



LUFTHANSA GROUP



3RD INTERIM REPORT

January – September 2021

The Lufthansa Group

KEY FIGURES

		Jan - Sep 2021	Jan - Sep 2020	Change in %	Jul - Sep 2021	Jul - Sep 2020	Change in %
Revenue and result							
Total revenue	€m	10,978	10,995	0	5,207	2,660	96
of which traffic revenue	€m	7,550	7,404	2	3,913	1,763	122
Operating expenses	€m	14,139	16,345	-13	5,649	4,276	32
Adjusted EBITDA ¹⁾	€m	-394	-2,227	82	576	-649	
Adjusted EBIT ¹⁾	€m	-2,078	-4,161	50	17	-1,262	
EBIT	€m	-2,123	-5,857	64	-9	-2,389	100
Net profit/loss	€m	-1,877	-5,584	66	-72	-1,967	96
Key balance sheet and cash flow statement figures							
Total assets	€m	41,903	39,010	7	-	-	
Equity	€m	3,694	3,347	10	-	-	
Equity ratio	%	8.8	8.6	0.2 pts	-	-	
Net indebtedness	€m	9,006	8,930	1	-	-	
Pension provision	€m	7,210	8,073	-11	-	-	
Cash flow from operating activities	€m	460	-1,598		442	-1,961	
Capital expenditures (gross) ²⁾	€m	967	1,023	-5	355	126	182
Adjusted free cash flow ¹⁾	€m	-594	-2,579	77	13	-2,069	
Key profitability and value creation figures							
Adjusted EBITDA margin ¹⁾	%	-3.6	-20.3	16.7 pts	11.1	-24.4	35.5 pts
Adjusted EBIT margin ¹⁾	%	-18.9	-37.8	18.8 pts	0.3	-47.4	47.7 pts
EBIT margin	%	-19.3	-53.3	34.0 pts	-0.2	-89.8	89.6 pts
Lufthansa share							
Share price as of 30 September ³⁾	€	5.94	5.25	13	-	-	
Earnings per share	€	-3.17	-10.79	71	-0.15	-3.80	96
Traffic figures⁴⁾							
Flights	number	291,326	327,279	-11	170,553	97,345	75
Passengers	thousands	29,664	32,157	-8	19,623	8,681	126
Available seat-kilometres	millions	94,073	90,936	3	49,883	22,333	123
Revenue seat-kilometres	millions	55,967	61,345	-9	34,341	11,833	190
Passenger load factor	%	59.5	67.5	-8.0 pts	68.8	53.0	15.8 pts
Available cargo tonne-kilometres	millions	8,472	7,886	7	3,092	2,417	28
Revenue cargo tonne-kilometres	millions	6,140	5,361	15	2,065	1,762	17
Cargo load factor	%	72.5	68.0	4.5 pts	66.8	72.9	-6.1 pts
Employees							
Employees as of 30 September	number	106,684	124,534	-14	-	-	

¹⁾ Derivation ↗ Financial performance, p. 5.

²⁾ Without acquisition of equity investments.

³⁾ Share price development adjusted for the effects of the issue of new shares in connection with the capital increase in September 2021.

⁴⁾ Previous year's figures have been adjusted.

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Contents

3 Interim management report

- 3 Course of business
- 4 Significant events
- 4 Events after the reporting period
- 5 Financial performance
- 10 Business segments
- 20 Opportunities and risk report
- 21 Forecast

22 Interim financial statements

- 22 Consolidated income statement
- 23 Consolidated statement of comprehensive income
- 24 Consolidated statement of financial position
- 26 Consolidated statement of changes in shareholders' equity
- 27 Consolidated cash flow statement
- 28 Notes

40 Further information

- 40 Declaration by the legal representatives
- 41 Credits/Contact
- Financial calendar 2022

Course of business

Performance of the Lufthansa Group improves over the course of the financial year

- The ongoing effects of the coronavirus crisis are still putting pressure on business performance at the Lufthansa Group; overall, however, clear signs of recovery have been seen since the spring of 2021.
- Faster progress with vaccinations worldwide and the resulting gradual relaxation of travel restrictions enabled bookings at the passenger airlines in the Lufthansa Group to rise significantly over the course of the 2021 financial year; after demand for European holiday flights and long-haul tourist destinations rose sharply in the summer as travel restrictions were relaxed or lifted altogether, demand recently increased significantly on routes to North America, particularly following the announcement that travel restrictions were to be lifted in the USA; demand for business travel also rose noticeably.
- The Lufthansa Group also made significant progress with the implementation of its restructuring programme in the first nine months of the reporting year; measures implemented to date are responsible for more than 70% of the total EUR 3.5bn in annual savings that are planned from 2024 onwards; the restructuring costs required to adapt the company to the new market environment emerging from the crisis came to EUR 520m in the first nine months of the year (previous year: EUR 190m).
- Available capacity in the passenger business, as measured in available seat-kilometres, was increased over the course of 2021; in the first quarter, it came to around 21% of the 2019 pre-crisis level, a figure that rose to 29% in the second quarter and 50% in the third quarter.
- The expansion of flight capacities, the positive development at Aviation Services and progress with the restructuring programme were also reflected in earnings; Adjusted EBIT in the first quarter came to EUR -1,143m (previous year: EUR -1,220m) and EUR -952m in the second quarter (previous year: EUR -1,679m); in the third quarter of 2021, the Lufthansa Group returned to profitability with Adjusted EBIT of EUR 17m (previous year: EUR -1,262m), despite restructuring expenses of EUR 255m (previous year: EUR 58m).
- A comparison of figures for the first nine months of 2021 with the corresponding prior-year figures is distorted by the fact that revenue and earnings in January and February 2020 were largely unaffected by the coronavirus crisis.
- Available capacity at the passenger airlines in the first nine months of 2021 was 3% up on the year; traffic revenue for the Lufthansa Group airlines rose year-on-year by 2% to EUR 7,550m (previous year: EUR 7,404m); Group revenue of EUR 10,978m was on the same level as the previous year (previous year: EUR 10,995m).
- Supported by stringent cost management and record earnings in the cargo business, the operating loss was reduced significantly in a year-on-year comparison; Adjusted EBIT in the reporting period came to EUR -2,078m (previous year: EUR -4,161m); this figure includes restructuring expenses of EUR 520m (previous year: EUR 190m); the Adjusted EBIT margin was -18.9% (previous year: -37.8%); EBIT amounted to EUR -2,123m (previous year: EUR -5,857m).
- The net loss for the period came to EUR -1,877m (previous year: EUR -5,584m).
- Adjusted free cash flow came to EUR -594m (previous year: EUR -2,579m).
- The equity ratio increased as against the end of 2020, largely due to the drawdown of EUR 1.5bn from Silent Participation I, which is recognised as equity, rising by 5.3 percentage points to 8.8% (31 December 2020: 3.5%).
- Supported by these funds, Net debt of EUR 9,006m was 9% lower than at year-end 2020 (31 December 2020: EUR 9,922m); at the end of September 2021 the Group had total liquidity of EUR 11.9bn; this includes EUR 4.0bn in state stabilisation funds and loans which have not yet been utilised; this does not include the effects of the capital increase completed in October 2021 or the subsequent repayment of EUR 1.5bn of Silent Participation I.

➤ **Events after the reporting period, p. 4.**

Significant events

Lufthansa Group successfully secures further liquidity on the capital market

- The Lufthansa Group again successfully issued a bond for a total volume of EUR 1.0bn on 7 July 2021.
- The bond issue, with a denomination of EUR 100,000, was placed in two tranches, each with a volume of EUR 500m; the tranche with a term of three years pays interest of 2.0% p.a., while the second tranche with a term of eight years pays interest of 3.5% p.a.

European Commission presents “Fit for 55” legislative package

- On 14 July 2021 the European Commission presented its “Fit for 55” legislation; the EU proposal comprises a total of twelve legislative instruments for discussion and resolution by the 27 member states and the European Parliament.
- The European Commission’s proposals include a faster reduction in the number of certificates issued in the aviation sector and discontinuing the free allocation of certificates by 2027; in addition, a kerosene tax is to be gradually introduced, along with an obligation to use an increasingly higher level of sustainable aviation fuels.
- The Lufthansa Group welcomes the ambitious climate targets, but has put forward concrete proposals to improve the measures in order to avoid the risk of putting EU airlines at a disadvantage in international competition and to avoid carbon leakage.

➤ **Opportunities and risk report, p. 20.**

European Commission makes decision on extension of and amendment to regulations on slot use

- On 23 July 2021, the European Commission made the decision to reduce the required slot use rate from the standard 80% to 50% in the 2021/22 winter flight timetable; this means that airlines must use 50% of each of their slot series at slot-regulated airports so as not to lose these slot series in subsequent periods; the regulation was still fully suspended for the summer flight timetable.

Deutsche Lufthansa AG approves capital increase

- The Executive Board of Deutsche Lufthansa AG, with the approval of the Supervisory Board, agreed to increase capital from Authorised Capital C with subscription rights for shareholders on 19 September 2021; the capital increase will strengthen the Group’s equity base and was carried out on 6 October 2021.

➤ **Events after the reporting period.**

Events after the reporting period

Lufthansa Group leases additional A350-900 long-haul aircraft

- The Lufthansa Group is accelerating the modernisation of its long-haul fleet; in early October 2021 the Lufthansa Group signed leases for four of state-of-the-art, fuel-efficient Airbus A350-900 aircraft; this will take the Lufthansa Group’s A350 fleet to 21 aircraft at the start of 2022.
- The aircraft are scheduled for service at Lufthansa German Airlines from the first half-year of 2022, which will strengthen the premium product of the five-star airline.

Deutsche Lufthansa AG successfully completes capital increase and repays Silent Participation I to ESF

- Deutsche Lufthansa AG completed its capital increase successfully on 6 October 2021; the gross proceeds of the capital increase came to EUR 2,162m; as part of the capital increase the Company issued 597,742,822 new registered shares at a subscription ratio of 1:1; this takes share capital to EUR 3,060,433,248.64; shareholders of Deutsche Lufthansa AG had the option to buy the new shares at the subscription price of EUR 3.58.
- Following the capital increase on 11 October 2021, Deutsche Lufthansa AG repaid in full the EUR 1.5bn received under Silent Participation I from the Economic Stabilisation Fund of the Federal Republic of Germany (ESF); this repayment was significantly earlier than originally planned.
- The Company also intends to repay Silent Participation II of EUR 1bn in full by the end of 2021 and to cancel the unused portion of Silent Participation I, also by the end of 2021.
- Including the effects of the capital increase, the repayment of Silent Participation I, the planned repayment of Silent Participation II and the planned cancellation of the unused portion of Silent Participation I, available liquidity as of 31 September 2021 came pro forma to EUR 8.5bn.

ESF reduces equity investment in Deutsche Lufthansa AG

- The ESF has reduced its stake in Deutsche Lufthansa AG to 14.09% according to its notification of voting rights on 7 October 2021.

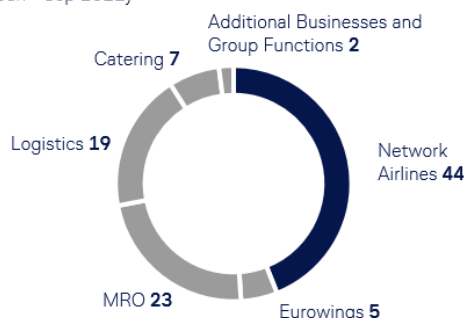
In the context of its participation in the capital increase, the ESF is obliged to sell its remaining equity interest no later than 24 months after the capital increase was completed, provided that the Company had repaid Silent Participation I and Silent Participation II as intended and the relevant contractual conditions were met.

Financial performance

EARNINGS POSITION

- The Lufthansa Group's revenue performance improved over the course of the reporting year due to faster vaccination progress worldwide, the gradual easing of travel restrictions and the associated rise in demand for air travel; all in all, however, the volume of business continued to lag far behind the pre-crisis level.
- Stronger demand and progress made in implementing the restructuring programme enabled the Lufthansa Group to report positive Adjusted EBIT in the third quarter 2021.
- The comparison of the key figures for the first nine months of 2021 against the prior-year period is largely influenced by the fact that the impact of the coronavirus crisis in the previous year first arose in the month of March.

EXTERNAL REVENUE SHARE OF THE BUSINESS SEGMENTS in % (Jan - Sep 2021)



Traffic revenue up year-on-year by 2%

- Sales by the passenger airlines in the Lufthansa Group (revenue seat-kilometres) were down by 9% year-on-year in the first nine months of 2021, capacity (available seat-kilometres) was expanded by 3%, and the passenger load factor fell by 8.0 percentage points to 59.5%; traffic revenue in the passenger business fell by 12% to EUR 4,718m (previous year: EUR 5,335m); compared with the pre-crisis level, i.e. the first nine months of 2019, capacity came to 34%.
- The Lufthansa Group's cargo business performed well in the reporting period due to the global reduction in capacity caused by the loss of belly capacities on passenger aircraft; this also had an impact on yield development; capacity (available cargo tonne-kilometres) increased by 7% year-on-year, sales (revenue cargo tonne-kilometres) rose by 15%; the cargo load factor of 72.5% was 4.5 percentage points higher than last year; traffic revenue went up by 37% to EUR 2,832m in the cargo business due to much higher yields (previous year: EUR 2,069m).

- Overall, traffic revenue for the Lufthansa Group airlines fell year-on-year by 2% to EUR 7,550m in the first nine months of the 2021 financial year (previous year: EUR 7,404m).

