LUFTHANSA GROUP

1ST INTERIM REPORT

January – March 2021

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The Lufthansa Group

KEY FIGURES

		Jan - Mar 2021	Jan - Mar 2020	Change in %
Revenue and result				
Total revenue	€m	2,560	6,441	-60
of which traffic revenue	€m	1,542	4,539	-66
Operating expenses	€m	3,980	8,162	-51
Adjusted EBITDA[1]	€m	-577	-540	-7
Adjusted EBIT[1]	€m	-1,143	-1,220	6
EBIT	€m	-1,135	-1,622	30
Net profit/loss	€m	-1,049	-2,124	51
Key balance sheet and cash flow statement figures				
Total assets	€m	38,453	43,352	-11
Equity	€m	2,052	7,497	-73
Equity ratio	%	5.3	17.3	-12.0 pts
Net indebtedness	€m	10,924	6,354	72
Pension provision	€m	7,821	6,989	12
Cash flow from operating activities	€m	-766	1,367	
Capital expenditures (gross)[3]	€m	153	770	-80
Adjusted free cash flow[1]	€m	-947	620	
Key profitability and value creation figures				
Adjusted EBITDA margin[1]	%	-22.5	-8.4	-14.1 pts
Adjusted EBIT margin[1]	%	-44.6	-18.9	-25.7 pts
EBIT margin	%	-44.3	-25.2	-19.1 pts
Lufthansa share				
Share price as of 31 March	€	11.31	8.56	32
Earnings per share	€	-1.75	-4.44	61
Traffic figures[2]				
Flights	number	41,011	209,094	-80
Passengers	thousands	3,043	21,756	-86
Available seat-kilometres	millions	16,843	64,297	-74
Revenue seat-kilometres	millions	7,584	47,099	-84
Passenger load factor	%	45.0	73.3	-28.3 pts
Available cargo tonne-kilometres	millions	2,528	3,428	-26
Revenue cargo tonne-kilometres	millions	1,940	2,159	-10
Cargo load factor	%	76.7	63.0	13.7 pts
Employees				
Employees as of 31 March	number	111,262	136,966	-19

[1] Derivation -> Financial performance, p. 5.
[2] Previous year's figures have been adjusted.
[3] Without acquisition of equity investments.
Date of publication: 29 April 2021.

Contents

Course of business

Effects of the coronavirus crisis continue to put significant strain on business at the Lufthansa Group

— The ongoing coronavirus pandemic once again dominated the course of business at the Lufthansa Group in the first quarter of 2021.

— A renewed increase in new infections and the resulting travel restrictions had a negative impact on demand for flights and booking patterns; available capacity in the first quarter of 2021, as measured in seat-kilometres, was just 21% of the level in 2019, before the coronavirus outbreak.

— The cargo business maintained its positive momentum from 2020 into the first quarter of 2021, reporting record earnings.

— Traffic revenue for Lufthansa Group airlines declined by 66% in the first quarter of 2021 to EUR 1,542m due to the lower traffic (previous year: EUR 4,539m); Group revenue of EUR 2,560m was 60% lower than in the previous year (previous year: EUR 6,441m).

— Operating expenses fell by 51% to EUR 3,980m (previous year: EUR 8,162m), with the help of strict cost management and largely due to the volume-related decline in the cost of materials and services, particularly fuel expenses and fees and charges, the reduction in staff costs, including savings due to short-time work for a large part of the workforce, and other measures to cut fixed costs.

— Adjusted EBIT came to EUR -1,143m in the first quarter of 2021 (previous year: EUR -1,220m); the Adjusted EBIT margin decreased to -44.6% (previous year: -18.9%); EBIT came to EUR -1,135m (previous year: EUR -1,622m).

— Net loss for the period came to EUR -1,049m (previous year: EUR -2,124m).

— Adjusted free cash flow (free cash flow adjusted for effects of IFRS 16) declined to EUR -947m (previous year: EUR 620m).

— The equity ratio increased by 1.8 percentage points compared with year-end 2020 to 5.3% (31 December 2020: 3.5%), mainly because of lower pension liabilities.

— Net indebtedness of EUR 10,924m was 10% higher than at year-end 2020 (31 December 2020: EUR 9,922m); as of the end of March 2021, the Group had available liquidity of EUR 10.6bn, which includes EUR 5,447m from the government stabilisation measures and loans that have not yet been drawn down.

Significant events

Eurowings and ver.di reach a crisis agreement

— On 12 January 2021, Eurowings and the trade union ver.di reached a crisis agreement for the cabin crews.

— It includes protections against dismissal for employees until 31 December 2021, with reductions in Christmas and holiday bonuses, among other things, agreed in exchange; it was also agreed that for the duration of the agreement, previous experience within the Lufthansa Group would be partially taken into account when recruiting new employees.

Lufthansa issues bond and repays KfW loan

— Deutsche Lufthansa AG again successfully issued a bond for a total volume of EUR 1.6bn on 4 February 2021.

— The first tranche has a volume of EUR 750m and pays interest of 2.875% p.a. over a term of four years; the second tranche of EUR 850m matures in seven years and pays interest at 3.75% p.a.

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

— Further debt capital of EUR 590m was raised in the first quarter from borrower's note loans ("Schuldscheindarlehen") and aircraft financing. Matured liabilities of around EUR 2.2bn were repaid over the same period, including the KfW loan.

EU Parliament adopts new slot rules

— On 10 February 2021, the European Parliament passed a resolution amending the slot rules for summer 2021 in response to the pandemic.

— The regulation stipulates that airlines can return up to 50% of their slot series in full before the season begins and that they only have to operate half the remaining slot series in order to secure them for the coming season.

— Based on its capacity outlook, (↗ **Forecast, p. 18**) the Lufthansa Group expects that it will be able to maintain all of the slots to which it has rights, including beyond the 2021 summer season.

Contract with Detlef Kayser extended for three years

— On 3 March 2021, the Supervisory Board of Deutsche Lufthansa AG decided to renew the contract with Detlef Kayser, Chief Operating Officer, for three more years until 31 December 2024.

Britta Seeger nominated to succeed Stephan Sturm on the Supervisory Board

— Stephan Sturm will step down from the Supervisory Board of Deutsche Lufthansa AG as of the close of the Annual General Meeting on 4 May 2021.

— The Nomination Committee nominated Britta Seeger, a member of the Executive Board of Daimler AG, for the vacant seat on the Supervisory Board on 3 March 2021; Britta Seeger will be put forward for election at the Annual General Meeting on 4 May 2021.

— The chair of the Audit Committee, currently held by Stephan Sturm, is to be transferred to Harald Krüger.

Proposal to create new Authorised Capital C to be made to the Annual General Meeting

— A proposal is to be made to the Annual General Meeting on 4 May 2021 to create new Authorised Capital C with a nominal value of up to EUR 5.5bn over a period of up to five years, in accordance with Section 7b Economic Stabilisation Act (WStBG).

— This should enable the Company to make flexible use of financing opportunities in order to raise equity on the capital markets.

— The amount of Authorised Capital C is derived from the Silent Participations I and II by the Economic Stabilisation Fund because any capital increase from Authorised Capital C would be directly related to the repayment of the stabilisation measures.

— Shareholders would have subscription rights in the event of a capital increase.

Lufthansa implements voluntary programme to avoid dismissals for operational reasons

— The Lufthansa Group continued with its restructuring programme in the first quarter of 2021; voluntary programmes were prepared in the reporting period for ground staff at Deutsche Lufthansa AG and Lufthansa Technik AG and have been available to staff since April. These programmes aim to reduce surplus staff capacities in a socially responsible way and avoid redundancies once the reorganisation has been implemented.

Events after the reporting period

— Since 31 March 2021, no events of particular importance have occurred that would be expected to have a significant influence on the net assets, financial and earnings position that have not already been reported.

Financial performance

EARNINGS POSITION

Traffic remains severely affected by coronavirus crisis; traffic revenue down by 66%

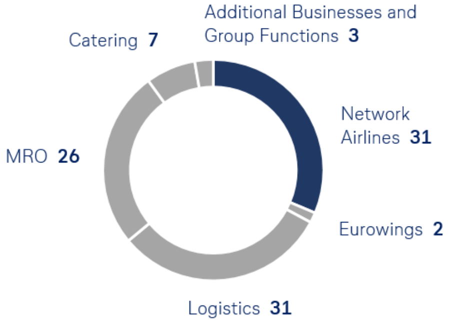
— Traffic at the Lufthansa Group airlines suffered significantly from the ongoing coronavirus pandemic throughout the first quarter of 2021; last year the effects of the pandemic only began to be felt in March.

— Sales by the passenger airlines in the Lufthansa Group (revenue seat-kilometres) were down year-on-year by 84%, capacity (available seat-kilometres) was cut by 74%, and the passenger load factor fell by 28.3 percentage points to 45.0%; capacity in the first quarter of 2021 was reduced by 79% compared to the pre-crisis figure in 2019; traffic revenue in the passenger business fell by 83% to EUR 658m (previous year: EUR 3,927m).

— The Lufthansa Group's cargo business performed well in the first quarter of 2021 due to the global reduction in capacity caused by the loss of belly capacities on passenger aircraft; this had a positive impact on yields; capacity (available cargo tonne-kilometres) fell by 26%, sales (revenue cargo tonne-kilometres) were down by 10%, but the cargo load factor of 76.7% was 13.7 percentage points higher than last year; traffic revenue went up by 48% to EUR 765m due to significantly higher yields (previous year: EUR 516m); this meant Lufthansa Cargo achieved a record result in the reporting period.

— Traffic revenue for the Lufthansa Group fell year-on-year by 66% to EUR 1,542m in the first three months of the 2021 financial year (previous year: EUR 4,539m).

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



Revenue down year-on-year by 60%

— Other revenue fell by 46% to EUR 1,018m (previous year: EUR 1,902m), mainly due to lower income in the MRO and Catering segments and at AirPlus as a result of the crisis, as well as to the disposal of the LSG group's European business.

