders exceeded scheduled depreciation and disposals; as of 30 September 2023, the Lufthansa Group’s fleet comprised a total of 714 aircraft (31 December 2022: 710 aircraft).

Current assets increase by around EUR 2.9bn

— Current assets increased by EUR 2,940m to EUR 18,195m as of 30 September 2023 (31 December 2022: EUR 15,255m); before the reclassification of businesses held for sale, trade and other receivables increased by EUR 1,246m, cash and cash equivalents by EUR 869m and derivative financial instruments by EUR 290m.

— The rise in assets held for sale (EUR +2,119m) is attributable to the assets in the Catering business segment (EUR 955m) and AirPlus (EUR 1,344m), of which a total of EUR 642m related to previously non-current assets.

Non-current provisions and liabilities decrease by around EUR 2.6bn

— Non-current provisions and liabilities were down by EUR 2,553m to EUR 14,600m as of 30 September 2023 (31 December 2022: EUR 17,153m).

— Non-current borrowing of EUR 10,777m was EUR 2,493m lower than at year-end 2022 (31 December 2022: EUR 13,270m); this decline is mainly based on maturity reclassifications and reclassifications for businesses held for sale, partly offset by new financing measures.

— The net pension obligations, i.e. the pension provisions less asset surpluses for individual pension plans – which are reported separately under non-current assets – came to EUR 1,943m, EUR 50m below the level at the end of 2022 (31 December 2022: EUR 1,993m); pension provisions decreased by EUR 40m to EUR 2,029m (31 December 2022: EUR 2,069m); the interest rate used to discount the pension obligations in Germany and Austria increased by 0.2 percentage points to 4.4%, while in Switzerland it fell by 0.4 percentage points to 2.0%; the resulting negative overall effect on obligations was almost offset by the overall negative valuation effect on plan assets.

CALCULATION OF NET INDEBTEDNESS

	30.09.2023 in €m	31.12.2022 in €m	Change in %
Bonds	-6,734	-6,659	-1
Borrower`s note loans	-1,247	-1,242	0
Credit lines	-21	0	
Aircraft financing	-3,993	-4,407	9
Leasing liabilities	-2,175	-2,443	11
Other borrowings	-185	-400	54
Financial liabilities	-14,355	-15,151	5
Bank overdraft	-10	-21	52
Group indebtedness	-14,365	-15,172	5
Cash and cash equivalents	1,811	1,790	1
Securities	7,197	6,511	11
Net indebtedness	-5,357	-6,871	22
Pension provisions	-2,029	-2,069	2
Pension surplus	86	76	13
Net pension obligations	-1,943	-1,993	3
Net indebtedness and net pension obligations	-7,300	-8,864	18

Current provisions and liabilities increase by around EUR 3.8bn

— As of 30 September 2023, current provisions and liabilities were up by EUR 3,819m to EUR 21,527m (31 December 2022: EUR 17,708m), primarily as a result of the increase in current financial liabilities (EUR +1,697m) due to maturity reclassifications, which were partly offset by scheduled repayments and reclassifications of the operations held for sale, as well as the increase in liabilities in connection with unused flight tickets (EUR +973m) due to the rise in ticket sales; adjusted for the reclassification of the operations held for sale, trade payables and other liabilities went up by EUR 887m; the build-up in liabilities associated with assets held for sale (EUR +1,298m) was mainly due to the reclassification of current liabilities and provisions of the Catering and AirPlus operations (EUR +1,040m).

Equity up by around EUR 2.0bn

— As of 30 September 2023, shareholders' equity was up by EUR 1,990m to EUR 10,464m (31 December 2022: EUR 8,474m), compared to the end of 2022; this was primarily due to the profit in the first nine months of the 2023 financial year and positive valuation effects for financial instruments recognised directly in equity.

— Positive free cash flow brought net indebtedness down to EUR 5,357m, a EUR 1,514m 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 41:59 as of 30 September 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 1,564 to EUR 7,053m compared with year-end 2022 (31 December 2022: EUR 8,617m).

— The ratio of Adjusted net debt/Adjusted EBITDA of the last twelve months was 1.4 as of 30 September 2023 (31 December 2022: 2.3).

Business segments

PASSENGER AIRLINES BUSINESS SEGMENT

KEY FIGURES

		Jan - Sep 2023	Jan - Sep 2022	Change in %	Jul - Sep 2023	Jul - Sep 2022	Change in %
Revenue	€m	21,402	16,450	30	8,522	7,474	14
of which traffic revenue	€m	20,184	14,913	35	8,108	6,969	16
Total operating income	€m	22,211	17,145	30	8,810	7,790	13
Operating expenses	€m	20,450	17,652	16	7,543	7,136	6
Adjusted EBITDA	€m	3,093	832	272	1,790	1,154	55
Adjusted EBIT	€m	1,809	-491		1,356	709	91
EBIT	€m	1,758	-471		1,336	696	92
Adjusted EBIT margin	%	8.5	-3.0	11.5 pts	15.9	9.5	6.4 pts
Segment capital expenditure	€m	2,000	1,525	31	537	430	25
Employees as of 30.09.	number	59,835	56,008	7	–	–	
Flights[1]	number	709,530	609,026	17	273,532	242,931	13
Passengers[1]	thousands	93,193	75,720	23	38,171	33,338	14
Available seat-kilometres[1]	millions	225,656	193,342	17	87,686	77,693	13
Revenue seat-kilometres[1]	millions	188,301	152,857	23	75,615	66,917	13
Passenger load factor	%	83.4	79.1	4.3 pts	86.2	86.1	0.1 pts

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

- In the first nine months of the 2023 financial year, 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 and higher yields.
- Overall, available capacity at the passenger airlines was 17% over the previous year in the reporting period, and thus at 82% of its pre-crisis level in 2019; the number of flights increased by 17%; sales were up by 23% and the passenger load factor of 83.4% was 4.3 percentage points higher than previous year.
- Mainly as a result of the increase in traffic in the reporting period relative to the previous year, traffic revenue in the Passenger Airlines segment increased by 35% year-on-year to EUR 20,184m (previous year: EUR 14,913m); revenue of EUR 21,402m was 30% higher than previous year (previous year: EUR 16,450m); yields were up by 8.7%.
- Unit revenues went up by 11.5% year-on-year, driven by higher yields and load factors, and were therefore 23.8% above their pre-crisis level in 2019.
- Operating expenses climbed by 16% to EUR 20,450m (previous year: EUR 17,652m); in particular, fees and charges (EUR +584m), expenses for fuel (EUR +362m) and expenses for external MRO services (EUR +348m) were higher than in the previous year due to expanded flight operations; staff costs (EUR +610m) rose due to salary increases agreed in collective bargaining agreements, higher variable remuneration components and the 5% increase in the average workforce.
- Unit costs excluding fuel and emissions trading expenses increased by 2.4% year-on-year; compared to pre-crisis levels, the increase was 15.0%; cost increases due to inflation, additional expenses to ensure operational stability in the summer and negative economies of scale resulting from the continued lower capacity compared to pre-crisis levels were largely compensated for by structural cost reductions.
- Consequently, the Passenger Airlines segment achieved a positive result in the first nine months of financial year 2023; Adjusted EBIT improved to EUR 1,809m (previous

year: EUR -491m), with the result in the third quarter at a record level.

— In the reporting period, EBIT came to EUR 1,758m (previous year: EUR -471m); the difference relative to Adjusted EBIT in the reporting period is mainly attributable to impairments recognised on aircraft held for sale as well as book losses on aircraft and reserve engines.

— Segment capital expenditure was up by 31% to EUR 2,000m (previous year: EUR 1,525m) and primarily related to advance payments for aircraft orders, major maintenance events and final payments for new aircraft received.