Revenue on par with previous year

- Other revenue fell by 5% to EUR 3,428m (previous year: EUR 3,591m), mainly due to lower income in the Catering segment as a result of the crisis and the sale of the European business of the LSG group; revenue in the MRO segment recovered over the course of the year and was the same as the previous year in the reporting period.
- Revenue of EUR 10,978m was on par with last year (previous year: EUR 10,995m); operating income fell by 2% to EUR 12,064m (previous year: EUR 12,346m).

REVENUE, INCOME AND EXPENSES

in €m	Jan - Sep 2021	Jan - Sep 2020	Change in %
Traffic revenue	7,550	7,404	2
Other revenue	3,428	3,591	-5
Total revenue	10,978	10,995	0
Other operating income	1,086	1,351	-20
Total operating income	12,064	12,346	-2
Cost of materials and services	5,830	6,728	-13
of which fuel	1,444	1,610	-10
of which other raw materials, consumables and supplies and purchased goods	1,190	1,743	-32
of which fees and charges	1,390	1,446	-4
of which external services MRO	794	867	-8
Staff costs	4,654	5,026	-7
Depreciation	1,684	1,934	-13
Other operating expenses	1,971	2,657	-26
Total operating expenses	14,139	16,345	-13
Result from equity investments	-3	-162	98
Adjusted EBIT	-2,078	-4,161	50
Total reconciliation EBIT	-45	-1,696	97
EBIT	-2,123	-5,857	64
Net interest	-332	-239	-39
Other financial items	137	-816	
Profit/loss before income taxes	-2,318	-6,912	66
Income taxes	431	1,312	-67
Profit/loss after income taxes	-1,887	-5,600	66
Profit/loss attributable to minority interests	10	16	-38
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG	-1,877	-5,584	66

Operating expenses decrease by 13%

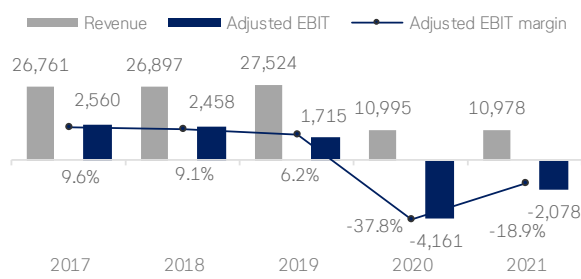
- The Lufthansa Group reduced its operating expenses by 13% year-on-year to EUR 14,139m (previous year: EUR 16,345m).
- The cost of materials and services for the Lufthansa Group was 13% down on the previous year at EUR 5,830m (previous year: EUR 6,728m).
 - Within the cost of materials and services, fuel expenses dropped by 10% to EUR 1,444m; this was essentially due to crisis-related lower consumption volumes; the impact of the significantly increased price level was reduced by price hedging measures; the result of price hedging was EUR 115m.
 - Expenses for other raw materials, consumables and supplies were down by 32% at EUR 1,190m due to lower volumes.
 - Expenses for fees and charges fell year-on-year by 4% to EUR 1,390m because of lower traffic.
 - At EUR 794m, expenses for external MRO services were 8% lower than in the previous year.
- Operating staff costs fell by 7% to EUR 4,654m (previous year: EUR 5,026m) despite restructuring expenses of EUR 520m (previous year: EUR 190m), in particular due to the 17% drop in the average number of employees and the savings from the emergency wage agreements; the effects of short-time working and the associated government support declined over the year; in the first nine months of financial year 2021, state aid for short-time working came to EUR 762m (previous year: EUR 706m); the lower number of employees affected all operating segments apart from Eurowings, but particularly the Catering segment, also due to the sale of the European business of the LSG group.
- Depreciation and amortisation fell by 13% to EUR 1,684m (previous year: EUR 1,934m) and was mainly for aircraft and reserve engines; the decline is mostly due to the impairment losses recognised in the previous year and to fewer investing activities than in previous years.
- Other operating expenses went down by 26% to EUR 1,971m (previous year: EUR 2,657m), particularly as a result of lower write-downs on receivables, lower travel expenses and costs for outside staff, and a reduction in other infrastructure expenses.

Adjusted EBIT and net loss less negative

- The operating result from equity investments came to EUR -3m (previous year: EUR -162m), a development that is attributable primarily to significantly lower losses at joint ventures in the passenger and MRO business.

- Adjusted EBIT for the Lufthansa Group came to EUR -2,078m in the first nine months of the 2021 financial year (previous year: EUR -4,161m); this figure includes restructuring expenses relating to staff costs of EUR 520m (previous year: EUR 190m) that are necessary for the Company to adapt to the changes in the market environment caused by the crisis; the Adjusted EBIT margin, i.e. the ratio of Adjusted EBIT to revenue, was -18.9% (previous year: -37.8%).
- EBIT in the reporting period came to EUR -2,123m (previous year: EUR -5.857m); the previous year's figure was reduced by impairment losses on aircraft, goodwill and equity stakes in joint ventures, whereas comparable expenses were much lower in the reporting period.
- Net interest fell by 39% to EUR -332m (previous year: EUR -239m), essentially because of higher interest payments on financial liabilities.
- Other financial items improved to EUR 137m (previous year: EUR -816m); positive effects from the measurement of the convertible bond issued last year and recognised in profit and loss in the current financial year contrast, in particular, with the previous year's losses on fuel hedges, which were recognised in the financial result, because kerosene consumption was lower as a result of the crisis.
- A positive income tax effect of EUR 431m (previous year: EUR 1,312m) mainly related to the recognition of deferred taxes on losses in the first nine months of financial year 2021; the tax ratio came to 18.6% as a result.
- The net result attributable to shareholders of Deutsche Lufthansa AG in the reporting period came to EUR -1,877m (previous year: EUR -5,584m).
- Earnings per share amounted to EUR -3.17 (previous year: EUR -10.79).

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



RECONCILIATION OF RESULTS

in €m	Jan - Sep 2021		Jan - Sep 2020	
	Income statement	Reconciliation Adjusted EBIT	Income statement	Reconciliation Adjusted EBIT
Total revenue	10,978		10,995	
Changes in inventories and work performed by entity and capitalised	72		167	
Other operating income	1,064		1,218	
of which book gains		-19		-12
of which write-ups on capital assets and assets held for sale		-30		-22
Total operating income	12,114	-49	12,380	-34
Costs of materials and services	-5,830		-6,728	
Staff costs	-4,652		-5,034	
of which past service costs/settlements		-2		8
Depreciation	-1,736		-3,574	
of which impairment losses		52		1,640
Other operating expenses	-2,016		-2,677	
of which impairment losses on assets held for sale		13		3
of which expenses incurred from book losses		31		17
Total operating expenses	-14,234	94	-18,013	1,668
Profit/loss from operating activities	-2,120		-5,633	
Result from equity investments	-3		-224	
of which impairment losses on investments accounted for using the equity method		-		62
EBIT	-2,123		-5,857	
Total amount of reconciliation Adjusted EBIT		45		1,696
Adjusted EBIT		-2,078		-4,161
Depreciation		1,684		1,934
Adjusted EBITDA		-394		-2,227

FINANCIAL POSITION

Investment volume reduced by 5%

- Gross investments by the Lufthansa Group remained low, particularly due to the postponement of aircraft deliveries planned before the crisis; compared with the previous year they declined again by 5% to EUR 967m (previous year: EUR 1,023m); gross investment was partly offset by the proceeds of aircraft disposals, bringing net investment to EUR 785m (previous year: EUR 696m).

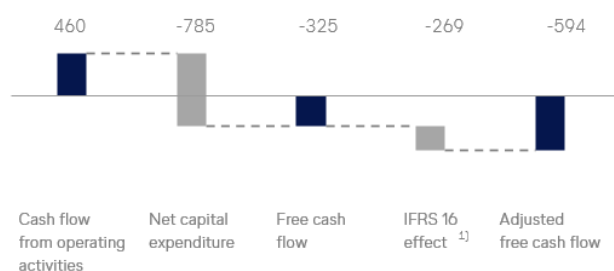
Positive cash flow from operating activities of EUR 460m

- The Lufthansa Group achieved positive cash flow from operating activities of EUR 460m in the reporting period (previous year: EUR -1,598m); the lower pre-tax loss was partly offset by lower non-cash expenses such as depreciation and amortisation, and measurement gains/losses on derivatives.
- Growing demand for air travel gave rise to a surplus of cash from ticket sales over tickets used or refunded in the current year in the amount of EUR 945m (previous year: EUR -1,282m).

Adjusted free cash flow comes to EUR -594m

- Adjusted free cash flow (free cash flow adjusted for effects of IFRS 16) was higher than the previous year, at EUR -594m, especially due to higher cash flow from operating activities (previous year: EUR -2,579m).

CASH FLOW in €m (Jan - Sep 2021)



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

Financing activities and stabilisation measures generate cash inflows

- The balance of financing activities resulted in a net cash inflow of EUR 2,032m (previous year: EUR 3,118m).
- This resulted from financing activities on the capital market of EUR 3,845m, consisting of bonds with a total volume of EUR 2,600m, a borrower's note loan for EUR

350m and Japanese operating leases for 14 aircraft amounting to EUR 895m.

- Furthermore, Silent Participation I in the amount of EUR 1,500m agreed with the ESF was drawn down and will be recognised as equity in line with the IFRS regulations.
- A further EUR 120m in state-guaranteed loans were drawn down in Belgium, while capital repayments of EUR 30m and CHF 15m (EUR 14m) were made in Austria and Switzerland respectively; in addition, further loans of USD 93m (EUR 80m) were approved and disbursed for companies in the LSG group and Lufthansa Technik under the US CARES Act I-III; this means that a net total of EUR 156m in additional funding from credit lines guaranteed by foreign governments was drawn down in the reporting period.
- Financial liabilities of EUR 3,262m were repaid, including the KfW loan of EUR 1.0bn, which was repaid ahead of schedule, as well as EUR 1,591m in borrower's note loans and short-term borrowing; further capital repayments of EUR 671m related mostly to aircraft financing and other lease obligations, which were paid back on schedule.
- Repayment of the KfW funding means that certain financing restrictions related to collateral requirements for aircraft held in Maltese and Austrian leasing companies no longer apply.

Total available liquidity of EUR 11.9bn

- Balance-sheet liquidity (total of cash, current securities and fixed-term deposits) increased compared with the end of 2020 by 33% to EUR 7,258m despite the negative Adjusted free cash flow due to the financing measures and the funds drawn down from stabilisation measures (31 December 2020: EUR 5,460m); EUR 5,901m of the total was available centrally at Deutsche Lufthansa AG as of 30 September 2021.
- The undrawn government stabilisation measures and loans (Germany, Switzerland, Austria and Belgium) came to EUR 3,976m as of 30 September 2021; in particular, as of 30 September 2021, EUR 3.0bn was still available under Silent Participation I, which is classified as equity in line with the IFRS regulations and can be drawn down until 31 December 2021, although this does not reflect the repayments and contract amendments that took place in connection with the capital increase in October; there are also unused credit lines of EUR 710m.
- As of 30 September 2021, the Company therefore had around EUR 11.9bn of available liquidity in total.

NET ASSETS

Total assets up by 6% on year-end 2020

- Total assets as of 30 September 2021 rose by 6% on year-end 2020 to EUR 41,903m (31 December 2020: EUR 39,484m).
- Non-current assets fell by 2% to EUR 28,967m (31 December 2020: EUR 29,444m); the change is mainly due to impairment losses on aircraft and reserve engines, partly offset by down payments on aircraft orders and the addition of two Boeing 777-Fs, six new aircraft from the Airbus A320 family and one Airbus A220; deferred tax assets also declined due to the tax effects associated with the lower valuation of pension obligations; this was offset by the higher value of non-current derivative financial instruments.
- The value of aircraft and reserve engines came to EUR 15,487m as of 30 September 2021 (31 December 2020: EUR 15,842m); the Lufthansa Group fleet comprised 723 aircraft.
- Current assets rose by 29% to EUR 12,936m (31 December 2020: EUR 10,040m), in particular due to the increase in cash including current securities due to the drawdown of ESF Silent Participation I; current trade and other receivables also rose due to the increased capacity in the passenger business.
- Assets held for sale of EUR 101m mainly related to 23 aircraft held for sale.
- Non-current provisions and liabilities were down by 2% to EUR 23,058m (31 December 2020: EUR 23,438m); the increase in borrowings was more than offset by the decline in pension liabilities.
 - o Non-current borrowing of EUR 14,291m was 17% higher than at year-end 2020 (31 December 2020: EUR 12,252m); the increase resulted primarily from new borrowing; these were offset by the early repayment of the KfW loans and maturity-based reclassifications.
 - 📈 **Financial position, p. 5.**
 - o Pension liabilities fell by 24% to EUR 7,210m (31 December 2020: EUR 9,531m), largely due to the increase in the interest rate of 0.5 percentage points to 1.3% which was used to discount pension obligations and the positive performance of plan assets.

- Current provisions and liabilities were up by 3% to EUR 15,151m (31 December 2020: EUR 14,659m), primarily as a result of higher liabilities from unused flight documents and current trade payables, partly offset by lower current borrowings.
- Shareholders' equity rose by 166% compared with year-end 2020 to EUR 3,694m (31 December 2020: EUR 1,387m), due primarily to the EUR 1,500m drawdown of ESF Silent Participation I; other positive measurement losses recognised directly in equity associated with pensions and financial instruments were partly offset by the loss for the current financial year.

