LUFTHANSA GROUP

NEW NORMAL. NEW STRENGTH.

2nd Interim Report
January – June 2022

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The Lufthansa Group

KEY FIGURES

		Jan - Jun 2022	Jan - Jun 2021	Change in %	Apr - Jun 2022	Apr - Jun 2021	Change in %
Revenue and result							
Total revenue	€m	13,825	5,771	140	8,462	3,211	164
of which traffic revenue	€m	10,661	3,637	193	6,828	2,095	226
Operating expenses[1]	€m	14,964	8,270	81	8,603	4,385	96
Adjusted EBITDA[1]	€m	930	-750		958	-268	
Adjusted EBIT[1]	€m	-198	-1,875	89	393	-827	
EBIT	€m	-300	-2,114	86	340	-979	
Net profit/loss	€m	-325	-1,805	82	259	-756	
Key balance sheet and cash flow statement figures							
Total assets	€m	46,938	40,838	15	–	–	
Equity	€m	7,927	3,145	152	–	–	
Equity ratio	%	16.9	7.7	9.2 pts	–	–	
Net indebtedness	€m	6,396	8,930	-28	–	–	
Pension provision	€m	3,280	7,607	-57	–	–	
Cash flow from operating activities[1]	€m	4,441	47	9,349	2,945	822	258
Gross capital expenditures[2]	€m	1,368	612	124	728	459	59
Net capital expenditures	€m	1,381	443	212	744	356	109
Adjusted free cash flow[1]	€m	2,902	-571		2,122	382	455
Key profitability figures							
Adjusted EBITDA margin[1]	%	6.7	-13.0	19.7 pts	11.3	-8.3	19.6 pts
Adjusted EBIT margin[1]	%	-1.4	-32.5	31.1 pts	4.6	-25.8	30.4 pts
EBIT margin	%	-2.2	-36.6	34.4 pts	4.0	-30.5	34.5 pts
Lufthansa share							
Share price as of 30 June[3]	€	5.56	6.77	-18	–	–	
Earnings per share	€	-0.27	-3.02	91	0.22	-1.26	
Traffic figures[4]							
Flights	number	370,430	120,776	207	234,891	79,763	194
Passengers	thousands	42,382	10,041	322	29,209	6,995	318
Available seat-kilometres	millions	115,617	44,190	162	69,961	27,335	156
Revenue seat-kilometres	millions	85,942	21,626	297	56,080	14,044	299
Passenger load factor	%	74.3	48.9	25.4 pts	80.2	51.4	28.8 pts
Available cargo tonne-kilometres	millions	6,667	5,369	24	3,525	2,842	24
Revenue cargo tonne-kilometres	millions	4,251	4,075	4	2,113	2,128	-1
Cargo load factor	%	63.8	75.9	-12.1 pts	59.9	74.9	-15.0 pts
Employees							
Employees as of 30 June	number	106,296	108,072	-2	–	–	

[1] Previous year's figures have been adjusted due to amendments in the definition of the figures ↗ Financial performance, p. 6, ↗ Notes, p. 36.
[2] Without acquisition of equity investments.
[3] Share price development adjusted for the effects of the issue of new shares in connection with the capital increase in September 2021.
[4] Previous year's figures have been adjusted.
Date of publication: 4 August 2022.

Contents

Ladies and gentlemen,

The Lufthansa Group has continued and even accelerated along its path of operational and economic recovery in the past three months. We achieved the three major objectives that we set at the start of the pandemic: We have sustainably secured more than 100,000 jobs. We have maintained our position among the top five airline groups worldwide. And we have become leaner and more efficient as a company.

Demand for air travel increased significantly during the first half-year of 2022 - later than originally expected, but all the stronger for it. Hardly anyone would have thought this development was possible at the start of the year, when the Omicron variant was spreading rapidly. But it clearly shows that after more than two years of the pandemic, people want to travel again.

So we expanded our flight capacity in response. However, it has turned out that the complex air traffic system needs time to fully ramp up again. The processes involved in handling flights were and remain under severe pressure, both at the airlines and at system partners such as airport ground services, security and immigration controls, and air traffic control. We are also reaching the limits of our staff capacities, due to the extra work required to deal with flight irregularities and a high sickness rate.

In order to relieve the pressure on the air transport system, we have implemented a comprehensive package of operational measures. We also removed a large number of flights from the schedule to stabilise the system at a whole, primarily at our hub in Frankfurt. A stable flight schedule is currently our top priority. We are very pleased to see that other airlines flying to and from Frankfurt are now also contributing to reducing the number of take-offs and landings by canceling flights themselves.

Nevertheless, we expect the situation to remain demanding for both customers and employees in the weeks ahead. In our service centers, we have hired many new employees and are increasingly offering automated solutions and self-service options for our passengers to reduce waiting times. On board, we upgraded our catering offer. Beyond these short-term improvements, the introduction of new seats and services in all four travel classes next year will highlight that Lufthansa is and remains a premium airline. Our employees on the ground and on board are key to our premium proposition. Their performance is exceptional, especially in view of the current challenges. Together we will do everything we can to offer our passengers the premium experience that they have come to expect from us.

Financially, we made further significant progress in the first half-year of 2022. We were able to considerably reduce the operating loss compared with the previous year and generate positive Adjusted EBIT of nearly EUR 400m in the second quarter. Positive contributions were made in particular by Lufthansa Cargo with another record result, Lufthansa Technik, and our progress in implementing the cost reduction program. The Passenger Airlines result improved primarily due to a strong increase in yields and significantly higher load factors. Nevertheless, the segment result remained negative in the second quarter.

Due to strong bookings and strict working capital management, Adjusted free cash flow reached almost EUR 3bn in the first half-year of 2022. We were therefore able to significantly reduce our debt. The pension deficit has also narrowed significantly. Also with our equity position now being back to almost EUR 8bn, we are making good progress in overcoming the financial impact of the crisis.

For the full year 2022, we now expect to be able to achieve a positive Adjusted EBIT of at least half a billion euros, assuming no material changes in the economic environment in the second half year. Above all, a strong summer quarter with a continued economic recovery at the Passenger Airlines and a strong ongoing earnings performance at Lufthansa Cargo are expected to contribute to this.

We are pleased that you are accompanying us on our path to a new normal and new strength. The current system-wide disruptions are very frustrating for everyone involved. But we are glad to once again fulfill our purpose of connecting people, cultures and economies with only few restrictions remaining. We look forward to welcoming you on board our aircraft again soon.

Frankfurt, 2 August 2022

Carsten Spohr

Chairman of the Executive Board

Macroeconomic environment and sector developments

MACROECONOMIC ENVIRONMENT

GDP DEVELOPENT in 2022

in %	Q1	Q2	Q3 [1]	Q4 [1]	Full year [1]
World	4.4	2.7	2.4	1.3	2.7
Europe	6.0	3.2	1.3	0.7	2.7
Germany	3.8	2.1	0.6	0.6	1.7
North America	3.5	1.6	1.2	0,0	1.6
South America	3.5	3.2	1.4	0.8	2.3
Asia/Pacific	4.1	3.7	4.6	3.4	3.9
China	4.8	0,0	5.5	5.5	4.0
Middel East	7.4	7.2	5.5	4.4	5.9
Africa	3.8	3.9	4.1	3.8	3.6

Source: IHS Markit as of 15 July 2022.
[1] Forecast.

— According to data from IHS Markit, the global economy grew year-on-year by 2.7% in the second quarter of 2022, compared with growth of 4.4% in the first quarter of 2022; in 2021 as a whole, global economic growth was 5.8%.

— The European economy expanded by 3.2% in the second quarter of 2022, following an increase of 6.0% in the first quarter; growth in European economic output was 5.8% in 2021 as a whole, on par with the world economy.

DEVELOPMENT OF CRUDE OIL, KEROSENE, AND CURRENCY (Jan - Jun 2022)

		Minimum	Maximum	Average	30.06.2022
ICE Brent	in USD/bbl	78.98	127.98	104.99	114.81
Kerosene	in USD/t	699.50	1,473.50	1,124.78	1,232.00
USD	1 EUR/USD	1,0380	1.1455	1,0920	1.0484
JPY	1 EUR/JPY	125.16	143.99	134.22	142.26
CHF	1 EUR/CHF	0,9970	1.0596	1.0317	1.0011
CNY	1 EUR/CNY	6.8655	7.2871	7.0778	7,0090
GBP	1 EUR/GBP	0,8260	0.8683	0.8421	0.8609

Souce: Bloomberg, annual average daily price.

— The oil price rose in the first half-year of 2022 from USD 77.78/barrel at year-end 2021 to USD 114.81/barrel on 30 June 2022; the average price of USD 104.99/barrel was up 61% on the previous year.

— The jet crack, the price difference between crude oil and kerosene, increased on average over the year to USD 37.75/barrel (previous year: USD 3.72/barrel); the increase results from tensions on global energy markets due to the war in Ukraine and to higher demand as a result of increased air traffic.

— The average kerosene price rose accordingly by 107% year-on-year to USD 1,124.78/barrel (previous year: USD 543.36/barrel).

— The euro came under pressure against most of the relevant currencies for the Lufthansa Group over the past year, devaluing particularly significant by 9.4% and 9.2% against the US dollar and the Chinese renminbi respectively; the euro was devalued by 5.7% against the Swiss franc and 3.0% against the pound sterling; only against the Japanese yen did the euro revalue by 3.4%.

— The inflation rate went up significantly, coming to a global average of 9.1% in June 2022; the inflation rate was 8.6% in Europe and 7.6% in Germany; in June 2022, the US Federal Reserve increased its base rate for the third time, by 75 basis points, to curb high inflation; the European Central Bank also raised its base rate by 50 basis points in mid-July 2022.

SECTOR DEVELOPMENTS

SALES PERFORMANCE IN THE AIRLINE INDUSTRY (Jan - May 2022)

in % compares with previous year	Revenue passenger-kilometres	Cargo tonne-kilometres
Europe	242	-7
North America	87	-3
Central and South America	105	22
Asia/Pacific	-3	-3
Middle East	213	-9
Africa	78	3
Industry	**85**	**-4**

Source: IATA Air Passenger & Air Freight Figures (May 2022).

— Despite the war in Ukraine and ongoing travel restrictions in Asia, global passenger business recovered significantly in the first five months of the reporting year for which International Air Transport Association (IATA) estimates are currently available; the number of global revenue passenger-kilometres was up by 85% year-on-year according to the IATA; Europe saw the fastest increase with 242%; sales for the sector were 59% of their pre-crisis level in 2019.

— The cargo business remained at a high level; according to IATA, revenue tonne-kilometres fell worldwide by 4% year-on-year in the first five months of the 2022 financial year; global freight business was therefore 3% up on the pre-crisis level.

— The markets for aircraft maintenance, repair and overhaul (MRO) and for catering in the air transport, rail, home delivery and retail segments served by the LSG group saw very different regional developments; demand for MRO and catering services is picking up again overall on the back of rising booking numbers, especially in North America.

Course of business

Performance of the Lufthansa Group improves over the course of the first half-year of 2022

- The Lufthansa Group's performance improved significantly over the course of the first half-year of 2022; although the first months of the year were still burdened by the spread of the Omicron variant, demand for flights rose significantly over the remainder of the half-year; capacity at the Passenger Airlines was expanded by more than 50% from the first to the second quarter of 2022; overall, capacity was 162% up on the year in the first half of 2022 and was at 66% of its pre-crisis level in 2019.
- Revenue for the Lufthansa Group increased accordingly by 140% year-on-year to EUR 13,825m (previous year: EUR 5,771m).
- The war in Ukraine had a negative impact on the Lufthansa Group's results due to the significant increase in jet fuel prices; however, demand was hardly affected.
- The operating loss was significantly reduced compared with the previous year; Adjusted EBIT came to EUR -198m (previous year: EUR -1,875m); however, positive Adjusted EBIT of EUR 393m was reported in the second quarter 2022 (previous year: EUR -827m); the Adjusted EBIT margin was -1.4% (previous year: -32.5%).
- The Logistics and MRO segments were the main contributors to the positive result; in the Passenger Airlines segment, SWISS reported positive earnings, whereas the other Group airlines posted operating losses.
- Further progress was made with implementing the restructuring programme; measures taken by 30 June 2022 account for more than 85% of the EUR 3.5bn in total annual savings targeted from 2024 onwards.
- Adjusted free cash flow came to EUR 2,902m (previous year: EUR -571m) and profited primarily from improvements in working capital management, strong new bookings and the associated advance payments for flights in the summer of the reporting year, as well as from disciplined investing activities. ↗ **Financial performance, p. 6.**
- Specific CO_2 emissions per passenger-kilometre were 93.4 grammes in the first half-year of 2022, 11% lower than the previous year (previous year: 105.5 grammes); the reason for the year-on-year decline was essentially the better load factors.

Significant events

Lufthansa Group agrees inaugural revolving credit facility of EUR 2.0bn

- On 8 April 2022, the Lufthansa Group signed its first revolving credit facility in an amount of EUR 2.0bn with a broad syndicate of international relationship banks; it replaces existing unused bilateral credit lines of some EUR 0.7bn; thus Lufthansa Group's available liquidity increased by an additional EUR 1.3bn.
↗ **Financial position, p. 9.**

Lufthansa Group purchases further state-of-the-art long-haul aircraft

- On 9 May 2022, the Lufthansa Group decided to purchase seven Boeing 787-9 long-haul passenger aircraft, three Boeing 777F cargo aircraft and seven Boeing 777-8F cargo aircraft.
- In addition, leases for two Boeing 777F cargo aircraft, which run until 2024, will be extended.
↗ **Business segements p. 12.**

Shareholders approve all Annual General Meeting agenda items

- The virtual 2022 Annual General Meeting of Deutsche Lufthansa AG took place on 10 May 2022; the shareholders approved all of the items on the agenda with a large majority.
- Thus, shareholders approved the new authorisation to issue convertible bonds, bonds with warrants, profit participation rights and/or participating bonds (or combinations of these instruments) and the renewal of Authorised Capital A and a corresponding amendment to the Articles of Association by a broad majority.
- The remuneration report, which was voted on for the first time, was also approved by a large majority of shareholders.