— The number of employees as of 30 September 2023 showed a 7% year-on-year increase to 59,835 (previous year: 56,008), mainly due to new employee hires in the operational areas as a result of expanding business operations.

OPERATING FIGURES

		Jan - Sep 2023	Jan - Sep 2022	Change in %	Exchange-rate adjusted change in %	Jul - Sep 2023	Jul - Sep 2022	Change in %	Exchange-rate adjusted change in %
Yields	€ Cent	9.7	8.9	8.7	9.7	9.8	9.6	1.6	3.9
Unit revenue (RASK)	€ Cent	9.6	8.6	11.5	12.4	9.8	9.8	0.5	2.7
Unit cost (CASK) excluding fuel and emissions trading	€ Cent	6.3	6.1	2.4	2.3	5.8	5.9	-0.9	0.1

TRENDS IN TRAFFIC REGIONS

	Traffic revenue		Number of passengers		Available seat-kilometres		Revenue seat-kilometres		Passenger load factor	
	Jan - Sep 2023 in €m	Change in %	Jan - Sep 2023 in thousands	Change in %	Jan - Sep 2023 in millions	Change in %	Jan - Sep 2023 in millions	Change in %	Jan - Sep 2023 in %	Change in pts
Europe	8,405	29	75,747	22	90,122	13	74,034	18	82.1	3.5 pts
America	5,510	24	8,511	15	75,179	7	63,853	13	84.9	4.6 pts
Asia/Pacific	2,472	113	3,501	87	32,963	77	28,025	93	85.0	7.4 pts
Middle East/Africa	1,792	24	5,434	19	27,392	11	22,389	16	81.7	3.6 pts
Non allocable	2,005	51								
Total	**20,184**	**35**	**93,193**	**23**	**225,656**	**17**	**188,301**	**23**	**83.4**	**4.3 pts**

Lufthansa German Airlines[1)]

KEY FIGURES		Jan - Sep 2023	Jan - Sep 2022	Change in %
Revenue	€m	12,096	9,411	29
Total operating income	€m	12,614	9,828	28
Operating expenses	€m	11,819	10,393	14
Adjusted EBITDA	€m	1,355	80	1,594
Adjusted EBIT	€m	790	-574	
EBIT	€m	748	-546	
Employees as of 30.09.	number	36,096	34,272	5
Flights	number	340,337	301,723	13
Passengers	thousands	45,194	38,147	18
Available seat-kilometres	millions	126,080	111,113	13
Revenue seat-kilometres	millions	104,515	87,893	19
Passenger load factor	%	82.9	79.1	3.8 pts

[1)] Including regional partners and Discover Airlines.

— Lufthansa German Airlines is reactivating its A380 fleet in order to expand its capacity and in view of delays in the delivery of new long-haul aircraft combined with high demand; in October, the fourth aircraft of this type entered service at the Munich hub; four more A380s are scheduled to be reactivated in 2024 and 2025.

— Lufthansa German Airlines will offer its passengers additional comfort on short- and medium-haul routes in the future; starting in spring 2025, the airline will start fitting 38 Airbus A320 aircraft that are already in service for Lufthansa German Airlines with a new, innovative cabin.

— Lufthansa German Airlines has expanded its in-flight service and now offers passengers more choice, entertainment and sustainability; since August, Business Class guests on long-haul flights from Germany have been invited to choose from a wider selection of main dishes; another feature is an increased entertainment offer for children and young people on long-haul flights; in addition, the Onboard Delights Service offers an expanded range of hot drinks on European flights.

— On 5 September 2023, Eurowings Discover unveiled its enhanced brand image under the new brand name Discover Airlines, refining its profile and positioning in the quality leisure and private travel segment.

— The significant increase in demand for air travel and higher unit revenues drove up revenue year-on-year at Lufthansa German Airlines by 29% to EUR 12,096m in the reporting period (previous year: EUR 9,411m).

— Operating expenses of EUR 11,819m were 14% higher year-on-year (previous year: EUR 10,393m), primarily due to increased expenses for external MRO services, fees and charges, and fuel, along with greater staff costs due to salary increases agreed in collective bargaining agreements, new employee hires, and higher variable remuneration components.

— Adjusted EBIT improved to EUR 790m in the reporting period (previous year: EUR -574).

— EBIT amounted to EUR 748m (previous year: EUR -546m); 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 - Sep 2023	Jan - Sep 2022	Change in %
Revenue	€m	4,449	3,467	28
Total operating income	€m	4,638	3,580	30
Operating expenses	€m	3,962	3,301	20
Adjusted EBITDA	€m	990	615	61
Adjusted EBIT	€m	676	279	142
EBIT	€m	673	278	142
Employees as of 30.09.	number	9,648	8,788	10
Flights	number	112,347	90,584	24
Passengers	thousands	14,573	11,063	32
Available seat-kilometres	millions	41,126	32,177	28
Revenue seat-kilometres	millions	34,916	25,260	38
Passenger load factor	%	84.9	78.5	6.4 pts

[1)] Including Edelweiss Air.

— SWISS continued to modernise its fleet and took delivery of a fourth aircraft of the type A321neo; SWISS now has ten aircraft from the A320neo family and the airline plans to integrate a total of 25 of these into its fleet.

— In the reporting period, increased flight operations pushed revenue at SWISS up by 28% year-on-year to EUR 4,449m (previous year: EUR 3,467m).

— Operating expenses increased by 20% year-on-year to EUR 3,962m (previous year: EUR 3,301m), primarily due to the volume-related increase in fuel expenses, higher fees and charges and increased charter/lease expenses.

— Adjusted EBIT at SWISS improved by 142% in the reporting period to a record level of EUR 676m (previous year: EUR 279m); EBIT was EUR 673m (previous year: EUR 278m).

Austrian Airlines

KEY FIGURES		Jan - Sep 2023	Jan - Sep 2022	Change in %
Revenue	€m	1,805	1,366	32
Total operating income	€m	1,855	1,428	30
Operating expenses	€m	1,711	1,424	20
Adjusted EBITDA	€m	220	94	134
Adjusted EBIT	€m	144	4	3,500
EBIT	€m	143	-2	
Employees as of 30.09.	number	6,008	5,557	8
Flights	number	86,083	70,079	23
Passengers	thousands	10,593	8,195	29
Available seat-kilometres	millions	19,384	16,192	20
Revenue seat-kilometres	millions	16,108	12,765	26
Passenger load factor	%	83.1	78.8	4.3 pts

- In the first nine months of the 2023 financial year, increased traffic and higher unit revenues drove revenue at Austrian Airlines up by 32% year-on-year to EUR 1,805m (previous year: EUR 1,366m).
- Operating expenses of EUR 1,711m were 20% higher than previous year (previous year: EUR 1,424m), in particular due to higher fees and charges, a volume-related increase in fuel expenses, and an increase in staff costs.
- Austrian Airlines' Adjusted EBIT improved to EUR 144m in the reporting period (previous year: EUR 4m) and reached a record level in the reporting period; EBIT was at EUR 143m (previous year: EUR -2m).