Equity ratio up by 5.3 percentage points

- The equity ratio increased by 5.3 percentage points compared with year-end 2020 to 8.8% (31 December 2020: 3.5%).
- Due to the funds received from ESF Silent Participation I, which are recognised as equity in line with IFRS, net indebtedness was down by 9% on the level seen at the end of 2020 to EUR 9,006m (31 December 2020: EUR 9,922m); Adjusted net debt, the sum of net indebtedness and pension obligations less 50% of the hybrid bond issued in 2015, was down by 17% compared with year-end 2020 to EUR 15,969m (31 December 2020: EUR 19,206m).

CALCULATION OF NET INDEBTEDNESS

	30.09.2021	31.12.2020	Change
	in €m	in €m	in %
Liabilities to banks	2,856	4,938	-42
Bonds	5,208	2,907	79
Lease liabilities (IFRS 16) ¹⁾	2,117	2,291	-8
Other non-current borrowing	6,066	5,232	16
	16,247	15,368	6
Other bank borrowing	17	14	21
Group indebtedness	16,264	15,382	6
Cash and cash equivalents	2,105	1,806	17
Securities	5,153	3,654	41
Net indebtedness	9,006	9,922	-9
Pension provisions	7,210	9,531	-24
Net indebtedness and pensions	16,216	19,453	-17

¹⁾ Without former financial lease liabilities in accordance with IAS 17 which are included in other non-current borrowing.

Business segments

NETWORK AIRLINES BUSINESS SEGMENT

KEY FIGURES

		Jan - Sep 2021	Jan - Sep 2020	Change in %	Jul - Sep 2021	Jul - Sep 2020	Change in %
Revenue	€m	5,236	5,667	-8	2,948	1,136	160
of which traffic revenue	€m	4,189	4,798	-13	2,561	940	172
Operating expenses	€m	8,513	9,899	-14	3,451	2,522	37
Adjusted EBITDA	€m	-1,728	-2,252	23	-64	-792	92
Adjusted EBIT	€m	-2,900	-3,650	21	-450	-1,234	64
EBIT	€m	-2,874	-5,019	43	-423	-2,333	82
Adjusted EBIT margin	%	-55.4	-64.4	9.0 pts	-15.3	-108.6	93.4 pts
Segment capital expenditure	€m	748	758	-1	220	94	134
Employees as of 30.09	number	54,350	58,578	-7	-	-	-
Flights	number	239,480	259,639	-8	138,539	74,273	87
Passengers	thousands	24,547	25,694	-4	15,964	6,474	147
Available seat-kilometres	millions	85,111	82,267	3	43,778	19,094	129
Revenue seat-kilometres	millions	49,303	54,747	-10	29,572	9,517	211
Passenger load factor	%	57.9	66.5	-8.6 pts	67.5	49.8	17.7 pts

- The performance of Network Airlines was still impacted by the coronavirus pandemic in the first nine months of 2021; demand recovered significantly from spring onwards, however.
- Available capacity at Network Airlines was increased during the first nine months of 2021 as a result; in the first quarter, it came to around 22% of the 2019 pre-crisis level, a figure that rose to 29% in the second quarter and 49% in the third quarter.
- Network Airlines has continued to work hard on implementing its restructuring programmes over the course of financial year 2021, with a focus on cutting costs, safeguarding liquidity and increasing profitability.
- Lufthansa German Airlines introduced an innovative new cabin in new aircraft from the Airbus A320 family in September 2021; it significantly improves travel comfort for passengers; the new cabin will also go into service at SWISS, Brussels Airlines and Eurowings in future.
- The comparison of the key figures for the first nine months of 2021 against the prior-year period is largely influenced by the fact that the impact of the coronavirus crisis in the previous year first arose in the month of March.
- Thus, capacity was 3% up on the previous year in the first nine months of 2021, whereby the number of flights was reduced by 8%; sales fell by 10%; the passenger load factor of 57.9% was 8.6 percentage points down on the year.
- Traffic revenue for Network Airlines declined by 13% to EUR 4,189m due to the lower traffic in the first nine months of 2021 (previous year: EUR 4,798m); revenue of EUR 5,236m was 8% lower than a year ago (previous year: EUR 5,667m); operating income fell by 10% to EUR 5,635m (previous year: EUR 6,285m); yields rose by 1.1% after adjusting for exchange rates.
- Constant currency unit revenues fell by 9.1% as a result of the decline in the passenger load factor.
- Operating expenses fell by 14% to EUR 8,513m due to lower volumes and structural measures taken (previous year: EUR 9,899m); expenses for fuel and staff, external MRO expenses, and depreciation and amortisation were all significantly down on the year; restructuring expenses came to EUR 311m (previous year: EUR 119m).

- Constant currency unit costs, without fuel and emissions trading expenses, fell by 14.6%, mainly due to the implementation of the restructuring programme.
- Adjusted EBIT in the reporting period came to EUR -2,900m (previous year: EUR -3,650m) and EBIT came to EUR -2,874m (previous year: EUR -5,019m); whereby the previous year's figure was reduced by impairment losses on the fleet of EUR 1,374m.
- Adjusted EBIT came to EUR -450m in the third quarter of 2021 (previous year: EUR -1,234m).
- Segment capital expenditure fell by 1% to EUR 748m (previous year: EUR 758m).
- As of 30 September 2021, the number of employees fell year-on-year by 7% to 54,350 (previous year: 58,578), especially due to fluctuation, the absence of new recruitment and the introduction of voluntary redundancy programmes.

OPERATING FIGURES

		Jan - Sep 2021	Jan - Sep 2020	Change in %	Exchange-rate adjusted change in %	Jul - Sep 2021	Jul - Sep 2020	Change in %	Exchange-rate adjusted change in %
Yields	€ Cent	7.6	7.7	-1.5	1.1	7.9	8.3	-5.5	-6.4
Unit revenue (RASK)	€ Cent	6.4	7.3	-11.7	-9.1	6.9	6.4	7.3	10.0
Unit cost (CASK) excluding fuel and emissions trading	€ Cent	8.4	10.0	-15.5	-14.6	6.5	11.6	-44.0	-43.9

TRENDS IN TRAFFIC REGIONS

	Net traffic revenue external revenue		Number of passengers		Available seat-kilometres		Revenue seat-kilometres		Passenger load factor	
	Jan - Sep 2021 in €m	Change in %	Jan - Sep 2021 in thousands	Change in %	Jan - Sep 2021 in millions	Change in %	Jan - Sep 2021 in millions	Change in %	Jan - Sep 2021 in %	Change in pts
Europe	1,903	3	19,929	-2	29,350	8	20,264	15	69.0	4.5 pts
America	1,025	-19	2,266	-10	32,165	9	17,314	-12	53.8	-12.6 pts
Asia/Pacific	315	-50	506	-62	9,873	-38	3,781	-65	38.3	-28.8 pts
Middle East/ Africa	492	6	1,846	18	13,723	42	7,944	15	57.9	-13.9 pts
Non allocable	454	-22	0		0		0			
Total	4,189	-13	24,547	-4	85,111	3	49,303	-10	57.9	-8.6 pts

Lufthansa German Airlines¹⁾

KEY FIGURES		Jan - Sep 2021	Jan - Sep 2020	Change in %
Revenue	€m	3,094	3,537	-13
Operating expenses	€m	5,546	6,562	-15
Adjusted EBITDA	€m	-1,513	-1,777	15
Adjusted EBIT	€m	-2,165	-2,635	18
EBIT	€m	-2,143	-3,919	45
Employees as of 30.09	number	36,240	38,438	-6
Flights	number	140,541	159,808	-12
Passengers	thousands	14,374	15,807	-9
Available seat-kilometres	millions	53,554	53,056	1
Revenue seat-kilometres	millions	30,747	35,263	-13
Passenger load factor	%	57.4	66.5	-9.1 pts

¹⁾ Including regional partners and Eurowings Discover.

- Eurowings Discover, the new holiday airline in the Lufthansa Group, started flight operations in July 2021, initially with three Airbus A330-200 aircraft; Eurowings Discover is a subsidiary of Deutsche Lufthansa AG and is assigned to Lufthansa German Airlines.
- The voluntary programme “now!” for ground and cockpit staff at Deutsche Lufthansa AG (including Group Functions) was implemented successfully; a total of around 1,800 ground staff and nearly 400 cockpit staff agreed to leave the Company voluntarily; thereby around 750 ground staff signed partial retirement agreements; a “now!” programme was also made available to cabin staff at the beginning of November.
- The Lufthansa Group signed lease contracts for four state-of-the-art, fuel-efficient Airbus A350-900 aircraft in early October, strengthening the five-star airline’s premium product; this will expand the A350 fleet at Lufthansa German Airlines to 21 aircraft at the start of 2022.
- Lufthansa German Airlines supported the German government in August 2021 with an air bridge from Tashkent, Uzbekistan, to evacuate refugees from Afghanistan.
- Lufthansa German Airlines introduced a new catering product, “Tasting HEIMAT”, for Business Class passengers on short and medium-haul flights on 1 September 2021, serving creative menus inspired by German cities; there is a focus on sustainable and regional products.
- Revenue at Lufthansa German Airlines declined by 13% in the reporting period to EUR 3,094m due to the continued effects of the coronavirus crisis (previous year: EUR 3,537m); operating income fell by 14% to EUR 3,403m (previous year: EUR 3,963m).
- Operating expenses of EUR 5,546m were 15% down on the year (previous year: EUR 6,562m) due to the volume-related fall in fuel expenses, lower staff costs and lower external MRO expenses, depreciation and amortisation, and other operating expenses.
- Adjusted EBIT came to EUR -2,165m (previous year: EUR -2,635m) and EBIT came to EUR -2,143m (previous year: EUR -3,919m); whereby the previous year’s figure was reduced by impairment losses on the fleet of EUR 1,284m.
- Adjusted EBIT came to EUR -455m in the third quarter of 2021 (previous year: EUR -927m).

SWISS¹⁾

KEY FIGURES		Jan - Sep 2021	Jan - Sep 2020	Change in %
Revenue	€m	1,330	1,445	-8
Operating expenses	€m	1,788	2,039	-12
Adjusted EBITDA	€m	-60	-116	48
Adjusted EBIT	€m	-393	-445	12
EBIT	€m	-391	-444	12
Employees as of 30.09	number	9,173	10,221	-10
Flights	number	42,307	46,821	-10
Passengers	thousands	4,528	5,062	-11
Available seat-kilometres	millions	16,994	17,854	-5
Revenue seat-kilometres	millions	9,103	11,815	-23
Passenger load factor	%	53.6	66.2	-12.6 pts

¹⁾ Including Edelweiss Air.

- The measures planned as part of the “reach” strategic restructuring programme, which are intended to permanently save around CHF 500m, CHF 200m of which in staff costs, are advancing to plan; around 2,000 jobs are to be cut by the end of 2021, two-thirds by means of voluntary departures and natural staff turnover; the fleet, including wet leases, is also to be reduced by 15%; in the long-haul fleet, five A330s are to go into long-term parking mode for the time being; the downsizing of the short-haul fleet is to be achieved by bringing forward the retirement of aircraft in the A320ceo family, reducing the number of external wet leases and postponing the introduction of new aircraft from the Airbus A320neo family.
- SWISS has for the first time established a holistic logistics chain for importing sustainable aviation fuel (SAF) to Switzerland in cooperation with various partners; this makes SWISS the first scheduled airline to use sustainable fuel for its regular flight operations from Switzerland.
- Revenue at SWISS declined by 8% in the first nine months of 2021 to EUR 1,330m due to the ongoing effects of the coronavirus pandemic (previous year: EUR

1,445m); operating income of EUR 1,395m was 12% down on the year (previous year: EUR 1,594m).

- Operating expenses saw a primarily volume-related decline of 12% to EUR 1,788m due to lower expenses for fuel and external MRO services and lower staff costs (previous year: EUR 2,039m).
- Adjusted EBIT came to EUR -393m (previous year: EUR -445m) and EBIT in the reporting period came to EUR -391m (previous year: EUR -444m).
- SWISS reported positive Adjusted EBIT of EUR 1m in the third quarter of 2021 (previous year: EUR -152m).

Austrian Airlines

KEY FIGURES		Jan - Sep 2021	Jan - Sep 2020	Change in %
Revenue	€m	491	414	19
Operating expenses	€m	715	806	-11
Adjusted EBITDA	€m	-95	-220	57
Adjusted EBIT	€m	-199	-341	42
EBIT	€m	-198	-405	51
Employees as of 30.09	number	5,917	6,615	-11
Flights	number	38,237	34,865	10
Passengers	thousands	3,441	2,747	25
Available seat-kilometres	millions	7,393	6,092	21
Revenue seat-kilometres	millions	4,675	3,952	18
Passenger load factor	%	63.2	64.9	-1.7 pts

- The downsizing of the Austrian Airlines fleet is in its final phase; the last of three Boeing 767-300ERs scheduled for retirement is to leave the fleet by year-end; henceforth the fleet will only have three aircraft of this type.
- Revenue at Austrian Airlines increased by 19% to EUR 491m (previous year: EUR 414m); operating income rose by 11% to EUR 516m (previous year: EUR 465m).
- Operating expenses of EUR 715m were 11% down on the year (previous year: EUR 806m), particularly due to lower expenses for materials and services and other operating expenses, and a reduction in staff costs.
- Adjusted EBIT in the reporting period came to EUR -199m (previous year: EUR -341m) and EBIT in the reporting period came to EUR -198m (previous year: EUR -405m), whereby the previous year's figure was reduced by impairment losses on the fleet of EUR 59m.
- Austrian Airlines reported positive Adjusted EBIT of EUR 2m in the third quarter of 2021 (previous year: EUR -106m).