SWISS fully repays the bank loan guaranteed by the Swiss Confederation

- As of the end of May 2022, SWISS repaid or terminated the bank loan guaranteed by the Swiss Confederation in the amount of EUR 1,500m; as of 31 December 2022, EUR 409m of this amount was still in use.
↗ **Financial position, p. 9.**

Events after the reporting period

Kühne Aviation GmbH holds 15.01% of issued capital

- Through its notification of voting rights of 6 July 2022, Kühne Aviation GmbH notified Deutsche Lufthansa AG that on 5 July 2022 its interest in the shares of Deutsche Lufthansa AG had exceeded the threshold of 15% of issued capital and amounted to 15.01% on this date.

ESF reduces interest in share of Deutsche Lufthansa AG to 9.92% of issued capital

— Through its notification of voting rights of 27 July 2022, the Republic of Germany notified Deutsche Lufthansa AG that on 26 July 2022 the interest of the Economic Stabilisation Fund (ESF) in the shares of Deutsche Lufthansa AG had fallen below the threshold of 10% of issued capital.

— According to a second voting rights notification received on 28 July 2022, the share of voting rights amounted to 9.92% on 27 July 2022.

The Vereinigung Cockpit pilots' union holds ballot on strike

— In a strike ballot held by the Vereinigung Cockpit pilots' union, the around 5,000 pilots from Lufthansa German Airlines and Lufthansa Cargo have consented to the possible calling of indefinite strikes.

Ground staff hold warning strike

— The ground staff of Deutsche Lufthansa AG held a warning strike called by the ver.di trade union on 27 July 2022, which ended on the morning of 28 July 2022.

— The strike was held in conjunction with the ongoing negotiations on a new wage agreement for the roughly 20,000 ground staff of Deutsche Lufthansa AG.

Financial performance

Key performance indicators adjusted

— Beginning with financial year 2022, the reconciliation from EBIT to Adjusted EBIT adjusts restructuring expenses in the form of severance payments and significant costs of legal procedures and company transactions not arising in the normal course of business, as well as and other material non-recurring expenses caused directly by extraordinary external factors. ↗ **Notes, p. 36.**

— The definition of Adjusted free cash flow has been amended so that cash inflows and outflows from the sale and acquisition of companies or individual business units which are allocated to investing activities are not recognised.

— Finally, contributions to and withdrawals from plan assets are disclosed in cash flow from operating activities. ↗ **Notes, p. 36.**

EARNINGS POSITION

Traffic revenue up 193% year-on-year

— Capacity (available seat-kilometres) at the Passenger Airlines in the Lufthansa Group increased by 162% year-on-year in the first half-year of 2022; compared with the pre-crisis level, i.e. the first half of the 2019 financial year, capacity came to 66%; sales (revenue seat-kilometres) were up by 297%; the passenger load factor rose by 25.4 percentage points to 74.3%; traffic revenue in the passenger business also increased due to significantly higher yields by EUR 6,153m, or 345%, to EUR 7,937m (previous year: EUR 1,784m).

— The Lufthansa Group's cargo business continued to perform very well in the first half of 2022; demand for airfreight remained strong due to ongoing disruption to global supply chains, which resulted in high freight rates as capacity is still limited; capacity (available cargo tonne-kilometres) was up 24% on the year due to increased belly capacities; capacity was at 78% of its pre-crisis level; sales (revenue cargo tonne-kilometres) rose by 4%; the cargo load factor of 63.8% was 12.1 percentage points below last year, however; traffic revenue in the cargo business rose by EUR 871m or 47% to EUR 2,724m (previous year: EUR 1,853m).

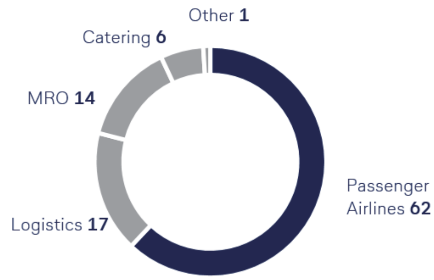
— Compared with the previous year, traffic revenue at Lufthansa Group airlines rose overall in the first half of 2022 by EUR 7,024m or 193% to EUR 10,661m (previous year: EUR 3,637m).

Revenue up by 140% on the previous year

— Other revenue increased by EUR 1,030m or 48% to EUR 3,164m (previous year: EUR 2,134m), mainly due to the increase in business activities and the associated higher revenues in the MRO and Catering business segments.

— Revenue, which consists of traffic revenue plus other revenue, rose by EUR 8,054m or 140% to EUR 13,825m (previous year: EUR 5,771m); other operating income rose by EUR 305m or 44% to EUR 993m (previous year: EUR 688m), especially due to foreign exchange gains; operating income rose by EUR 8,359m or 129% to EUR 14,818m (previous year: EUR 6,459m).

EXTERNAL REVENUE SHARE OF THE BUSINESS SEGMENTS
in % (Jan - Jun 2022)



Operating expenses up 81% on last year

— Operating expenses at the Lufthansa Group rose overall year-on-year in the first half of 2022 by EUR 6,694m or 81% to EUR 14,964m (previous year: EUR 8,270m).

— The cost of materials and services at the Lufthansa Group came to EUR 8,057m, which was EUR 4,853m or 151% higher than a year ago (previous year: EUR 3,204m); fuel expenses were up by EUR 2,446m or 353% at EUR 3,138m; the change is due to higher prices, particularly driven by the sharp increase in the jet crack (price difference between crude oil and kerosene); higher volumes and adverse currency effects also had an effect; the impact of significantly higher prices was offset by hedging; the hedging result was EUR 562m.

- Operating staff costs were up by EUR 1,042m or 39% to EUR 3,732m (previous year: EUR 2,690m); the increase is particularly due to lower effects from short-time work and from increased variable salary components; state support of EUR 87m for short-time work was received in the first half of 2022 (previous year: EUR 609m); this was partially offset by the 4% decline in the average number of employees.

- Depreciation and amortisation of EUR 1,128m was at the same level as last year (previous year: EUR 1,125m) and related mainly to aircraft and reserve engines.

- Other operating expenses rose by EUR 796m or 64% to EUR 2,047m (previous year: EUR 1,251m), particularly due to higher foreign exchange losses, higher sales and marketing expenses and higher travel expenses.

REVENUE, INCOME AND EXPENSES

in €m	Jan - Jun 2022	Jan - Jun 2021	Change in %
Traffic revenue	10,661	3,637	193
Other revenue	3,164	2,134	48
Total revenue	13,825	5,771	140
Other operating income	993	688	44
Total operating income	14,818	6,459	129
Cost of materials and services	8,057	3,204	151
of which fuel	3,138	692	353
of which other raw materials, consumables and supplies and purchased goods	1,320	746	77
of which fees and charges	1,677	689	143
of which external services MRO	783	472	66
Staff costs[1]	3,732	2,690	39
Depreciation	1,128	1,125	0
Other operating expenses	2,047	1,251	64
Total operating expenses[1]	14,964	8,270	81
Operating result from equity investments	-52	-64	19
Adjusted EBIT[1]	-198	-1,875	89
Total reconciliation EBIT[1]	-102	-239	57
EBIT	-300	-2,114	86
Net interest	-212	-213	0
Other financial items	178	93	91
Profit/loss before income taxes	-334	-2,234	85
Income taxes	13	421	-97
Profit/loss after income taxes	-321	-1,813	82
Profit/loss attributable to minority interests	-4	8	
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG	-325	-1,805	82

[1] Previous year's figures have been adjusted due to amendments in the definition of the figures ↗ Notes, p. 36.

Positive Adjusted EBIT achieved in second quarter; loss for the half-year significantly reduced

- Adjusted EBIT for the Lufthansa Group came to EUR -198m in the first half of 2022 (previous year: EUR -1,875m); however, positive Adjusted EBIT of EUR 393m was reported in the second quarter 2022 (previous year: EUR -827m); the Adjusted EBIT margin, i.e. the ratio of Adjusted EBIT to revenue, came to -1.4% in the first half-year (previous year: -32.5%).

- EBIT in the reporting period came to EUR -300m (previous year: EUR -2,114m); in contrast to Adjusted EBIT, this includes costs of EUR 117m directly related to the war in Ukraine as well as net income of EUR 55m in connection with restructuring measures (previous year: net expenses of EUR 220m); the net income is the result of balancing restructuring expenses against the reversal of unused provisions following the successful completion of restructuring measures.

- Net interest was stable year-on-year at EUR -212m (previous year: EUR -213m).

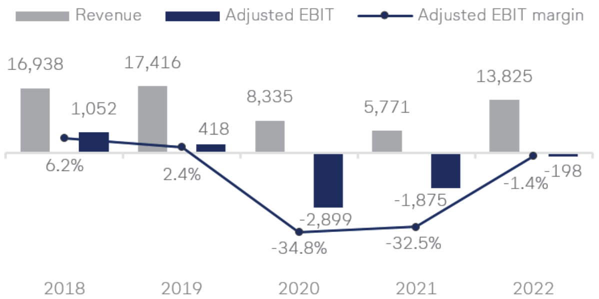
- Other financial items improved to EUR 178m (previous year: EUR 93m) and mainly related to positive effects from the recognition in profit or loss of the convertible bond measurement, strategic interest rate swaps and foreign exchange hedges.

- A positive income tax effect of EUR 13m (previous year: EUR 421m) stemmed from the recognition of deferred tax assets on losses in the current financial year; tax-free expenses and the non-recognition of deferred tax assets on negative earnings from companies with a history of losses had the opposite effect; the effective tax ratio was 4%.

- The net result attributable to shareholders of Deutsche Lufthansa AG in the first half of 2022 came to EUR -325m (previous year: EUR -1,805m).

- Earnings per share amounted to EUR -0.27 (previous year: EUR -3.02).

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



RECONCILIATION OF RESULTS

	Jan - Jun 2022		Jan - Jun 2021	
in €m	Income statement	Reconciliation Adjusted EBIT	Income statement	Reconciliation Adjusted EBIT
Total revenue	13,825		5,771	
Changes in inventories and work performed by entity and capitalised	180		49	
Other operating income	913		655	
of which book gains		-23		-13
of which write-ups on capital assets and assets held for sale		-2		-3
of which write-backs of provisons for restructuring expenses, significant litigation costs and business combinations cost		-75		–
of which other extraordinary income		–		–
of which badwill	–	–	–	–
Total operating income	14,918	-100	6,475	-16
Costs of materials and services	-8,099		-3,204	
of which extraordinary costs of material		42		–
Staff costs	-3,768		-2,907	
of which past service costs/settlements		15		-3
of which restructuring expenses[1]		20		220
Depreciation	-1,148		-1,135	
of which impairment losses		20		9
Other operating expenses	-2,134		-1,279	
of which impairment losses on assets held for sale		12		–
of which expenses incurred from book losses		10		29
of which expenses of significant litigation		4		–
of which expenses of business combinations		18		–
of which other extraordinary expenses		44		–
Total operating expenses	-15,149	185	-8,525	255
Profit/loss from operating activities	-231		-2,050	
Result from equity investments	-69		-64	
of which impairment losses on investments accounted for using the equity method		17		–
EBIT	-300		-2,114	
Total amount of reconciliation Adjusted EBIT[1]		102		239
Adjusted EBIT[1]		-198		-1,875
Depreciation		1,128		1,125
Adjusted EBITDA[1]		930		-750

[1] Previous year's figures adjusted due to changes in the definition of key figures ↗ Notes, p. 36.

FINANCIAL POSITION

Investment volume up on previous year

— Gross investment at the Lufthansa Group increased in the first half of 2022 by EUR 756m or 124% to EUR 1,368m year-on-year (previous year: EUR 612m) and related mainly to advance payments on future aircraft purchases, capitalised major maintenance events and final payments for eight new aircraft.

— Including payments for replacement parts for aircraft and proceeds from the sale of assets, especially aircraft, net capital expenditure came to EUR 1,381m (previous year: EUR 443m).

Positive cash flow from operating activities of EUR 4,441m

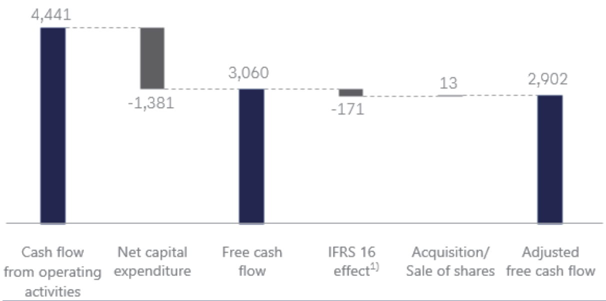
— The Lufthansa Group achieved a positive cash flow from operating activities of EUR 4,441m in the first half-year of 2022 (previous year: EUR 47m); the year-on-year improvement stems mainly from increased cash inflows due to the change in working capital (EUR 3,177m, previous year: EUR 650m) and the improved EBITDA.

— Working capital increased due to higher liabilities from unused flight documents and strict management of trade receivables and payables; liabilities from unused flight documents rose by EUR 3,328m in the first half of 2022 (previous year: EUR 1,025m); the operational recovery led to an increase in both trade receivables and payables; however, the increase in payables (EUR 1,576m) was higher than in receivables (EUR 1,348m) due to positive effects from extending payment deadlines.