Brussels Airlines

KEY FIGURES		Jan - Sep 2023	Jan - Sep 2022	Change in %
Revenue	€m	1,184	888	33
Total operating income	€m	1,235	943	31
Operating expenses	€m	1,176	980	20
Adjusted EBITDA	€m	134	45	198
Adjusted EBIT	€m	59	-37	
EBIT	€m	59	-37	
Employees as of 30.09.	number	3,385	3,199	6
Flights[1]	number	48,161	38,979	24
Passengers[1]	thousands	6,398	5,021	27
Available seat-kilometres[1]	millions	14,061	12,312	14
Revenue seat-kilometres[1]	millions	11,628	9,494	22
Passenger load factor[1]	%	82.7	77.1	5.6 pts

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

- Brussels Airlines' revenue increased by 33% year-on-year to EUR 1,184m in the reporting period (previous year: EUR 888m) thanks to expanded flight operations and higher unit revenues.
- Operating expenses went up by 20% to EUR 1,176m (previous year: EUR 980m), primarily due to higher fees and charges and the volume-related increase in fuel expenses.
- As a result, Brussels Airlines' Adjusted EBIT improved to a record high of EUR 59m in the reporting period (previous year: EUR -37m); EBIT was also EUR 59m (previous year: EUR -37m).

Eurowings

KEY FIGURES		Jan - Sep 2023	Jan - Sep 2022	Change in %
Revenue	€m	2,020	1,427	42
Total operating income	€m	2,103	1,572	34
Operating expenses	€m	2,009	1,733	16
Adjusted EBITDA	€m	248	4	6,100
Adjusted EBIT	€m	147	-136	
EBIT	€m	147	-138	
Employees as of 30.09.	number	4,698	4,192	12
Flights	number	122,602	107,661	14
Passengers	thousands	16,433	13,294	24
Available seat-kilometres	millions	25,005	21,547	16
Revenue seat-kilometres	millions	21,135	17,444	21
Passenger load factor	%	84.5	81.0	3.5 pts

- As part of the expansion of its tourist services at Nuremberg and Hanover airports, Eurowings will again station one aircraft permanently at each of the two new bases starting from the 2023/24 winter flight schedule.
- In September 2023, Eurowings introduced a second brand-new Airbus A321neo into its fleet, with two more Airbus A321neos expected to be added by the end of the year as part of Eurowings' fleet modernisation efforts.
- In the reporting period, Eurowings recorded strong demand, especially for tourist flights, and expanded its capacity accordingly; revenue increased by 42% year-on-year to EUR 2,020m (previous year: EUR 1,427m) due to volume and price factors.

— Operating expenses increased by 16% to EUR 2,009m (previous year: EUR 1,733m), primarily due to the volume- and price-related increases in fees and charges, higher external MRO expenses and greater fuel and staff costs due to the expansion of the flight programme.

— As a result, Eurowings' Adjusted EBIT improved to a new record high of EUR 147m (previous year: EUR -136m); this includes a result from equity investments from SunExpress of EUR 53m (previous year: EUR 25m); the improvement is due to the expansion of the flight programme, higher yields and improved passenger load factors; EBIT was also EUR 147m (previous year: EUR -138m).

LOGISTICS BUSINESS SEGMENT

KEY FIGURES

		Jan - Sep 2023	Jan - Sep 2022	Change in %	Jul - Sep 2023	Jul - Sep 2022	Change in %
Revenue	€m	2,210	3,567	-38	675	1,141	-41
of which traffic revenue	€m	2,063	3,426	-40	625	1,091	-43
Total operating income	€m	2,279	3,638	-37	695	1,168	-40
Operating expenses	€m	2,128	2,346	-9	720	842	-14
Adjusted EBITDA	€m	324	1,433	-77	47	374	-87
Adjusted EBIT	€m	189	1,308	-86	1	331	-100
EBIT	€m	187	1,286	-85	0	330	-100
Adjusted EBIT margin	%	8.6	36.7	-28.1 pts	0.1	29.0	-28.9 pts
Segment capital expenditure	€m	171	233	-27	15	12	25
Employees as of 30.09.	number	4,146	4,087	1	–	–	
Available cargo tonne-kilometres[1]	millions	9,358	8,731	7	3,392	3,177	7
Revenue cargo tonne-kilometres[1]	millions	5,466	5,363	2	1,885	1,791	5
Cargo load factor[1]	%	58.4	61.4	-3.0 pts	55.6	56.4	-0.8 pts

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

— Lufthansa Cargo fitted two more Boeing 777F cargo aircraft with AeroSHARK technology in the third quarter of 2023; in mid October, the fourth B777F modified with AeroSHARK returned to scheduled service; the innovative surface film is modelled on shark skin and reduces air resistance, achieving significant savings in fuel and emissions.

— Since 1 August 2023, Frank Bauer has been the new Chief Financial Officer and Labour Director of Lufthansa Cargo; he was previously Head of Controlling and Risk Management for the Lufthansa Group.

— The operating performance in the Logistics business segment returned to normal in the reporting period compared with the record levels seen 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 85% compared with the pre-crisis level in 2019; sales increased by 2% compared with the previous year and the cargo load factor of 58.4% was 3.0 percentage points lower than in the previous year (previous year: 61.4%); yields fell in all of Lufthansa Cargo's traffic areas and were 41.0% down on the previous year, although they were 45.6% above the 2019 pre-crisis level.

- Traffic revenue declined by 40% to EUR 2,063m in the reporting period (previous year: EUR 3,426m) due to lower yields compared with the previous year; revenue fell by 38% to EUR 2,210m (previous year: EUR 3,567m).
- Operating expenses decreased by 9% to EUR 2,128m (previous year: EUR 2,346m); reduced charter expenses, lower fuel expenses and efficiency boosting and cost reduction measures largely compensated for inflation effects.
- Adjusted EBIT decreased by 86% year-on-year to EUR 189m (previous year: EUR 1,308m) due to the decline in revenue.
- At EUR 187m, EBIT was 85% lower than the level of the previous year (previous year: EUR 1,286m).
- Segment capital expenditure in the reporting period came to EUR 171m (previous year: EUR 233m) and mainly comprised advance payments for aircraft that have been ordered.
- The number of employees as of 30 September 2023 was at the previous year's level with 4,146 (previous year: 4,087).

TRENDS IN TRAFFIC REGIONS

	Traffic revenue		Available cargo tonne-kilometres		Revenue cargo tonne-kilometres		Cargo load factor	
	Jan - Sep 2023	Change	Jan - Sep 2023	Change	Jan - Sep 2023	Change	Jan - Sep 2023	Change
	in €m	in %	in millions	in %	in millions	in %	in %	in pts
Europe	162	-25	575	30	213	9	37.0	-7.1 pts
America	865	-46	4,679	-1	2,518	-5	53.8	-2.4 pts
Asia/Pacific	863	-38	3,337	18	2,345	11	70.3	-4.7 pts
Middle East/Africa	173	-21	767	6	390	0	50.9	-2.7 pts
Total	2,063	-40	9,358	7	5,466	2	58.4	-3.0 pts

MRO BUSINESS SEGMENT

KEY FIGURES

		Jan - Sep 2023	Jan - Sep 2022	Change in %	Jul - Sep 2023	Jul - Sep 2022	Change in %
Revenue	€m	4,814	4,013	20	1,686	1,422	19
of which with companies of the Lufthansa Group	€m	1,565	1,093	43	539	382	41
Total operating income	€m	5,140	4,275	20	1,778	1,512	18
Operating expenses	€m	4,667	3,837	22	1,606	1,319	22
Adjusted EBITDA[1]	€m	575	562	2	208	232	-10
Adjusted EBIT[1]	€m	459	429	7	168	188	-11
EBIT[1]	€m	480	369	30	173	194	-11
Adjusted EBIT margin[1]	%	9.5	10.7	-1.2 pts	10.0	13.2	-3.2 pts
Segment capital expenditures	€m	87	59	47	41	31	32
Employees as of 30.09.	number	22,290	20,233	10	–	–	

[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.