Brussels Airlines

KEY FIGURES		Jan - Sep 2021	Jan - Sep 2020	Change in %
Revenue	€m	380	339	12
Operating expenses	€m	544	607	-10
Adjusted EBITDA	€m	-58	-141	59
Adjusted EBIT	€m	-142	-233	39
EBIT	€m	-142	-256	45
Employees as of 30.09	number	3,020	3,304	-9
Flights	number	18,495	18,757	-1
Passengers	thousands	2,209	2,108	5
Available seat-kilometres	millions	7,174	5,280	36
Revenue seat-kilometres	millions	4,778	3,729	28
Passenger load factor	%	66.6	70.6	-4.0 pts

- Brussels Airlines resumed operating within its hub structure starting in June 2021, increasing capacity significantly in the summer months in response to higher market demand; these high volumes, together with a competitive cost position thanks to the restructuring achieved with the “Reboot Plus” programme, resulted in a profit in the third quarter of 2021.
- Within its “Reboot Plus” programme, Brussels Airlines has almost completed the restructuring phase which aims to reduce fleet size by 30% and staff numbers by 25%; among other additional measures in this programme, since January 2021, new collective labour agreements have been in force with all employee groups, enabling Brussels Airlines to provide competitive personnel costs.
- Revenue at Brussels Airlines rose by 12% in the first nine months of 2021 to EUR 380m as a result of the coronavirus crisis (previous year: EUR 339m); operating income of EUR 402m was 7% up the prior-year level (previous year: EUR 374m).
- Operating expenses fell by 10% to EUR 544m due to lower staff costs and external MRO expenses and the effects of the restructuring programme (previous year: EUR 607m).
- Adjusted EBIT in the reporting period came to EUR -142m (previous year: EUR -233m); EBIT also came to EUR -142m (previous year: EUR -256m), whereby the previous year's figure fell by EUR 31m due to impairment losses on aircraft and rights-of-use for aircraft.
- Brussels Airlines reported positive Adjusted EBIT of EUR 1m in the third quarter of 2021 (previous year: EUR -51m).

EUROWINGS BUSINESS SEGMENT

KEY FIGURES

		Jan - Sep 2021	Jan - Sep 2020	Change in %	Jul - Sep 2021	Jul - Sep 2020	Change in %
Revenue	€m	530	553	-4	372	176	111
of which traffic revenue	€m	529	537	-1	373	176	112
Operating expenses	€m	778	1,034	-25	369	288	28
Adjusted EBITDA	€m	8	-315		159	-61	
Adjusted EBIT	€m	-144	-466	69	108	-108	
EBIT	€m	-141	-563	75	110	-131	
Adjusted EBIT margin	%	-27.2	-84.3	57.1 pts	29.0	-61.4	90.4 pts
Segment capital expenditures	€m	249	52	379	1	2	-50
Employees as of 30.09	number	3,351	3,153	6	-	-	
Flights	number	45,911	61,444	-25	30,057	20,873	44
Passengers	thousands	5,117	6,462	-21	3,659	2,207	66
Available seat-kilometres	millions	8,962	8,669	3	6,105	3,239	88
Revenue seat-kilometres	millions	6,664	6,599	1	4,769	2,316	106
Passengers load factors	%	74.4	76.1	-1.7 pts	78.1	71.5	6.6 pts

- The ongoing coronavirus crisis continued to impact the course of business at Eurowings; however, operating performance improved significantly over the course of financial year 2021; demand recovered in almost all regions of Europe; Eurowings increased capacities accordingly and was able to adjust its flight capacity to rising demand with great flexibility; this enabled Eurowings to report significant positive Adjusted EBIT in the third quarter.
- Eurowings expanded its “NEW” future viability and restructuring programme in response to the coronavirus crisis; the programme is aimed at establishing Eurowings as a profitable value carrier in the European market; Eurowings has increasingly shifted its network focus towards private travel, combining its activities in Germany into one flight operation, harmonising the fleet, reducing overhead by more than 30% and increasing income with additional services; the core element of the turnaround is to increase the productivity of aircraft and crews significantly; progress with implementing the “NEW” programme made a key contribution to the positive earnings performance in the third quarter.
- Eurowings gradually increased its available capacity during the first nine months of 2021; in the first quarter, it came to around 10% of the 2019 pre-crisis level, a figure that rose to 25% in the second quarter and 62% in the third quarter.
- The comparison of the key figures for the first nine months of 2021 against the prior-year period is largely influenced by the fact that the impact of the coronavirus crisis in the previous year first arose in the month of March.
- Thus, capacity was up by 3% year-on-year, and the number of flights fell by 25%; sales rose by 1%; the passenger load factor was 1.7 percentage points lower than in the previous year at 74.4%.
- Traffic revenue was almost unchanged year-on-year at EUR 529m (previous year: EUR 537m); higher income per passenger made up for lower passenger numbers; revenue of EUR 530m was 4% down on the year (previous year: EUR 553m); operating income fell by 7% to EUR 608m (previous year: EUR 654m); yields fell by 2.6% on a constant-currency basis.
- Unit revenues fell by 7.3% after adjusting for exchange rates.
- Operating expenses went down by 25% to EUR 778m (previous year: EUR 1,034m); in addition to the volume-related decline in fees and charges and external MRO expenses, fixed costs were cut by terminating external wet leases and reducing organisational and operational complexity.
- Constant currency unit costs, without fuel and emissions trading expenses, fell by 32.9% as a result.
- The Adjusted EBIT loss was reduced significantly to EUR -144m in the reporting period thanks to extensive cost-cutting and restructuring measures (previous year: EUR -466m) and EBIT in the reporting period came to EUR -141m (previous year: EUR -563m), whereby last year’s figure also included impairment losses of EUR 57m on goodwill and EUR 33m on rights-of-use for 15 Dash 8-Q400s and five Airbus A321s.

- Eurowings reported positive Adjusted EBIT of EUR 108m in the third quarter of 2021 (previous year: EUR -108m).
- Segment capital expenditure rose to EUR 249m due to the purchase of 23 aircraft from Germanwings, which is allocated to Network Airlines (previous year: EUR 52m).
- The number of employees rose to 3,351 as of 30 September 2021 due to the continued expansion of the flight programme (previous year: 3,153); this is back to the pre-crisis level, but the proportion of airborne staff is now higher compared with ground staff.

OPERATING FIGURES

		Jan - Sep 2021	Jan - Sep 2020	Change in %	Exchange- rate adjusted change in %	Jul - Sep 2021	Jul - Sep 2020	Change in %	Exchange- rate adjusted change in %
Yields	€ Cent	6.6	6.8	-2.5	-2.6	6.6	6.4	2.4	2.4
Unit revenue (RASK)	€ Cent	6.2	7.0	-12.1	-7.3	6.2	5.7	9.7	11.4
Unit cost (CASK) excluding fuel and emissions trading	€ Cent	6.6	10.0	-33.5	-32.9	4.0	7.3	-44.5	-43.7

LOGISTICS BUSINESS SEGMENT

KEY FIGURES

		Jan - Sep 2021	Jan - Sep 2020	Change in %	Jul - Sep 2021	Jul - Sep 2020	Change in %
Revenue	€m	2,542	1,907	33	871	587	48
of which traffic revenue	€m	2,429	1,775	37	834	556	50
Operating expenses	€m	1,663	1,527	9	590	438	35
Adjusted EBITDA	€m	1,048	563	86	338	208	63
Adjusted EBIT	€m	941	446	111	301	169	78
EBIT	€m	946	427	122	303	169	79
Adjusted EBIT margin	%	37.0	23.4	13.6 pts	34.6	28.8	5.8 pts
Segment capital expenditure	€m	147	204	-28	119	115	3
Employees as of 30.09	number	4,201	4,379	-4	-	-	
Available cargo tonne-kilometres ¹⁾	millions	7,287	6,949	5	2,604	2,206	18
Revenue cargo tonne-kilometres ¹⁾	millions	5,235	4,709	11	1,754	1,583	11
Cargo load factor ¹⁾	%	71.8	67.8	4.0 pts	67.4	71.8	-4.4 pts

¹⁾ Previous year's figures have been adjusted.

- The performance of the Logistics segment is still at a record high; total market freight capacity is down significantly as a result of the coronavirus pandemic and the consequent absence of belly capacities on passenger aircraft; demand for the remaining freight capacities remains very high.
- Two additional Boeing 777Fs were integrated into the fleet in the course of its renewal and standardisation; the last remaining MD11-F left the Lufthansa Cargo fleet at the end of October; freight capacity is also to be increased from early 2022 by two Airbus A321s that have been converted into freighters.
- Lufthansa Cargo increased its capacity by 5% as against the previous year and sales rose by 11%; the cargo load factor improved by 4.0 percentage points to 71.8%; yields adjusted for exchange rate effects went up in all Lufthansa Cargo's traffic regions and were 25.4% higher overall than the previous year.
- Traffic revenue increased by 37% to EUR 2,429m due to higher sales in all traffic regions, coupled with yields that remain high by historical standards (previous year: EUR 1,775m); revenue went up by 33% to EUR 2,542m (previous year: EUR 1,907m).
- Operating expenses rose by 9% to EUR 1,663m, largely because of higher fuel costs and higher belly expenses paid to Group companies (previous year: EUR 1,527m).
- Adjusted EBIT improved accordingly by 111% to EUR 941m (previous year: EUR 446m); EBIT improved by 122% to EUR 946m (previous year: EUR 427m); this meant Lufthansa Cargo achieved another record result in the reporting period.
- Adjusted EBIT for Lufthansa Cargo improved by 78% to EUR 301m in the third quarter (previous year: EUR 169m).
- Segment capital expenditure declined in the reporting period by 28% to EUR 147m, mainly because fewer aircraft were acquired (previous year: EUR 204m).
- As of 30 September 2021, the number of employees fell by 4% to 4,201 (previous year: 4,379).

TRENDS IN TRAFFIC REGIONS

	Net traffic revenue external revenue		Available cargo tonne-kilometres		Revenue cargo tonne-kilometres		Cargo load factor	
	Jan - Sep 2021	Change	Jan - Sep 2021	Change	Jan - Sep 2021	Change	Jan - Sep 2021	Change
	in €m	in %	in millions	in %	in millions	in %	in %	in pts
Europe	156	19	350	-2	179	-6	51.2	-2.1 pts
America	1,164	56	3,520	7	2,437	12	69.2	3.0 pts
Asia/Pacific	950	17	2,879	-2	2,266	7	78.7	6.2 pts
Middle East/Africa	159	89	538	40	353	59	65.5	7.6 pts
Total	2,429	37	7,287	5	5,235	11	71.8	4.0 pts

MRO BUSINESS SEGMENT

KEY FIGURES

		Jan - Sep 2021	Jan - Sep 2020	Change in %	Jul - Sep 2021	Jul - Sep 2020	Change in %
Revenue	€m	2,746	2,973	-8	1,029	693	48
of which with companies of the Lufthansa Group	€m	590	821	-28	234	147	59
Operating expenses	€m	2,825	3,428	-18	1,046	874	20
Adjusted EBITDA	€m	296	-61		105	-39	
Adjusted EBIT	€m	163	-208		61	-86	
EBIT	€m	123	-309		22	-116	
Adjusted EBIT margin	%	5.9	-7.0	12.9 pts	5.9	-12.4	18.3 pts
Segment capital expenditures	€m	56	90	-38	17	19	-11
Employees as of 30.09	number	21,107	23,260	-9	-	-	

- The coronavirus crisis continued to impact the performance of the MRO segment; in the course of the reporting year, however, there has been a marked improvement in the situation driven by the increasing recovery in passenger traffic; revenue and earnings development also improved accordingly, particularly in the second and third quarters of the year.
- Measures to limit the effects of the coronavirus crisis continued in the reporting period, particularly in the form of HR measures such as the continuation of short-time working, very restrictive spending management and the postponement of investment projects.
- Ongoing restructuring activities include the closure of six line maintenance stations in Germany, with the resulting loss of around 800 jobs, and the sale of the base maintenance station in Shannon, Ireland.
- A voluntary redundancy programme is also underway until the end of the year; a total of around 1,000 employees have already decided to leave the company on the basis of phased early retirement schemes and severance agreements; further departures are expected in the fourth quarter; an outplacement company is being offered to the line maintenance employees as a socially responsible solution.
- The comparison of the key figures for the first nine months of the financial year 2021 against the prior-year period is largely influenced by the fact that the impact of the coronavirus crisis in the previous year first arose in the month of March.
- As a result, revenue fell year-on-year in the reporting period by 8% to EUR 2,746m (previous year: EUR 2,973m); revenue from companies in the Lufthansa Group was down by 28% but from external customers was stable; operating income of EUR 3,002m was 8% lower than last year (previous year: EUR 3,259m).
- Operating expenses went down by 18% to EUR 2,825m (previous year: EUR 3,428m), principally due to the lower cost of materials and services and lower other operating expenses; restructuring expenses came to EUR 141m (previous year: EUR 20m).

- Adjusted EBIT improved to EUR 163m in the reporting period (previous year: EUR -208m); EBIT came to EUR 123m as a result of impairment losses on assets held for sale in connection with the disposal of the base maintenance station in Shannon, Ireland (previous year: EUR -309m).
- Lufthansa Technik reported positive Adjusted EBIT of EUR 61m in the third quarter of 2021 (previous year: EUR -86m).
- Segment capital expenditure fell by 38% to EUR 56m (previous year: EUR 90m), primarily due to the cancellation or postponement of investment projects.
- As of 30 September 2021, the number of employees fell year-on-year by 9% to 21,107 (previous year: 23,260), driven particularly by fluctuation, the ongoing restructuring activities and a hiring freeze.