— Revenue of EUR 2,560m was 60% down on the year (previous year: EUR 6,441m); operating income fell by 59% to EUR 2,888m (previous year: EUR 6,976m).

REVENUE, INCOME AND EXPENSES

in €m	**Jan - Mar 2021**	Jan - Mar 2020	Change in %
Traffic revenue	1,542	4,539	-66
Other revenue	1,018	1,902	-46
Total revenue	**2,560**	**6,441**	**-60**
Other operating income	328	535	-39
Total operating income	**2,888**	**6,976**	**-59**
Cost of materials and services	1,412	4,043	-65
of which fuel	275	1,227	-78
of which other raw materials, consumables and supplies and purchased goods	357	920	-61
of which fees and charges	285	874	-67
of which external services MRO	216	480	-55
Staff costs	1,390	2,143	-35
Depreciation	566	680	-17
Other operating expenses	612	1,296	-53
Total operating expenses	**3,980**	**8,162**	**-51**
Result from equity investments	-51	-34	-50
Adjusted EBIT	**-1,143**	**-1,220**	**6**
Total reconciliation EBIT	8	-402	
EBIT	**-1,135**	**-1,622**	**30**
Net interest	-118	-56	-111
Other financial items	-60	-998	94
Profit/loss before income taxes	**-1,313**	**-2,676**	**51**
Income taxes	259	553	-53
Profit/loss after income taxes	**-1,054**	**-2,123**	**50**
Profit/loss attributable to minority interests	5	-1	
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG	**-1,049**	**-2,124**	**51**

Operating expenses decrease by 51%

— Operating expenses for the Lufthansa Group fell by 51% year-on-year to EUR 3,980m (previous year: EUR 8,162m).

— The cost of materials and services for the Lufthansa Group was 65% down on the previous year at EUR 1,412m (previous year: EUR 4,043m).

- o Within the cost of materials and services, fuel expenses dropped by 78% to EUR 275m; this was essentially due to crisis-related lower consumption volumes, while lower market prices due to hedging only had a slight impact; the result of price hedging was EUR 5m (previous year: EUR -133m).
- o Expenses for other raw materials, consumables and supplies were down by 61% at EUR 357m due to lower volumes.
- o Expenses for fees and charges fell year-on-year by 67% to EUR 285m in line with the lower traffic.
- o At EUR 216m, expenses for external MRO services were 55% lower than in the previous year.

— Operating staff costs fell by 35% to EUR 1,390m (previous year: EUR 2,143m), primarily as a result of short-time working and the related government support measures, as well as a 19% decrease in the average number of employees. The reduction in the headcount affected all areas, but especially the Catering segment, also due to the disposal of the LSG group's European business; this more than offset additional expenses in connection with measures to reduce the number of employees even further.

— Depreciation and amortisation fell by 17% to EUR 566m (previous year: EUR 680m) and was mainly for aircraft and reserve engines; the decline is chiefly due to the impairment losses recognised in the previous year and to limited investing activities.

— Other operating expenses decreased by 53% to EUR 612m (previous year: EUR 1,296m), mainly due to lower sales and marketing expenses, a decline in other costs directly linked to business activities and lower write-downs on receivables.

Adjusted EBIT and net loss less negative

— The result from equity investments fell by 50% to EUR -51m (previous year: EUR -34m), mainly due to higher losses at joint ventures in the passenger business.

— Adjusted EBIT for the Lufthansa Group came to EUR -1,143m in the first three months of the 2021 financial year (previous year: EUR -1,220m); the Adjusted EBIT margin, ratio of Adjusted EBIT to revenue, fell to -44.6% (previous year: -18.9%).

— EBIT in the reporting period came to EUR -1,135m (previous year: EUR -1,622m), whereby the previous year's figure was reduced by impairment losses on aircraft and goodwill.

— Net interest fell by 111% to EUR -118m (previous year: EUR -56m), primarily because of higher interest payments on financial liabilities.

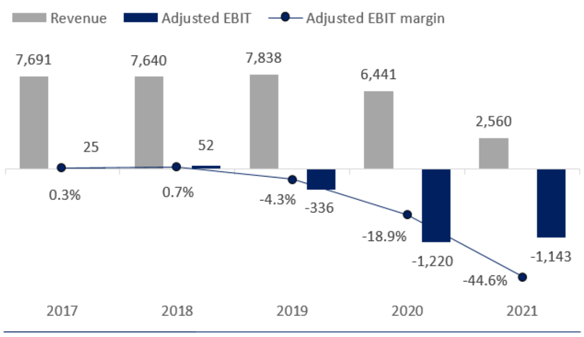
— Other financial items improved to EUR -60m (previous year: EUR -998m); last year the trading result was reduced in particular by the reversal of hedging relationships in profit or loss, especially fuel hedges; the steep fall in the oil price meant that the market value of the derivatives concerned had fallen significantly; these losses were recognised in the financial result because kerosene consumption was lower as a result of the crisis.

— A positive income tax effect of EUR 259m (previous year: EUR 553m) stemmed from the recognition of deferred tax assets for negative earnings in the first three months of the 2021 financial year; the tax ratio came to just 19.7%, largely because deferred tax assets were not recognised for companies with a history of losses.

— The net result attributable to shareholders of Deutsche Lufthansa AG in the first quarter of 2021 came to EUR -1,049m (previous year: EUR -2,124m).

— Earnings per share amounted to EUR -1.75 (previous year: EUR -4.44).

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



RECONCILIATION OF RESULTS

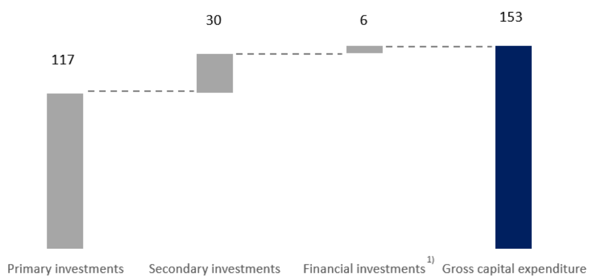
	Jan - Mar 2021		Jan - Mar 2020	
in €m	**Income statement**	Reconciliation Adjusted EBIT	Income statement	Reconciliation Adjusted EBIT
Total revenue	**2,560**		**6,441**	
Changes in invertories and work performed by entity and capitalised	24		145	
Other operating income	316		444	
of which book gains		-10		-2
of which write-ups on capital assets and assets held for sale		-2		-52
Total operating income	**2,900**	**-12**	**7,030**	**-54**
Costs of materials and services	-1,412		-4,043	
Staff costs	-1,390		-2,148	
of which past service costs/settlements		–		5
Depreciation	-569		-1,124	
of which impairment losses		2		444
Other operating expenses	-613		-1,303	
of which impairment losses on assets held for sale		–		–
of which expenses incurred from book losses		2		7
Total operating expenses	**-3,984**	**4**	**-8,618**	**456**
Profit/loss from operating activities	**-1,084**		**-1,588**	
Result from equity investments	-51		-34	
of which impairment losses on investments accounted for using the equity method		–		–
EBIT	**-1,135**		**-1,622**	
Total amount of reconciliation Adjusted EBIT		-8		402
Adjusted EBIT		**-1,143**		**-1,220**
Depreciation		566		680
Adjusted EBITDA		**-577**		**-540**

FINANCIAL POSITION

Investment volume reduced by 80%

— Gross capital expenditure by the Lufthansa Group fell by 80% to EUR 153m, mainly due to the postponement of planned aircraft deliveries (previous year: EUR 770m).

GROSS CAPITAL EXPENDITURE in €m (Jan - Mar 2021)



[1] Without acquisition of equity investments.

Cash flow from operating activities down to EUR -766m; Adjusted free cash flow down to EUR -947m

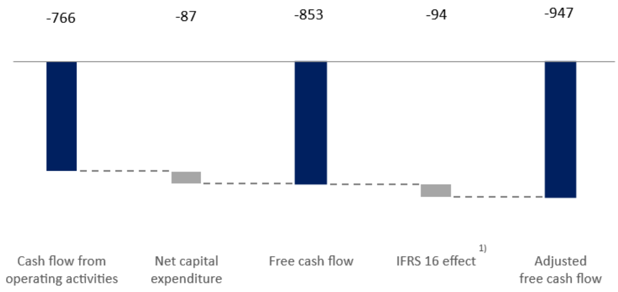
— Although the loss before taxes was less negative, cash flow from operating activities fell year-on-year to EUR -766m due to lower non-cash earnings components and higher cash flow from operating activities recognised directly in equity in the previous year (previous year: EUR 1,367m).

— The improvement in pre-tax earnings stems mainly from the absence of negative valuation expenses, such as impairment losses on aircraft and goodwill and negative market valuations of fuel hedges recognised in profit and loss, which severely impacted the previous year's result.

— Weak demand for flights meant that there are not the usual seasonal cash surpluses from ticket sales compared with tickets used; in the current financial year this was exacerbated by the fact that ticket refunds of EUR 382m were paid to customers; this was partly offset last year by other measures to optimise working capital and transactions to generate cash, such as repo agreements for emissions certificates.

— Adjusted free cash flow (free cash flow adjusted for effects of IFRS 16) declined to EUR -947m due to the change in cash flow from operating activities (previous year: EUR 620m).

CASH FLOW in €m (Jan - Mar 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 121m (previous year: EUR 1,076m).

— This resulted from financing activities of EUR 2,186m, consisting of a bond with a total volume of EUR 1.6bn, a borrower's note loan for EUR 350m and Japanese operating leases for four aircraft amounting to EUR 240m.

— Other loans agreed as part of the stabilisation packages were also drawn down; they amounted to EUR 179m in the first quarter of 2021 from state-guaranteed loans in Switzerland and Belgium; further loans of USD 62m were also approved for companies in the LSG group and Lufthansa Technik under the US CARES Acts I and II, of which USD 46m (EUR 38m) has already been disbursed; a total of EUR 217m in additional funding from credit lines guaranteed by foreign governments was also drawn down in the first quarter of 2021.