- The positive performance at Lufthansa Technik continued in the third quarter; a further increase in flights generated higher demand for MRO services, leading to Lufthansa Technik posting a record result in the reporting period.
- Lufthansa Technik's revenue thus increased by 20% year-on-year to EUR 4,814m in the first nine months of the 2023 financial year (previous year: EUR 4,013m).
- Operating expenses went up by 22% to EUR 4,667m (previous year: EUR 3,837m); this was mainly due to the volume- and price-related increase in the cost of materials and services and higher staff costs.
- Adjusted EBIT increased by 7% to a record level of EUR 459m (previous year: EUR 429m); 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 and price adjustments.
- EBIT came to EUR 480m (previous year: EUR 369m); the difference compared with the Adjusted EBIT primarily relates to the disposal of joint venture shares.
- Segment capital expenditure increased by 47% to EUR 87m in the reporting period (previous year: EUR 59m).
- As of 30 September 2023, the number of employees rose year-on-year by 10% to 22,290 (previous year: 20,233).

CATERING BUSINESS SEGMENT

KEY FIGURES

		Jan – Sep 2023	Jan – Sep 2022	Change in %	Jul – Sep 2023	Jul – Sep 2022	Change in %
Revenue	€m	1,737	1,415	23	630	558	13
of which with companies of the Lufthansa Group	€m	57	42	36	21	19	11
Total operating income	€m	1,767	1,445	22	642	563	14
Operating expenses	€m	1,730	1,447	20	609	557	9
Adjusted EBITDA	€m	100	51	96	53	26	104
Adjusted EBIT	€m	45	-7		35	6	483
EBIT	€m	4	-28		35	5	600
Adjusted EBIT margin	%	2.6	-0.5	3.1 pts	5.6	1.1	4.5 pts
Segment capital expenditure	€m	31	21	48	15	9	67
Employees as of 30.09.	number	22,357	19,707	13	–	–	

- 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 traditional catering and onboard retail and food commerce activities.
- The sale of its Catering division forms part of the Lufthansa Group’s strategy of focusing more on its core airline business segment; the LSG Group’s European activities had already been sold to gategroup in 2019.
- The earnings contributions of the Catering segment are presented separately in the Group income statement as “Profit/loss from discontinued operations”; the segment revenue and result are therefore not included in the Group’s revenue and Adjusted EBIT. ↗Financial performance, p. 4.
- Revenue at the LSG group increased by 23% to EUR 1,737m in the reporting period due to continued positive business performance in the North America and Asia regions (previous year: EUR 1,415m).
- Operating expenses rose by 20% to EUR 1,730m (previous year: EUR 1,447m), primarily due to the volume- and price-related increase in the cost of materials and staff costs, including expenses for outside staff, as well as higher revenue-based airport fees.
- Adjusted EBIT improved to EUR 45m (previous year: EUR -7m).
- EBIT amounted to EUR 4m (previous year: EUR -28m); the difference relative to Adjusted EBIT is primarily attributable to impairments on goodwill in the amount of EUR 40m.
- Segment capital expenditure increased by 48% to EUR 31m (previous year: EUR 21m).
- As of 30 September 2023, the number of employees was up by 13% year-on-year at 22,357 (previous year: 19,707) due to the recovery of business.

ADDITIONAL BUSINESSES AND GROUP FUNCTIONS

KEY FIGURES

		Jan - Sep 2023	Jan - Sep 2022	Change in %	Jul - Sep 2023	Jul - Sep 2022	Change in %
Operating income	€m	2,326	1,919	21	945	783	21
Operating expenses	€m	2,536	2,138	19	1,028	860	20
Adjusted EBITDA[1]	€m	-92	-148	38	-37	-49	24
Adjusted EBIT[1]	€m	-177	-235	25	-65	-79	18
EBIT[1]	€m	-210	-258	19	-78	-77	-1
Segment capital expenditures	€m	20	30	-33	11	7	57
Employees as of 30.09.	number	8,559	7,935	8	–	–	

[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. ↗Financial performance, p. 4.
- Higher exchange rate gains and higher revenue, especially at the AirPlus Group, drove operating income for Additional Businesses and Group Functions up by 21% year-on-year to EUR 2,326m (previous year: EUR 1,919m) in the first nine months of the 2023 financial year.
- Operating expenses went up by 19% to EUR 2,536m (previous year: EUR 2,138m), primarily due to the companies' increased business activity.
- Adjusted EBIT amounted to EUR -177m (previous year: EUR -235m), supported by a positive result from equity investments, an improvement in earnings at AirPlus and an improved exchange rate result; EBIT came to EUR -210m (previous year: EUR -258m).
- The number of employees as of 30 September 2023 was up by 8% year-on-year to 8,559 (previous year: 7,935); the number of employees in Group Functions increased by 1%.

Opportunities and risk report

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

- In the winter months of 2023/2024, the coronavirus and, in particular, other respiratory infections could again lead to an increased disease burden compared with pre-pandemic years. Most infections are likely to be mild, but could again push up the level of staff absences and consequently impact on the operational stability of flight operations.
- The overall economic development in Germany in 2023 and 2024 is likely to be weaker than originally forecast. Persistently high inflation, rising interest rates and volatile 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.
- Recent global developments in the area of security policy, including the Russian war of aggression against Ukraine, the conflict situation between Israel and Hamas, various coups d'état in Africa and continuing tensions between China and Taiwan, are highly likely to have a tangible impact on the Lufthansa Group's business activities. Other significant secondary effects over and above the loss of some destinations for the Lufthansa Group airlines and increases in the oil price are also conceivable.
- The Lufthansa Group sources most of its IT infrastructure from external service providers. The operational and commercial risks involved in this kind of outsourcing by nature 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 analysed in depth. The resulting findings were translated into concrete measures, some of which are already having a stabilising effect in operations. Additional medium- and long-term measures are being implemented as part of a dedicated IT stabilisation project.
- Aligning the flight plan with the performance of all system partners at an early stage made it possible to significantly increase the regularity of the flight schedule in summer 2023 compared with the previous year. However, flight cancellations at short notice may still occur, for example due to adverse weather events or a lack of available spare parts. One manufacturer's current engine problems pose an additional challenge in providing flight capacity for the coming months and for 2024. Moreover, there may still be flight delays, in particular due to the persistent shortage of qualified personnel in ground handling services and the strain on air traffic control capacity. This entails risks for the operating airlines, which range from reputational damage to extensive costs for compensating and supporting the passengers affected. The positive effects of several measures aimed at automating key processes are already being felt. Operational stability has been increased, especially in the case of flight irregularities due to external events. In order to drive further improvement, the digitalisation initiatives will be systematically developed and the flight plan will continue to be aligned with the performance of all process participants.
- The wage settlement with the cockpit staff at Deutsche Lufthansa AG and Lufthansa Cargo AG has significantly reduced the fundamental risk of strikes within the Group, although the agreement is still subject to drafting and approval by the relevant bodies. There are still terminated collective bargaining agreements for cockpit staff at Eurowings Germany and Lufthansa CityLine. For the cabin crew of Deutsche Lufthansa AG, the ground staff of Deutsche Lufthansa AG covered by collective agreements, Lufthansa Technik AG and Lufthansa Cargo AG, among others, and all of the employees of SWISS and Austrian Airlines will continue to be covered by wage agreements until at least the end of 2023. The wage agreements in Germany mentioned above have been terminated, so that there is a risk of strikes in those areas upon the effective date of the termination. The unions 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 damage and tangible economic impacts for the Lufthansa Group.
- The Lufthansa Group has hired approximately 23,000 new employees since the beginning of 2022 to respond as effectively as possible to the significant increase in air traffic and the resulting personnel bottlenecks. The tense labour market makes recruiting for the summer of 2024, in particular, 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 line with a growing workers' market, negotiations with trade unions on wage agreements and employment conditions in particular are becoming more challenging due to high expectations driven by factors such as high inflation and the legal environment. The predicted shortage of workers, mainly due to 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.
- Ryanair has appealed to the European Court of Justice against the decision 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 lawsuits relating to the state aid for Austrian Airlines AG and Brussels Airlines SA/NV have since been dismissed in the first instance. However, Ryanair has appealed this decision to the European Court of Justice in the Austrian Airlines AG case. The appeal period is still running in the Brussels Airlines SA/NV case following the ruling in their favour in October. 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 judgment 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 the silent participations from the ESF in full. Potential indirect consequences include the demand for clawback interest for the period between the allocation and the repayment of the stabilisation funds, as well as the imposition of conditions attached to a new state aid decision. Deutsche Lufthansa AG appealed to the European Court of Justice against the ruling of the court of first instance. As of the date of this report, it is not yet clear whether the European Commission and the Federal Republic of Germany will take part in the appeal as intervening parties in the appeal. Nor is it known how the further proceedings at the European Commission in its response to the judgment of the European Court of Justice will pan out. 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

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.