CATERING BUSINESS SEGMENT

KEY FIGURES

		Jan - Sep 2021	Jan - Sep 2020	Change in %	Jul - Sep 2021	Jul - Sep 2020	Change in %
Revenue	€m	766	1,060	-28	319	246	30
of which with companies of the Lufthansa Group	€m	19	208	-91	7	45	-84
Operating expenses	€m	915	1,391	-34	354	362	-2
Adjusted EBITDA	€m	112	-178		55	-44	
Adjusted EBIT	€m	52	-269		35	-74	
EBIT	€m	29	-379		34	-73	
Adjusted EBIT margin	%	6.8	-25.4	32.2 pts	11.0	-30.1	41.1 pts
Segment capital expenditure	€m	12	22	-45	4	1	300
Employees as of 30.09	number	15,637	25,655	-39	-	-	

- The LSG group's European business was sold to gategroup at the end of 2020; it is still included in the figures for the previous year.
- The impact of the coronavirus pandemic on the airline and travel industry, particularly the decline in long-haul flights, continues to dominate the global business of the LSG group; a positive revenue trend was nonetheless visible in the summer months, largely driven by a significant upswing in domestic North American business.
- The LSG group is consistently implementing its growth strategy based on its core airline catering business in all regions and operating segments; a strict approach to cost management is still being applied.
- Retail inMotion (RiM) is cooperating with Eurowings Discover to offer airline passengers food and beverages and boutique products.
- The comparison of the key figures for the first nine months of the financial year 2021 against the prior-year period is largely influenced by the fact that the impact of the coronavirus crisis in the previous year first arose in the month of March.
- Revenue at the LSG group fell by 28% to EUR 766m due to the sharp decline in passenger numbers at its global customers as a result of the coronavirus pandemic and the sale of its European business to gategroup (previous year: EUR 1,060m); adjusted for the sale of the European business, revenue was up by 2%.
- Other income went up by 163% to EUR 213m, thanks to subsidies of EUR 182m under the US CARES Act (previous year: EUR 81m); the grants are linked to the continued employment of staff members and were used accordingly for salaries and wages; operating income fell by 14% to EUR 979m (previous year: EUR 1,141m).
- Operating expenses of EUR 915m were 34% down on the year due to cost reductions in all areas (previous year: EUR 1,391m).
- Adjusted EBIT improved accordingly to EUR 52m (previous year: EUR -269m); EBIT came to EUR 29m, largely due to additional expenses in connection with the disposal of the European business (previous year: EUR -379m).

- The LSG group reported positive Adjusted EBIT of EUR 35m in the third quarter of 2021 (previous year: EUR -74m).
- Segment capital expenditure fell by 45% to EUR 12m (previous year: EUR 22m).
- As of 30 September 2021, the number of employees fell year-on-year by 39% to 15,637 (previous year: 25,655); around 7,700 employees left the company with the sale of the European business of the LSG group.

ADDITIONAL BUSINESSES AND GROUP FUNCTIONS

KEY FIGURES

		Jan - Sep 2021	Jan - Sep 2020	Change in %	Jul - Sep 2021	Jul - Sep 2020	Change in %
Operating income	€m	1,301	1,701	-24	63	532	-88
Operating expenses	€m	1,508	1,776	-15	106	488	-78
Adjusted EBITDA	€m	-119	10		-20	74	
Adjusted EBIT	€m	-205	-77	-166	-47	45	
EBIT	€m	-219	-91	-141	-60	38	
Segment capital expenditures	€m	29	50	-42	9	18	-50
Employees as of 30.09	number	8,038	9,509	-15	-	-	

- Total operating income for Additional Businesses and Group Functions fell year-on-year by 24% to EUR 1,301m (previous year: EUR 1,701m).
- Operating expenses declined by 15% to EUR 1,508m, largely due to lower currency effects and cuts in administrative costs (previous year: EUR 1,776m); restructuring expenses came to EUR 55m (previous year: EUR 22m).
- Adjusted EBIT fell by 166% to EUR -205m (previous year: EUR -77m); lower earnings at the Group Functions were partly offset by improved earnings at Lufthansa Aviation Training and Lufthansa Systems; EBIT fell by 141% to EUR -219m (previous year: EUR -91m).
- Adjusted EBIT came to EUR -47m in the third quarter of 2021 (previous year: EUR 45m).
- As of 30 September 2021, the number of employees fell year-on-year by 15% to 8,038 (previous year: 9,509); the number of employees in Group Functions fell by 19%.

Opportunities and risk report

The opportunities and risks for the Group described in detail in the Annual Report 2020 have materialised or developed as follows:

- Efforts to contain the spread of the coronavirus pandemic depend largely on the progress of vaccination campaigns and the effectiveness of vaccines. Some countries have been very successful, whereas some areas of our markets are below expectations. The very different assessments by individual countries of the risk the coronavirus currently represents, combined with different and often unpredictable measures to stop its spread, still have a relevant impact on the Lufthansa Group's economic situation and cannot be forecast with certainty at the present time. There is therefore still a risk that the economic impact of the coronavirus pandemic will be worse than forecast.
- There are still a large number of political risks in connection with the coronavirus pandemic that could impact the Company's finances. Based on sometimes divergent decisions by national governments and the EU Commission on entry regulations, far-reaching restrictions are still imposed on air traffic. Even if certain regions are starting to reopen as the vaccination rate among the population increases, variants of the virus continue to drive tighter measures and travel restrictions imposed at short notice (for example border closures, bans on transportation, quarantine regulations), restricting usable traffic rights. Vaccine availability and pressure on national health systems will be the criteria based on which restrictions are lifted. There is a risk that states will seal themselves off (again) due to the spread of the coronavirus and reduce agreed international air traffic. In addition, differences from country to country in digital systems for proving vaccination/testing/recovery from Covid-19 could lead to additional administrative outlay, with a significant impact on operations as a result.
- There is still a risk of slots being lost worldwide as a further consequence of flight cancellations due to the crisis. The basic rule on the use of take-off and landing rights is that slots can be reallocated if they have been used less than 80% of the time in a flight period. After authorities worldwide had initially suspended this rule entirely and largely loosened it for the summer of 2021, the European Commission made the decision at the end of July to reduce the required slot use rate from 80% to 50% for the 2021/22 winter flight timetable. Unlike for the previous flight timetable period, slot series cannot be returned in full in advance. The Lufthansa Group expects to use the required 50% of the slots, meaning that the risk of losing slots in the following winter season would not materialise. Nevertheless, it remains to be seen what the rules for the summer flight timetable 2022 will be. The European Commission has to decide by 31 December 2021 whether to extend this slot relief (between 30% and 70%) or return to the slot use rate of 80%. Depending on the decision taken by the European Commission there is a varying degree of risk of losing slots, which cannot be definitively quantified at this time.
- Ultimately, there is a risk that the European Commission could see breaches of the state aid regulations relating to the EU Temporary Framework for state aid to support the economy in the face of Covid-19 and the conditions of the approval of the stabilisation measures relating to state aid. This relates, in particular, to the ban on dividends in relation to joint venture companies and the ban on cross-subsidising the commercial activities of companies which were already in difficulty within the meaning of EU Regulation No 651/2014 on 31 December 2019. The Company is involved in discussions with the German government and European Commission on this matter to further clarify the facts and various legal issues. At the present time, it is impossible to reliably predict the outcome of these discussions. It is impossible to rule out significant financial risks for the Company if the ultimate view is that regulations have been breached. If no agreement is reached, the European Commission could launch a formal review, among other things, which could result in stabilisation funds granted by the ESF being clawed back in part or – if the breaches are deemed to be particularly severe – in their entirety. This risk is reduced by the repayment of Silent Participation I that has already taken place and the repayment of Silent Participation II, which is planned to take place before year-end 2021.
- The Lufthansa Group resumed fuel hedging at the beginning of the 2021 financial year. A target fuel hedging level of 65% is the objective for all passenger airlines. Fuel hedging takes the next 24 months into account on a rolling basis, reducing the risk of higher expenses due to changes in fuel prices.
- As part of the EU's Green Deal, the European Commission unveiled its "Fit for 55" package on 14 July 2021, featuring various legislative proposals designed to achieve the EU's climate targets for 2030. There is a risk for the Lufthansa Group that the planned measures will distort competition and put the Company under additional financial pressure.
 - o Air traffic within the EU is already part of the EU Emissions Trading Scheme (EU ETS), which has been associated with the Swiss Emissions Trading Scheme since the beginning of 2020. The European Commission has presented a legislative proposal to revise the ETS, based on which the available certificates would be reduced at a faster pace and free emissions rights gradually abolished. Both may increase the Lufthansa Group's ETS costs in future financial years beyond 2021. Another proposal provides for the harmonisation of EU ETS and CORSIA by only applying CORSIA to international flights as opposed to flights within the EU. The current discussion about changing the reference year for the CORSIA system could also cause costs to increase.
 - o The ReFuelEU Aviation legislative initiative is planning the harmonised introduction of an SAF (sustainable aviation fuel) quota, to be increased in stages in

the period leading up to 2050, within the EU, which is also to involve an increasing quota of synthetic fuels from 2030 onwards. If it proves impossible to improve the availability and reduce the price of corresponding fuels, the SAF quotas would increase fuel costs for the industry and the Lufthansa Group.

- o In addition, the EU plans to revise the Energy Taxation Directive as part of the Green Deal. If a kerosene tax is introduced, European airlines would be hit by an additional burden compared with their non-European counterparts, as the tax is limited to flights within Europe; feeder flights to nearby non-European hubs are excluded. Furthermore, the discussions show that a kerosene tax could be charged at different rates in the individual member states, which would result in a further distortion of competition.

On the basis of its improved financial performance, the cost-cutting measures that have been initiated and the scenarios 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

- The financial outlook for 2021 depends largely on the impact of the coronavirus pandemic on the global airline industry; changes in the course of the pandemic, especially concerning the progress of vaccination programmes and the spread of virus mutations, will have a significant and direct influence on performance, especially due to their effect on travel restrictions, which in turn play a major role in customer demand.
- Fuel prices are also very volatile; since fuel hedging was temporarily abandoned during the coronavirus crisis, the level of hedging in 2021 is lower than called for by the long-term fuel hedging strategy; this means that changes in the market price have a more immediate impact on the Lufthansa Group's fuel expenses.
- The Lufthansa Group still assumes that capacity at Group airlines as measured in available seat-kilometres in 2021 will come to around 40% of the 2019 pre-crisis level.
- Further continuous capacity increases and an increase in passenger numbers are expected for the fourth quarter, driven particularly by strong demand in European traffic, the re-opening of additional long-haul markets (particularly in North America) and demand for business travel, which has been increasing recently.
- For 2022 the Group expects the positive demand trends to continue; this means the Group airlines should be in a position to offer more than 70% of their pre-crisis capacity.
- For 2021 the Lufthansa Group still expects to see a year-on-year increase in Group revenue; the Group has specified its earnings outlook compared to the forecast published in the second Interim Report for 2021; it now assumes that it will be possible to at least halve the operating loss compared to the prior year, as measured by Adjusted EBIT; the Lufthansa Group also expects to reduce the operating loss for each individual business segment.

Further details on the Group's financial outlook can be found in the [Annual Report 2020 starting on p. 118](#) and in the [2nd Interim Report 2021 on p. 23](#).

Consolidated income statement

January - September 2021

CONSOLIDATED INCOME STATEMENT

in €m	Jan - Sep 2021	Jan - Sep 2020	Jul - Sep 2021	Jul - Sep 2020
Traffic revenue	7,550	7,404	3,913	1,763
Other revenue	3,428	3,591	1,294	897
Total revenue	10,978	10,995	5,207	2,660
Changes in inventories and work performed by entity and capitalised	72	167	23	9
Other operating income ¹⁾	1,064	1,218	409	421
Cost of materials and services	-5,830	-6,728	-2,626	-1,601
Staff costs	-4,652	-5,034	-1,745	-1,414
Depreciation, amortisation and impairment ²⁾	-1,736	-3,574	-601	-1,791
Other operating expenses ³⁾	-2,016	-2,677	-737	-629
Profit/loss from operating activities	-2,120	-5,633	-70	-2,345
Result of equity investments accounted for using the equity method	-10	-226	61	-42
Result of other equity investments	7	2	-	-2
Interest income	-1	70	1	37
Interest expenses	-331	-309	-120	-114
Other financial items	137	-816	44	-27
Financial result	-198	-1,279	-14	-148
Profit/loss before income taxes	-2,318	-6,912	-84	-2,493
Income taxes	431	1,312	10	520
Profit/loss after income taxes	-1,887	-5,600	-74	-1,973
Profit/loss attributable to non-controlling interests	10	16	2	6
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG	-1,877	-5,584	-72	-1,967
Basic/diluted earnings per share in €	-3.17	-10.79	-0.15	-3.80

¹⁾ The total amount includes EUR 62m (previous year: EUR 24m) from the reversal of write-downs and allowances on receivables.

²⁾ The total amount includes EUR 3m (previous year: EUR 2m) for write-downs on non-current receivables.

³⁾ The total amount includes EUR 47m (previous year: EUR 202m) for the recognition of loss allowances on current receivables.