— Financial liabilities of EUR 2,227m were repaid, including the KfW loan of EUR 1.0bn, which was repaid ahead of schedule, as well as EUR 1,016m in borrower's note loans and short-term borrowing; further capital repayments of EUR 209m related mostly to aircraft financing and other lease obligations, which were paid back on schedule.

Available liquidity of EUR 10.6bn

— Liquidity (total of cash and current securities) fell compared with the end of the previous year by 8% to EUR 4,750m due to the negative adjusted free cash flow (previous year: EUR 5,140m); EUR 3,710m of the total was available centrally; as-yet unused government stabilisation measures and loans came to EUR 5,447m as of 31 March 2021; this particularly includes EUR 4.5bn from Silent Participation I, which is classified under IFRS as equity and has not yet been drawn down as of 31 March 2021; there are also unused credit lines of EUR 360m.

— As of 31 March 2021, the Company therefore has around EUR 10.6bn of available liquidity.

— Repayment of the KfW funding also means that certain financing restrictions related to collateral requirements for aircraft held in Maltese and Austrian leasing companies no longer apply.

NET ASSETS

Total assets down on year-end 2020

— Total assets as of 31 March 2021 decreased by 3% on year-end 2020 to EUR 38,453m (31 December 2020: EUR 39,484m).

— Non-current assets fell by 2% to EUR 28,755m (31 December 2020: EUR 29,444m); the change is mainly due to impairment losses on aircraft and reserve engines, partly offset by the addition of two new aircraft from the Airbus A320 family; deferred tax assets also declined due to the tax effects of the revaluation of pension provisions recognised directly in equity, which resulted in lower obligations due to the change in interest rates.

— Current assets fell by 3% to EUR 9,698m (31 December 2020: EUR 10,040m); the decline in cash including current securities exceeded the increase in current trade and other receivables.

— Assets held for sale of EUR 105m mainly related to 32 aircraft held for sale.

— Non-current provisions and liabilities were down by 3% to EUR 22,771m (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 13,503m was 10% higher than at year-end 2020 (31 December 2020: EUR 12,252m); the increase resulted primarily from the new borrowing and the loans received as part of the government stabilisation measures outside Germany, offset by the early repayment of the KfW loans. ↗ **Financial position, p. 8.**

  o Pension liabilities fell by 18% to EUR 7,821m (31 December 2020: EUR 9,531m), largely due to the increase in the interest rate of 0.4 percentage points to 1.2% which was used to discount pension obligations and the positive performance of plan assets.

— Current provisions and liabilities were down by 7% to EUR 13,630m (31 December 2020: EUR 14,659m), primarily because current borrowings fell as a result of capital repayments.

— Shareholders' equity rose by 48% compared to year-end 2020 to EUR 2,052m (31 December 2020: EUR 1,387m); the net loss for the period was more than offset by positive valuation effects recognised directly in equity for pensions and derivatives.

Equity ratio up by 1.8 percentage points

— The equity ratio increased by 1.8 percentage points compared with year-end 2020 to 5.3% (31 December 2020: 3.5%).

— Net indebtedness of EUR 10,924m was 10% higher than at year-end 2020 (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 4% compared to year-end 2020 to EUR 18,498m (31 December 2020: EUR 19,206m).

CALCULATION OF NET INDEBTEDNESS

	31.03.2021 in €m	31.12.2020 in €m	Change in %
Liabilities to banks	3,499	4,938	-29
Bonds	4,405	2,907	52
Lease liabilities (IFRS 16)[1)]	2,254	2,291	-2
Other non-current borrowing	5,489	5,232	5
	15,647	**15,368**	**2**
Other bank borrowing	27	14	93
Group indebtedness	**15,674**	**15,382**	**2**
Cash and cash equivalents	1,482	1,806	-18
Securities	3,268	3,654	-11
Net indebtedness	**10,924**	**9,922**	**10**
Pension provisions	7,821	9,531	-18
Net indebtedness and pensions	**18,745**	**19,453**	**-4**

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 - Mar 2021	Jan - Mar 2020	Change in %
Revenue	€m	923	4,033	-77
of which traffic revenue	€m	620	3,606	-83
Operating expenses	€m	2,317	5,141	-55
Adjusted EBITDA	€m	-864	-396	-118
Adjusted EBIT	€m	-1,261	-891	-42
EBIT	€m	-1,258	-1,159	-9
Adjusted EBIT margin	%	-136.6	-22.1	-114.5 pts
Segment capital expenditure	€m	145	598	-76
Employees as of 31.03.	number	56,516	60,828	-7
Flights	number	34,721	169,925	-80
Passengers	thousands	2,752	18,057	-85
Availabel seat-kilometres	millions	16,186	59,304	-73
Revenue seat-kilometres	millions	7,240	43,331	-83
Passenger load factor	%	44.7	73.1	-28.4 pts

— The performance of Network Airlines was impaired by the effects of the coronavirus pandemic in the first three months of the financial year; travel restrictions continued to have an adverse effect on demand for flights.

— Network Airlines continued to work hard on implementing its restructuring programmes in the first quarter 2021, with a focus on cutting costs, safeguarding liquidity and increasing profitability.

— Passengers flying with SWISS and Austrian Airlines in Economy Class on short and medium-haul routes since the end of March 2021 are now being offered an individual and high-quality selection of food for sale; the concept was developed in association with Retail inMotion; it is to be introduced at Lufthansa German Airlines at the end of May.

OPERATING FIGURES

		Jan - Mar 2021	Jan - Mar 2020	Change in %	Exchange-rate adjusted change in %
Yields	€ Cent	7.0	7.4	-5.7	-0.8
Unit revenue (RASK)	€ Cent	6.2	7.0	-11.3	-8.8
Unit cost (CASK) excluding fuel and emissions trading	€ Cent	12.6	6.7	88.6	89.5

— Traffic at the Network Airlines was dominated by the ongoing coronavirus pandemic in the first quarter of 2021; capacity was 73% down on the previous year, whereby the number of flights was reduced by 80%; sales fell by 83%; the passenger load factor of 44.7% was 28.4 percentage points down on the year; compared with the pre-crisis year 2019, capacity was 78% lower.

— Traffic revenue for Network Airlines declined by 83% to EUR 620m due to the lower traffic (previous year: EUR 3,606m); revenue of EUR 923m was 77% lower than a year ago (previous year: EUR 4,033m); operating income fell by 75% to EUR 1,073m (previous year: EUR 4,252m); yields fell by 0.8% after adjusting for exchange rates.

— Constant currency unit revenues fell by 8.8% due to the lower load factors in all traffic regions.

— Operating expenses fell by 55% to EUR 2,317m due to lower volumes and structural measures taken (previous year: EUR 5,141m); expenses for fuel, fees and charges, and staff were significantly lower than in the previous year.

— Constant currency unit costs rose by 89.5%, without expenses for fuel and emissions trading; the significant reduction in capacity was not matched in full by corresponding cuts in costs.

— Adjusted EBIT fell accordingly to EUR -1,261m (previous year: EUR -891m); EBIT came to EUR -1,258m (previous year: EUR -1,159m); whereby the previous year's figure was reduced by impairment losses on the fleet of EUR 266m.

— Segment capital expenditure was reduced by 76% to EUR 145m (previous year: EUR 598m).

— As of 31 March 2021, the number of employees fell year-on-year by 7% to 56,516 (previous year: 60,828), especially due to natural fluctuation and the absence of new recruitment.

TRENDS IN TRAFFIC REGIONS

	Net traffic revenue external revenue		Number of passengers		Available seat-kilometres		Revenue seat-kilometres		Passenger load factor	
	Jan - Mar 2021	Change	**Jan - Mar 2021**	Change	**Jan - Mar 2021**	Change	**Jan - Mar 2021**	Change	**Jan - Mar 2021**	Change
	in €m	in %	in thousands	in %	in millions	in %	in millions	in %	in %	in pts
Europe	193	-84	1,933	-86	3,258	-81	1,828	-83	56.1	-9.4 pts
America	143	-87	344	-84	6,825	-70	2,754	-84	40.3	- 35.6 pts
Asia/Pacific	79	-85	139	-88	2,809	-77	1,048	-89	37.3	- 39.6 pts
Middle East/ Africa	92	-76	336	-75	3,294	-59	1,610	-73	48.9	- 26.3 pts
Non allocable	113	-71								
Total	**620**	**-83**	**2,752**	**-85**	**16,186**	**-73**	**7,240**	**-83**	**44.7**	**- 28.4 pts**

Lufthansa German Airlines[1)]

KEY FIGURES		**Jan - Mar 2021**	Jan - Mar 2020	Change in %
Revenue	€m	550	2,637	-79
Operating expenses	€m	1,532	3,382	-55
Adjusted EBITDA	€m	-653	-299	-118
Adjusted EBIT	€m	-875	-609	-44
EBIT	€m	-871	-787	-11
Employees as of 31.03.	number	37,386	39,474	-5
Flights	number	22,358	104,425	-79
Passengers	thousands	1,866	11,192	-83
Available seat-kilomet-res	millions	10,890	38,487	-72
Revenue seat-kilomet-res	millions	4,979	28,117	-82
Passenger load factor	%	45.7	73.1	-27.4 pts

1) Including regional partners.

- Lufthansa German Airlines prepared for 2021 with its programmes New Tomorrow and ReStart after it was hard hit by the travel restrictions and collapse in demand caused by the coronavirus crisis; wide-ranging projects were launched to cut costs and offset the impact of the crisis.
- Revenue at Lufthansa German Airlines declined by 79% in the first quarter of 2021 to EUR 550m due to the effects of the coronavirus crisis (previous year: EUR 2,637m); operating income fell by 76% to EUR 674m (previous year: EUR 2,775m).
- Operating expenses of EUR 1,532m were 55% down on the year (previous year: EUR 3,382m), primarily because of the volume-related decline in expenses for fuel and fees and charges as well as lower staff costs, partly due to short-time working.
- Adjusted EBIT fell accordingly to EUR -875m (previous year: EUR -609m) and EBIT came to EUR -871m (previous year: EUR -787m); whereby the previous year's figure was reduced by impairment losses on the fleet of EUR 178m.