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 and the volatility of fuel costs, the Lufthansa Group's financial outlook is subject to a high level of forecast uncertainty; its operational and financial performance depends on factors including the further course of the Russian war of aggression against Ukraine and the Middle East conflict and their effects especially on fuel costs; uncertainty in relation to the macroeconomic outlook may potentially have a significant effect on customer demand and lead to higher than expected cost increases. ↗ **Opportunities and risk report, p. 19.**

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

- The Lufthansa Group assumes that the positive course of business in the first nine months of the 2023 financial year will continue through the rest of the year; this expectation is based in particular on the ongoing strong demand, which in the reporting period continued to be reflected in the form of continued positive developments in new bookings in the passenger business.
- In this respect, the Lufthansa Group assumes that demand will remain above previous year's level for the rest of the year.
- For this reason, flight capacity will continue to be expanded; on long-haul routes, the capacity increase will primarily be driven by expanding connections to Asia, particularly due to the re-opening of large markets like China and Japan.
- Overall, the Lufthansa Group anticipates that available capacity for the Passenger Airlines segment in the 2023 financial year to be around 85% of its pre-crisis level in 2019.

Lufthansa Group expects significant increases in revenue and Adjusted EBIT

- A significant year-on-year increase in revenue is forecasted for the Lufthansa Group in 2023; this will be driven above all by a recovery at the Passenger Airlines.
- In the 2023 financial year, the Lufthansa Group expects Adjusted EBIT to amount to at least EUR 2.6bn, primarily due to the expected positive development of the Passenger Airlines and a further positive performance in the MRO business 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 in financial year 2023 and forecasts an increase in revenue. 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 drop 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 a slight increase in Adjusted EBIT compared with 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 and in the ↗ 2nd Interim Report 2023 starting on p. 23.

Interim financial statements

CONSOLIDATED INCOME STATEMENT

in €m	Jan - Sep 2023	Jan - Sep 2022	Jul - Sep 2023	Jul - Sep 2022
Traffic revenue	22,583	18,904	8,832	8,236
Other revenue	4,098	3,635	1,443	1,301
Total revenue	**26,681**	**22,539**	**10,275**	**9,537**
Changes in inventories and work performed by entity and capitalised	535	230	219	50
Other operating income[1]	1,568	1,516	416	615
Cost of materials and services	-15,161	-13,161	-5,661	-5,373
Staff costs	-6,060	-5,315	-2,074	-1,931
Depreciation, amortisation and impairment[2]	-1,665	-1,668	-565	-558
Other operating expenses[3]	-3,785	-3,297	-1,297	-1,276
Profit/loss from operating activities	**2,113**	**844**	**1,313**	**1,064**
Result of equity investments accounted for using the equity method	50	-16	88	42
Result of other equity investments	55	23	40	12
Interest income	171	26	66	7
Interest expenses	-419	-327	-142	-101
Other financial items	50	225	124	48
Financial result	**-93**	**-69**	**176**	**8**
Profit/loss before income taxes	**2,020**	**775**	**1,489**	**1,072**
Income taxes	-366	-251	-288	-262
Profit/loss from continuing operations	**1,654**	**524**	**1,201**	**810**
Profit/loss from discontinued operations	-36	-32	1	3
Profit/loss after income taxes	**1,618**	**492**	**1,202**	**813**
Thereof profit/loss attributable to non-controlling interests	12	8	10	4
Thereof net profit/loss attributable to shareholders of Deutsche Lufthansa AG	**1,606**	**484**	**1,192**	**809**
Basic earnings per share in €	**1.34**	**0.40**	**1.00**	**0.68**
of which from continuing operations	1.38	0.44	1.00	0.68
of which from discontinued operations	-0.03	-0.03	0.00	0.00

[1] The total amount includes EUR 53m (previous year: EUR 33m) from the reversal of write-downs and allowances on receivables.
[2] The total amount includes EUR 0m (previous year: EUR 2m) for write-downs on non-current receivables.
[3] The total amount includes EUR 34m (previous year: EUR 50m) for the recognition of loss allowances on current receivables.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in €m	Jan - Sep 2023	Jan - Sep 2022	Jul - Sep 2023	Jul - Sep 2022
Profit/loss after income taxes	1,618	492	1,202	813
Other comprehensive income				
Other comprehensive income with subsequent reclassification to the income statement				
Differences from currency translation	38	337	66	175
Subsequent measurement of financial assets at fair value without effect on profit and loss	9	-70	17	-31
Subsequent measurement of hedges - cash flow hedge reserve	580	2,323	1,052	339
Subsequent measurement of hedges - costs of hedges	-50	-157	118	-42
Other comprehensive income from investments accounted for using the equity method	–	–	–	-1
Other expenses and income recognised directly in equity	1	-4	1	1
Income taxes on items in other comprehensive income	-124	-488	-261	-88
	454	1,941	993	353
Other comprehensive income without subsequent reclassification to the income statement				
Revaluation of defined-benefit pension plans	11	4,525	382	588
Subsequent measurement of financial assets at fair value	3	–	–	–
Other comprehensive income from investments accounted for using the equity method	–	–	–	–
Other expenses and income recognised directly in equity	9	61	9	3
Income taxes on items in other comprehensive income	-59	-1528	-185	-238
	-36	3,058	206	353
Other comprehensive income after income taxes	418	4,999	1,199	706
Total comprehensive income	2,036	5,491	2,401	1,519
Thereof comprehensive income attributable to non controlling interests	12	30	10	7
Thereof comprehensive income attributable to shareholders of Deutsche Lufthansa AG	2,024	5,461	2,391	1,512

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS

in €m	30/09/2023	31/12/2022	30/09/2022
Intangible assets with an indefinite useful life[1]	1,003	1,055	1,223
Other intangible assets	292	373	390
Aircraft and reserve engines	16,894	15,890	16,085
Repairable spare parts for aircraft	2,387	2,034	1,957
Property, plant and other equipment[2]	2,873	3,331	3,335
Investments accounted for using the equity method	401	392	408
Other equity investments	235	236	231
Non-current securities	22	37	37
Loans and receivables	605	532	868
Derivative financial instruments	1,028	1,120	2,088
Deferred charges and prepaid expenses	71	88	89
Effective income tax receivables	111	64	66
Deferred tax assets	2,474	2,928	2,791
Non-current assets	28,396	28,080	29,568
Inventories	903	812	790
Contract assets	312	342	225
Trade receivables and other receivables	3,930	4,102	4,963
Derivative financial instruments	1,151	861	1,576
Deferred charges and prepaid expenses	298	287	325
Effective income tax receivables	155	231	168
Securities	7,197	6,511	7,276
Cash and cash equivalents	1,811	1,790	2,447
Assets held for sale	2,438	319	221
Current assets	18,195	15,255	17,991
Total assets	46,591	43,335	47,559