Adjusted free cash flow comes to EUR 2,902m

— Adjusted free cash flow rose to EUR 2,902m in the first half of 2022 (previous year: EUR -571m); the improvement is primarily due to the increase in cash flow from operating activities, partly offset by increased net capital expenditure.

ADJUSTED FREE CASH FLOW in €m (Jan - Jun 2022)



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

Financing activities result in cash outflow

— The balance of financing activities resulted in a net cash outflow of EUR -1,389m (previous year: inflow of EUR 1,572m).

— This stems from the repayment of financial liabilities and stabilisation measures amounting to a total of EUR 1,606m; in addition to further scheduled debt repayments for aircraft financing, four Schuldscheindarlehen totaling EUR 524m were repaid; furthermore, the loans received by the LSG group under the US CARES Act totaling EUR 151m and the Swiss government loan totaling EUR 409m were each repaid in full and the government loan in Austria was repaid by EUR 30m; in addition, the unused portion of the government loan in Switzerland in the amount of EUR 1,091m was terminated.

— These payments were offset by cash inflows from new capital market financing of EUR 434m; these were in particular two Schuldscheindarlehen amounting to EUR 165m, Japanese Operating Leases for three aircraft amounting to EUR 139m and asset-backed securities (ABS) financing measures of AirPlus amounting to EUR 100m.

Total available liquidity of EUR 11.4bn

— Balance-sheet liquidity (total of cash, current securities and fixed-term deposits) came to EUR 9,365m as of 30 June 2022 (31 December 2021: EUR 7,666m); EUR 7,776m of the total was available centrally at Deutsche Lufthansa AG.

— In addition, unused credit lines of EUR 2,060m were available; thereof EUR 2,000m via the revolving credit line concluded in April 2022.

— As of 30 June 2022, the Company therefore had EUR 11,425m of available liquidity in total (31 December 2021: EUR 9,445m).

NET ASSETS

Non-current assets on par with previous year

- Non-current assets of EUR 29,132m were on the same level as at year-end 2021 (31 December 2021: EUR 29,063m); the increase in aircraft and reserve engines (EUR +645m), loans and receivables (EUR +341m) and the increase in the value of derivative financial instruments (EUR +575m) were offset by the decline in deferred tax assets due to tax effects associated with the lower valuation of pension obligations (EUR -1,470m).
- The value of aircraft and reserve engines increased to EUR 15,963m as of 30 June 2022 (31 December 2021: EUR 15,318m); down payments were made on current orders and investments in major maintenance inspections and new aircraft (one Boeing 777F, four Airbus A321s and three A320s); the Lufthansa Group fleet comprised at total of 713 aircraft as of 30 June 2022.
↗ **Group fleet, p. 11.**

Current assets increase by around EUR 4.3bn

- Current assets rose by EUR 4,331m to EUR 17,806m (31 December 2021: EUR 13,475m), largely due to the increase in current trade and other receivables (EUR +1,346m), higher cash and cash equivalents, including current securities (EUR +1,699m), and higher derivative financial instruments (EUR +1,045m).
- Assets held for sale of EUR 267m mainly related to six aircraft.

Non-current provisions and liabilities decrease by around EUR 3.8bn

- Non-current provisions and liabilities were down by EUR 3,785m to EUR 19,581m (31 December 2021: EUR 23,366m).
    - Non-current borrowing of EUR 14,470m was EUR 571m lower than at year-end 2021 (31 December 2021: EUR 15,041m); the decline is due largely to the repayment of Schuldscheindarlehen, the long-term stabilisation measures under the U.S. CARES Act and the government guaranteed loans in Switzerland and Austria.
    ↗ **Financial position, p. 9.**
    - Pension liabilities declined by EUR 3,396m to EUR 3,280m (31 December 2021: EUR 6,676m), largely due to the increase in the interest rate of 1.9 percentage points to 3.2%, which was used to discount pension obligations in Germany and Austria; the effect was partly offset by the decline in the performance of plan assets.
    - Asset surpluses for individual pension plans of EUR 516m (31 December 2021: EUR 136m), which mostly relate to plans in Switzerland, are not included in the net figure; they are presented separately in non-current assets.

Current provisions and liabilities increase by around EUR 4.7bn

- Current provisions and liabilities rose by EUR 4,748m to EUR 19,430m (31 December 2021: EUR 14,682m), primarily as a result of higher liabilities from unused flight documents (EUR +3,328m), higher current trade payables and higher other financial liabilities (EUR +1,775m).

Equity up by more than EUR 3.4m

- Shareholders' equity rose by EUR 3,437m compared with year-end 2021 to EUR 7,927m (31 December 2021: EUR 4,490m), mainly because of positive valuation effects on pensions and financial instruments recognised directly in equity, which more than offset the loss for the current financial year.
- The equity ratio increased by 6.3 percentage points compared with year-end 2021 to 16.9% (31 December 2021: 10.6%).
- Positive free cash flow brought net indebtedness down to EUR 6,396m, a reduction of EUR 2,627m on year-end 2021 (31 December 2021: EUR 9,023m); Adjusted net debt, the sum of net indebtedness and net pension obligations less 50% of the hybrid bond issued in 2015, was down by EUR 6,403m compared with year-end 2021 to EUR 8,913m (31 December 2021: EUR 15,316m).

CALCULATION OF NET INDEBTEDNESS

	30.06.2022 in €m	31.12.2021 in €m	Change in %
Liabilities to banks	-1,775	-2,461	28
Bonds	-6,591	-6,697	2
Lease liabilities	-2,508	-2,370	-6
Other non-current borrowing	-4,852	-5,142	6
	-15,726	**-16,670**	**6**
Other bank borrowing	-35	-19	-84
Group indebtedness	**-15,761**	**-16,689**	**6**
Cash and cash equivalents	2,708	2,307	17
Securities	6,657	5,359	24
Net indebtedness	**-6,396**	**-9,023**	**29**
Pension provisions	-3,280	-6,676	51
Pension surplus	516	136	279
Net pension obligations	**-2,764**	**-6,540**	**58**
Net indebtedness and net pension obligations	**-9,160**	**-15,563**	**41**

GROUP FLEET- NUMBER OF COMMERCIAL AIRCRAFT

Lufthansa German Airlines including regional airlines, Germanwings and Eurowings Discover (LH), SWISS including Edelweiss (LX), Austrian Airlines (OS), Brussels Airlines (SN), Eurowings (EW) and Lufthansa Cargo (LCAG) as of 30 June 2022.

Manufacturer/type	LH	LX	OS	SN	EW	LCAG	Group fleet	of which lease	Change as of 31 Dec 2021	Change as of 30 Jun 2021
Airbus A220		30					30			
Airbus A319	43			15	36		94	25	-2	-7
Airbus A320	92	31	29	16	58		226	30	-2	-7
Airbus A321	78	10	6		2	1	97	2	5	3
Airbus A330	25	16		9			50	8		
Airbus A340	34	9					43			
Airbus A350	21						21	5	4	4
Airbus A380	14						14			
Boeing 747	27						27			
Boeing 767			3				3			-1
Boeing 777		12	6				18	2		
Boeing 787							0			
Boeing 777F						16[1]	16	5	1	3
Boeing MD-11F							0			-2
Bombardier CRJ	28						28		-3	-4
Bombardier Q Series					3		3	3	-3	-10
Embraer	26		17				43			
Total Aircraft	388	108	61	40	99	17	713	80	± 0	-21

[1] Partly operated by AeroLogic, of which two aircraft attributed pro rata.

Business segments

PASSENGER AIRLINES BUSINESS SEGMENT[1]

KEY FIGURES

		Jan - Jun 2022	Jan - Jun 2021	Change in %	Apr - Jun 2022	Apr - Jun 2021	Change in %
Revenue	€m	8,976	2,445	267	5,956	1,484	301
of which traffic revenue	€m	7,937	1,784	345	5,427	1,126	382
Total operating income	€m	9,355	2,783	236	6,197	1,672	271
Operating expenses[2]	€m	10,516	5,285	99	6,278	2,856	120
Adjusted EBITDA[2]	€m	-322	-1,679	81	354	-767	
Adjusted EBIT[2]	€m	-1,200	-2,565	53	-86	-1,206	93
EBIT	€m	-1,167	-2,717	57	-120	-1,317	91
Adjusted EBIT margin[2]	%	-13.4	-104.9	91.5 pts	-1.4	-81.3	79.9 pts
Segment capital expenditure	€m	1,095	776	41	485	628	-23
Employees as of 30.06.	number	55,963	58,735	-5	–	–	
Flights[3]	number	366,051	116,795	213	232,482	77,755	199
Passengers[3]	thousands	42,382	10,041	322	29,209	6,995	318
Available seat-kilometres[3]	millions	115,617	44,190	162	69,961	27,335	156
Revenue seat-kilometres[3]	millions	85,942	21,626	297	56,080	14,044	299
Passenger load factor[3]	%	74.3	48.9	25.4 pts	80.2	51.4	28.8 pts

[1] Previous year's figures have been adjusted due to changes in segment reporting ↗ Notes, p. 36.
[2] Previous year's figures have been adjusted due to amendments in the definition of the figures ↗ Notes, p. 36.
[3] Previous year's figures have been adjusted.

— Financial reporting was changed at the beginning of the 2022 financial year to bring all passenger airlines in the Lufthansa Group together into one segment; this comprises the previously separate business segments Network Airlines and Eurowings. ↗ **Notes, p. 36.**

— The Passenger Airlines in the Lufthansa Group were still suffering from low demand due to the spread of the Omicron variant in the first quarter of 2022, but demand for flights picked up significantly in the second quarter, despite the war in Ukraine and ongoing travel restrictions in Asia.

— The corresponding expansion of capacities led to disruption in the aviation system toward the end of the first half of the year; among other things, staff shortages at airport ground handling services, security checks, international air traffic controls and airlines as well as various individual events were responsible for this; in addition, the war in Ukraine is leading to restrictions on the use of European airspace for civil aviation.

— The Passenger Airlines and many of their competitors cancelled flights to relieve pressure on the system; numerous operational measures were also defined in consultation with system partners to optimise flight operations.

— Available capacity was 162% over the previous year in the first half of 2022, and thus at 66% of its pre-crisis level in 2019. The number of flights increased by 213%; sales were up by 297% and the passenger load factor of 74.3% was 25.4 percentage points higher than last year.

— Traffic revenue at the Passenger Airlines increased by EUR 6,153m or 345% to EUR 7,937m year-on-year due to improved traffic in the first half of 2022 (previous year: EUR 1,784m); revenue of EUR 8,976m was EUR 6,531m or 267% higher than a year ago (previous year: EUR 2,445m); yields rose by 10.3% after adjusting for exchange rates.

— Exchange rate-adjusted unit revenues went up by 30% year-on-year thanks to higher yields and load factors; they were therefore 0.7% above their pre-crisis level in 2019.

— Operating expenses rose by EUR 5,231m or 99% to EUR 10,516m (previous year: EUR 5,285m); despite hedging, expenses for fuel in particular were significantly higher than last year (EUR +2,330m), due to increased flight operations and higher fuel prices; fees and charges were up on the year (EUR +981m) due to the expansion of flight activity; staff costs rose by EUR 702m despite the 6% reduction in the average workforce, largely because short-time work was significantly reduced.

— Exchange rate-adjusted unit costs excluding fuel and emissions trading expenses fell year-on-year by 39.5% thanks to positive economies of scale as a result of increased traffic and further progress with implementing the cost-cutting programme; they were 8.8% higher than the pre-crisis level.

— Adjusted EBIT came to EUR -1,200m in the first half of 2022 (previous year: EUR -2,565m) and EBIT came to EUR -1,167m (previous year: EUR -2,717m)

— Segment capital expenditure increased by EUR 319m or 41% to EUR 1,095m (previous year: EUR 776m) and was primarily related to advance payments for orders, major maintenance events and new aircraft.

— As of 30 June 2022, the number of employees fell year-on-year by 5% to 55,963 (previous year: 58,735), primarily as a result of voluntary redundancy programmes, fluctuation and the suspension of recruitment.

OPERATING FIGURES

		Jan - Jun 2022	Jan - Jun 2021	Change in %	Exchange-rate adjusted change in %	Apr - Jun 2022	Apr - Jun 2021	Change in %	Exchange-rate adjusted change in %
Yields	€ Cent	8.3	7.1	17.3	10.3	8.8	7.1	24.4	16.7
Unit revenue (RASK)	€ Cent	7.9	5.8	35.1	30.0	8.6	5.6	52.6	46.2
Unit cost (CASK) excluding fuel and emissions trading	€ Cent	6.3	10.2	-37.8	-39.5	5.8	8.7	-33.1	-35.3

TRENDS IN TRAFFIC REGIONS

	Net traffic revenue external revenue		Number of passengers		Available seat-kilometres		Revenue seat-kilometres		Passenger load factor	
	Jan - Jun 2022	Change	Jan - Jun 2022	Change	Jan - Jun 2022	Change	Jan - Jun 2022	Change	Jan - Jun 2022	Change
	in €m	in %	in thousands	in %	in millions	in %	in millions	in %	in %	in pts
Europe	3,424	352	34,487	334	46,310	239	34,397	311	74.3	12.9 pts
America	2,361	510	4,189	354	42,761	157	32,029	347	74.9	31.8 pts
Asia/Pacific	557	249	1,004	269	10,753	77	7,661	278	71.2	38.0 pts
Middle East/ Africa	807	251	2,702	203	15,793	103	11,855	193	75.1	23.0 pts
Non allocable	788	215								
Total	7,937	345	42,382	322	115,617	162	85,942	297	74.3	25.4 pts

Lufthansa German Airlines[1)]

KEY FIGURES		Jan - Jun 2022	Jan - Jun 2021	Change in %
Revenue	€m	5,258	1,381	281
Total operating income	€m	5,497	1,672	229
Operating expenses[2)]	€m	6,288	3,223	95
Adjusted EBITDA[2)]	€m	-355	-1,137	69
Adjusted EBIT[2)]	€m	-798	-1,573	49
EBIT	€m	-760	-1,714	56
Employees as of 30.06.	number	34,486	36,809	-6
Flights	number	188,228	62,670	200
Passengers	thousands	22,270	5,452	309
Available seat-kilometres	millions	67,678	27,302	148
Revenue seat-kilometres	millions	50,626	13,174	284
Passenger load factor	%	74.8	48.3	26.5 pts

[1)] Including regional partners and Eurowings Discover.
[2)] Previous year's figures have been adjusted due to amendments in the definition of the figures ↗ Notes, p. 36.