SWISS[1)]

KEY FIGURES		Jan - Mar 2021	Jan - Mar 2020	Change in %
Revenue	€m	270	920	-71
Operating expenses	€m	505	1,067	-53
Adjusted EBITDA	€m	-99	27	
Adjusted EBIT	€m	-211	-82	-157
EBIT	€m	-211	-82	-157
Employees as of 31.03.	number	9,751	10,641	-8
Flights	number	5,150	29,670	-83
Passengers	thousands	386	3,409	-89
Available seat-kilometres	millions	3,408	12,618	-73
Revenue seat-kilometres	millions	1,210	9,425	-87
Passenger load factor	%	35.5	74.7	-39.2 pts

1) Including Edelweiss Air.

— SWISS continued to work systematically on the implementation of its restructuring programme in the first quarter of 2021, particularly on cutting staff costs; the management board was reduced from four to three members, and over 800 positions were reduced due to natural fluctuation and early retirement since the start of the crisis; in response to the structural changes in the industry, SWISS is also examining a more radical downsizing than previously planned in order to stay competitive.

— Revenue at SWISS declined by 71% in the first quarter of 2021 to EUR 270m due to the ongoing effects of the coronavirus pandemic (previous year: EUR 920m); operating income of EUR 294m was 70% down on the year (previous year: EUR 985m).

— Operating expenses saw a primarily volume-related decline of 53% to EUR 505m due to lower expenses for fuel, fees and charges and lower staff costs, among other things due to a high proportion of short-time working (previous year: EUR 1,067m).

— Adjusted EBIT and EBIT at SWISS came to EUR -211m in the first quarter of 2021 (previous year: EUR -82m).

Austrian Airlines

KEY FIGURES		Jan - Mar 2021	Jan - Mar 2020	Change in %
Revenue	€m	61	287	-79
Operating expenses	€m	171	440	-61
Adjusted EBITDA	€m	-70	-93	25
Adjusted EBIT	€m	-106	-136	22
EBIT	€m	-106	-197	46
Employees as of 31.03.	number	6,314	6,943	-9
Flights	number	5,426	22,727	-76
Passengers	thousands	308	1,933	-84
Available seat-kilometres	millions	831	4,521	-82
Revenue seat-kilometres	millions	437	3,084	-86
Passenger load factor	%	52.6	68.2	-15.6 pts

— The ongoing downsizing of the Austrian Airlines fleet is now in its final phase; two more aircraft from the Airbus A320 family are to be transferred to long-term parking mode to limit the risk that the market recovers more slowly over the coming years, which means the current fleet will be reduced from 77 aircraft to 58 rather than the 60 originally planned - at least until 2024/2025.

— Revenue for Austrian Airlines declined by 79% to EUR 61m due to the ongoing coronavirus crisis (previous year: EUR 287m); operating income fell by 79% to EUR 65m (previous year: EUR 304m).

— Operating expenses of EUR 171m were 61% down on the year (previous year: EUR 440m), particularly due to volume-related lower expenses for fuel, fees and charges and staff.

— Adjusted EBIT came to EUR -106m in the first quarter of 2021 (previous year: EUR -136m); EBIT came to EUR -106m (previous year: EUR -197m), whereby the previous year's figure was reduced by impairment losses on the fleet of EUR 59m.

Brussels Airlines

KEY FIGURES		**Jan - Mar 2021**	Jan - Mar 2020	Change in %
Revenue	€m	55	233	-76
Operating expenses	€m	130	315	-59
Adjusted EBITDA	€m	-41	-29	-41
Adjusted EBIT	€m	-70	-64	-9
EBIT	€m	-70	-93	25
Employees as of 31.03.	number	3,065	3,770	-19
Flights	number	1,791	13,715	-87
Passengers	thousands	192	1,552	-88
Available seat-kilometres	millions	1,056	3,695	-71
Revenue seat-kilometres	millions	614	2,717	-77
Passenger load factor	%	58.2	73.5	-15.3 pts

— Within its “Reboot Plus” program, 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 program, since January 2021, new collective labor agreements have been in force with all employee groups, enabling Brussels Airlines to provide competitive personnel costs.

— Revenue at Brussels Airlines fell year-on-year by 76% to EUR 55m in the first quarter of 2021 as a result of the coronavirus pandemic (previous year: EUR 233m); a travel ban imposed by the Belgian government had a severe impact on passenger numbers; operating income of EUR 60m was 76% down on the year (previous year: EUR 251m).

— Operating expenses fell by 59% to EUR 130m, primarily due to the volume-related decline in the cost of materials and services (previous year: EUR 315m); despite the high proportion of fixed costs, expenses were reduced thanks to the restructuring programme.

— Adjusted EBIT fell accordingly in the first three months of the year to EUR -70m (previous year: EUR -64m); EBIT came to EUR -70m (previous year: EUR -93m), whereby the previous year’s figure was reduced by EUR 29m due to impairment losses on aircraft and rights-of-use for aircraft.

EUROWINGS BUSINESS SEGMENT

KEY FIGURES

		Jan - Mar 2021	Jan - Mar 2020	Change in %
Revenue	€m	39	332	-88
of which traffic revenue	€m	38	321	-88
Operating expenses	€m	174	516	-66
Adjusted EBITDA	€m	-95	-121	21
Adjusted EBIT	€m	-144	-175	18
EBIT	€m	-142	-233	39
Adjusted EBIT margin	%	-369.2	-52.7	-316.5 pts
Segment capital expenditures	€m	2	43	-95
Employees as of 31.03.	number	3,015	3,350	-10
Flights	number	4,319	37,282	-88
Passengers	thousands	292	3,699	-92
Available seat-kilometres	millions	657	4,992	-87
Revenue seat-kilometres	millions	344	3,768	-91
Passenger load factor	%	52.3	75.5	-23.2 pts

— The ongoing coronavirus crisis continues to have a severe impact on the performance of Eurowings; travel restrictions and the resulting fall in demand meant that available capacity was still significantly lower than before the crisis.

— The restructuring programme at Eurowings is being intensified as a result of the coronavirus crisis; the programme aims to exploit the opportunities offered by the crisis to increase market share and sustainably boost the attractiveness and popularity of the Eurowings brand; Eurowings has started to prepare early for summer 2021, launching the two projects Ramp-up and Restart.

— Eurowings and the trade union ver.di agreed on a crisis package for cabin crew at Eurowings Germany on 12 January 2021; it protects employees against dismissal until 31 December 2021; in exchange, reductions in Christmas and holiday bonuses were agreed, among other things; it was also agreed that for the duration of the agreement, previous experience within the Lufthansa Group would be partially taken into account when recruiting new employees.

— Eurowings and the Vereinigung Cockpit pilots’ union have in principle signed a wage agreement to cope with the coronavirus crisis and an outline paper on the recruitment of cockpit crew at Eurowings Germany; in the crisis wage agreement, the parties agreed on a crisis contribution by cockpit staff at Eurowings Germany (consisting of reduced working hours with correspondingly lower salaries and lower holiday and Christmas bonuses); this provides a foundation for safeguarding jobs in the cockpit; the crisis contribution is another key building block for ensuring the future viability of Eurowings.

OPERATING FIGURES

		Jan - Mar 2021	Jan - Mar 2020	Change in %	Exchange-rate adjusted change in %
Yields	€ Cent	9.4	7.4	27.7	27.6
Unit revenue (RASK)	€ Cent	7.0	7.1	-0.9	6.8
Unit cost (CASK) excluding fuel and emissions trading	€ Cent	23.9	8.4	185.8	187.5

— Traffic declined at Eurowings due to the ongoing effects of the coronavirus pandemic in the first quarter of 2021; capacity fell year-on-year by 87%, the number of flights by 88%, sales by 91% and the passenger load factor by 23.2 percentage points to 52.3%; capacity was cut by 90% compared with the pre-crisis figure in 2019.

— Traffic revenue declined by 88% to EUR 38m due to the lower traffic (previous year: EUR 321m); revenue of EUR 39m was also 88% down on the year (previous year: EUR 332m); operating income fell by 85% to EUR 55m (previous year: EUR 366m). Yields rose by 27.6% after adjusting for exchange rates.

— Unit revenues rose by 6.8% after adjusting for exchange rates.

— Operating expenses went down by 66% to EUR 174m (previous year: EUR 516m); in addition to the volume-related decline in expenses for fuel, fees and charges, fixed costs were cut by terminating external wet leases, introducing short-time working and reducing administrative expenses.

— Constant currency unit costs, without fuel and emissions trading expenses, rose year-on-year by 187.5%, driven by the significant crisis-related capacity reduction in the first quarter of 2021, which was only partly matched by corresponding cost savings.

— Adjusted EBIT in the reporting period came to EUR -144m (previous year: EUR -175m); cost reductions compensated for the decline in revenue; EBIT came to EUR -142m (previous year: EUR -233m), whereby the previous year's figure was particularly affected by impairment losses on goodwill of EUR 57m.

— Segment capital expenditure fell by 95% to EUR 2m (previous year: EUR 43m).

— As of 31 March 2021, the number of employees fell year-on-year by 10% to 3,015 (previous year: 3,350); this downsizing mainly stems from the reductions in ground staff and cabin crew agreed as part of the restructuring programme.