[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	30/09/2023	31/12/2022	30/09/2022
Issued capital	3,060	3,060	3,060
Capital reserve	252	252	956
Retained earnings	2,820	2,068	1,336
Other neutral reserves	2,668	2,234	3,275
Net profit/loss	1,606	791	484
Equity attributable to shareholders of Deutsche Lufthansa AG	10,406	8,405	9,111
Minority interests	58	69	70
Shareholders' equity	10,464	8,474	9,181
Pension provisions	2,029	2,069	2,560
Other provisions	747	757	812
Borrowings	10,777	13,270	14,547
Contract liabilities	29	30	31
Other financial liabilities	20	72	78
Advance payments received, deferred income and other non-financial liabilities	57	44	29
Derivative financial instruments	401	394	510
Deferred tax liabilities	540	517	554
Non-current provisions and liabilities	14,600	17,153	19,121
Other provisions	810	872	945
Borrowings	3,578	1,881	1,333
Trade payables and other financial liabilities	5,805	5,660	6,377
Contract liabilities from unused flight documents	5,871	4,898	5,576
Other contract liabilities	2,579	2,682	2,663
Advance payments received, deferred income and other non-financial liabilities	774	681	829
Derivative financial instruments	276	489	788
Effective income tax obligations	536	545	746
Liabilities in connection with assets held for sale	1,298	–	–
Current provisions and liabilities	21,527	17,708	19,257
Total shareholders' equity and liabilities	46,591	43,335	47,559

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	–	–	–	–	–	–	–	–	484	484	8	492
Other expenses and income recognised directly in equity	–	–	1,608	337	–	-4	1,941	3,036	–	4,977	22	4,999
Hedging results reclassified from non-financial assets to acquisition costs	–	–	-800	–	–	–	-800	–	–	-800	–	-800
As of 30/09/2022	3,060	956	1,754	926	236	359	3,275	1,336	484	9,111	70	9,181
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	–	–	–	–	–	–	–	–	–	–	-22	-22
Transaction with minority interests	–	–	–	–	–	–	–	–	–	–	-1	-1
Consolidated net profit/loss attributable to Lufthansa shareholders/minorities	–	–	–	–	–	–	–	–	1,606	1,606	12	1,618
Other expenses and income recognised directly in equity	–	–	418	38	–	1	457	-39	–	418	–	418
Hedging results reclassified from non-financial assets to acquisition costs	–	–	-23	–	–	–	-23	–	–	-23	–	-23
As of 30/09/2023	3,060	252	1,308	777	236	347	2,668	2,820	1,606	10,406	58	10,464

CONSOLIDATED CASH FLOW STATEMENT

in €m	Jan - Sep 2023	Jan - Sep 2022	Jul - Sep 2023	Jul - Sep 2022
Cash and cash equivalents at start of period	1,784	2,305	1,422	2,702
Net profit/loss before income taxes from continued and discontinued operations	2,047	744	1,536	1,078
Depreciation, amortisation and impairment losses on non-current assets (net of reversals)	1,726	1,721	568	578
Depreciation, amortisation and impairment losses on current assets (net of reversals)	-9	-12	-5	-25
Net proceeds on disposal of non-current assets	1	-20	9	-7
Result of equity investments	-114	16	-132	-53
Net interest	255	307	78	95
Income tax payments/reimbursements	-74	-34	36	65
Significant non-cash expenses/income	-204	-373	-154	-90
Change in trade working capital	813	2,559	-866	-618
Change in other assets/shareholders' equity and liabilities	-121	420	150	-136
Cash flow from operating activities	4,320	5,328	1,220	887
Capital expenditure for property, plant and equipment and intangible assets	-2,380	-1,807	-622	-445
Capital expenditure for financial investments	-26	-9	-11	-3
Additions/loss to repairable spare parts of aircraft	-342	-78	-142	10
Proceeds from disposal of non-consolidated shares	16	25	-	21
Proceeds from disposal of consolidated shares	-	-4	-	-
Cash outflows for acquisitions of non-consolidated shares	-22	-25	-9	-12
Cash outflows for acquisitions of consolidated shares	-	-	-	-
Proceeds from disposal of intangible assets, property, plant and equipment and other financial investments	180	111	155	41
Interest income	98	11	39	5
Dividends received	55	23	40	11
Net cash from/used in investing activities	-2,421	-1,753	-550	-372
Purchase of securities/fund investments	-8,716	-5,283	-2,220	-2,299
Disposal of securities/fund investments	7,903	3,365	2,380	1,680
Net cash from/used in investing and cash management activities	-3,234	-3,671	-390	-991

CONSOLIDATED CASH FLOW STATEMENT (continued)

in €m	Jan - Sep 2023	Jan - Sep 2022	Jul - Sep 2023	Jul - Sep 2022
Transactions by non-controlling interests	-1	-	-	-
Non-current borrowing	153	591	-49	157
Repayment of non-current borrowing	-762	-1,877	-269	-271
Dividends paid	-23	-	-1	-
Interest paid	-391	-283	-98	-66
Net cash from/used in financing activities	-1,024	-1,569	-417	-180
Net increase/decrease in cash and cash equivalents	62	88	413	-284
Changes due to currency translation differences	-4	48	7	23
Cash and cash equivalents 30/09/2023[1]	1,842	2,441	1,842	2,441
Less cash and cash equivalents of companies held for sale as of 30 Sep	150	-	150	-
Cash and cash equivalents of companies not classified as held for sale as of 30 Sep	1,692	2,441	1,692	2,441
Securities	7,197	7,276	7,197	7,276
Liquidity	8,889	9,717	8,889	9,717
Net increase/decrease in liquidity	594	2,053	414	358

[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 119m 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 September 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 September 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 of significance for the interim financial statements and going concern status

In the first nine months of 2023, the business activities of the Lufthansa Group companies 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 continued to edge up on the back of a return in demand and the simultaneous shortage of capacity on the passenger market. Overall, this increased revenue considerably compared with the prior-year period. Logistics was the only business segment to report a significant decline in revenue due to the normalisation across the industry.

The strong increase in the volume of business is having a positive impact on liquidity. A significantly positive cash flow from operating activities was achieved in the reporting period due to the positive result and 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 September 2023, Deutsche Lufthansa AG had centrally available liquidity of EUR 8.2bn. Decentralised bank and cash balances came to a further EUR 0.8bn. Moreover, a revolving free credit line of EUR 2.1bn is still available as of the reporting date. Altogether, the Lufthansa Group's available liquidity therefore comes to EUR 11.1bn.

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 in-flight 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. Also included are the onboard retail specialist Retail InMotion (RiM), which is headquartered in Europe, and SCIS Air Security Services in the United States. However, 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 material parts of the transaction are expected to be completed by the end of October 2023.

The Lufthansa Group has 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 macroeconomic trends 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 repercussions of political crises (war in Ukraine, Middle East). There are also persistent sector-specific operational risk factors due to staff capacity bottlenecks, albeit to a lesser extent.