Consolidated statement of comprehensive income

January - September 2021

STATEMENT OF COMPREHENSIVE INCOME

in €m	Jan - Sep 2021	Jan - Sep 2020 ⁹⁾	Jul - Sept. 2021	Jul - Sept. 2020
Profit/loss after income taxes	-1,887	-5,600	-74	-1,973
Other comprehensive income				
Other comprehensive income with subsequent reclassification to the income statement				
Differences from currency translation	83	-52	53	-79
Subsequent measurement of financial assets at fair value without effect on profit and loss	-21	-13	-8	1
Subsequent measurement of hedges - cash flow hedge reserve	816	-509	263	-229
Subsequent measurement of hedges - costs of hedges	119	101	59	96
Other comprehensive income from investments accounted for using the equity method	4	3	2	1
Other expenses and income recognised directly in equity	-4	-2	-3	-
Income taxes on items in other comprehensive income	-209	77	-75	18
	788	-395	291	-192
Other comprehensive income without subsequent reclassification to the income statement				
Revaluation of defined-benefit pension plans	2,600	-1,331	491	-659
Subsequent measurement of financial assets at fair value	2	0	-	-
Other expenses and income recognised directly in equity	-	-6	-	-2
Income taxes on items in other comprehensive income	-539	119	-77	169
	2,063	-1,218	414	-492
Other comprehensive income after income taxes	2,851	-1,613	705	-684
Total comprehensive income	964	-7,213	631	-2,657
Comprehensive income attributable to minority interests	9	22	1	8
Comprehensive income attributable to shareholders of Deutsche Lufthansa AG	973	-7,191	632	-2,649

Consolidated statement of financial position as of 30 September 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS

in €m	30.09.2021	31.12.2020	30.09.2020
Intangible assets with an indefinite useful life ¹⁾	1,171	1,169	1,235
Other intangible assets	420	469	522
Aircraft and reserve engines	15,487	15,842	16,043
Repairable spare parts for aircraft	1,803	1,823	2,009
Property, plant and other equipment ²⁾	3,391	3,671	3,805
Investments accounted for using the equity method	426	403	440
Other equity investments	253	252	257
Non-current securities	38	54	53
Loans and receivables	428	440	413
Derivative financial instruments	763	363	557
Deferred charges and prepaid expenses	79	91	92
Effective income tax receivables	36	34	34
Deferred tax assets	4,672	4,833	3,803
Non-current assets	28,967	29,444	29,263
Inventories	661	726	858
Contract assets	197	142	171
Trade receivables and other receivables	3,764	2,843	3,347
Derivative financial instruments	470	260	242
Deferred charges and prepaid expenses	252	193	271
Effective income tax receivables	233	282	139
Securities	5,153	3,654	2,620
Cash and cash equivalents	2,105	1,806	1,601
Assets held for sale	101	134	498
Current assets	12,936	10,040	9,747
Total assets	41,903	39,484	39,010

¹⁾ Including Goodwill.

²⁾ These include investment property of EUR 30 million (previous year: EUR 0 million).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SHAREHOLDERS' EQUITY AND LIABILITIES

in €m	30.09.2021	31.12.2020	30.09.2020
Issued capital	1,530	1,530	1,530
Capital reserve	378	378	378
Silent participation of the Economic Stabilization Fund	1,500	-	-
Retained earnings	204	4,868	5,618
Other neutral reserves	1,928	1,296	1,334
Net profit/loss	-1,877	-6,725	-5,584
Equity attributable to shareholders of Deutsche Lufthansa AG	3,663	1,347	3,276
Minority interests	31	40	71
Shareholders' equity	3,694	1,387	3,347
Pension provisions	7,210	9,531	8,073
Other provisions	608	558	523
Borrowings	14,291	12,252	10,120
Contract liabilities	35	36	25
Other financial liabilities	78	86	92
Advance payments received, deferred income and other non-financial liabilities	35	33	236
Derivative financial instruments	270	457	323
Deferred tax liabilities	531	485	542
Non-current provisions and liabilities	23,058	23,438	19,934
Other provisions	1,030	831	734
Borrowings	1,956	3,116	3,000
Trade payables and other financial liabilities ¹⁾	4,099	3,321	4,025
Contract liabilities from unused flight documents	3,074	2,064	2,729
Other contract liabilities	2,826	2,977	2,785
Advance payments received, deferred income and other non-financial liabilities ¹⁾	1,250	1,295	902
Derivative financial instruments	232	366	459
Effective income tax obligations	657	689	589
Liabilities in connection with assets held for sale	27	-	506
Current provisions and liabilities	15,151	14,659	15,729
Total shareholders' equity and liabilities	41,903	39,484	39,010

¹⁾ Comparative figure for previous year has been restated.

Consolidated statement of changes in shareholders' equity as of 30 September 2021

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in €m	Issued capital	Capital reserve	Silent participation I	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	Minority interests	Total shareholders' equity
As of 01.01.2020	1,224	378	-	624	503	236	352	1,715	5,617	1,213	10,147	109	10,256
Capital increases/reductions	306	-	-	-	-	-	-	-	-	-	306	-	306
Reclassifications	-	-	-	-	-	-	-	-	1,213	-1,213	-	-	-
Dividends to Lufthansa shareholders/minority interests	-	-	-	-	-	-	-	-	-	-	-	-16	-16
Transaction with minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Consolidated net profit/ loss attributable to Lufthansa shareholders/ minorities	-	-	-	-	-	-	-	-	-	-5,584	-5,584	-16	-5,600
Other expenses and income recognised directly in equity	-	-	-	-344	-52	-	1	-395	-1,212	-	-1,607	-6	-1,613
Hedging results reclassified from non-financial assets to acquisition costs	-	-	-	14	-	-	-	14	-	-	14	-	14
As of 30.09.2020	1,530	378	-	294	451	236	353	1,334	5,618	-5,584	3,276	71	3,347
As of 01.01.2021	1,530	378	-	305	396	236	359	1,296	4,868	-6,725	1,347	40	1,387
Capital increases/reductions	-	-	1,500	-	-	-	-	-	-	-	1,500	-	1,500
Reclassifications	-	-	-	-	-	-	-	-	-6,725	6,725	-	-	-
Dividends to Lufthansa shareholders/minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Transaction with minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Consolidated net profit/ loss attributable to Lufthansa shareholders/ minorities	-	-	-	-	-	-	-	-	-	-1,877	-1,877	-9	-1,886
Other expenses and income recognised directly in equity	-	-	-	707	83	-	-	790	2,061	-	2,851	-	2,851
Hedging results reclassified from non-financial assets to acquisition costs	-	-	-	-158	-	-	-	-158	-	-	-158	-	-158
As of 30.09.2021	1,530	378	1,500	854	479	236	359	1,928	204	-1,877	3,663	31	3,694

Consolidated cash flow statement

January - September 2021

CONSOLIDATED CASH FLOW STATEMENT				
in €m	Jan - Sep 2021	Jan - Sep 2020	Jul - Sep 2021	Jul - Sep 2020
Cash and cash equivalents at start of period¹⁾	1,804	1,431	2,042	1,237
Net profit/loss before income taxes	-2,318	-6,912	-84	-2,493
Depreciation, amortisation and impairment losses on non-current assets (net of reversals)	1,708	3,575	574	1,793
Depreciation, amortisation and impairment losses on current assets (net of reversals)	-14	93	6	44
Net proceeds on disposal of non-current assets	15	12	-4	3
Result of equity investments	3	224	-61	44
Net interest	332	239	119	77
Income tax payments/reimbursements	-52	109	20	-3
Significant non-cash expenses/income	-246	244	-86	-141
Change in trade working capital	917	-161	267	-1,595
Change in other assets/shareholders' equity and liabilities	115	979	-309	310
Cash flow from operating activities	460	-1,598	442	-1,961
Capital expenditure for property, plant and equipment and intangible assets	-956	-1,006	-352	-123
Capital expenditure for financial investments	-11	-17	-3	-3
Additions/loss to repairable spare parts of aircraft	40	163	-30	77
Proceeds from disposal of non-consolidated shares	2	3	2	4
Proceeds from disposal of consolidated shares	-	-	-	-
Cash outflows for acquisitions of non-consolidated shares	-15	-11	-8	-6
Cash outflows for acquisitions of consolidated shares	-	-	-	-
Proceeds from disposal of intangible assets, property, plant and equipment and other financial investments	145	90	46	6
Interest income	1	54	1	7
Dividends received	9	28	2	15
Net cash from/used in investing activities	-785	-696	-342	-23
Purchase of securities/fund investments	-4,527	-7,392	-1,676	-1,942
Disposal of securities/fund investments	3,082	6,814	1,150	1,774
Net cash from/used in investing and cash management activities	-2,230	-1,274	-868	-191
Capital increase/Silent Participation I	1,500	306	-	306
Transactions by non-controlling interests	-	-	-	-
Non-current borrowing	3,996	4,444	1,132	2,660
Repayment of non-current borrowing	-3,262	-1,503	-590	-377
Dividends paid	-	-16	-	1
Interest paid	-202	-113	-82	-6
Net cash from/used in financing activities	2,032	3,118	460	2,584
Net increase/decrease in cash and cash equivalents	262	246	34	432
Changes due to currency translation differences	18	-23	8	-15
Cash and cash equivalents 30 Sep²⁾	2,084	1,654	2,084	1,654
Less cash and cash equivalents of companies held for sale as of 30 Sep	-	55	-	55
Cash and cash equivalents of companies not classified as held for sale as of 30 Sep²⁾	2,084	1,599	2,084	1,599
Securities	5,153	2,620	5,153	2,620
Liquidity	7,237	4,219	7,237	4,219
Net increase/decrease in liquidity	1,779	834	592	560

¹⁾ Amount as of 01/01/2020 (07/01/2020) includes EUR 16 (26) m, which were included in assets held for sale as of 12/31/2019 (06/30/20).

²⁾ The difference between the bank balance and cash-in-hand shown in the statement of financial position comes from fixed-term deposits of EUR 21m with terms of four to twelve months (previous year: EUR 2m).

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 2021 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 2021 have been applied. The interim financial statements as of 30 September 2021 have been prepared using the same accounting policies as those on which the preceding consolidated financial statements as of 31 December 2020 were based. The standards and interpretations mandatory from 1 January 2021 onwards had no effect on the Group's net assets, financial and earnings position, and no restatements resulting from new standards were necessary.

2 Going concern and presentation of funding measures to stabilize the economic situation

Since spring 2020, the business activities of the Lufthansa Group companies have been severely impacted by the effects of the coronavirus pandemic and the related far-reaching tightening of international travel restrictions and quarantine regulations worldwide. Only the freight business was able to significantly increase both revenue and earnings contributions.

The strongly reduced volume of business continues to affect liquidity. However, a positive operating cash flow figure was achieved in the reporting period, particularly due to increased cash flows from ticket sales. Adjusted free cash flow was even positive for the first time in the third quarter of the current financial year. Liquidity at Deutsche Lufthansa AG and its domestic and foreign subsidiaries was initially secured in 2020 thanks to the government aid provided as part of the stabilisation packages. From the second half of 2020 onwards, the Group was also repeatedly able to raise funds successfully on capital markets itself, some of which were used to repay the stabilisation funding drawn down to date.

The stabilisation measures were applied for, negotiated and approved in Germany, Switzerland, Austria, Belgium and the USA last year.

The framework agreement concluded in Germany between the Lufthansa Group, the Economic Stabilisation Fund (ESF) and the KfW has an overall financing framework of up to EUR 9.0bn. Funding agreed in Switzerland, Austria and Belgium is to be offset against this. The funds provided by the ESF totalling EUR 6.0bn included a 20% stake in the share

capital and a silent participation in Deutsche Lufthansa AG. As well as the issuance of shares and the full payment made for Silent Participation II in the amount of EUR 1.0bn in the previous year, an amount of EUR 1.5bn was drawn down from Silent Participation I in the second quarter of the current financial year. The ESF reduced its stake to 14% in the course of the third quarter. A decision was taken at the end of the third quarter to increase capital by EUR 2.2bn, making partial use of Authorised Capital C. The proceeds will be used to repay Silent Participation I, among other things. The transaction was completed successfully after the end of the reporting period.

In connection with the capital increase, the mandatory disposal rules in the framework agreement with the ESF were amended. On the condition that the ESF's silent participations are repaid in full, the agreement stipulates that it must sell its shares within 18 months of the end of the six-month lock-up period to which the ESF agreed in the context of the capital increase. This obligation is in particular subject to the proviso that the ESF can obtain a price for its shares that gives it a minimum return of twelve per cent p.a. on the time-weighted capital used to purchase the shares.

The framework agreement with the Economic Stabilisation Fund provides for extensive information and auditing rights for the Economic Stabilisation Fund and obligations for the Lufthansa Group including regarding the suspension of dividend payments, limitations on management compensation, a commitment not to make equity investments, waiver of up to 24 slots at both the Frankfurt and Munich airports and pursuit of a sustainable corporate policy. Compliance with the obligations across the Lufthansa Group is crucial and it may in some cases be demanding in the current situation since some of the obligations call for interpretation, taking into account the understanding of the EU Commission.

As well as the issuance of bonds for EUR 2.6bn within the scope of the EMTN programme, the other refinancing measures implemented in 2021 included aircraft financing.

CHF 460m of the state-guaranteed credit lines agreed in Switzerland as part of the stabilisation measures had been used as of the reporting date.

After an initial repayment, the EUR 270m credit facility that forms part of the state aid agreed in Austria was used in full as of the reporting date.

As of 30 September 2021, a total amount of EUR 250m had been drawn down from the EUR 287m credit facility included in the stabilisation package agreed with the Belgian government.

Additional funds were made available in the USA in 2021 through CARES Acts I-III. The LSG group and the Lufthansa Technik group have received commitments of a further USD 284m (of which USD 192m as a grant). The approved funds thus total USD 529m (of which USD 346m as a grant). All the approved funds had been disbursed as of the reporting

date. In 2021, USD 229m was recognised in the income statement for these grants.

The Italian government also provided funds to compensate for losses incurred due to the coronavirus pandemic. Air Dolomiti subsequently applied for a grant of EUR 16m in early 2021, which was paid out in April.