— Lufthansa German Airlines continues to drive the modernisation of its fleet; four leased A350s with the new Business Class configurations were added to the fleet in the first half-year of 2022.

— In view of the sharp rise in demand for flights and delays in the delivery of aircraft orders, a decision was taken in June 2022 to reactivate five A380 aircraft from long-term parking mode and return them to service from summer 2023.

— As of 1 April 2022, Jens Ritter became the new Chief Executive Officer and Jörg Beißel the new Chief Financial Officer of Lufthansa German Airlines.

— Strong demand for air travel and higher unit revenues drove up revenue year-on-year at Lufthansa German Airlines by EUR 3,877m or 281% to EUR 5,258m in the first half-year of 2022 (previous year: EUR 1,381m).

— Operating expenses of EUR 6,288m were EUR 3,065m or 95% higher than last year (previous year: EUR 3,223m), primarily due to higher fuel expenses resulting from volumes, prices and exchange rates, higher volume-related fees and charges, and higher staff costs as a consequence of significantly reduced short-time work.

— Adjusted EBIT came to EUR -798m (previous year: EUR -1,573m) and EBIT came to EUR -760m (previous year: EUR -1,714m).

SWISS[1)]

KEY FIGURES		Jan - Jun 2022	Jan - Jun 2021	Change in %
Revenue	€m	1,936	614	215
Total operating income	€m	2,010	659	205
Operating expenses[2)]	€m	1,965	1,042	89
Adjusted EBITDA[2)]	€m	267	-160	
Adjusted EBIT[2)]	€m	45	-383	
EBIT	€m	43	-392	
Employees as of 30.06.	number	8,593	9,534	-10
Flights[3)]	number	53,647	15,696	242
Passengers	thousands	6,169	1,343	359
Available seat-kilometres	millions	19,622	8,159	140
Revenue seat-kilometres	millions	14,303	3,214	345
Passenger load factor	%	72.9	39.4	33.5 pts

[1)] Including Edelweiss Air.
[2)] Previous year's figures have been adjusted due to amendments in the definition of the figures ↗ Notes, p. 36.
[3)] Previous year's figures have been adjusted.

— In the first half of 2022, increased flight operations and higher unit revenues enabled revenue at SWISS to rise year-on-year by EUR 1,322m or 215% to EUR 1,936m (previous year: EUR 614m).

— Operating expenses increased by EUR 923m or 89% to EUR 1,965m (previous year: EUR 1,042m); higher fuel expenses due to volumes and prices and higher fees and charges and staff costs were partly offset by the successful restructuring measures.

— This enabled SWISS to report a positive operating result in the first half of 2022; Adjusted EBIT came to EUR 45m (previous year: EUR -383m) and EBIT to EUR 43m (previous year: EUR -392m).

Austrian Airlines

KEY FIGURES		Jan - Jun 2022	Jan - Jun 2021	Change in %
Revenue	€m	678	187	263
Total operating income	€m	709	201	253
Operating expenses[1]	€m	815	399	104
Adjusted EBITDA[1]	€m	-45	-128	65
Adjusted EBIT[1]	€m	-106	-198	46
EBIT	€m	-110	-200	45
Employees as of 30.06.	number	5,609	6,132	-9
Flights	number	39,506	16,286	143
Passengers	thousands	4,169	1,112	275
Available seat-kilometres	millions	9,174	2,906	216
Revenue seat-kilometres	millions	6,615	1,543	329
Passenger load factor	%	72.1	53.1	19.0 pts

[1] Previous year's figures have been adjusted due to amendments in the definition of the figures ↗ Notes, p. 36.

- In the first half of 2022, increased traffic and higher unit revenues made revenue at Austrian Airlines rise year-on-year by EUR 491m or 263% to EUR 678m (previous year: EUR 187m).
- Operating expenses of EUR 815m were EUR 416m or 104% higher than last year (previous year: EUR 399m), mainly due to volume and price-related increases in fuel expenses and higher volume-related fees and charges.
- Adjusted EBIT came to EUR -106m in the first half of 2022 (previous year: EUR -198m); Austrian Airlines reported positive Adjusted EBIT of EUR 3m in the second quarter (previous year: EUR -94m); EBIT in the first half-year came to EUR -110m (previous year: EUR -200m).

Brussels Airlines

KEY FIGURES		Jan - Jun 2022	Jan - Jun 2021	Change in %
Revenue	€m	452	138	228
Total operating income	€m	483	147	229
Operating expenses	€m	572	290	97
Adjusted EBITDA	€m	-34	-86	60
Adjusted EBIT	€m	-89	-143	38
EBIT	€m	-89	-143	38
Employees as of 30.06.	number	3,225	3,033	6
Flights	number	22,553	6,295	258
Passengers	thousands	2,727	676	303
Available seat-kilometres	millions	7,091	2,966	139
Revenue seat-kilometres	millions	5,146	1,801	186
Passenger load factor	%	72.6	60.7	11.9 pts

- Since 1 July 2022, Tilman Reinshagen is a member of the Brussels Airlines Management Board as Chief Operating Officer (COO).
- Brussels Airlines' revenue increased by EUR 314m or 228% year-on-year to EUR 452m in the first half-year of 2022 (previous year: EUR 138m) thanks to expanded flight operations and higher unit revenues.
- in line with the production increase, the operating expenses increased by EUR 282m or 97% to EUR 572m (previous year: EUR 290m), additionally impacted by strike actions, higher fuel prices and an increase in staff costs due to inflation.
- Adjusted EBIT and EBIT in the first half-year 2022 each came to EUR -89m (previous year: EUR -143m).

Eurowings

KEY FIGURES		Jan - Jun 2022	Jan - Jun 2021	Change in %
Revenue	€m	721	158	356
Total operating income	€m	778	197	295
Operating expenses[1]	€m	985	407	142
Adjusted EBITDA[1]	€m	-141	-151	7
Adjusted EBIT[1]	€m	-239	-251	5
EBIT	€m	-239	-251	5
Employees as of 30.06.	number	4,050	3,227	26
Flights	number	62,117	15,854	292
Passengers	thousands	7,047	1,458	383
Available seat-kilometres	millions	12,052	2,857	322
Revenue seat-kilometres	millions	9,252	1,895	388
Passenger load factor	%	76.8	66.3	10.5 pts

[1] Previous year's figures have been adjusted due to amendments in the definition of the figures ↗ Notes, p. 36.

- Eurowings has started the first phase of a code-sharing agreement with Smartwings, the leading Czech airline; this means that Eurowings flights from the new base in Prague will also be offered under Smartwings flight numbers and distributed via smartwings.com and other channels.
- Eurowings reached an important milestone in its pan-European growth by establishing a new company, Eurowings Europe Limited, in Malta; the new entity makes it possible to address the structural growth segment of private travel outside the previous home markets and to scale the product range.
- Edi Wolfensberger has been Chief Operating Officer (COO) and a member of the Management Board of Eurowings since 1 April 2022.
- Revenue at Eurowings of EUR 721m in the first half of 2022 was EUR 563m or 356% higher than last year, primarily due to volumes (previous year: EUR 158m).
- Operating expenses rose by EUR 578m or 142% to EUR 985m (previous year: EUR 407m); fuel costs rose significantly due to volumes and especially prices, with fees and charges rising mainly due to higher volumes; staff costs increased due to the recruitment required to rebuild the flight programme and also because of the end of short-time work; expenses for aircraft charters went up due to the seasonal use of external wet lease partners.
- Adjusted EBIT at Eurowings came to EUR -239m in the first half of 2022 (previous year: EUR -251m); the year-on-year improvement stemmed mainly from the significant expansion of the flight programme and the higher load factor, as a result of which the unit cost position improved significantly; EBIT also came to EUR -239m (previous year: EUR -251m).

LOGISTICS BUSINESS SEGMENT

KEY FIGURES		Jan - Jun 2022	Jan - Jun 2021	Change in %	Apr - Jun 2022	Apr - Jun 2021	Change in %
Revenue	€m	2,426	1,671	45	1,257	869	45
of which traffic revenue	€m	2,335	1,595	46	1,204	830	45
Total operating income	€m	2,470	1,703	45	1,280	884	45
Operating expenses[1]	€m	1,504	1,072	40	803	564	42
Adjusted EBITDA[1]	€m	1,059	711	49	524	361	45
Adjusted EBIT[1]	€m	977	641	52	482	326	48
EBIT	€m	956	643	49	475	327	45
Adjusted EBIT margin[1]	%	40.3	38.4	1.9 pts	38.3	37.5	0.8 pts
Segment capital expenditure	€m	221	28	689	214	24	792
Employees as of 30.06.	number	4,068	4,216	-4	–	–	
Available cargo tonne-kilometres	millions	5,557	4,672	19	2,960	2,471	20
Revenue cargo tonne-kilometres	millions	3,570	3,481	3	1,782	1,808	-1
Cargo load factor	%	64.2	74.5	-10.3 pts	60.2	73.2	-13.0 pts

[1] Previous year's figures have been adjusted due to amendments in the definition of the figures ↗ Notes, p. 36.

- The performance of the Logistics segment is still at a record high; total market freight capacity continues to be down as a result of the coronavirus pandemic and the consequent absence of belly capacities on passenger aircraft; demand for freight capacities remains high; operational stability has been maintained despite a difficult operating environment, which included lockdowns in China and diversions caused by flying around Russian airspace.
- Lufthansa Cargo is investing in expanding the capacity of its freighter fleet; the airline ordered a total of ten freighters in the reporting period, including three Boeing 777Fs with up-to-date technology and seven 777-8Fs, the next generation of Boeing freighter aircraft; the first Boeing 777F was delivered in June 2022 and is in service at Aerologic; leases for two Boeing 777F freighter aircraft due to expire in 2024 were also extended by seven years to 2031.
- Lufthansa Cargo's capacity was 19% up on the year in the first half of 2022, mainly thanks to higher belly capacities resulting from the recovery in passenger flight operations; sales rose by 3%; the cargo load factor fell by 10.3 percentage points to 64.2%; yields adjusted for exchange rate effects increased in all Lufthansa Cargo traffic regions and were 38.1% higher than the previous year; this represents a new record in the history of Lufthansa Cargo.
- Traffic revenue was also up in all traffic regions due to higher sales and higher yields, rising by EUR 740m or 46% to EUR 2,335m (previous year: EUR 1,595m); revenue rose by EUR 755m or 45% to EUR 2,426m (previous year: EUR 1,671m).
- Operating expenses rose by EUR 432m or 40% to EUR 1,504m, largely because of higher fuel costs and higher belly expenses paid to Group companies (previous year: EUR 1,072m).
- Adjusted EBIT improved by EUR 336m or 52% to EUR 977m (previous year: EUR 641m), primarily thanks to higher yields and sales, enabling Lufthansa Cargo to achieve another record result in the first half-year of 2022; EBIT improved by EUR 313m or 49% to EUR 956m (previous year: EUR 643m); the difference to Adjusted EBIT is mainly due to restructuring expenses.
- Segment capital expenditure came to EUR 221m in the first half of 2022 (previous year: EUR 28m).
- As of 30 June 2022, the number of employees fell by 4% to 4,068 (previous year: 4,216).

TRENDS IN TRAFFIC REGIONS

	Net traffic revenue external revenue		Available cargo tonne-kilometres		Revenue cargo tonne-kilometres		Cargo load factor	
	Jan - Jun 2022	Change	Jan - Jun 2022	Change	Jan - Jun 2022	Change	Jan - Jun 2022	Change
	in €m	in %	in millions	in %	in millions	in %	in %	in pts
Europe	147	41	277	32	131	13	47.2	-7.9 pts
America	1,121	49	3,002	38	1,805	14	60.1	-13.0 pts
Asia/Pacific	919	46	1,799	-8	1,367	-12	76.0	-3.2 pts
Middle East/Africa	148	40	479	45	267	18	55.6	-13.1 pts
Total	**2,335**	**46**	**5,557**	**19**	**3,570**	**3**	**64.2**	**-10.3 pts**

MRO BUSINESS SEGMENT

KEY FIGURES

		Jan - Jun 2022	Jan - Jun 2021	Change in %	Apr - Jun 2022	Apr - Jun 2021	Change in %
Revenue	€m	2,591	1,717	51	1,265	888	42
of which with companies of the Lufthansa Group	€m	711	356	100	338	193	75
Total operating income	€m	2,763	1,891	46	1,369	991	38
Operating expenses[1]	€m	2,517	1,746	44	1,256	900	40
Adjusted EBITDA[1]	€m	309	224	38	144	135	7
Adjusted EBIT[1]	€m	220	135	63	100	90	11
EBIT	€m	153	101	51	112	85	32
Adjusted EBIT margin[1]	%	8.5	7.9	0.6 pts	7.9	10.1	-2.2 pts
Segment capital expenditures	€m	28	39	-28	14	27	-48
Employees as of 30.06.	number	19,809	21,467	-8	–	–	

[1] Previous year's figures have been adjusted due to amendments in the definition of the figures ↗ Notes, p. 36.