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 travel restrictions and quarantine rules has led to a significant increase in air travel at the Lufthansa Group companies in the current financial year. 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	20,520	14,399	3,787	407	1,181	386	360
Lufthansa German Airlines	11,241						
SWISS[2]	4,388						
Austrian Airlines	1,748						
Brussels	1,130						
Eurowings[2]	2,013						
Logistics	2,063	1,064	241	68	617	24	49
Total	22,583						

[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]	15,478	10,770	2,864	354	854	343	293
Lufthansa German Airlines[3]	8,540						
SWISS[2]	3,385						
Austrian Airlines	1,297						
Brussels Airlines	830						
Eurowings[2]	1,426						
Logistics	3,426	1,809	375	119	1,024	39	60
Total[3]	18,904						

[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	3,249	1,192	1,007	148	650	168	84
MRO services	2,756						
Other operating revenue	493						
Passenger-Airlines	378	336	22	1	16	–	3
Logistics	112	65	35	–	7	5	–
Additional Businesses and Group Functions	359	243	31	15	49	14	7
IT services	136						
Travel management	183						
Other	40						
Total	4,098						

[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	2,920	1,080	1,058	79	515	157	31
MRO services	2,530						
Other operating revenue	390						
Passenger-Airlines[3]	308	255	26	2	15	6	4
Logistics	108	61	43	–	–	4	–
Additional Businesses and Group Functions	299	207	27	13	32	13	7
IT services	116						
Travel management	136						
Other	47						
Total[3]	3,635						

[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 six decommissioned Airbus A380s which are held for sale were reduced by EUR 32m. This impairment is reported under other operating expenses. A further EUR 7m in unscheduled depreciation and amortisation related to discontinued software development projects.

AIRCRAFT AND RESERVE ENGINES

Sixteen 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. In Germany, tax loss carry-forwards are not subject 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 business 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	1,680	231	41	1,090	909	99	201	31	28
Catering services	1,401								
Revenue from in-flight sales	190								
Other services	89								
in €m	2022								
Catering	1,373	199	30	950	893	85	87	25	27
Catering services	1,129								
Revenue from in-flight sales	152								
Other services	92								

[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 the discontinued Catering operation's business activities with third parties less the revenue and expenses of companies of the Lufthansa Group from intra-Group transactions with companies in the Catering segment.

DISCONTINUED OPERATIONS CATERING - PROFIT AND LOSS

in €m	30/09/2023	30.09.2022
Revenue	1,663	1,370
Cost	-1,596	-1,401
Result from ordinary actvities before taxes	**67**	**-31**
Taxes	-18	-1
Result from ordinary actvities after taxes	**49**	**-32**
Impairment for valuation at fair value less cost to sell	-96	–
Taxes	11	–
Result from discontinued operations	**-36**	**-32**

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 96m, taking into account offsetting deferred tax effects, which is reported in the profit/loss from discontinued operations.

The result attributable to non-controlling interests includes a profit of EUR 3m from discontinued operations (previous year: profit of EUR 1m).

In shareholders' equity, the other neutral reserves item include accumulated expenses of EUR 166m and accumulated earnings of EUR 17m 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 2,438m were held for sale as of 30 September 2023. The related liabilities amounted to EUR 1,298m. Assets of EUR 955m and liabilities of EUR 639m relate to the activities of the LSG Group which have been sold. Assets (totalling EUR 1,344m) and liabilities of EUR 659m result from the agreed sale of the AirPlus Group, which is allocated to Additional Businesses and Group Functions. Finally, this item includes three Airbus A380 aircraft sold for future delivery, with a carrying amount of EUR 139m, which are all attributable to the Passenger Airlines segment.

ASSETS HELD FOR SALE AND CORRESPONDING LIABILITIES

in €m	30/09/2023	31/12/2022	30/09/2022
Assets			
Intangible Assets	47	0	0
Aircraft and reserve engines	139	315	210
Land and buildings	253	2	11
Other fixed assets	170	2	–
Financial assets	85	–	–
Trade receivables	1,370	–	–
Cash and cash equivalents	150	–	–
Other assets	224	–	–
	2,438	**319**	**221**
Liabilities			
Pension provisions	35	–	–
Other provisions	90	–	–
thereof non-current	41	–	–
Borrowings	134	–	–
thereof non-current	134	–	–
Other Liabilities	1,039	–	–
thereof non-current	49	–	–
	1,298	**–**	**–**

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

DISCONTINUED OPERATIONS CATERING - CASHFLOW

in €m	30/09/2023	30.09.2022
Net cash from/used in operating activities	-14	34
Net cash from/used in investing activities	-14	-20
Net cash from/used in cash management activities	-21	-22
Net cash from/used in investing and cash management activities	-35	-42
Net cash from/used in financing activities	-42	-180

PENSION PROVISIONS

The discount rate used to calculate obligations in Germany was 4.4% (31 December 2022: 4.2%). In the third quarter of 2023, Lufthansa began to adjust its investment strategy for the plan assets for the defined benefit plans in Germany for Deutsche Lufthansa AG, Lufthansa Cargo AG and Lufthansa Technik AG. The increased reallocation of the investment into interest rate sensitive instruments aligns the performance of the investment and the pension liabilities, reducing the volatility of the net pension provisions. A discount rate of 2.0% 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	30/09/2023	31/12/2022
From guarantees, bills of exchange and cheque guarantees	1,498	1,446
From warranty contracts	183	249
From providing collateral for third-parties liabilities	19	19
	1,700	1,714

Provisions for other contingent liabilities were not created because their utilisation was not sufficiently probable. The potential financial effect of these provisions on the result would have been EUR 59m (as of 31 December 2022: EUR 65m).

The amount at risk for tax issues has been reduced due to effective agreements in the context of the tax audit regarding the tax measurement of repairable spare parts and intra-Group financing. As of 30 September 2023, the tax risks for which no provisions had been recognised came to around EUR 400m (as of 31 December 2022: EUR 450m).

At the end of September 2023, there were order commitments of EUR 18.4bn for capital expenditure on property, plant and equipment, including repairable spare parts, and for intangible assets. As of 31 December 2022, the order commitments came to EUR 16.2bn. This increase mainly resulted from the order of 19 Airbus A350s and seven Boeing 787-9s. Down payments and final payments as well as purchase price reductions for current orders had a counteracting effect.

EVENTS AFTER THE REPORTING PERIOD

The sale of the LSG Group to private equity firm Aurelius, which was agreed in April 2023, was completed on 31 October 2023. The business of the LSG Group consists of traditional catering and onboard retail along with food commerce activities. The European activities of the LSG group had already been sold off to gategroup in 2019.

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 September 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 30/09/2023

in €m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	**6,078**	**5**	**29**	**6,112**
Financial derivatives classified as held for trading	–	5	–	5
Securities	6,078	–	–	6,078
Investments	–	–	29	29
Derivative financial instruments which are an effective part of a hedging relationship	**–**	**2,174**	**–**	**2,174**
Financial assets at fair value through other comprehensive income	**20**	**1,126**	**–**	**1,146**
Equity instruments	20	7	–	27
Debt instruments	–	1,119	–	1,119
Total assets	**6,098**	**3,305**	**29**	**9,432**

FAIR VALUE HIERARCHY OF LIABILITIES AS OF 30/09/2023

in €m	Level 1	Level 2	Level 2	Total
Financial liabilities at fair value through profit or loss	–	-582	–	-582
Derivative financial instruments at fair value through profit or loss	–	-2	–	-2
Derivative financial instruments which are an effective part of a hedging relationship	–	-675	–	-675
Total liabilities	–	-1,259	–	-1,259

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 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 32% of the existing hedging volume and their market value is approximately EUR 271m. Pro rata hedging through “gas oil” will be implemented as, both physically and in terms of price, this is 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 debts 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

in €m	30/09/2023 Carrying amount	30/09/2023 Market value	31/12/2022 Carrying amount	31/12/2022 Market value
Bonds	6,734	6,350	6,659	6,168
Borrower's note loans	1,248	1,238	1,242	1,162
Credit lines	21	20	–	–
Aircraft financing	3,993	3,973	4,407	4,539
Other borrowings[1]	185	211	400	391
Total	**12,181**	**11,792**	**12,708**	**12,260**
Leasing liabilities	2,174	n.a.	2,443	n.a.
Total	**14,355**		**15,151**	

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

7 Earnings per share

EARNINGS PER SHARE

		30/09/2023	30/09/2022
Basic earnings per share	€	**1.34**	**0.40**
Consolidated net profit/loss	€m	1,606	484
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 1,645m (previous year: EUR 517m) and from discontinued operations of EUR -39m (previous year: EUR -33m), basic and diluted earnings per share from continuing operations amounted to EUR 1.37 (previous year: EUR 0.43) and basic and diluted earnings per share from discontinued operations amounted to EUR -0.03 (previous year: EUR -0.03).