LOGISTICS BUSINESS SEGMENT

KEY FIGURES

		Jan - Mar 2021	Jan - Mar 2020	Change in %
Revenue	€m	802	554	45
of which traffic revenue	€m	765	516	48
Operating expenses	€m	509	593	-14
Adjusted EBITDA	€m	349	17	1,953
Adjusted EBIT	€m	314	-22	
EBIT	€m	316	-41	
Adjusted EBIT margin	%	39.2	-4.0	43.2 pts
Segment capital expenditure	€m	4	75	-95
Employees as of 31.03.	number	4,261	4,486	-5
Available cargo tonne-kilometres[1]	millions	2,201	2,836	-22
Revenue cargo tonne-kilometres[1]	millions	1,667	1,808	-8
Cargo load factor[1]	%	75.7	63.8	11.9 pts

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

— The positive course of business in the Logistics business segment continued from 2020 into the first quarter of 2021; global freight capacity was again significantly reduced by the absence of belly capacities on passenger aircraft, but demand for the remaining freight capacity held strong over the first quarter, so yields were significantly higher than in the previous year.

— Lufthansa Cargo reduced its capacity by 22% in the reporting period, whereas sales fell by just 8%, improving the cargo load factor by 11.9 percentage points to 75.7%; yields went up in all Lufthansa Cargo's traffic regions and were 61% higher than last year overall.

— A decision was taken in the reporting period to add an additional Boeing 777F to the fleet in the second half of 2021 as part of the planned renewal and harmonisation of the freight fleet; the three remaining MD-11 freighters will be retired from service by the end of 2021.

— Traffic revenue for Lufthansa Cargo rose by by 48% in the first quarter of 2021 to EUR 765m thanks to higher yields and despite lower sales (previous year: EUR 516m); revenue went up by 45% to EUR 802m (previous year: EUR 554m); Operating income of EUR 819m was 44% up on the year (previous year: EUR 569m).

— Operating expenses saw a volume-related decline of 14% to EUR 509m due to lower belly expenses paid to Group companies, lower fuel costs, fees and charges, and staff costs (previous year: EUR 593m).

— Adjusted EBIT improved accordingly to EUR 314m (previous year: EUR -22m), which enabled Lufthansa Cargo to report a record result in the first quarter of 2021; EBIT improved to EUR 316m (previous year: EUR -41m).

— Segment capital expenditure fell by 95% to EUR 4m (previous year: EUR 75m).

— As of 31 March 2021, the number of employees fell year-on-year by 5% to 4,261 (previous year: 4,486).

TRENDS IN TRAFFIC REGIONS

	Net traffic revenue external revenue		Available cargo tonne-kilometres		Revenue cargo tonne-kilometres		Cargo load factor	
	Jan - Mar 2021	Change	**Jan - Mar 2021**	Change	**Jan - Mar 2021**	Change	**Jan - Mar 2021**	Change
	in €m	in %	in millions	in %	in millions	in %	in %	in pts
Europe	50	16	105	-31	60	-13	57.3	11.7 pts
America	357	52	1,002	-29	755	-15	75.3	12.7 pts
Asia/Pacific	313	63	949	-5	750	6	79.1	8.0 pts
Middle East/Africa	45	-2	145	-47	102	-30	70.0	16.8 pts
Total	**765**	**48**	**2,201**	**-22**	**1,667**	**-8**	**75.7**	**11.9 pts**

MRO BUSINESS SEGMENT

KEY FIGURES

		Jan - Mar 2021	Jan - Mar 2020	Change in %
Revenue	€m	829	1,592	-48
of which with companies of the Lufthansa Group	€m	163	483	-66
Operating expenses	€m	875	1,660	-47
Adjusted EBITDA	€m	60	54	11
Adjusted EBIT	€m	16	4	300
EBIT	€m	16	1	1,500
Adjusted EBIT margin	%	1.9	0.3	1.6 pts
Segment capital expenditure	€m	12	49	-76
Employees as of 31.03.	number	22,166	24,165	-8

— The coronavirus pandemic continues to affect the performance of the MRO business; fewer flying hours across the industry and economic pressure on airlines resulted in the retirement and decommissioning of aircraft, which again had a significant adverse impact on customer demand for MRO services in the first quarter of 2021.

— Measures to limit the effects of the coronavirus crisis continued in the first three months of the financial year, particularly in the form of HR measures such as short-time working, as well as the postponement of investment projects.

— Revenue in the MRO business segment fell year-on-year by 48% to EUR 829m in the first quarter of 2021 (previous year: EUR 1,592m); revenue from companies in the Lufthansa Group was down by 66% and from external customers by 40%; operating income of EUR 900m was 46% lower than last year (previous year: EUR 1,671m).

— Operating expenses went down by 47% to EUR 875m (previous year: EUR 1,660m), essentially due to the lower cost of materials and services and staff costs.

— Adjusted EBIT came to EUR 16m in the first quarter of 2021 (previous year: EUR 4m); EBIT also came to EUR 16m (previous year: EUR 1m).

— Segment capital expenditure fell by 76% to EUR 12m (previous year: EUR 49m), primarily due to the cancellation or postponement of investment projects.

— As of 31 March 2021, the number of employees fell year-on-year by 8% to 22,166 (previous year: 24,165), driven particularly by retirements, fluctuation and a hiring freeze.

CATERING BUSINESS SEGMENT

KEY FIGURES

		Jan - Mar 2021	Jan - Mar 2020	Change in %
Revenue	€m	194	660	-71
of which with companies of the Lufthansa Group	€m	6	135	-96
Operating expenses	€m	263	731	-64
Adjusted EBITDA	€m	10	-24	
Adjusted EBIT	€m	-10	-55	82
EBIT	€m	-9	-156	94
Adjusted EBIT margin	%	-5.2	-8.3	3.1 pts
Segment capital expenditure	€m	2	12	-83
Employees as of 31.03.	number	16,382	34,269	-52

— 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 continues to dominate the LSG group's global business, particularly the decline in long-haul flights.

— The LSG group maintained its strict cost management in the first quarter of 2021, while driving the implementation of the new strategy and organisational structure to ensure its future viability that was developed in late 2020; support measures under the US CARES Act were used for salaries and wages and thus helped to limit the reduction of staff.

— The Lufthansa Group launched its new in-flight sales concept that was developed in association with Retail inMotion; it was successfully implemented at SWISS and Austrian Airlines; passengers in Economy Class on short-haul flights have since been able to purchase fresh, regional and high-quality food and drink on board; the concept is to be introduced at Lufthansa German Airlines at the end of May 2021.

— Revenue at the LSG group fell by 71% to EUR 194m 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 660m); adjusted for the sale of the European business, revenue was down by 58%; other income went up by 247% to EUR 66m, thanks to subsidies of EUR 53m under the US CARES Act (previous year: EUR 19m); the grants are linked to the continued employment of staff members and were used accordingly for salaries and wages; operating income fell by 62% to EUR 260m (previous year: EUR 679m).

— Operating expenses of EUR 263m were 64% down on the year due to cost reductions in all areas (previous year: EUR 731m).

— Adjusted EBIT came to EUR -10m in the first quarter of 2021 (previous year: EUR -55m) and EBIT came to EUR -9m (previous year: EUR -156m).

— Segment capital expenditure fell by 83% to EUR 2m (previous year: EUR 12m).

— As of 31 March 2021, the number of employees fell year-on-year by 52% to 16,382 (previous year: 34,269); the sale of the European business of the LSG group accounted for around 8,600 employees.

ADDITIONAL BUSINESSES AND GROUP FUNCTIONS

KEY FIGURES

		Jan - Mar 2021	Jan - Mar 2020	Change in %
Operating income	€m	482	650	-26
Operating expenses	€m	552	726	-24
Adjusted EBITDA	€m	-38	-46	17
Adjusted EBIT	€m	-68	-75	9
EBIT	€m	-68	-79	14
Segment capital expenditures	€m	13	11	18
Employees as of 31.03.	number	8,922	9,868	-10

— Total operating income for Additional Businesses and Group Functions fell year-on-year by 26% to EUR 482m due to the crisis (previous year: EUR 650m).

— Operating expenses of EUR 552m were 24% down on the year (previous year: EUR 726m).

— Adjusted EBIT rose accordingly by 9% to EUR -68m (previous year: EUR -75m); lower earnings at AirPlus were offset by improved earnings at Lufthansa Aviation Training, Lufthansa Systems and the Group Functions; EBIT increased by 14% to EUR -68m (previous year: EUR -79m).

— As of 31 March 2021, the number of employees fell year-on-year by 10% to 8,922 (previous year: 9,868); the number of employees in Group Functions fell by 9%.

Opportunities and risk report

There have been no significant changes in the opportunities and risks for the Group described in detail in the Annual Report 2020.

On the basis of the agreed stabilisation measures and the steps taken to combat the coronavirus crisis, the Executive Board does not consider the continued existence of the Lufthansa Group to be at risk.

Forecast

— The financial outlook for 2021 depends largely on the impact of the coronavirus pandemic on the global airline industry; the forecast for the Company is therefore subject to great uncertainty; 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.

— Travel restrictions will probably be lifted later than originally expected and predicted in the forecast for 2021 made in the Annual Report 2020, so the recovery in demand will be delayed; capacity increases planned for the Group airlines will therefore be implemented later than originally thought; as a result, the Group now 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 (original forecast: between 40% and 50%).

— The expectation expressed in forecast in the Annual Report 2020 of higher revenue and a lower operating loss in 2021, as measured by Adjusted EBIT, still applies unchanged, however.

— This guidance applies equally to the individual operating segments in the Lufthansa Group; a decline in revenue and Adjusted EBIT in the Logistics business segment was forecast for 2021 in the Annual Report 2020; the Group now expects revenue and Adjusted EBIT in the Logistics segment to be up on the year as capacities remain scarce and yields have risen sharply as a result; this means that Lufthansa Cargo will likely post new record earnings in 2021.

— Further details can be found in the financial outlook in the Annual Report 2020 starting on p. 118.