- Lufthansa Technik's business in the first half of 2022 was shaped by recovery from the coronavirus crisis, increasing demand for flights, and thus increasing demand from airlines for maintenance and repair services; this had a positive effect on revenue and earnings; the war in Ukraine had a negative impact, however, due to the loss of business in Russia, shortages of materials, increases in the cost of materials on the global market and higher energy costs.
- Sören Stark has been the new Chief Executive Officer of Lufthansa Technik and Harald Gloy the new Chief Operating Officer and Labor Director since 1 July 2022.
- Lufthansa Technik's revenue increased year-on-year in the first half of 2022 by EUR 874m or 51% to EUR 2,591m (previous year: EUR 1,717m).
- Operating expenses increased by EUR 771m or 44% to EUR 2,517m (previous year: EUR 1,746m), mainly driven by the price- and volume-related increase in the cost of materials and services and higher staff costs due to the reduction in short-time work.
- Adjusted EBIT improved in the first half of 2022 by EUR 85m or 63% to EUR 220m (previous year: EUR 135m); EBIT was affected by impairments due to the sanctions against Russia and came to EUR 153m (previous year: EUR 101m).
- Segment capital expenditure fell by EUR 11m or 28% to EUR 28m (previous year: EUR 39m).
- As of 30 June 2022, the number of employees fell year-on-year by 8% to 19,809 (previous year: 21,467).

CATERING BUSINESS SEGMENT

KEY FIGURES

		Jan - Jun 2022	Jan - Jun 2021	Change in %	Apr - Jun 2022	Apr - Jun 2021	Change in %
Revenue	€m	857	447	92	484	253	91
of which with companies of the Lufthansa Group	€m	23	12	92	14	6	133
Total operating income	€m	882	586	51	496	326	52
Operating expenses[1]	€m	890	559	59	494	298	66
Adjusted EBITDA[1]	€m	25	59	-58	20	47	-57
Adjusted EBIT[1]	€m	-13	19		1	27	-96
EBIT	€m	-33	-5	-560	0	4	-100
Adjusted EBIT margin[1]	%	-1.5	4.3	-5.8 pts	0.2	10.7	-10.5 pts
Segment capital expenditure	€m	12	8	50	6	6	–
Employees as of 30.06.	number	18,659	15,288	22	–	–	

[1] Previous year's figures have been adjusted due to amendments in the definition of the figures. ↗ Notes, p. 36

- The LSG group reported further revenue growth in the second quarter of 2022, especially in the North American market and Latin America; there were also the first positive effects of an accelerating recovery in Asia and various emerging markets.
- Over the course of the first half-year of 2022, the LSG group signed significant new contracts and established new partnerships; these include new contracts with Greater Bay Airline and Condor, as well as new partnerships with Cuisine Solutions, NotCo and Kaelis.
- Revenue at the LSG group increased by EUR 410m or 92% to EUR 857m in the first half of 2022 due to positive business performance in all regions, especially North America (previous year: EUR 447m).
- Other income fell by EUR 114m or 82% to EUR 25m, largely due to the cessation of subsidies received under the US CARES Act (previous year: EUR 139m).
- Operating expenses increased by a total of EUR 331m or 59% to EUR 890m, principally due to the higher volume and price-related cost of materials and staff costs, as well as higher revenue-based airport fees (previous year: EUR 559m).
- Adjusted EBIT fell in the first half of 2022 to EUR -13m in the absence of subsidies received pursuant to the US CARES Act (previous year: EUR 19m); not including these subsidies last year, Adjusted EBIT would have risen year-on-year; EBIT fell to EUR -33m (previous year: EUR -5m); the difference from Adjusted EBIT stems primarily from impairment losses and expenses in connection with the war in Ukraine.
- Segment capital expenditure amounted to EUR 12m (previous year: EUR 8m).
- As of 30 June 2022, the number of employees rose year-on-year by 22% to 18,659 (previous year: 15,288).

ADDITIONAL BUSINESSES AND GROUP FUNCTIONS

KEY FIGURES

		Jan - Jun 2022	Jan - Jun 2021	Change in %	**Apr - Jun 2022**	Apr - Jun 2021	Change in %
Operating income	€m	1,136	1,238	-8	618	756	-18
Operating expenses[1]	€m	1,279	1,372	-7	696	835	-17
Adjusted EBITDA[1]	€m	-78	-69	-13	-44	-46	4
Adjusted EBIT[1]	€m	-135	-128	-5	-72	-75	4
EBIT	€m	-160	-159	-1	-95	-91	-4
Segment capital expenditures	€m	23	32	-28	6	19	-68
Employees as of 30.06.	number	7,797	8,366	-7	–	–	

[1] Previous year's figures have been adjusted due to amendments in the definition of the figures ↗ Notes, p. 36.

- Despite higher revenue, lower exchange rate gains caused operating income for Additional Businesses and Group Functions to fall year-on-year in the first half of 2022 by EUR 102m or 8% to EUR 1,136m (previous year: EUR 1,238m).
- Operating expenses fell by EUR 93m or 7% to EUR 1,279m (previous year: EUR 1,372m).
- Adjusted EBIT came to EUR -135m (previous year: EUR -128m); higher expenses at Group Functions due to the absence of short-time work and higher IT expenses were partly offset by lower losses at AirPlus; EBIT came to EUR -160m (previous year: EUR -159m).
- As of 30 June 2022, the number of employees fell year-on-year by 7% to 7,797 (previous year: 8,366); the number of employees in Group Functions fell by 12%.

Opportunities and risk report

The opportunities and risks for the Group described in detail in the Annual Report 2021 have materialised or developed as follows:

— The rapid recovery in demand for air travel and the accompanying strong expansion of capacity are partionally leading to significant operational disruption. There is currently a shortage of qualified staff in all the processes required to ensure the smooth running of international air traffic (including security checks, ground handling services, air traffic control, crews), partly due to high sickness rates caused mainly by the coronavirus. This has lead to a significant increase in delays, but also to a larger number of flight cancellations. This in turn increases the risk of reputational damage, rising costs for compensation and support for affected passengers, and a loss of revenue. Measures to improve operational processes are being implemented. These include the optimisation and simplification of airport processes, consistent customer communication and increased service center availability. In addition, flights are being cancelled proactively, which contributes to stabilising the flight plan.

— The risk of strikes, which was deemed to be low in 2021 due to the coronavirus crisis, has increased significantly in 2022. If the trade unions are successful in their demands, this may result in higher staff costs. Strikes can also lead to reputational damages and tangible economic impacts.

— Operational difficulties also result in pressure on employees, which are ideally addressed in cooperation with labour union partners and the works councils. In this respect, agreements between management and the collective bargaining or operating partners may be necessary, which could lead to additional financial burdens.

— The price of crude oil increased significantly in the course of the first half-year of 2022. In addition, the price difference between crude oil and kerosene, known as the jet crack, has also increased. Further increases would lead to higher fuel expenses for the Lufthansa Group. The Lufthansa Group has also begun to implement jet crack hedges to mitigate the effects of any further increase. It also passes on rising costs to customers in the form of higher prices.

— Rising cost of living and energy could have a negative impact on consumer confidence and demand for flights, and thus a negative impact on the Lufthansa Group's revenue.

— A shortage of gas supplies in Germany and, in particular, a restriction of gas supplies to airports, airlines and suppliers as a part of critical infrastructure, could have an impact on the business activities of some of the Lufthansa Group's business segments and thus indirectly affect flight operations.

— Some suppliers, in the catering sector or in the supply of spare parts for aircraft, for example, are affected by bottlenecks in the supply chain. To mitigate risks from material shortages, countermeasures and levers are taken wherever possible, including supplier relationship management and measures to increase the resilience of the supply chain and security of supply.

On the basis of its improved financial performance, the cost-reduction measures that have been initiated and the scenarios on which its financial planning is based, the Executive Board does not consider that the continued existence of the Lufthansa Group is at risk.

Forecast

Macroeconomic outlook

— According to IHS Markit, global economic growth of 2.7% is expected for 2022; last year the global economy grew by 5.8%; economic output in Europe is also expected to grow by 2.7%.

GDP DEVELOPMENT[1]

in %	2022	2023	2024	2025	2026
World	2.7	2.6	3.0	3.0	2.9
Europe	2.7	1.2	2.0	1.6	1.6
Germany	1.7	1.2	2.0	1.1	1.0
North America	1.6	1.3	1.9	2.3	2.1
South America	2.3	1.6	2.6	2.6	2.9
Asia/Pacific	3.9	4.4	4.4	4.3	4.3
China	4.0	5.2	5.1	5.0	4.9
Middle East	5.9	4.0	3.5	2.8	2.7
Africa	3.6	3.6	3.8	4.0	3.7

Source: IHS Markit per 15 July 2022.
[1] Forecast.

— Futures rates suggest falling oil prices in the second half of 2022 compared with the end of June 2022 levels; however, volatile oil and kerosene prices are also expected in the remainder of 2022.

— The sharp depreciation of the euro is due to increasing fears of recession, the conflict in Ukraine and uncertainty about future gas supplies from Russia; in the event of an energy shortage, there are fears of an economic slump in Europe; high inflation in the USA is being combated with a restrictive monetary policy, also at the expense of economic growth, and the markets expect a recession with global implications; according to analysts, the euro should gain slightly against the US dollar by the end of 2022.

— According to the EU Commission's forecast, the inflation rate for 2022 as a whole is expected to go up by 7.6% in Europe and 7.9% in Germany.

Sector Outlook

- The International Air Transport Association (IATA) raised its forecast in June 2022; for 2022 it is predicting a year-on-year recovery for revenue passenger-kilometres of 98% thanks to global progress with vaccination programmes, the lifting of travel restrictions, and the reopening of flight routes (previous year: 22%); sector sales would then reach 82% of their pre-crisis level in 2019; IATA projects a return to the pre-crisis level in 2024.
- For the freight sector, IATA expects global revenue tonne-kilometres to increase by 4% in 2022 (previous year: 19%); this would take sales in the cargo business to 112% of their pre-crisis level.
- Overall, IATA is forecasting a loss of USD 10bn for the global airline industry in the 2022 financial year (previous year: loss of USD 42bn).

Outlook for the Lufthansa Group

- The Group's financial outlook remains subject to a high degree of forecast uncertainty caused amongst others by the recession risk inherent in the current outlook for the global economy, the risk of energy prices remaining high due to the war in Ukraine and the further uncertain development of the coronavirus pandemic; all of which has potentially significant influence on consumer confidence and demand for air travel in the remainder of the year; the further progress of negotiations with the collective bargaining partners and any labor disputes may also influence the Group's financial performance in the second half of the year.
- Lufthansa Group expects to be able to expand the capacity offered by its airlines in the full year of 2022 compared with the previous year; the capacity expansion will be driven largely by short-haul tourist routes in Europe; the Lufthansa Group also anticipates a continued recovery on long-haul routes and in the business travel segment, albeit at a lower level.
- Overall, subject to the areas of uncertainty described above and the potential impact of operational disruption in the European aviation system on the Group's airlines, the Lufthansa Group expects the offered capacity of the Passenger Airlines in fiscal year 2022 to be at around 75 % of the pre-crisis capacity.
- Primarily due to the further recovery at the Passenger Airlines, continuously favorable supply and demand dynamics in the Logistics segment, and a continued upswing in the MRO segment, the Lufthansa Group expects revenue to increase in 2022; however, the revenue level of the pre-crisis period will probably not yet be reached in 2022.
- Assuming that the economic environment does not change materially in the second half of the year, the Lufthansa Group expects to be able to achieve a positive Adjusted EBIT of at least EUR 0.5bn again for the full year 2022; the result in the Logistics segment should be broadly in line with the record level in the previous year; the MRO segment is also expected to make a positive contribution to earnings; the Adjusted EBIT loss in the Passenger Airlines segment is projected to decline; further progress in implementing the cost-reduction program in all areas of the Group will support the earnings performance.
- In view of the development in the first half of the year and despite negative seasonal effects in working capital in the second half of the year, Adjusted free cash flow is expected to be significantly positive in the year 2022 as a whole.
- Specific CO_2 emissions are expected to significantly decrease in 2022 compared with the previous year, in particular due to the higher load factors of flights and a higher proportion of long-haul flights.

Further details on the Group's financial outlook can be found in the ↗ Annual Report 2021, from p. 136 and in the ↗ 1st Interim Report 2022, on p. 16.

Consolidated income statement
January - June 2022

CONSOLIDATED INCOME STATEMENT

in €m	Jan - Jun 2022	Jan - Jun 2021	Apr - Jun 2022	Apr - Jun 2021
Traffic revenue	10,661	3,637	6,828	2,095
Other revenue	3,164	2,134	1,634	1,116
Total revenue	**13,825**	**5,771**	**8,462**	**3,211**
Changes in inventories and work performed by entity and capitalised	180	49	64	25
Other operating income[1]	913	655	493	339
Cost of materials and services	-8,099	-3,204	-4,906	-1,792
Staff costs	-3,768	-2,907	-1,962	-1,517
Depreciation, amortisation and impairment[2]	-1,148	-1,135	-571	-566
Other operating expenses[3]	-2,134	-1,279	-1,231	-666
Profit/loss from operating activities	**-231**	**-2,050**	**349**	**-966**
Result of equity investments accounted for using the equity method	-80	-71	-18	-19
Result of other equity investments	11	7	9	6
Interest income	19	-2	1	–
Interest expenses	-231	-211	-130	-95
Other financial items	178	93	145	153
Financial result	**-103**	**-184**	**7**	**45**
Profit/loss before income taxes	**-334**	**-2,234**	**356**	**-921**
Income taxes	13	421	-95	162
Profit/loss after income taxes	**-321**	**-1,813**	**261**	**-759**
Thereof profit/loss attributable to non-controlling interests	4	-8	2	-3
Thereof net profit/loss attributable to shareholders of Deutsche Lufthansa AG	**-325**	**-1,805**	**259**	**-756**
Basic/diluted earnings per share in €	**-0.27**	**-3.02**	**0.22**	**-1.26**

[1] The total amount includes EUR 28m (previous year: EUR 46m) from the reversal of write-downs and allowances on receivables.
[2] The total amount includes EUR 0m (previous year: EUR 3m) for write-downs on non-current receivables.
[3] The total amount includes EUR 39m (previous year: EUR 33m) for the recognition of loss allowances on current receivables.