As of 30 September 2021, Deutsche Lufthansa AG had centrally available liquidity of EUR 5.9bn. Before the capital increase and subsequent repayment of Silent Participation I were completed, a further EUR 3.0bn was available from the ESF stabilisation package (Silent Participation I) as of the reporting date. Decentralised bank and cash balances came to a further EUR 1.4bn, and a total of EUR 1.0bn has not yet been used from the state funding agreed in Switzerland and Belgium. Free credit lines of EUR 0.7bn are still available as of the reporting date. Altogether, the Lufthansa Group's available liquidity therefore comes to EUR 11.9bn.

Since there is still great uncertainty about travel opportunities and customer behaviour, the Lufthansa Group regularly updates its rolling liquidity planning to reflect the changing parameters for its forecast course of business. Its performance in the current and subsequent financial year will largely depend on the number of new infections, particularly in the context of new virus mutations. On the basis of these developments, further relaxations of the travel restrictions that are still in place worldwide will be the crucial factor for the speed at which international travel recovers. Within the Company, further progress was made with the ReNew programme, and management remains confident that the implementation will be successful.

State aid will still be needed for the current 2021 financial year, in the form of short-time working pay and the reimbursement of social security contributions. This aid is expected to expire by the end of the year.

Taking into account the corporate planning – which assumes an average available capacity of around 40% and over 70% of the 2019 level in 2021 and 2022 respectively – and the resulting liquidity planning, the existing and potential funding measures and the uncertainties about the future course of business, the Executive Board of the Company considers the Group's liquidity to be secure for the next 18 months. These interim financial statements have therefore been prepared on a going concern basis.

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

The outbreak of the coronavirus pandemic and the steps taken worldwide to contain the virus have continued to have a massive impact on the Group's business operations in 2021. This is reflected throughout the Lufthansa Group's interim report.

In the previous year, international travel restrictions and quarantine regulations only became more strict worldwide in the spring of 2020 (March), which had a strong impact on the air traffic of the Lufthansa Group companies. As a result, the comparability of income and expenses in the two periods is limited.

TOTAL REVENUE

TRAFFIC REVENUE BY AREA OF OPERATIONS

	2021	Europe ¹⁾	North-america ¹⁾	Central- and South America ¹⁾	Asia/Pacific ¹⁾	Middle East ¹⁾	Africa ¹⁾
in €m							
Network Airlines	4,589	3,053	820	92	367	125	132
Lufthansa German Airlines	1,040						
SWISS ²⁾	1,255						
Austrian Airlines	446						
Brussels	341						
Eurowings ²⁾	532	528	2	-	1	1	-
Logistics	2,429	1,227	257	85	788	27	45
Total	7,550						

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

	2020	Europe ¹⁾	North-america ¹⁾	Central- and South America ¹⁾	Asia/Pacific ¹⁾	Middle East ¹⁾	Africa ¹⁾
in €m							
Network Airlines	5,089	3,522	766	108	460	117	116
Lufthansa German Airlines	2,486						
SWISS ²⁾	1,371						
Austrian Airlines	378						
Brussels Airlines	318						
Eurowings ²⁾	540	533	4	1	2	-	-
Logistics	1,775	803	189	62	679	15	27
Total	7,404						

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.

OTHER OPERATING REVENUE BY AREA OF OPERATIONS

	2021	Europe ¹⁾	North- America ¹⁾	Central and South Amer- ica ¹⁾	Asia/ Pacific ¹⁾	Middle East ¹⁾	Africa ¹⁾
in €m							
MRO	2,156	888	678	60	380	104	46
MRO services	1,841						
Other operating revenue	315						
Catering	747	61	557	43	53	13	20
Catering services	628						
Revenue from in-flight sales	60						
Other services	59						
Network Airlines	205	178	8	1	10	6	2
Eurowings	4	4	-	-	-	-	-
Logistics	93	54	33	-	2	3	1
Additional Businesses and Group Functions	223	150	24	6	29	9	5
IT services	118						
Travel management	62						
Other	43						
Total	3,428						

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

OTHER OPERATING REVENUE BY AREA OF OPERATIONS

	2020	Europe ¹⁾	North- America ¹⁾	Central and South Amer- ica ¹⁾	Asia/ Pacific ¹⁾	Middle East ¹⁾	Africa ¹⁾
in €m							
MRO	2,152	913	563	79	408	122	67
MRO services	1,798						
Other operating revenue	354						
Catering	852	133	524	43	112	18	22
Catering services	720						
Revenue from in-flight sales	41						
Other services	91						
Network Airlines ²⁾	231	199	11	1	13	4	3
Eurowings ²⁾	5	5	-	-	-	-	-
Logistics	113	78	27	1	3	4	-
Additional Businesses and Group Functions	238	160	22	8	31	12	5
IT services	126						
Travel management	71						
Other	41						
Total	3,591						

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

AIRCRAFT AND RESERVE ENGINES

The Lufthansa Group provided 14 aircraft as collateral for new loans of EUR 895m taken out in the current financial year by way of aircraft financing models.

Repayment of the KfW loan in February 2021 triggered the release of shares in various leasing vehicles in Malta and

Austria, which owned a total of 323 aircraft with a carrying amount of EUR 4,432m as of year-end 2020.

DEFERRED TAXES

Deferred taxes have been capitalised in full for the losses and deferred tax assets incurred in Germany and Switzerland in particular during the financial year. They were offset by a

significant decline in deferred taxes recognised on temporary differences, particularly for pension obligations, so that the total net amount of deferred taxes recognised fell slightly. As the losses were triggered by an exogenous shock with a temporary impact and the Company expects to be able to use the deferred tax assets when it generates sufficient positive tax results in the foreseeable future, they are expected to continue to be recoverable in full. Tax loss carry-forwards are not subject to any restrictions regarding the period of time in which they can be used in Germany.

ASSETS CLASSIFIED AS HELD FOR SALE

Assets with a carrying amount of EUR 101m were held for sale as of 30 September 2021. This item includes 23 aircraft held for sale with a carrying amount of EUR 89m: eight Airbus A340s, one Boeing MD11, one Boeing B767, two Airbus A321s, six Airbus A320s, three Bombardier CRJ9s and two Dash 8-400s. A further EUR 11m in assets and EUR 27m in liabilities related to the Lufthansa Technik business entity held for sale in Shannon, Ireland.

SHAREHOLDERS' EQUITY

In the period under review, EUR 1.5bn was drawn down from the total volume of EUR 4.5bn provided through Silent Participation I granted by the ESF. This is reportable as equity due to the contractual provisions with regard to the indefinite term and since Lufthansa has sole discretion over servicing of the coupon and repayment. A further amount of EUR 3.0bn thus remains available from Silent Participation I in the period up to 31 December 2021. The intention is to repay Silent Participation I in full from the proceeds of the capital increase carried out at the end of the third quarter.

PENSION PROVISIONS

The discount rate used to calculate obligations in Germany was 1.3%. As of 31 December 2020, the rate was 0.8%. A discount rate of 0.35% was used for the pension obligations in Switzerland (31 December 2020: 0.1%). The decline in pension provisions is largely due to the increase in the discount rate and a recovery in the market value of the plan assets. The agreement reached with the collective bargaining partners to cope with the crisis made it possible to reduce the service cost compared with the previous year, despite the interest rate-related increase it contains.

CONTRACT LIABILITIES FROM UNUSED FLIGHT DOCUMENTS

Contract liabilities from unused flight documents came to EUR 3,074m as of 30 September 2021.

CHANGES IN ESTIMATES

On the basis of current corporate forecasts, the management of Deutsche Lufthansa AG does not consider that the long-term business prospects have changed fundamentally, even taking into account the ongoing uncertainty regarding the duration of travel restrictions and the level of future air travel once the current crisis is over. There have therefore been no material changes in estimates in this respect.

OTHER GOVERNMENT AID MEASURES

Total state subsidies of EUR 986m had been received as of 30 September 2021. They are primarily attributable to the reimbursement of wage-replacement benefits and social security contributions paid in the context of short-time working in Germany, Austria and Switzerland. This includes EUR 207m in subsidies for social security contributions, which are classified as support measures. Another EUR 224m in lump-sum subsidies was reported under other operating income. This includes grants of USD 229m received as part of the CARES Act in the USA for LSG and Lufthansa Technik companies. These were recognised once the necessary evidence had been provided. Another EUR 16m relates to government grants for Air Dolomiti.

Loans on below-market terms were granted by the Belgian government as part of the stabilisation measures. The interest rate subsidy they contain of EUR 5m for the current financial year is netted against interest expense.

In addition to the amounts granted to the companies in connection with short-time working, employees also received direct state support in the form of salary-replacement benefits.

By way of support in the face of the crisis, German state institutions deferred payment of taxes and other levies. These consist mainly of import VAT. They are being paid in instalments over the current financial year. The outstanding amount of deferred import VAT came to EUR 455m as of 30 September 2021. This amount is intended to be repaid by year-end 2021.

4 Seasonality

The Group's business activities are normally exposed to seasonal effects via the Network Airlines and Eurowings segments in particular. 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.

However, due to the impact of the coronavirus pandemic the volume of business plummeted overall and currently no longer shows any signs of seasonal effects.

5 Contingencies and events after the reporting period

CONTINGENT LIABILITIES

in €m	30.09.2021	31.12.2020
From guarantees, bills of exchange and cheque guarantees	702	664
From warranty contracts	209	192
From providing collateral for third-parties liabilities	16	16
	927	872

Provisions for other contingent liabilities were not made because it was not sufficiently probable that they would be necessary. The potential financial effect of these provisions on the result would have been EUR 71m in total (as of 31 December 2020: EUR 61m).

As well as information and auditing rights for the Economic Stabilisation Fund, the framework agreement with the Economic Stabilisation Fund provides for extensive obligations for the Lufthansa Group including the suspension of dividend payments, a commitment not to make equity investments and a ban on cross-subsidising companies which were already in difficulty within the meaning of EU Regulation No. 651/2014 on 31 December 2019. In respect of the above-mentioned obligations, risks may arise due to a difference of interpretation between the Company and the European Commission. Lufthansa and the European Commission are continuing to exchange information (including relevant documents) in order to fully clarify these matters. However, at the present time it is impossible to reliably predict the outcome of these discussions. Significant financial risks for the Company due to ultimately determined violations of agreed obligations therefore cannot be ruled out.

As of 30 September 2021, the tax risks for which no provisions had been recognised came to some EUR 200m (as of 31 December 2020: EUR 200m).

At the end of September 2021, there were order commitments of EUR 14.4bn for capital expenditure on property, plant and equipment, including repairable spare parts, and for intangible assets. As of 31 December 2020, order commitments came to EUR 13.0bn. This change is mainly due to the order of five Airbus A350s and five Boeing B787s, as well as currency effects, which were partly offset by the deduction from residual commitments on account of the aircraft additions.

EVENTS AFTER THE REPORTING PERIOD

Deutsche Lufthansa AG completed its capital increase successfully on 6 October 2021; the gross proceeds of the capital increase came to EUR 2,162m; as part of the capital increase the Company issued 597,742,822 new registered shares at a subscription ratio of 1:1; this takes share capital to EUR 3,060,433,248.64; shareholders of Deutsche

Lufthansa AG could buy the new shares at the subscription price of EUR 3.58. Following the capital increase on 11 October 2021, Deutsche Lufthansa AG repaid in full the EUR 1.5bn received under Silent Participation I from the Economic Stabilisation Fund of the Federal Republic of Germany (ESF); this repayment was significantly earlier than originally planned.

The ESF has reduced its stake in Deutsche Lufthansa AG to 14.09% according to its notification of voting rights on 7 October 2021. In the context of its participation in the capital increase, the ESF undertook to sell its remaining equity interest no later than 24 months after the capital increase was completed, provided that the Company had repaid Silent Participation I and Silent Participation II as intended and the relevant contractual conditions were met.

The Lufthansa Group is accelerating the modernisation of its long-haul fleet; in early October 2021 the Lufthansa Group signed leases for four of state-of-the-art, fuel-efficient Airbus A350-900 aircraft; this will take the Lufthansa Group's A350 fleet to 21 aircraft at the start of 2022.

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 2021, the fair value hierarchy for assets and liabilities held at fair value was as follows:

FAIR VALUE HIERARCHY OF ASSETS AS OF 30.09.2021

in €m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	5,153	3	-	5,156
Financial derivatives classified as held for trading	-	3	-	3
Securities	5,153	-	-	5,153
Derivative financial instruments which are an effective part of a hedging relationship	-	1,231	-	1,231
Financial assets at fair value through other comprehensive income	13	13	-	26
Equity instruments	13	13	-	26
Debt instruments	-	-	-	-
Total assets	5,166	1,247	-	6,413

FAIR VALUE HIERARCHY OF LIABILITIES AS OF 30.09.2021

in €m	Level 1	Level 2	Level 2	Total
Financial liabilities at fair value through profit or loss	-	-645	-	-645
Derivative financial instruments at fair value through profit or loss	-	-38	-	-38
Derivative financial instruments which are an effective part of a hedging relationship	-	-463	-	-463
Total liabilities	-	-1,146	-	-1,146

In the financial year, additional CO2 emissions certificates valued at EUR 67m were sold and simultaneously repurchased on the market in what are known as “repo” agreements so that economic ownership of the certificates is

maintained. EUR 114m was also repaid under similar expiring repo agreements.