Consolidated income statement
January - March 2021

CONSOLIDATED INCOME STATEMENT

in €m	**Jan - Mar 2021**	Jan - Mar 2020
Trafic revenue	1,542	4,539
Other revenue	1,018	1,902
Total revenue	**2,560**	**6,441**
Changes in inventories and work performed by entity and capitalised	24	145
Other operating income[1]	316	444
Cost of materials and services	-1,412	-4,043
Staff costs	-1,390	-2,148
Depreciation, amortisation and impairment[2]	-569	-1,124
Other operating expenses[3]	-613	-1,303
Profit/loss from operating activities	**-1,084**	**-1,588**
Result of equity investments accounted for using the equity method	-52	-35
Result of other equity investments	1	1
Interest income	-2	36
Interest expenses	-116	-92
Other financial items	-60	-998
Financial result	**-229**	**-1,088**
Profit/loss before income taxes	**-1,313**	**-2,676**
Imcome taxes	259	553
Profit/loss after income taxes	**-1,054**	**-2,123**
Profit/loss attributable to non-controlling interests	5	-1
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG	**-1,049**	**-2,124**
Basic/diluted earnings per share in €	**-1.75**	**-4.44**

[1] This includes EUR 14m (previous year: EUR 11m) from the reversal of write-downs on non-current receivables.
[2] This includes EUR 0m (previous year: EUR 1m) for write-downs on non-current receivables.
[3] This includes EUR 32m (previous year: EUR 103m) for the recognition of loss allowances on receivables.

Consolidated statement of comprehensive income
January - March 2021

STATEMENT OF COMPREHENSIVE INCOME

in €m	**Jan - Mar 2021**	Jan - Mar 2020
Profit/loss after income taxes	**-1,054**	**-2,123**
Other comprehensive income		
Other comprehensive income with subsequent reclassification to the income statement		
Differences from currency translation	18	61
Subsequent measurement of financial assets at fair value without effect on profit and loss	1	-18
Subsequent measurement of hedges - cash flow hedge reserve	397	-355
Subsequent measurement of hedges - costs of hedges	43	133
Other comprehensive income from investments accounted for using the equity method	1	1
Other expenses and income recognised directly in equity	-1	-1
Income taxes on items in other comprehensive income	-101	41
	358	**-138**
Other comprehensive income without subsequent reclassification to the income statement		
Revaluation of defined-benefit pension plans	1,798	-327
Subsequent measurement of financial assets at fair value	–	-3
Other expenses and income recognised directly in equity	–	-2
Income taxes on items in other comprehensive income	-430	-194
	1,368	**-526**
Other comprehensive income after income taxes	**1,726**	**-664**
Total comprehensive income	**672**	**-2,787**
Comprehensive income attributable to minority interests	4	1
Comprehensive income attributable to shareholders of Deutsche Lufthansa AG	**676**	**-2,786**

Consolidated statement of financial position as of 31 March 2021

CONSOLIDATED BALANCE SHEET - ASSETS

in €m	31.03.2021	31.12.2020	31.03.2020
Intangable assets with an indefinite useful life[1]	1,160	1,169	1,245
Other intangable assets	454	469	542
Aircraft and reserve engines	15,532	15,842	18,276
Repairable spare parts for aircraft	1,807	1,823	2,225
Property, plant and other equipment[2]	3,598	3,671	4,037
Investments accounted for using the the equity method	368	403	636
Other equity investments	252	252	258
Non-current securities	35	54	51
Loans and receivables	456	440	534
Derivative financial instruments	393	363	1,345
Deferred charges and prepaid expenses	82	91	105
Effective income tax receivables	36	34	33
Deferred tax assets	4,582	4,833	2,651
Non-current assets	**28,755**	**29,444**	**31,938**
Inventories	695	726	972
Contract assets	187	142	299
Trade receivables and other receivables	3,122	2,843	3,705
Derivative financial instruments	322	260	478
Deferred charges and prepaid expenses	229	193	238
Effective income tax receivables	288	282	151
Securities	3,268	3,654	3,312
Cash and cash equivalents	1,482	1,806	1,828
Assets held for sale	105	134	431
Current assets	**9,698**	**10,040**	**11,414**
Total assets	**38,453**	**39,484**	**43,352**

[1] Including Goodwill.
[2] These include investment property of EUR 30 million (previous year: EUR 0 million).

CONSOLIDATED BALANCE SHEET - SHAREHOLDERS' EQUITY AND LIABILITIES

in €m	**31.03.2021**	31.12.2020	31.03.2020
Issued Capital	1,530	1,530	1,224
Capital reserve	378	378	378
Retained earnings	-489	4,868	6,309
Other neutral reserves	1,646	1,296	1,619
Net profit/loss	-1,049	-6,725	-2,124
Equity attributable to shareholders of Deutsche Lufthansa AG	**2,016**	**1,347**	**7,406**
Minority interests	36	40	91
Shareholders' equity	**2,052**	**1,387**	**7,497**
Pension provisions	7,821	9,531	6,989
Other provisions	558	558	515
Borrowings	13,503	12,252	8,407
Contract liabilities	35	36	23
Other financial liabilities	88	86	88[1]
Advance payments received, deferred income and other non-financial liabilities	31	33	36[1]
Derivative financial instruments	244	457	347
Deferred tax liabilities	491	485	617
Non-current provisions and liabilities	**22,771**	**23,438**	**17,022**
Other provisions	847	831	747
Borrowings	2,144	3,116	3,065
Trade payables and other financial liabilities	3,269	3,321	5,025[1]
Contract liabilities from unused flight documents	2,093	2,064	4,487
Other contract liabilities	2,866	2,977	2,646
Advance payments received, deferred income and other non-financial liabilities	1,511	1,295	637[1]
Derivative financial instruments	201	366	1,288
Effective income tax obligations	699	689	408
Liabilities in connection with assets held for sale	–	–	530
Current provisions and liabilities	**13,630**	**14,659**	**18,833**
Total shareholders' equity and liabilities	**38,453**	**39,484**	**43,352**

[1] Previous quarter's figures have been restated.

Consolidated statement of changes in shareholders‘ equity
as of 31 March 2021

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in €m	Issued capital	Capital reserve	Fair value measurement of financial instruments	Currency differences	Revaluation reserve (due to business combinations)	Othe 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	–	–	–	–	–	–	–	–	–	–	–	–
Reclassifications	–	–	–	–	–	–	–	1,213	-1,213	–	–	–
Dividends to Lufthansa shareholders/ minority interests	–	–	–	–	–	–	–	–	–	–	-17	-17
Transaction with minority interests	–	–	–	–	–	–	–	–	–	–	–	–
Consolidated net profit/ loss attributable to Lufthansa shareholders/ minorities	–	–	–	–	–	–	–	–	-2,124	-2,124	1	-2,123
Other expenses and income recognised directly in equity	–	–	-202	61	–	–	-141	-521	–	-662	-2	-664
Hedging results reclassified from non-financial assets to acquisition costs	–	–	45	–	–	–	45	–	–	45	–	45
As of 31.03.2020	**1,224**	**378**	**467**	**564**	**236**	**352**	**1,619**	**6,309**	**-2,124**	**7,406**	**91**	**7,497**
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	–	–	–	–	–	–	–	–	–	–	–	–
Reclassifications	–	–	-	–	–	–	–	-6,725	6,725	–	–	–
Dividends to Lufthansa shareholders/ minority interests	–	–	–	–	–	–	–	–	–	–	–	–
Transaction with minority interests	–	–	–	–	–	–	–	–	–	–	–	–
Consolidated net profit/ loss attributable to Lufthansa shareholders/ minorities	–	–	–	–	–	–	–	–	-1,049	-1,049	-5	-1,054
Other expenses and income recognised directly in equity	–	–	340	18	–	-1	357	1,368	–	1,725	1	1,726
Hedging results reclassified from non-financial assets to acquisition costs	–	–	-7	–	–	–	-7	–	–	-7	–	-7
As of 31.03.2021	**1,530**	**378**	**638**	**414**	**236**	**358**	**1,646**	**-489**	**-1,049**	**2,016**	**36**	**2,052**

Consolidated cash flow statement
January - March 2021

CONSOLIDATED CASH FLOW STATEMENT

in €m	**Jan - Mar 2021**	Jan - Mar 2020
Cash and cash equivalents at start of period[1)]	**1,804**	**1,431**
Net profit/loss before income taxes	-1,313	-2,676
Depreciation, amortisation and impairment losses on non-current assets (net of reversals)	569	1,123
Depreciation, amortisation and impairment losses on current assets (net of reversals)	-10	22
Net proceeds on disposal of non-current assets	-5	6
Result of equity investments	51	34
Net interest	118	56
Income tax payments/reimbursements	-16	21
Significant non-cash-relevant expenses/income	58	1,011
Change in trade working capital	-389	1,871
Change in other assets/shareholders' equity and liabilities	171	-101
Cash flow from operating activities	**-766**	**1,367**
Capital expenditure for property, plant and equipment and intangible assets	-147	-763
Capital expenditure for financial investments	-6	-7
Additions/loss to repairable spare parts of aircraft	30	28
Proceeds from disposal of non-consolidated equity investments	-	-
Proceeds from disposal of consolidated equity investments	-	-
Cash outflows for acquisitions/capital increase of/at non-consolidated equity investments	-3	-3
Cash outflows for acquisitions of consolidated equity investments	-	-
Proceeds from disposal of intangible assets, property, plant and equipment and other financial investments	40	56
Interest invome	-2	44
Dividends received	1	3
Net cash from/used in investing activities	**-87**	**-642**
Purchase of securities/fund investments	-1,004	-3,218
Disposal of securities/fund investments	1,382	1,841
Net cash from/used in investing and cash management activities	**291**	**-2,019**
Capital increase	-	-
Transactions by non-controlling interests	-	-
Non-current borrowing	2,403	1,500
Repayment of non-current borrowing	-2,227	-381
Dividends paid	-	-
Interest paid	-55	-43
Net cash from/used in financing activities	**121**	**1,076**
Net increase/decrease in cash and cash equivalents	**-354**	**424**
Changes due to currency translation differences	11	-2
Cash and cash equivalents 31 Mar[2)]	**1,461**	**1,853**
Less cash and cash equivalents of companies held for sale as of 31 Mar	-	26
Cash and cash equivalents of companies not classified as held for sale as of 31 Mar[2)]	**1,461**	**1,827**
Securities	3,268	3,312
Liquidity	**4,729**	**5,139**
Net increase/decrease in liquidity	-729	1,754

[1)] Amount as of 01/01/2020 includes EUR 16 m, which were included in assets held for sale as of 12/31/2019.
[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 1m).