Consolidated statement of comprehensive income
January - June 2022

STATEMENT OF COMPREHENSIVE INCOME

in €m	Jan - Jun 2022	Jan - Jun 2021	Apr - Juni 2022	Apr - Juni 2021
Profit/loss after income taxes	-321	-1,813	261	-759
Other comprehensive income				
Other comprehensive income with subsequent reclassification to the income statement				
Differences from currency translation	162	30	117	12
Subsequent measurement of financial assets at fair value without effect on profit and loss	-39	-13	-4	-14
Subsequent measurement of hedges - cash flow hedge reserve	1,984	553	952	156
Subsequent measurement of hedges - costs of hedges	-115	60	-14	17
Other comprehensive income from investments accounted for using the equity method	1	2	1	1
Other expenses and income recognised directly in equity	-5	-1	-5	–
Income taxes on items in other comprehensive income	-400	-134	-215	-33
	1,588	497	832	139
Other comprehensive income without subsequent reclassification to the income statement				
Revaluation of defined-benefit pension plans	3,937	2,109	2,580	311
Subsequent measurement of financial assets at fair value	–	2	-1	2
Other comprehensive income from investments accounted for using the equity method	–	-	–	–
Other expenses and income recognised directly in equity	58	-	4	–
Income taxes on items in other comprehensive income	-1,290	-462	-831	-32
	2,705	1,649	1,752	281
Other comprehensive income after income taxes	4,293	2,146	2,584	420
Total comprehensive income	3,972	333	2,845	-339
Thereof comprehensive income attributable to non controlling interests	23	-8	5	-4
Thereof comprehensive income attributable to shareholders of Deutsche Lufthansa AG	3,949	341	2,840	-335

Consolidated statement of financial position
as of 30 June 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS

in €m	30/06/2022	31/12/2021	30/06/2021
Intangible assets with an indefinite useful life[1]	1,206	1,189	1,165
Other intangible assets	395	419	442
Aircraft and reserve engines	15,963	15,318	15,516
Repairable spare parts for aircraft	1,932	1,847	1,777
Property, plant and other equipment[2]	3,325	3,354	3,493
Investments accounted for using the equity method	373	434	353
Other equity investments	229	245	252
Non-current securities	37	38	38
Loans and receivables	866	525	443
Derivative financial instruments	1,469	894	491
Deferred charges and prepaid expenses	83	74	82
Effective income tax receivables	63	65	36
Deferred tax assets	3,191	4,661	4,725
Non-current assets	29,132	29,063	28,813
Inventories	732	675	669
Contract assets	239	179	180
Trade receivables and other receivables	5,032	3,686	3,510
Derivative financial instruments	1,587	542	390
Deferred charges and prepaid expenses	344	208	242
Effective income tax receivables	240	249	288
Securities	6,657	5,359	4,603
Cash and cash equivalents	2,708	2,307	2,063
Assets held for sale	267	270	80
Current assets	17,806	13,475	12,025
Total assets	46,938	42,538	40,838

[1] Including Goodwill.
[2] These include investment property of EUR 30 million (as of 31.12.2021: EUR 30 million).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - SHAREHOLDERS' EQUITY AND LIABILITIES

in €m	30/06/2022	31/12/2021	30/06/2021
Issued capital	3,060	3,060	1,530
Capital reserve	956	956	378
Silent participation of the Economic Stabilization Fund	–	–	1,500
Retained earnings	986	491	-210
Other neutral reserves	3,187	2,134	1,720
Net profit/loss	-325	-2,191	-1,805
Equity attributable to shareholders of Deutsche Lufthansa AG	7,864	4,450	3,113
Minority interests	63	40	32
Shareholders' equity	7,927	4,490	3,145
Pension provisions	3,280	6,676	7,607
Other provisions	773	703	593
Borrowings	14,470	15,041	13,266
Contract liabilities	31	30	35
Other financial liabilities	74	67	89
Advance payments received, deferred income and other non-financial liabilities	31	30	33
Derivative financial instruments	381	290	247
Deferred tax liabilities	541	529	501
Non-current provisions and liabilities	19,581	23,366	22,371
Other provisions	1,009	1,255	866
Borrowings	1,256	1,629	2,305
Trade payables and other financial liabilities	5,961	4,186	3,718
Contract liabilities from unused flight documents	6,668	3,340	3,089
Other contract liabilities	2,553	2,609	2,793
Advance payments received, deferred income and other non-financial liabilities	889	648	1,640
Derivative financial instruments	450	247	252
Effective income tax obligations	644	705	659
Liabilities in connection with assets held for sale	–	63	–
Current provisions and liabilities	19,430	14,682	15,322
Total shareholders' equity and liabilities	46,938	42,538	40,838

Consolidated statement of changes in shareholders‘ equity
as of 30 June 2022

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in €m	Issued capital	Capital reserve	Silent participation I	Fair value measurement of financial instruments	Currency differences	Revaluation reserve (due to business combinations)	Other neutral reserves	**Total other neutral reserves**	Retained earnings	Net profit/ loss	**Equity attributable to shareholders of Deutsche Lufthansa AG**	Non-controlling interests	**Total shareholders' equity**
As of 01/01/2021	1,530	378	–	305	396	236	359	1,296	4,868	-6,725	1,347	40	1,387
Capital increases/ reductions	–	–	1,500	–	–	–	–	–	–	–	1,500	–	1,500
Reclassifications	–	–	–	-	–	–	–	–	-6,725	6,725	–	–	–
Dividends to Lufthansa shareholders/ minority interests	–	–	–	–	–	–	–	–	–	–	–	–	–
Transaction with minority interests	–	–	–	–	–	–	–	–	–	–	–	–	–
Consolidated net profit/ loss attributable to Lufthansa shareholders/ minorities	–	–	–	–	–	–	–	–	–	-1,805	-1,805	-8	-1,813
Other expenses and income recognised directly in equity	–	–	–	468	30	–	1	499	1,647	–	2,146	–	2,146
Hedging results reclassified from non-financial assets to acquisition costs	–	–	–	-75	–	–	–	-75	–	–	-75	–	-75
As of 30/06/2021	1,530	378	1,500	698	426	236	360	1,720	-210	-1,805	3,113	32	3,145
As of 01/01/2022	3,060	956	–	946	589	236	363	2,134	491	-2,191	4,450	40	4,490
Capital increases/ reductions	–	–	–	–	–	–	–	–	–	–	–	–	–
Reclassifications	–	–	–	-	–	–	–	–	-2,191	2,191	–	–	–
Dividends to Lufthansa shareholders/ minority interests	–	–	–	–	–	–	–	–	–	–	–	–	–
Transaction with minority interests	–	–	–	–	–	–	–	–	–	–	–	–	–
Consolidated net profit/ loss attributable to Lufthansa shareholders/ minorities	–	–	–	–	–	–	–	–	–	-325	-325	4	-321
Other expenses and income recognised directly in equity	–	–	–	1,430	162	–	-4	1,588	2,686	–	4,274	19	4,293
Hedging results reclassified from non-financial assets to acquisition costs	–	–	–	-535	–	–	–	-535	–	–	-535	–	-535
As of 30/06/2022	3,060	956	–	1,841	751	236	359	3,187	986	-325	7,864	63	7,927

Consolidated cash flow statement
January - June 2022

CONSOLIDATED CASH FLOW STATEMENT

in €m	Jan - Jun 2022	Jan - Jun 2021	Apr - Jun 2022	Apr - Jun 2021
Cash and cash equivalents at start of period	2,305	1,804	2,481	1,461
Net profit/loss before income taxes	-334	-2,234	356	-921
Depreciation, amortisation and impairment losses on non-current assets (net of reversals)	1,143	1,134	568	565
Depreciation, amortisation and impairment losses on current assets (net of reversals)	13	-20	-28	-10
Net proceeds on disposal of non-current assets	-13	19	-3	24
Result of equity investments	69	64	9	13
Net interest	212	213	129	95
Income tax payments/reimbursements	-99	-72	-110	-56
Significant non-cash expenses/income	-283	-160	-159	-218
Change in trade working capital	3,177	650	1,885	1,039
Change in other assets/shareholders' equity and liabilities[2)]	556	453	298	291
Cash flow from operating activities[2)]	4,441	47	2,945	822
Capital expenditure for property, plant and equipment and intangible assets	-1,362	-604	-725	-457
Capital expenditure for financial investments	-6	-8	-3	-2
Additions/loss to repairable spare parts of aircraft	-88	70	-45	40
Proceeds from disposal of non-consolidated shares	4	-	4	-
Proceeds from disposal of consolidated shares	-4	-	-5	-
Cash outflows for acquisitions of non-consolidated shares	-13	-7	-5	-4
Cash outflows for acquisitions of consolidated shares	-	-	-	-
Proceeds from disposal of intangible assets, property, plant and equipment and other financial investments	70	99	22	59
Interest income	6	-	4	2
Dividends received	12	7	9	6
Net cash from/used in investing activities	-1,381	-443	-744	-356
Purchase of securities/fund investments	-2,984	-2,851	-2,177	-1,847
Disposal of securities/fund investments[2)]	1,685	1,903	985	512
Net cash from/used in investing and cash management activities[2)]	-2,680	-1,391	-1,936	-1,691
Capital increase/Silent Participation I	-	1,500	-	1,500
Transactions by non-controlling interests	-	-	-	-
Non-current borrowing	434	2,864	272	461
Repayment of non-current borrowing	-1,606	-2,672	-974	-445
Dividends paid	-	-	-	-
Interest paid	-217	-120	-101	-65
Net cash from/used in financing activities	-1,389	1,572	-803	1,451
Net increase/decrease in cash and cash equivalents	372	228	206	582
Changes due to currency translation differences	25	10	15	-1
Cash and cash equivalents 30/06/2022[1)]	2,702	2,042	2,702	2,042
Securities	6,657	4,603	6,657	4,603
Liquidity	9,359	6,645	9,359	6,645
Net increase/decrease in liquidity	1,695	1,187	1,411	1,916

[1)] The difference between the bank balance and cash-in-hand shown in the statement of financial position comes from fixed-term deposits of EUR 6m with terms of four to twelve months (previous year: EUR 21m).
[2)] Prior-year figures amended due to change in presentation of pension.

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 Com-mittee (IFRIC). This interim report as of 30 June 2022 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 2022 have been applied. The interim financial statements as of 30 June 2022 have been prepared using the same accounting policies as those on which the preceding consolidated financial statements as of 31 December 2021 were based. The standards and interpretations mandatory from 1 January 2022 onwards had no effect on the Group's net assets, financial and earnings position, and no restatements resulting from new standards were necessary.

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

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

The business activities of the Lufthansa Group companies were again impacted by the effects of the coronavirus pandemic in the first half of 2022, and were also influenced by the economic effects of the armed conflict in Ukraine. Increasing levels of immunity and a milder course of the disease led to further easing of Covid-related restrictions in the Lufthansa Group's home markets and in many other nations. The level of demand for flights thus picked up significantly, and the volume of bookings increased accordingly over the course of the financial year. The Company experienced bottlenecks in its operations, and so too did its system partners. This meant that it was not able to fully meet the higher level of demand or else was only able to do so subject to a loss in quality. Against the background of these developments, revenue increased significantly compared with the prior-year period. At the same time, costs increased significantly. This was attributable in particular to the strong rise in fuel prices due to the war in Ukraine.

The strong increase in the volume of business is having a positive impact on liquidity, and a positive operating cash flow figure was achieved in the reporting period, particularly due to increased cash flows from ticket sales.

The stabilisation measures agreed in 2020 in Germany, Switzerland, Austria, Belgium and the USA are continuing to affect the Lufthansa Group.

Following the full repayment and cancellation of the amounts provided by Germany's Economic Stabilisation Fund (ESF), the ESF is in principle obliged to sell its equity investment in Deutsche Lufthansa AG – which amounted to 14.09% of issued capital according to the notification of voting rights as of the reporting date – by October 2023 at the latest. The ESF's and European Commission's information and auditing rights and the Lufthansa Group's conduct obligations continue to apply up to the date of sale.

Following a CHF 210m redemption in the first quarter of 2022, a further CHF 210m was repaid in the second quarter of 2022. The government-guaranteed credit lines granted in Switzerland as part of the Company's stabilisation measures were thus repaid in full ahead of schedule and subsequently cancelled. The other requirements which were associated with this government aid measure – in particular, the ring-fencing conditions – thus also no longer applied.

The original EUR 300m credit facility resulting from the support measures agreed in Austria has decreased to EUR 210m as of the reporting date. This was due to the EUR 60m repaid in the previous year as well as an additional EUR 30m redemption in the second quarter of the current financial year.

The credit facility of EUR 287m from the stabilisation package agreed with the Belgian government was used in full as of the reporting date.

With a payment of USD 164m in the first quarter of 2022, the LSG group repaid the loans provided in the USA as part of the CARES Act I-III in full with interest.