8 Issued capital

SHARE CAPITAL

Deutsche Lufthansa AG's share 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 share 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.

The Executive Board is authorised, according to Section 5 Paragraph 2 LuftNaSiG and subject to the approval of the Supervisory Board, to require shareholders to sell some or all of their shares and to provide the Company with proof of this sale without delay 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, subject to an appropriate time limit and while indicating the legal consequence which would otherwise be possible of the 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 Meet-ing. 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 operating result from equity investments for the previous year have been adjusted accordingly.

The Catering segment will continue to be presented as an operating business activity. In the segment reporting, the earnings for the discontinued operations 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 are instead reported in the reconciliation to the net profit/loss for the period.

SEGMENT INFORMATION FOR THE REPORTING SEGMENTS Jan - Sep 2023

in €m	Passenger Airlines	Logistics	MRO	Catering	Total reportable operating segments	Additional Businesses and Group Functions	Reconciliation	Group
External revenue	20,890	2,175	3,249	1,680	27,994	359	-1,672	26,681
of which traffic revenue	20,184	2,063	–	–	22,247	–	336	22,583
Inter-segment revenue	512	35	1,565	57	2,169	309	-2,478	–
Total revenue	**21,402**	**2,210**	**4,814**	**1,737**	**30,163**	**668**	**-4,150**	**26,681**
Other operating income	809	69	326	30	1,234	1,658	-827	2,065
Operating income	**22,211**	**2,279**	**5,140**	**1,767**	**31,397**	**2,326**	**-4,977**	**28,746**
Operating expenses	**20,450**	**2,128**	**4,667**	**1,730**	**28,975**	**2,536**	**-4,940**	**26,571**
of which cost of materials	12,331	1,503	2,857	686	17,377	284	-2,500	15,161
of which staff cost	3,988	302	1,122	721	6,133	634	-720	6,047
of which depreciation and amortisation	1,284	135	116	55	1,590	85	-18	1,657
of which other operating expenses	2,847	188	572	268	3,875	1,533	-1,702	3,706
Operating result of equity investments	**48**	**38**	**-14**	**8**	**80**	**33**	**-8**	**105**
of which result of investments accounted for using the equity method	53	8	-17	8	52	7	-9	50
Adjusted EBIT[1]	1,809	189	459	45	2,502	-177	-45	2,280
Reconciliation items	**-51**	**-2**	**21**	**-41**	**-73**	**-33**	**44**	**-62**
Impairment losses/gains	-33	-1	–	-40	-74	-6	45	-35
Effects from pension provisions & restructuring	-4	-1	5	-1	-1	-3	1	-3
Result of disposal of assets	-16	-1	16	–	-1	3	-1	1
Other reconciliation items	2	1	–	–	3	-27	-1	-25
EBIT	1,758	187	480	4	2,429	-210	-1	2,218
Other financial result								-198
Profit/loss before income taxes								2,020
Capital employed[2]	7,508	2,275	4,276	496	14,555	1,182	-445	15,292
of which from investments accounted for using the equity method	178	41	155	49	423	28	-50	401
Segment capital expenditure	2,000	171	87	31	2,289	20	119	2,428
of which from investments accounted for using the equity method	–	–	14	–	14	–	–	14
Number of employees at the end of period	59,835	4,146	22,290	22,357	108,628	8,559	–	117,187

[1] For detailed reconciliation from EBIT to Adjusted EBIT ↗ table "reconciliation of results", p. 6, 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 - Sep 2022

in €m	Passenger Airlines	Logistics	MRO	Catering	Total reportable operating segments	Additional Businesses and Group Functions	Reconciliation[4]	Group[4]
External revenue	15,780	3,534	2,920	1,373	23,607	299	-1,367	22,539
of which traffic revenue	14,913	3,426	–	–	18,339	–	565	18,904
Inter-segment revenue	670	33	1,093	42	1,838	166	-2,004	–
Total revenue	**16,450**	**3,567**	**4,013**	**1,415**	**25,445**	**465**	**-3,371**	**22,539**
Other operating income	695	71	262	30	1,058	1,454	-882	1,630
Operating income	**17,145**	**3,638**	**4,275**	**1,445**	**26,503**	**1,919**	**-4,253**	**24,169**
Operating expenses	**17,652**	**2,346**	**3,837**	**1,447**	**25,282**	**2,138**	**-4,183**	**23,237**
of which cost of materials	10,580	1,723	2,166	569	15,038	189	-2,108	13,119
of which staff cost	3,378	307	1,013	620	5,318	579	-621	5,276
of which depreciation and amortisation	1,323	125	133	58	1,639	87	-82	1,644
of which other operating expenses	2,371	191	525	200	3,287	1,283	-1,372	3,198
Operating result of equity investments	**16**	**16**	**-9**[3]	**-5**	**18**[3]	**-16**[3]	**5**	**7**
of which result of investments accounted for using the equity method	25	2	-12[3]	-6	9[3]	-32[3]	7	-16
Adjusted EBIT[1]	**-491**	**1,308**	**429**[3]	**-7**	**1,239**[3]	**-235**[3]	**-65**	**939**
Reconciliation items	**20**	**-22**	**-60**	**-21**	**-83**	**-23**	**18**	**-88**
Impairment losses/gains	-27	–	-14	-16	-57	–	18	-39
Effects from pension provisions	-17	-17	–	-1	-35	-4	–	-39
Result of disposal of assets	-3	-1	21	-2	15	12	-3	24
Other reconciliation items	67	-4	-67	-2	-6	-31	3	-34
EBIT	**-471**	**1,286**	**369**[3]	**-28**	**1,156**[3]	**-258**[3]	**-47**	**851**
Other financial result								-76
Profit/loss before income taxes								775
Capital employed[2]	6,135	2,315	3,809[3]	673	12,932[3]	1,299[3]	-254	13,977
of which from investments accounted for using the equity method	124	41	160[3]	49	374[3]	34[3]	–	408
Segment capital expenditure	1,525	233	59	21	1,838	30	-27	1,841
of which from investments accounted for using the equity method	–	–	20	–	20	–	–	20
Number of employees at the end of period	56,008	4,087	20,233	19,707	100,035	7,935	–	107,970

[1] For detailed reconciliation from EBIT to Adjusted EBIT ↗ table "reconciliation of results", p. 6, 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 - Sep

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	15,463	1,836	17,299	12,579	1,603	14,182
thereof Germany	6,879	697	7,576	5,665	658	6,323
North America	4,028	1,095	5,123	3,239	1,154	4,393
thereof USA	3,561	873	4,434	2,854	983	3,837
Central and South America	475	164	639	473	94	567
Asia/Pacific	1,798	722	2,520	1,878	562	2,440
Middle East	410	187	597	382	180	562
Africa	409	94	503	353	42	395
Total	22,583	4,098	26,681	18,904	3,635	22,539

[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 fulfilled 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 November 2023

The Executive Board

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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

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Human Resources & Infrastructure
Labor Director

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The Lufthansa 3rd Interim Report is a translation of the original German Lufthansa Zwischenbericht 3/2023. Please note that only the German version is legally binding.

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

Financial calendar 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 3rd 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.