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 31 March 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 31 March 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 for stabilizing the economic situation

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

The severely reduced volume of business continues to affect liquidity, meaning ongoing cash inflows from operating activities are not sufficient to cover the related cash outflows, particularly due to the non-variable cost components. 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. Over the course of 2020 and at the beginning of the current financial year, the Group was also able to raise funds successfully on capital markets itself, some of which have been used to repay the stabilisation funding drawn down to date.

The stabilisation measures were negotiated and approved in Germany, Switzerland, Austria and Belgium last year. The framework agreements between the Lufthansa Group, the Economic Stabilisation Fund (WSF) and the KfW have an overall financing framework of up to EUR 9.0bn. Funding agreed in Switzerland, Austria and Belgium is to be offset against this. Equity of EUR 5.0bn in total includes a 20% stake in the share capital, as well as a silent participation in Deutsche Lufthansa AG, and an earnings subsidy for Austrian Airlines. Debt funding of EUR 4.0bn was also arranged, of which EUR 3.3bn has been drawn down as of 31 December 2020. At the beginning of the year, EUR 5.7 billion was still available, of which EUR 4.5 billion related to Silent partnership I, which had not yet been disbursed as of 31 March 2021.

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. Subject to the full repayment of the silent participations by the Company and a minimum sale price of EUR 2.56 per share plus an annual interest of 12%, the WSF undertakes to sell its shareholding in full at the market price by 31 December 2023 or after this point in time when the conditions have been fulfilled.

In the first quarter of 2021 the credit facility from the KfW for EUR 1.0bn, which was used in full in the previous year, was repaid following the successful placement of two bonds for a total of EUR 1.6bn with maturities of four and seven years respectively. This refinancing increases the Lufthansa Group’s financial flexibility, because the credit facility required shares in the leasing vehicles that own significant parts of the Lufthansa Group fleet to be pledged as collateral. Now that this no longer applies, the Lufthansa Group can use the aircraft again itself for aircraft financing. Other restrictions on the financing of subsidiaries by Deutsche Lufthansa AG were also lifted at the same time.

A further CHF 130m of the state-guaranteed credit lines agreed in Switzerland as part of the stabilisation measures was used in the current financial year, taking the total borrowing to CHF 605m. Another CHF 895m of the total lines are still available.

SN Airholding SA/NV drew down EUR 60m of the over EUR 287m credit facility agreed with the Belgian government as part of the stabilisation package in the 2021 financial year, taking the total amount drawn down to EUR 190m.

Additional funding was provided in the USA in early 2021 under the CARES Act I along with further funding from the subsequently passed CARES Act II. The LSG group and the Lufthansa Technik group received commitments of a further USD 177m (of which USD 116m was a grant), USD 123m of which have been received as of 31 March 2021 (including USD 77m of the grant).

The Italian government also provided funds to compensate for losses incurred due to the Corona pandemic. Air

Dolomiti also applied for a grant of EUR 16m in early 2021, which was approved in March.

As of 31 March 2021, Deutsche Lufthansa AG had centrally available liquidity of EUR 3.7bn. A further EUR 4.5bn was available from the WSF stabilisation package (Silent Participation I). Decentralised bank and cash balances came to a further EUR 1.1bn, and a total of EUR 0.9bn has not yet been used from the state funding agreed in Switzerland and Belgium. Free credit lines of EUR 360m are still available as of the reporting date. Altogether, the Lufthansa Group's available liquidity therefore comes to EUR 10.6bn.

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 depend largely on the number of new infections, the implementation of testing strategies and the success and speed of the vaccination campaign. 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 financial year 2021, in the form of short-time working pay and the reimbursement of social security contributions.

Taking into account the corporate planning, the liquidity planning, the existing and potential funding measures and the existing uncertainties about the future course of business, the Executive Board of the Company considers the Group's liquidity to be secure for the next eighteen 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 Corona pandemic and the steps taken worldwide to contain the virus have continued to have a massive impact on the Group's business operations from the start of 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 is limited.

TOTAL REVENUE

TRAFFIC REVENUE BY AREA OF OPERATIONS

in €m	**2021**	Europe[1]	North-america[1]	Central- and South America[1]	Asia/ Pacific[1]	Middle East[1]	Africa[1]
Network Airlines	738	489	86	25	88	22	28
Lufthansa German Airlines	398						
SWISS[2]	244						
Austrian Airlines	50						
Brussels	46						
Eurowings[2]	39	39	–	–	–	–	–
Logistics	765	386	80	25	251	9	14
Total	**1,542**						

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

TRAFFIC REVENUE BY AREA OF OPERATIONS

in €m	**2020**	Europe[1]	North-america[1]	Central- and South America[1]	Asia/Pacific[1]	Middle East[1]	Africa[1]
Network Airlines	3,700	2,555	629	80	284	77	75
Lufthansa German Airlines	2,327						
SWISS[2]	891						
Austrian Airlines	265						
Brussels Airlines	217						
Eurowings[2]	323	318	3	1	1	–	–
Logistics	516	265	70	21	137	6	17
Total	**4,539**						

[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

in €m	**2021**	Europe[1]	North-America[1]	Central and South America[1]	Asia/Pacific[1]	Middle East[1]	Africa[1]
MRO	666	304	187	19	113	27	16
MRO services	567						
Other operating revenue	99						
Catering	188	9	143	10	16	2	8
Catering services	167						
Revenue from in-flight sales	8						
Other services	13						
Network Airlines	64	57	2	–	2	2	1
Eurowings	–	–	–	–	–	–	–
Logistics	30	19	10	–	–	1	–
Additional Businesses and Group Functions	70	48	8	2	6	4	2
IT services	42						
Travel management	13						
Other	15						
Total	**1,018**						

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

OTHER OPERATING REVENUE BY AREA OF OPERATIONS

in €m	**2020**	Europe[1]	North-America[1]	Central and South America[1]	Asia/Pacific[1]	Middle East[1]	Africa[1]
MRO	1,109	501	259	52	208	51	38
MRO services	952						
Other operating revenue	157						
Catering	525	86	298	34	81	15	11
Catering services	447						
Revenue from in-flight sales	29						
Other services	49						
Network Airlines[2]	132	108	8	1	10	3	2
Eurowings[2]	1	1	–	–	–	–	–
Logistics	28	16	10	–	1	1	–
Additional Businesses and Group Functions	107	78	10	4	8	5	2
IT services	45						
Travel management	41						
Other	21						
Total	**1,902**						

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

AIRCRAFT AND RESERVE ENGINES

The Lufthansa Group provided four aircraft as collateral for new loans of EUR 240m taken out in the current financial year by way of aircraft financing models.

Repayment of the KfW loan 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 in particular during the financial year. 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 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 105m were held for sale as of 31 March 2021. This item includes aircraft and reserve engines held for sale with a carrying amount of EUR 101m. They comprised three Boeing MD11s, two Boeing B767s, four Airbus A321s, ten Airbus A320s, six Bombardier CRJ9s and seven Dash 8-400s.

PENSION PROVISIONS

The discount rate used to calculate obligations in Germany was 1.2%. 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 slight 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 same quarter last year, despite the interest rate-related increase it contains.

CONTRACT LIABILITIES FROM UNUSED FLIGHT DOCUMENTS

Contract liabilities from unused flight documents came to EUR 2,093m as of 31 March 2021. There are no material payments outstanding in relation to claims for refunds.

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 418m had been received as of 31 March 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 94m in subsidies for social security contributions, which are classified as support measures. Another EUR 75m in non-specific subsidies were shown in other operating income. This includes grants of USD 73m received as part of the CARES Act in the USA for LSG and

Lufthansa Technik companies. These were disbursed 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 1m 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.

To support the crisis in Germany, state institutions deferred payment of taxes and other levies. These consist mainly of import VAT. The amount of deferred import VAT came to EUR 875m as of 31 March 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.

Due to the impact of the Corona pandemic, the volume of business plummeted overall and no longer shows any signs of seasonal effects.

5 Contingencies

CONTINGENT LIABILITIES

in €m	**31.03.2021**	31.12.2020
From guarantees, bills of exchange and cheque guarantees	696	664
From warranty contracts	208	192
From providing collateral for third-parties liabilities	16	16
	920	**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 64m in total (as of 31 December 2020: EUR 61m).

As of 31 March 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 March 2021, there were order commitments of EUR 13.3bn for capital expenditure on property, plant and equipment, including repairable spare parts, and for intangible assets. Order commitments as of 31 December 2020 came to EUR 13.0bn. The difference is largely due to exchange rate movements.

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

FAIR VALUE HIERARCHY OF ASSETS AS OF 31.03.2021

in €m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	**3,268**	**53**	**–**	**3,321**
Financial derivatives classified as held for trading	–	53	–	53
Securities	3,268	–	–	3,268
Derivative financial instruments which are an effective part of a hedging relationship	**–**	**662**	**–**	**662**
Financial assets at fair value through other comprehensive income	**11**	**12**	**–**	**23**
Equity instruments	11	12	–	23
Debt instruments	–	–	–	–
Total assets	**3,279**	**727**	**–**	**4,006**

FAIR VALUE HIERARCHY OF LIABILITIES AS OF 31.03.2021

in €m	Level 1	Level 2	Level 2	Total
Financial liabilities at fair value through profit or loss	–	-729	–	-729
Derivative financial instruments at fair value through profit or loss	–	-40	–	-40
Derivative financial instruments which are an affective part of a hedging relationship	–	-405	–	-405
Total liabilities	**–**	**-1,174**	**–**	**-1,174**

CO2 emissions certificates valued at EUR 27m 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 79m 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 affective 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.