As of 31 December 2020, the fair value hierarchy for assets and liabilities held at fair value was as follows:

FAIR VALUE HIERARCHY OF ASSETS AS OF 31.12.2020

in €m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	3,654	2	-	3,656
Financial derivatives classified as held for trading	-	2	-	2
Securities	3,654	-	-	3,654
Derivative financial instruments which are an effective part of a hedging relationship	-	620	-	620
Financial assets at fair value through other comprehensive income	11	12	-	23
Equity instruments	11	12	-	23
Debt instruments	-	-	-	-
Total assets	3,665	634	-	4,299

FAIR VALUE HIERARCHY OF LIABILITIES AS OF 31.12.2020

in €m	Level 1	Level 2	Level 2	Total
Financial liabilities at fair value through profit or loss	-	-712	-	-712
Derivative financial instruments at fair value through profit or loss	-	-85	-	-85
Derivative financial instruments which are an effective part of a hedging relationship	-	-738	-	-738
Total liabilities	-	-1,535	-	-1,535

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.

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 market values for individual classes of financial liabilities. Market values for bonds are equal to the listed prices. The market values for other types of financial liability have been calculated using the applicable interest rates for the remaining term to maturity and repayment structures at the reporting date based on available market information (Bloomberg).

Information regarding the loan funds received under the state stabilisation measures can be found in Note 2.

in €m	30.09.2021		31.12.2020	
	Carrying amount	Market value	Carrying amount	Market value
Bonds	5,208	5,362	2,707	2,643
Commercial Paper	-	-	200	199
Borrower's note loans	1,945	1,982	1,900	1,894
Credit lines	25	25	763	740
State-guaranteed loans	2,088	2,299	2,907	3,147
Aircraft financing	4,369	4,206	3,603	3,590
Other borrowings	495	446	651	705
Leasing liabilities	2,117	-	2,637	-
Total	16,247	14,320	15,368	12,918

7 Earnings per share

Earnings per share		30.09.2021	30.09.2020
Basic/diluted earnings per share	€	- 3.17	- 10.79
Consolidated net profit/loss	€m	- 1,877	- 5,584
Weighted average number of shares		597,742,822	517,462,034

Net profit/loss for the period was reduced by EUR 18m for the coupon payable to the ESF for Silent Participation I when calculating earnings per share.

8 Issued capital

SHARE CAPITAL

Deutsche Lufthansa AG's issued capital totals EUR 1,530,221,624.32. It is divided into 597,742,822 registered shares with transfer restrictions, with each share representing EUR 2.56 of issued capital.

AUTHORISED CAPITAL

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

A resolution passed at the Annual General Meeting on 7 May 2019 authorised the Executive Board until 6 May 2024, subject to approval by the Supervisory Board, to increase the issued capital by EUR 30,000,000 by issuing new registered shares to employees (Authorised Capital B) for payment in cash. Existing shareholders' subscription rights are excluded. As of 30 June 2021, the issued capital was increased under this authorisation by a total of EUR 7,637,831.68, so that

Authorised Capital B still amounted to EUR 22,362,168.32 as of the reporting date.

A resolution passed at the Annual General Meeting on 4 May 2021 authorised the Executive Board until 3 May 2026, subject to approval by the Supervisory Board, to increase the Company's issued capital by up to EUR 5,500,000,000.00 by issuing new registered shares on one or more occasions for payment in cash or in kind, in order to use the net issue proceeds largely to repay the capital provided to Deutsche Lufthansa AG by the Economic Stabilisation Fund or for other purposes mentioned in Section 7f of the German Economic Stabilisation Act (WStBG) (Authorised Capital C). Existing shareholders are to be granted subscription rights. The Economic Stabilisation Fund is entitled to subscribe for the new registered shares to which it is entitled as of its exercise of its subscription rights in accordance with the subscription ratio, in return for payment in kind through the contribution of Silent Participation I and/or II either in whole or in part (including the rights to the coupons and any additional payment). The Executive Board is authorised to prescribe the further contents of the share rights and the terms and conditions of the issuance of shares with the consent of the Supervisory Board.

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 issued 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, the shareholders' subscription rights can be excluded with the approval of the Supervisory Board.

A resolution of the extraordinary general meeting on 25 June 2020 increased the contingent capital of Deutsche Lufthansa AG by up to EUR 102,014,776.32. The contingent capital increase serves to provide shares for the exercise of conversion rights granted to the Economic Stabilisation Fund created by the Stabilisation Fund Act as a silent shareholder of the Company for Silent Participation II-A at a strike rate of EUR 2.56 per share by resolution of the extraordinary general meeting on 25 June 2020. The rights can be exercised if a decision is published to make a takeover offer pursuant to Section 10 of the German Securities Acquisition and Takeover Act (WpÜG) or if control is acquired pursuant to Sections 35 and 29 WpÜG. The buyer can exercise the conversion rights at any time if Silent Participation II-A is sold to a private purchaser.

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

protect the coupon, the shares are issued at the current market price on the conversion date, less 5.25%. The conversion rights expire if Silent Participation II-B is assigned to a third party.

A resolution of the Annual General Meeting on 4 May 2021 increased the Company's contingent capital by up to EUR 153,022,161.92. 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 3 May 2026. In certain cases, the 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 7 May 2019 authorised the Executive Board pursuant to Section 71 Paragraph 1 No. 8 of the German Stock Corporation Act (AktG) to purchase treasury shares until 6 May 2024. The authorisation is limited to 10% of current issued capital, which can be purchased on the stock exchange or by a public purchase offer to all shareholders. The authorisation states that the Executive Board can use the shares, in particular, for the purposes defined in the resolution passed at the Annual General Meeting. According to the resolution of the Annual General Meeting held on 7 May 2019, the Executive Board is also authorised to purchase treasury shares by means of derivatives and to conclude corresponding derivative transactions.

9 Segment reporting

Segmentation has not been changed compared with the financial statements as of 31 December 2020.

SEGMENT INFORMATION FOR THE REPORTING SEGMENTS Jan - Sep 2021

	Network Airlines	Eurowings	Logistics	MRO	Catering	Total reportable operating segments	Additional Businesses and Group Functions	Reconciliation	Group
in €m									
External revenue	4,797	533	2,522	2,156	747	10,755	223	-	10,978
of which traffic revenue	4,189	529	2,429	-	-	7,147	-	403	7,550
Inter-segment revenue	439	-3	20	590	19	1,065	112	-1,177	-
Total revenue	5,236	530	2,542	2,746	766	11,820	335	-1,177	10,978
Other operating income	399	78	45	256	213	991	966	-871	1,086
Operating income	5,635	608	2,587	3,002	979	12,811	1,301	-2,048	12,064
Operating expenses	8,513	778	1,663	2,825	915	14,694	1,508	-2,063	14,139
of which cost of materials	3,590	375	1,147	1,417	277	6,806	137	-1,113	5,830
of which staff cost	2,421	133	274	908	449	4,185	470	-1	4,654
of which depreciation and amortisation	1,172	152	107	133	60	1,624	86	-26	1,684
of which other operating expenses	1,330	118	135	367	129	2,079	815	-923	1,971
Result of equity investments	-22	26	17	-14	-12	-5	2	-	-3
of which result of investments accounted for using the equity method	-19	26	12	-16	-12	-9	-	-1	-10
Adjusted EBIT¹⁾	-2,900	-144	941	163	52	-1,888	-205	15	-2,078
Reconciliation items	26	3	5	-40	-23	-29	-14	-2	-45
Impairment losses/gains	18	-2	1	-38	-1	-22	-13	-	-35
Effects from pension provisions	3	-	-	-	-	3	-1	-	2
Result of disposal of assets	5	5	4	-2	-22	-10	-	-2	-12
EBIT	-2,874	-141	946	123	29	-1,917	-219	13	-2,123
Other financial result									-195
Profit/loss before income taxes									-2,318
Capital employed ²⁾	10,387	1,124	2,362	3,453	932	18,258	5,240	-220	23,278
of which from investments accounted for using the equity method	-	103	65	180	77	425	-	1	426
Segment capital expenditure	748	249	147	56	12	1,212	29	-259	982
of which from investments accounted for using the equity method	-	-	-	12	-	12	-	-	12
Number of employees at the end of period	54,350	3,351	4,201	21,107	15,637	98,646	8,038	-	106,684

¹⁾ For detailed reconciliation from EBIT to Adjusted EBIT see table "reconciliation of results", p. 7, 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 non-interest bearing liabilities (including trade payables and liabilities from unused flight documents).

SEGMENT INFORMATION FOR THE REPORTING SEGMENTS Jan - Sep 2020

	Network Airlines	Eurowings	Logistics	MRO	Catering	Total reportable operating segments	Additional Businesses and Group Functions	Recon- ciliation	Group
in €m									
External revenue	5,321	545	1,888	2,152	852	10,758	237	-	10,995
of which traffic revenue	4,798	537	1,775	-	-	7,110	-	294	7,404
Inter-segment revenue	346	8	19	821	208	1,402	124	-1,526	-
Total revenue	5,667	553	1,907	2,973	1,060	12,160	361	-1,526	10,995
Other operating income	618	101	46	286	81	1,132	1,340	-1,121	1,351
Operating income	6,285	654	1,953	3,259	1,141	13,292	1,701	-2,647	12,346
Operating expenses	9,899	1,034	1,527	3,428	1,391	17,279	1,776	-2,710	16,345
of which cost of materials	4,179	564	969	1,792	443	7,947	159	-1,378	6,728
of which staff cost	2,608	137	274	892	622	4,533	496	-3	5,026
of which depreciation and amortisation	1,398	151	117	147	91	1,904	87	-57	1,934
of which other operating expenses	1,714	182	167	597	235	2,895	1,034	-1,272	2,657
Result of equity investments	-36	-86	20	-39	-19	-160	-2	-	-162
of which result of investments ac- counted for using the equity method	-29	-86	11	-41	-19	-164	-	-	-164
Adjusted EBIT¹⁾	-3,650	-466	446	-208	-269	-4,147	-77	63	-4,161
Reconciliation items	-1,369	-97	-19	-101	-110	-1,696	-14	14	-1,696
Impairment losses/gains	-1,374	-95	-19	-95	-110	-1,693	-6	16	-1,683
Effects from pension provisions	-	-	-	-2	-	-2	-6	-	-8
Result of disposal of assets	5	-2	-	-4	-	-1	-2	-2	-5
EBIT	-5,019	-563	427	-309	-379	-5,843	-91	77	-5,857
Other financial result									-1,055
Profit/loss before income taxes									-6,912
Capital employed ²⁾	11,532	1,005	2,290	4,543	1,201	20,571	2,238	-514	22,295
of which from investments accounted for using the equity method	25	93	44	172	101	435	5	-	440
Segment capital expenditure	758	52	204	90	22	1,126	50	-142	1,034
of which from investments accounted for using the equity method	-	-	-	8	-	8	-	-	8
Number of employees at the end of pe- riod	58,578	3,153	4,379	23,260	25,655	115,025	9,509	-	124,534

¹⁾ For detailed reconciliation from Adjusted EBIT to EBIT ↗ table reconciliation of results, p. 7, 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 non-interest bearing liabilities (including trade payables and liabilities from unused flight documents).

EXTERNAL REVENUE BY REGION Jan - Sep 2021

	Europe	thereof Germany	North America	thereof USA	Central and South America	Asia/ Pacific	Middle East	Africa	Group
in €m									
Traffic revenue ¹⁾	4,808	2,239	1,079	991	177	1,156	153	177	7,550
Other operating revenue	1,335	540	1,300	1,166	110	474	135	74	3,428
Total revenue	6,143	2,779	2,379	2,157	287	1,630	288	251	10,978

¹⁾ Allocated according to the original location of sale.

EXTERNAL REVENUE BY REGION Jan - Sep 2020

in €m	Europe	thereof Germany	North America	thereof USA	Central and South America	Asia/ Pacific	Middle East	Africa	Group
Traffic revenue ¹⁾	4,858	2,241	959	869	171	1,141	132	143	7,404
Other operating revenue	1,488	537	1,147	923	132	567	160	97	3,591
Total revenue	6,346	2,778	2,106	1,792	303	1,708	292	240	10,995

¹⁾ Allocated according to the original location of sale.

10 Related party disclosures

As stated in [Note 50](#) to the consolidated financial statements 2020 (Annual Report 2020, p. 225 ff.), 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 have been no significant changes in comparison with the reporting date. The contractual relationships with the group of related parties described in the [Remuneration Report 2020](#) (Annual Report 2020, p. 251 ff.) and in the consolidated financial statements 2020 in [Note 51](#) (Annual Report 2020, p. 228) also still exist unchanged, but are not of material significance for the Group.

11 Published standards that have not yet been applied

Amendments of 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 2021 have no effect on the presentation of the net assets, financial and earnings position. Further information on the amendments resolved as of the preparation of the Annual Report is provided in the consolidated financial statements 2020 in [Note 3](#) "New international accounting standards in accordance with IFRS and interpretations" to the consolidated financial statements 2020 (Annual Report 2020, p. 143 ff.).

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, 29 October 2021

Executive Board



Carsten Spohr
Chief Executive Officer



Christina Foerster
Chief Customer Officer



Harry Hohmeister
Chief Commercial Officer



Detlef Kayser
Chief Operations Officer



Michael Niggemann
Chief HR & Legal Officer



Remco Steenberg
Chief Financial Officer

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The Lufthansa 3rd Interim Report is a translation of the original German Lufthansa Zwischenbericht 3/2021. Please note that only the German version is legally binding.

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

Financial calendar 2022

3 March 2022	Release of Annual Report 2021
5 May 2022	Release of 1st Interim Report January - March 2022
4 August 2022	Release of 2nd Interim Report January - June 2022
3 November 2022	Release of 3rd Interim Report January - September 2022

Disclaimer in respect of forward-looking statements

Information published in the 3rd Interim Report 2021, 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.