As of 30 June 2022, Deutsche Lufthansa AG had centrally available liquidity of EUR 7.8bn. Decentralised bank and cash balances came to a further EUR 1.6bn. In the second quarter, Lufthansa AG concluded an agreement with a banking consortium providing a syndicated revolving line of credit with a volume of EUR 2.0bn and thus secured additional, flexible liquidity. Together with additional credit lines provided by individual banks, free credit facilities are thus available in the amount of EUR 2.0bn as of the balance sheet date. Altogether, the Lufthansa Group's available liquidity therefore comes to EUR 11.4bn.

Since there is still uncertainty surrounding 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. The direct effects associated with the armed conflict between Russia and Ukraine and the additional sources of uncertainty (such as the impact of impending gas supply restrictions) thus represent a risk for the continued recovery of business. Performance in 2022 will largely depend on the further course of the pandemic and on the extent of the economic impact of the war in Ukraine, which in turn are significant factors for the recovery potential of the aviation industry. The Lufthansa Group is inevitably directly affected by the significantly higher prices for energy, especially crude oil and kerosene. Management of acute operational problems due to staff shortages in the airline industry and the potential impact of general price increases and supply chain problems on economic development are further material risk factors.

Taking into account the corporate planning – which continues to assume an average available capacity of around 75% and over 85% of the 2019 level in 2022 and 2023 respectively – and the resulting liquidity planning, the further potential funding measures and the uncertainties about the future course of business, the Company's Executive Board considers the Group's liquidity to be secure for the next 18 months. In the management's opinion, the uncertainties in connection with the public and political debate on climate protection are not a threat to this forecast. These interim financial statements have accordingly been prepared on a going concern basis.

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

The outbreak of the coronavirus pandemic and the steps taken worldwide to contain the virus have continued to have a massive impact on the Group's business operations since the 2020 financial year. This is also reflected in the Lufthansa Group's second interim report for 2022.

Further easing of international travel restrictions and quarantine rules has led to a significant increase in air travel at the Lufthansa Group companies. As a result, the comparability of income and expenses in the two periods is limited.

The war in Ukraine has affected expenses in particular, e.g. due to increased kerosene prices.

TOTAL REVENUE

TRAFFIC REVENUE BY AREA OF OPERATIONS

in €m	2022	Europe[1]	North-america[1]	Central- and South America[1]	Asia/ Pacific[1]	Middle East[1]	Africa[1]
Passenger-Airlines	8,326	5,885	1,510	182	417	177	155
Lufthansa German Airlines	4,674						
SWISS[2]	1,880						
Austrian Airlines	633						
Brussels	417						
Eurowings[2]	722						
Logistics	2,335	1,232	255	84	698	27	39
Total	10,661						

[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	2021	Europe[1]	North-america[1]	Central- and South America[1]	Asia/ Pacific[1]	Middle East[1]	Africa[1]
Passenger-Airlines[3]	2,042	1,400	277	47	198	54	66
Lufthansa German Airlines	1,040						
SWISS[2]	566						
Austrian Airlines	159						
Brussels Airlines	118						
Eurowings[2]	159						
Logistics	1,595	820	168	59	500	18	30
Total	3,637						

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

OTHER OPERATING REVENUE BY AREA OF OPERATIONS

in €m	2022	Europe[1]	North-America[1]	Central and South America[1]	Asia/ Pacific[1]	Middle East[1]	Africa[1]
MRO	1,880	684	692	50	341	81	32
MRO services	1,624						
Other operating revenue	256						
Catering	834	113	587	51	53	15	15
Catering services	682						
Revenue from in-flight sales	91						
Other services	61						
Passenger-Airlines	191	163	12	1	9	4	2
Logistics	69	42	29	–	-3	1	–
Additional Businesses and Group Functions	190	133	17	8	19	8	5
IT services	76						
Travel management	82						
Other	32						
Total	3,164						

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

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	1,361	590	398	33	244	68	28
MRO services	1,156						
Other operating revenue	205						
Catering	435	25	331	24	34	6	15
Catering services	375						
Revenue from in-flight sales	25						
Other services	35						
Passenger-Airlines	133	118	5	–	5	4	1
Logistics	63	37	23	–	1	2	–
Additional Businesses and Group Functions	142	95	12	5	19	8	3
IT services	79						
Travel management	34						
Other	29						
Total	**2,134**						

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

OTHER OPERATING INCOME

Other operating income includes income from the write-back of restructuring provisions in the amount of EUR 75m. This is mainly attributable to measures implemented by Deutsche Lufthansa AG.

IMPAIRMENT

Due to changes made to the contracts of sale with Airbus for six Airbus A380s, the valuations of these aircraft which continue to be grounded were reduced by EUR 17m; of this amount, EUR 11m has been reported under other operating expenses. In addition, reserve engines to which the Group no longer has access have been written down in the amount of EUR 13m.

An impairment loss of EUR 17m was recognised on the carrying amount of a joint venture accounted for using the equity method. This amount forms part of the result of investments accounted for using the equity method.

GOVERNMENT AID MEASURES

Total state subsidies of EUR 95m were received from 1 January 2022 to 30 June 2022. These are primarily attributable to the reimbursement of wage-replacement benefits and social security contributions paid in the context of short-time work in Germany, Austria and Switzerland. This in-cludes EUR 13m in subsidies for social security contributions, which are classified as support measures. Another EUR 8m in lump-sum subsidies was reported under other operating income.

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.

CHANGE IN OTHER ESTIMATES

The war in Ukraine has caused uncertainty regarding the use of assets, particularly at Lufthansa Technik and in the Catering segment. This resulted in total expenses of EUR 117m for valuation allowances, depreciation and amortisation and impending compensation payments.

On the basis of the current earnings forecasts and, in particular, the significant increase in interest rates, the impairment tests in the financial statements as of 31 December 2021 for material business entities were analysed in terms of whether an impairment loss is likely on the basis of the changes in the parameters and the cash flow planning. In the medium and long term, the management continues to assume that the targets set out in last year's planning are achievable. The current changes in the interest rate curves have been taken into account by increasing the discount rates by 1.4 percentage points. The updated impairment testing did not establish any need for impairment of the cash-generating units.

AIRCRAFT AND RESERVE ENGINES

Eight newly purchased aircraft were capitalised in the reporting period. Right-of-use assets with a volume of EUR 199m were recognised for six new aircraft deliveries.

The Lufthansa Group provided three aircraft as collateral for new loans of EUR 139m taken out in the current financial year by way of aircraft financing models.

DEFERRED TAXES

Deferred taxes have been capitalised in full for the losses and deferred tax assets incurred in Germany and Switzerland in particular during the financial year. These were offset by a significant decline in deferred taxes recognised on temporary differences, particularly for pension obligations, so that the total net amount of deferred taxes recognised was further reduced. As the losses were triggered by an exogenous shock with a temporary impact and the Company expects to be able to use the deferred tax assets when it generates sufficient positive tax results in the foreseeable future, they are expected to continue to be recoverable in full. Even considering further uncertainty regarding the war in Ukraine, the Company still considers this overall assessment to be accurate. 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 held for sale and corresponding liabilities

in €m	30/06/2022	31/12/2021	30/06/2021
Assets			
Aircraft and reserve engines	248	216	79
Land and buildings	11	9	–
Financial assets	8	11	–
Other assets	–	34	1
	267	270	80
Liabilities			
Pension provisions	–	6	–
Other provisions	–	21	–
Borrowings	–	1	–
Other Liabilities	–	35	–
	–	63	–

Assets with a carrying amount of EUR 267m were held for sale as of 30 June 2022. This item included six aircraft held for sale with a carrying amount of EUR 248m, comprised of four Airbus A380s and two Airbus A321s. Land and buildings consisted of buildings owned by Lufthansa Aviation Training Germany GmbH and LSG Sky Chefs South Africa (Proprietary) Ltd., while long-term financial assets related to the equity investments in Beijing Lufthansa Center Co. Ltd.

PENSION PROVISIONS

The discount rate used to calculate obligations in Germany was 3.2%. As of 31 December 2021, the rate was 1.3%. A discount rate of 2.4% was used for the pension obligations in Switzerland (31 December 2021: 0.3%). The decline in pension provisions stemmed largely from the increase in the discount rate. This was offset by losses in the market value of plan assets.

TRADE PAYABLES

As of the reporting date, trade payables included EUR 285m (previous year: EUR 2m) which suppliers sold to the platform operator within the scope of the supply chain finance programme. Please see ↗ Note 41 in the 2021 consolidated financial statements for further details of the programme (Annual Report 2021, p. 217).

CASH FLOW FROM OPERATING ACTIVITIES

All payments in connection with pension commitments are recognised in cash flow from operating activities as of 2022. Contributions to and returns from plan assets were previously shown in cash flow from investing activities, whereas pension payments were presented in cash flow from operating activities. This was intended to avoid the reduction of cash flow from operating activities by contributions to plan assets for pension commitments made in the past. Since regular withdrawals from plan assets are planned for pension payments in the future, the resulting effects will be aggregated under cash flow from operating activities. The cash flow statement for the previous year was adjusted accordingly. This adjustment resulted in an increase of cash flow from operating activities by EUR 29m in the previous year, whereas cash flow from investing and cash management activities decreased by the same amount.

4 Seasonality

The Group's business is mainly exposed to seasonal effects via the Passenger Airlines business segment. As such, revenue in the first and fourth quarters is generally lower, since people travel less, while higher revenue and operating profits are normally earned in the second and third quarters. These seasonal effects are currently being outweighed by the easing of pandemic-related travel restrictions.

5 Contingencies and events after the reporting period

CONTINGENT LIABILITIES

in €m	30/06/2022	31/12/2021
From guarantees, bills of exchange and cheque guarantees	1,185	1,063
From warranty contracts	244	204
From providing collateral for third-parties liabilities	3	6
	1,432	1,273

Provisions for other contingent liabilities were not made because an outflow of resources was not sufficiently probable. The potential financial effect of these provisions on the result would have been EUR 69m (as of 31 December 2021: EUR 74m).

As well as information and auditing rights for the Economic Stabilisation Fund, the framework agreement with the Economic Stabilisation Fund provides for extensive obligations for the Lufthansa Group including the suspension of dividend payments, a commitment not to make equity investments and a ban on cross-subsidising companies which were already in difficulty within the meaning of EU Regulation No. 651/2014 on 31 December 2019. In respect of the above-mentioned obligations, risks may arise due to a difference of interpretation between the Company and the European Commission. The Lufthansa Group and the European Commission are continuing to exchange information (including relevant documents) in order to fully clarify these matters. However, at the present time it is impossible to reliably predict the outcome of these discussions. It therefore cannot be ruled out that additional significant financial risks for the Company might arise beyond the risk provisions recognised in the consolidated financial statements for 2021 due to ultimately determined violations of agreed obligations.

As of 30 June 2022, the tax risks for which no provisions had been recognised came to some EUR 200m (as of 31 December 2021: EUR 200m).

At the end of June 2022, there were order commitments of EUR 16.9bn for capital expenditure on property, plant and equipment, including repairable spare parts, and for intangible assets. As of 31 December 2021, the order commitments came to EUR 14.6bn. This change mainly resulted from the order of seven B789s and seven B777-8Fs as well as the foreign currency translation of orders placed in US dollars. This was offset by down payments and final payments for existing orders.

EVENTS AFTER THE REPORTING PERIOD

Through its notification of voting rights of 6 July 2022, Kühne Aviation GmbH notified Deutsche Lufthansa AG that on 5 July 2022 its interest in the shares of Deutsche Lufthansa AG had exceeded the threshold of 15% of issued capital and amounted to 15.01% on this date.

Through its notification of voting rights of 27 July 2022, the Republic of Germany notified Deutsche Lufthansa AG that on 26 July 2022 the interest of the Economic Stabilisation Fund (ESF) in the shares of Deutsche Lufthansa AG had fallen below the threshold of 10% of issued capital. According to a second voting rights notification received on 28 July 2022, the share of voting rights amounted to 9.92% on 27 July 2022.

In a strike ballot held by the Vereinigung Cockpit pilots' union, the around 5,000 pilots from Lufthansa German Airlines and Lufthansa Cargo have consented to the possible calling of indefinite strikes.

The ground staff of Deutsche Lufthansa AG held a warning strike called by the ver.di trade union on 27 July 2022, which ended on the morning of 28 July 2022. The strike was held in conjunction with the ongoing negotiations on a new wage agreement for the roughly 20,000 ground staff of Deutsche Lufthansa AG.

6 Financial instruments and financial liabilities

FINANCIAL INSTRUMENTS

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

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

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

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

As of 30 June 2022, the fair value hierarchy for assets and liabilities held at fair value was as follows:

FAIR VALUE HIERARCHY OF ASSETS AS OF 30/06/2022

in €m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	**5,506**	**55**	**26**	**5,587**
Financial derivatives classified as held for trading	–	55	–	55
Securities	5,506	–	–	5,506
Investments	–	–	26	26
Derivative financial instruments which are an effective part of a hedging relationship	**–**	**3,001**	**–**	**3,001**
Financial assets at fair value through other comprehensive income	**51**	**1,108**	**–**	**1,159**
Equity instruments	12	12	–	24
Debt instruments	39	1,096	–	1,135
Total assets	**5,557**	**4,164**	**26**	**9,747**

FAIR VALUE HIERARCHY OF LIABILITIES AS OF 30/06/2022

in €m	Level 1	Level 2	Level 2	Total
Financial liabilities at fair value through profit or loss	–	-550	–	-550
Derivative financial instruments at fair value through profit or loss	–	-1	–	-1
Derivative financial instruments which are an effective part of a hedging relationship	–	-830	–	-830
Total liabilities	–	-1,381	–	-1,381

FAIR VALUE HIERARCHY OF LIABILITIES AS OF 31/12/2021

in €m	Level 1	Level 2	Level 2	Total
Financial liabilities at fair value through profit or loss	–	-647	–	-647
Derivative financial instruments at fair value through profit or loss	–	-29	–	-29
Derivative financial instruments which are an effective part of a hedging relationship	–	-508	–	-508
Total liabilities	–	-1,184	–	-1,184

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

Crack spreads were hedged by means of forward transactions to a limited extent in the financial year. The volume is less than 30% of the exposure for Q3 2022.