FINANCIAL LIABILITIES

	31.03.2021		31.12.2020	
in €m	Carrying amount	Market value	Carrying amount	Market value
Bonds	4,306	4,268	2,707	2,643
Commercial Paper to banks	100	100	200	199
Borrower's note loans	1,947	1,949	1,900	1,894
Credit lines	400	401	763	740
State-guaranteed loans	2,144	2,365	2,907	3,147
Aircraft financing	3,828	3,785	3,603	3,590
Other borrowings	669	564	651	705
Leasing liabilities	2,253	–	2,637	–
Total	**15,647**	**13,432**	**15,368**	**12,918**

7 Earnings per share

Earnings per share

		31/03/2021	31/03/2020
Basic/diluted earnings per share	€	**– 1.75**	**– 4.44**
Consolidated net profit/loss	€m	– 1,049	– 2,124
Weighted average number of shares		597,742,822	478,194,257

8 Issued capital

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

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 Company's issued capital by up to EUR 30,000,000 by issuing new registered shares to employees (Authorised Capital B) for payment in cash. Existing shareholders' subscription rights are excluded. Shares with a nominal amount of EUR 7,637,832 were issued under this authorisation up to 31 March 2021.

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 in 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 Securities Acquisition and Takeover Act (WpÜG) or if control is acquired pursuant to Sections 35 and 29 WpÜG. The buyer can exercise the conversion rights at any time if the Silent Participation II-A is sold to a private purchaser.

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

A resolution of the Annual General Meeting on 5 May 2020 increased the Company's contingent capital by up to EUR 122,417,728. The contingent capital increase serves to issue 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 accordance with the resolution of the Annual General Meeting on 5 May 2020. In certain cases, the shareholders' subscription rights can be excluded with the approval of the Supervisory Board.

A resolution passed at the Annual General Meeting held on 7 May 2019 authorised the Executive Board pursuant to Section 71 Paragraph 1 No. 8 Stock Corporation Act (AktG) to purchase treasury shares until 6 May 2024. The authorisation is limited to 10 % of current issued capital. 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 - Mar 2021

in €m	Network Airlines	Eurowings	Logistics	MRO	Catering	Total reportable operating segments Segmente	Additional Busi-nesses and Group Functions	Recon-ciliation	**Group**
External revenue	802	39	795	666	188	2,490	70	–	2,560
of which traffic revenue	620	38	765	–	–	1,423	–	119	1,542
Inter-segment revenue	121	–	7	163	6	297	34	-331	–
Total revenue	**923**	**39**	**802**	**829**	**194**	**2,787**	**104**	**-331**	**2,560**
Other operating income	150	16	17	71	66	320	378	-370	328
Operating income	**1,073**	**55**	**819**	**900**	**260**	**3,107**	**482**	**-701**	**2,888**
Operating expenses	**2,317**	**174**	**509**	**875**	**263**	**4,138**	**552**	**-710**	**3,980**
of which cost of materials	820	59	340	421	65	1,705	43	-336	1,412
of which staff cost	691	35	89	286	136	1,237	154	-1	1,390
of which depreciation and amortisation	397	49	35	44	20	545	30	-9	566
of which other operating expenses	409	31	45	124	42	651	325	-364	612
Result of equity investments	**-17**	**-25**	**4**	**-9**	**-7**	**-54**	**2**	**1**	**-51**
of which result of investments ac-counted for using the equity method	-15	-25	4	-9	-7	-52	–	–	-52
Adjusted EBIT[1]	**-1,261**	**-144**	**314**	**16**	**-10**	**-1,085**	**-68**	**10**	**-1,143**
Reconciliation items	**3**	**2**	**2**	**–**	**1**	**8**	**–**	**–**	**8**
Impairment losses/gains	–	-1	1	–	–	–	–	–	–
Effects from pension provisions	–	–	–	–	–	–	–	–	–
Result of disposal of assets	3	3	1	–	1	8	–	–	8
EBIT	**-1,258**	**-142**	**316**	**16**	**-9**	**-1,077**	**-68**	**10**	**-1,135**
Other financial result									-178
Profit/loss before income taxes									-1,313
Capital employed[2]	11,923	1,007	2,206	3,501	938	19,575	2,672	-119	22,128
of which from investments ac-counted for using the equity method	3	52	54	175	82	366	2	–	368
Segment capital expenditure	145	2	4	12	2	165	13	-22	156
of which from investments ac-counted for using the equity method	–	–	–	3	–	3	–	–	3
Number of employees at the end of pe-riod	56,516	3,015	4,261	22,166	16,382	102,340	8,922	–	111,262

[1] For detailed reconciliation from EBIT to Adjusted 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).

SEGMENT INFORMATION FOR THE REPORTING SEGMENTS Jan - Mar 2020

in €m	Network Airlines	Eurowings	Logistics	MRO	Catering	Total reportable operating segments Segmente	Additional Businesses and Group Functions	Reconciliation	**Group**
External revenue	3,832	323	544	1,109	525	6,333	108	–	6,441
of which traffic revenue	3,606	321	516	–	–	4,443	–	96	4,539
Inter-segment revenue	201	9	10	483	135	838	52	-890	–
Total revenue	**4,033**	**332**	**554**	**1,592**	**660**	**7,171**	**160**	**-890**	**6,441**
Other operating income	219	34	15	79	19	366	490	-321	535
Operating income	**4,252**	**366**	**569**	**1,671**	**679**	**7,537**	**650**	**-1,211**	**6,976**
Operating expenses	**5,141**	**516**	**593**	**1,660**	**731**	**8,641**	**726**	**-1,205**	**8,162**
of which cost of materials	2,734	327	394	960	280	4,695	69	-721	4,043
of which staff cost	1,106	59	96	374	308	1,943	203	-3	2,143
of which depreciation and amortisation	495	54	39	50	31	669	29	-18	680
of which other operating expenses	806	76	64	276	112	1,334	425	-463	1,296
Result of equity investments	**-2**	**-25**	**2**	**-7**	**-3**	**-35**	**1**	**–**	**-34**
of which result of investments accounted for using the equity method	-1	-25	2	-7	-3	-34	–	-1	-35
Adjusted EBIT[1]	**-891**	**-175**	**-22**	**4**	**-55**	**-1,139**	**-75**	**-6**	**-1,220**
Reconciliation items	-268	-58	-19	-3	-101	-449	-4	51	-402
Impairment losses/gains	-267	-58	-20	1	-101	-445	1	53	-391
Effects from pension provisions	–	–	–	-1	–	-1	-4	–	-5
Result of disposal of assets	-1	–	1	-3	–	-3	-1	-2	-6
EBIT	**-1,159**	**-233**	**-41**	**1**	**-156**	**-1,588**	**-79**	**45**	**-1,622**
Other financial result									-1,054
Profit/loss before income taxes									-2,676
Capital employed[2]	11,734	1,210	2,046	5,556	1,355	21,901	3,273	-549	24,625
of which from investments accounted for using the equity method	24	153	52	273	128	630	6	–	636
Segment capital expenditure	598	43	75	49	12	777	11	-15	773
of which from investments accounted for using the equity method	–	–	–	3	–	3	–	–	3
Number of employees at the end of period	60,828	3,350	4,486	24,165	34,269	127,098	9,868	–	136,966

[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 - Mar 2021

in €m	Europe	thereof Germany	North America	thereof USA	Central and South America	Asia/ Pacific	Middle East	Africa	**Group**
Traffic revenue[1]	914	444	166	153	50	339	31	42	**1,542**
Other operating revenue	437	201	350	304	31	137	36	27	**1,018**
Total revenue	**1,351**	**645**	**516**	**457**	**81**	**476**	**67**	**69**	**2,560**

[1] Allocated according to the original location of sale.

EXTERNAL REVENUE BY REGION Jan - Mar 2020

in €m	Europe	thereof Germany	North America	thereof USA	Central and South America	Asia/ Pacific	Middle East	Africa	**Group**
Traffic revenue[1]	3,138	1,440	702	632	102	422	83	92	**4,539**
Other operating revenue	790	265	585	454	91	308	75	53	**1,902**
Total revenue	**3,928**	**1,705**	**1,287**	**1,086**	**193**	**730**	**158**	**145**	**6,441**

[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 published by the IASB for financial years beginning after 1 January 2021 currently have no effect on the presentation of the net assets, financial and earnings position. Further information on the amendments are shown in the consolidated financial statements 2020 ↗ **Note 3** “New international accounting standards in accordance with IFRS and interpretations”, p. 143 ff.

On 31 March 2021 the IASB extended the practical expedient for rent concessions in IFRS 16 until 30 June 2022. EU endorsement is still outstanding. As the Lufthansa Group does not make use of the practical expedient, this does not have any impact on the presentation of the consolidated financial statements.

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.

Munich, 27 April 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 Steenbergen
Chief Financial Officer

Review Report

To Deutsche Lufthansa Aktiengesellschaft

We have reviewed the condensed consolidated interim financial statements of Deutsche Lufthansa Aktiengesellschaft, Cologne, - which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement and selected explanatory notes – and the interim group management report for the period from 1 January to 31 March 2021, which are part of the interim financial report pursuant to Sec. 115 (7) in conjunction with (2) Nos. 1 and 2 and (3) and (4) WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The executive directors are responsible for the preparation of the condensed consolidated interim financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports. Our responsibility is to issue a report on the condensed consolidated interim financial statements and the interim group management report based on our review.

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

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

Eschborn/Frankfurt am Main, 27 April 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Hayn	Keller
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Credits

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The Lufthansa 1st Interim Report is a translation of the original German Lufthansa Zwischenbericht 1/2021. Please note that only the German version is legally binding.

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

Financial calendar 2021

29 April	Release of 1st Interim Report January – March 2021
4 May	Annual General Meeting
5 August	Release of 2nd Interim Report January – June 2021
3 November	Release of 3rd Interim Report January – September 2021

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.