In the financial year, additional CO_2 emissions certificates valued at EUR 85m 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 27m was also repaid under similar expiring repo agreements.

As of 31 December 2021, the breakdown of financial assets and liabilities recognized at fair value by measurement category was as follows:

FAIR VALUE HIERARCHY OF ASSETS AS OF 31/12/2021

in €m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	4,201	12	24	4,237
Financial derivatives classified as held for trading	–	12	–	12
Securities	4,201	–	–	4,201
Investments	–	–	24	24
Derivative financial instruments which are an effective part of a hedging relationship	–	1,424	–	1,424
Financial assets at fair value through other comprehensive income	13	1,170	–	1,183
Equity instruments	13	12	–	25
Debt instruments	–	1,158	–	1,158
Total assets	4,214	2,606	24	6,844

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

For information on the loan funds received as part of the government stabilization measures, see the comments on Note 2.

FINANCIAL LIABILITIES

	30/06/2022		31/12/2021	
in €m	Carrying amount	Market value	Carrying amount	Market value
Bonds	6,591	5,753	6,697	6,719
Commercial Paper	100	100	–	–
Borrower's note loans	1,264	1,191	1,626	1,803
Credit lines	–	–	–	–
State-guaranteed loans	501	437	1,082	1,072
Aircraft financing	4,560	4,519	4,464	4,586
Other borrowings	202	366	431	521
Leasing liabilities	2,508	–	2,370	–
Total	15,726	12,366	16,670	14,701

7 Earnings per share

EARNINGS PER SHARE

		30/06/2022	30/06/2021
Basic/diluted earnings per share	€	– 0.27	– 3.02
Consolidated net profit/loss	€m	– 325	– 1,805
Weighted average number of shares		1,195,485,644	597,742,822

8 Issued capital

SHARE CAPITAL

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

AUTHORISED CAPITAL

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

A resolution passed at the Annual General Meeting on 7 May 2019 authorised the Executive Board until 6 May 2024, subject to approval by the Supervisory Board, to increase the issued capital by EUR 30,000,000 by issuing new registered shares to employees (Authorised Capital B) for payment in cash. Existing shareholders' subscription rights are excluded. As of 30 June 2022, the issued capital was increased under this authorisation by a total of EUR 7,637,831.68, so that Authorised Capital B still amounted to EUR 22,362,168.32 as of the reporting date.

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

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

CONTINGENT CAPITAL

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

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

AUTHORISATION TO PURCHASE TREASURY SHARES

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

9 Segment reporting

Segmentation has been changed compared with the financial statements as of 31 December 2021. The Eurowings business segment no longer reports separately as of 1 January 2022, but as part of the Passenger Airlines segment. This is due to the alignment of the business models whereby all passenger airlines are now managed centrally by the Executive Board of the Lufthansa Group.

The Adjusted EBIT performance indicator has also been changed in the financial reporting. In addition to the existing reconciliation items from EBIT to Adjusted EBIT (impairment losses / write-ups, results from disposals, effects of changes to pension plans), as of this financial year, expenses for staff-related restructuring activities, material extraordinary legal expenses not incurred in the normal course of business, material costs in connection with company transactions, and material other expenses due to extraordinary external events are not included in the performance indicator of operating success. This change was made to ensure greater comparability with the reporting of other companies in the industry and to increase the transparency of non-recurring items. In the current financial year, the expenses for valuation allowances, depreciation and amortisation and impending compensation payments that were directly caused by the war in Ukraine were treated as key issues that were excluded from the Adjusted EBIT calculation. The comparable figures for the previous year were adjusted accordingly (relevant in the first quarter of 2021: restructuring costs).

SEGMENT INFORMATION FOR THE REPORTING SEGMENTS Jan - Jun 2022

in €m	Passenger Airlines	Logistics	MRO	Catering	Total reportable operating segments	Additional Businesses and Group Functions	Recon-ciliation	Group
External revenue	8,516	2,404	1,880	834	13,634	191	–	13,825
of which traffic revenue	7,937	2,335	–	–	10,272	–	389	10,661
Inter-segment revenue	460	22	711	23	1,216	106	-1,322	–
Total revenue	**8,976**	**2,426**	**2,591**	**857**	**14,850**	**297**	**-1,322**	**13,825**
Other operating income	379	44	172	25	620	839	-466	993
Operating income	**9,355**	**2,470**	**2,763**	**882**	**15,470**	**1,136**	**-1,788**	**14,818**
Operating expenses	**10,516**	**1,504**	**2,517**	**890**	**15,427**	**1,279**	**-1,742**	**14,964**
of which cost of materials	6,082	1,102	1,432	343	8,959	118	-1,020	8,057
of which staff cost	2,113	199	669	385	3,366	368	-2	3,732
of which depreciation and amortisation	878	82	89	38	1,087	57	-16	1,128
of which other operating expenses	1,443	121	327	124	2,015	736	-704	2,047
Operating result of equity investments	**-39**	**11**	**-26**	**-5**	**-59**	**8**	**-1**	**-52**
of which result of investments accounted for using the equity method	-32	3	-28	-5	-62	–	-1	-63
Adjusted EBIT[1]	**-1,200**	**977**	**220**	**-13**	**-16**	**-135**	**-47**	**-198**
Reconciliation items	**33**	**-21**	**-67**	**-20**	**-75**	**-25**	**-2**	**-102**
Impairment losses/gains	-17	–	-13	-16	-46	–	-1	-47
Effects from pension provisions & restructuring	58	-17	2	–	43	-3	–	40
Result of disposal of assets	–	–	17	-1	16	–	-3	13
Other reconciliation items	-8	-4	-73	-3	-88	-22	2	-108
EBIT	**-1,167**	**956**	**153**	**-33**	**-91**	**-160**	**-49**	**-300**
Other financial result								-34
Profit/loss before income taxes								-334
Capital employed[2]	7,565	2,588	4,180	845	15,178	7,696	-176	22,698
of which from investments accounted for using the equity method	66	72	187	47	372	–	1	373
Segment capital expenditure	1,095	221	28	12	1,356	23	2	1,381
of which from investments accounted for using the equity method	–	–	9	–	9	–	–	9
Number of employees at the end of period	55,963	4,068	19,809	18,659	98,499	7,797	–	106,296

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

SEGMENT INFORMATION FOR THE REPORTING SEGMENTS Jan - Jun 2021[4]

in €m	Passenger Airlines[3]	Logistics	MRO	Catering	Total reportable operating segments	Additional Businesses and Group Functions	Recon-ciliation	Group
External revenue	2,175	1,658	1,361	435	5,629	142	–	5,771
of which traffic revenue	1,784	1,595	–	–	3,379	–	258	3,637
Inter-segment revenue	270	13	356	12	651	73	-724	–
Total revenue	**2,445**	**1,671**	**1,717**	**447**	**6,280**	**215**	**-724**	**5,771**
Other operating income	338	32	174	139	683	1,023	-1,018	688
Operating income	**2,783**	**1,703**	**1,891**	**586**	**6,963**	**1,238**	**-1,742**	**6,459**
Operating expenses	**5,285**	**1,072**	**1,746**	**559**	**8,662**	**1,372**	**-1,764**	**8,270**
of which cost of materials	2,016	734	902	153	3,805	90	-691	3,204
of which staff cost	1,411	179	522	283	2,395	296	-1	2,690
of which depreciation and amortisation	886	70	89	40	1,085	59	-19	1,125
of which other operating expenses	972	89	233	83	1,377	927	-1,053	1,251
Operating result of equity investments	**-63**	**10**	**-10**	**-8**	**-71**	**6**	**1**	**-64**
of which result of investments accounted for using the equity method	-61	9	-11	-8	-71	–	–	-71
Adjusted EBIT[1]	**-2,565**	**641**	**135**	**19**	**-1,770**	**-128**	**23**	**-1,875**
Reconciliation items	**-152**	**2**	**-34**	**-24**	**-208**	**-31**	**–**	**-239**
Impairment losses/gains	-8	1	2	1	-4	1	-3	-6
Effects from pension provisions	-151	-1	-34	-2	-188	-30	1	-217
Result of disposal of assets	7	2	-2	-23	-16	-2	2	-16
Other reconciliation items	–	–	–	–	–	–	–	–
EBIT	**-2,717**	**643**	**101**	**-5**	**-1,978**	**-159**	**23**	**-2,114**
Other financial result								-120
Profit/loss before income taxes								-2,234
Capital employed[2]	11,855	2,195	3,221	915	18,186	4,653	-105	22,734
of which from investments accounted for using the equity method	36	60	176	80	352	1	–	353
Segment capital expenditure	776	28	39	8	851	32	-264	619
of which from investments accounted for using the equity method	–	–	7	–	7	–	–	7
Number of employees at the end of period	58,735	4,216	21,467	15,288	99,706	8,366	–	108,072

[1] For detailed reconciliation from Adjusted EBIT to EBIT ↗ table reconciliation of results, p. 8, in the interim management report.
[2] The capital employed results from total assets adjusted for non-operating items (deferred taxes, positive market values, derivatives), less non-interest bearing liabilities (including trade payables and liabilities from unused flight documents).
[3] restated.
[4] Prior-year figures adjusted due to changes in the definition of key performance indicators in the Notes, p. 36.

EXTERNAL REVENUE BY REGION Jan - Jun 2022

in €m	Europe	thereof Germany	North America	thereof USA	Central and South America	Asia/ Pacific	Middle East	Africa	Group
Traffic revenue[1]	7,117	3,286	1,765	1,584	266	1,115	204	194	10,661
Other operating revenue	1,135	427	1,337	1,199	110	419	109	54	3,164
Total revenue	8,252	3,713	3,102	2,783	376	1,534	313	248	13,825

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

EXTERNAL REVENUE BY REGION Jan - Jun 2021

in €m	Europe	thereof Germany	North America	thereof USA	Central and South America	Asia/ Pacific	Middle East	Africa	Group
Traffic revenue[1]	2,220	1,154	445	416	106	698	72	96	3,637
Other operating revenue	865	366	769	688	62	303	88	47	2,134
Total revenue	3,085	1,520	1,214	1,104	168	1,001	160	143	5,771

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

10 Related party disclosures

As stated in ↗ Note 50 to the 2021 consolidated financial statements (Annual Report 2021, p. 245ff.), 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 2021 (Annual Report 2021, p. 271 ff.) and in the consolidated financial statements 2021 in ↗ Note 51 (Annual Report 2021, p. 248) also still exist unchanged, but are not of material significance for the Group.

11 Published standards that have not yet been applied

Amendments of accounting standards which have been approved by the IASB as of the date of publication of this report and are applicable for financial years beginning after 1 January 2022 have no effect on the presentation of the net assets, financial and earnings position. Further information on the amendments resolved as of the preparation of the interim financial statements is provided in ↗ Note 3 to the 2021 consolidated financial statements (Annual Report 2021, p. 162ff.).

Declaration by the legal representatives

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

Frankfurt, 2 August 2022

Executive Board

Carsten Spohr
Chairman of the Executive Board

Christina Foerster
Member of the Executive Board
Brand & Sustainability

Harry Hohmeister
Member of the Executive Board
Global Markets & Network

Detlef Kayser
Member of the Executive Board
Fleet & Technology

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

Remco Steenbergen
Member of the Executive Board
Finance

Review Report

To Deutsche Lufthansa Aktiengesellschaft

We have reviewed the condensed consolidated interim financial statements of Deutsche Lufthansa Aktiengesellschaft, Cologne, - which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement and selected explanatory notes – and the interim group management report for the period from 1 January to 30 June 2022, which are part of the half-year financial report pursuant to Sec. 115 WpHG ("Wertpapierhandels¬gesetz": German Securities Trading Act). The executive directors are responsible for the preparation of the condensed consolidated interim financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports. Our responsibility is to issue a report on the condensed consolidated interim financial statements and the interim group management report based on our review.

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

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

Eschborn/Frankfurt am Main, 2 August 2022

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Bösser	Keller
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Credits

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The Lufthansa 2nd Interim Report is a translation of the original German Lufthansa Zwischenbericht 2/2022. Please note that only the German version is legally binding.

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

Financial calendar 2022/2023

2022

27 October	Release of 3rd Interim Report January – September 2023

2023

3 March	Release of Annual Report 2022
3 May	Release of 1st Interim Report January – March 2023
9 May	Annual General Meeting 2023
3 August	Release of 2nd Interim Report January – June 2023
2 November	Release of 3rd Interim Report January – September 2023

Disclaimer in respect of forward-looking statements

Information published in the 2nd Interim Report 2022, with regard to the future development of the Lufthansa Group and its subsidiaries consists purely of forecasts and assessments and not of definitive facts. Its purpose is exclusively informational, and can be identified by the use of such cautionary terms as “believe”, “expect”, “forecast”, “intend”, “project”, “plan”, “estimate”, “anticipate”, “can”, “could”, “should” or “endeavour”. These forward-looking statements are based on discernible information, facts and expectations available at the time that the statements were made. They are therefore subject to a number of risks, uncertainties and factors, including, but not limited to, those described in disclosures, in particular in the Opportunities and risk report in the Annual Report. Should one or more of these risks occur, or should the underlying expectations or assumptions fail to materialise, this could have a significant effect (either positive or negative) on the actual results.

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

Note

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